中國國際海運集裝箱(集團)股份有限公司

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

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

(Stock code: 2039)

LISTING OF THE OVERSEAS LISTED FOREIGN SHARES BY WAY OF INTRODUCTION ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Sole Sponsor

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Guotai Junan Capital Limited

PRC Financial Adviser

国泰君安证券股份有限公司
GUOTAI JUNAN SECURITIES CO., LTD.

Guotai Junan Securities Co., Ltd.

Hong Kong Financial Adviser

CMS 招商证券

China Merchants Securities (HK) Co., Limited

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this listing document, you should obtain independent professional advice.

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This listing document is published in connection with the listing by way of introduction on the Main Board of The Stock Exchange of Hong Kong Limited of the overseas listed foreign shares of the Company (the "**H Shares**"), which will, due to the change of the listing venue, be converted from the domestically listed foreign shares of the Company (the "**B Shares**") listed on the Shenzhen Stock Exchange. The Company's ordinary shares denominated in Renminbi (the "**A Shares**") currently in issue are listed on the Shenzhen Stock Exchange. This listing document contains particulars given in compliance with the Rules of Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information with regard to the Company and its subsidiaries.

This listing document does not constitute an offer of, nor is it calculated to invite offers for, the shares or other securities of the Company, nor have any such shares or other securities been allotted with a view to any of them being offered for sale to or subscription by members of the public. No shares in the share capital of the Company will be allotted and issued in connection with, or pursuant to, the publication of this listing document.

Your attention is drawn to the section headed "Risk Factors" in this listing document. The Company is incorporated, and its main businesses are located, in the People's Republic of China (the "**PRC**"). Potential investors in the Company should be aware of the differences in the legal, economic and financial systems between the mainland of the PRC and Hong Kong and that there are different risk factors relating to investments in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the shares of the Company. Such differences and risk factors are set out in the section headed "Risk Factors" on page 26 of this listing document.

Information regarding the proposed arrangements for the listing of, and dealings and settlement of dealings in, the H Shares following completion of the Listing is set out in the section headed "Listings, Registration, Dealings and Settlement" of this listing document.

17 December 2012

EXPECTED TIMETABLE

Last day of dealings in B Shares	Thursday, 29 November 2012
Suspension of trading in B Shares	Friday, 30 November 2012
Removal of B Shares from the system of SD&C	Friday, 14 December 2012
Announcement of (i) the closing price of A Shares on 14 December 2012 and 17 December 2012 and the closing price of B Shares on 29 November 2012, being the last trading day of B Shares, and (ii) the price per B Shares payable by Broad Ride to B Shareholders pursuant to the Cash Option on the websites of the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company	Monday, 17 December 2012
Announcement of (i) obtaining the final listing approval from the Hong Kong Stock Exchange, (ii) the closing price of A Shares on 18 December 2012 and the closing price of B Shares on 29 November 2012, being the last trading day of B Shares, and (iii) the price per B Share payable by Broad Ride to B Shareholders pursuant to the Cash Option on the websites of the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company	Tuesday, 18 December 2012
Despatch of H Share certificates	Tuesday, 18 December 2012
Listing of H Shares on the Main Board of the Hong Kong Stock Exchange	Wednesday, 19 December 2012

Notes:

(1) All times and dates refer to Hong Kong local times and dates, except as otherwise stated. Details of the Listing, including its conditions, are set out in the section headed "Information about this Listing Document and the Listing" in this listing document.

(2) The H Share certificates are expected to be despatched on Tuesday, 18 December 2012. The H Share certificates will only become valid if the Listing becomes unconditional. In the event the Listing does not become unconditional, dealings in the H Shares will not commence on Wednesday, 19 December 2012. In such event, we will make an announcement of the above and, if necessary, of a revised timetable. Investors who trade in the H Shares prior to the receipt of the H Share certificate do so entirely at their own risk.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

We have not authorised anyone to provide you with information or representation that is different from what is contained in this listing document in respect of the Listing. Any such information or representation must not be relied on by you as having been authorised by us, the Sole Sponsor, any of our or their respective directors, officers or representatives or any other person involved in the Listing.

CONTENTS

This summary aims to give you an overview of the information contained in this listing document. Since it is a summary, it does not contain all the information that may be important to you. You should read this listing document in its entirety before you make any investment decision.

OVERVIEW OF OUR BUSINESS

We are a global leading equipment and solution provider in the logistics and energy industries. Since our establishment in 1980, we have formed an industry cluster focusing on key equipment and solutions for the logistics and energy industries through business extension and technology development. Our principal activities include the following:

- **Container manufacturing and service business** — We were ranked No. 1 amongst the dry freight container manufacturers in the world from 2007 to 2011 in terms of production volume, as well as accounting for over 47% production volume of the global dry freight container manufacturing market for the years of 2007, 2008 and 2010, according to World Cargo News. According to the industry report compiled by CCID Consulting, we were also the largest container manufacturer in the world in 2011 in terms of sales volume. From 2000 to 2011, our container production volume has continuously maintained No. 1 in the world according to Drewry Maritime Research. From 2007 to 2011, we were ranked No. 1 amongst the manufacturers of maritime reefer containers and steadily produced over 50% of the global maritime reefer containers in terms of production volume according to World Cargo News. Our container products include ISO dry cargo containers, reefer containers, special-purpose containers, pallet containers, modularized building and container houses and wooden container floorboards. The principal raw materials, parts and components that we use to manufacture our containers include steel, paint, wooden floor board and a variety of other fabricated or manufactured parts and components, sourced from local suppliers. As of the Latest Practicable Date, we had 18 container manufacturing facilities located in North China, East China, Southwest China and South China. Our annual dry container production capacity was over 2 million TEUs as of the Latest Practicable Date. Our containers products are normally sold to shipping companies and logistics companies;

- **Road transportation vehicle business** — Our road transportation vehicle business is mainly conducted by our subsidiary, CIMC Vehicle, a leading manufacturer of semi-trailer in China in 2011. According to the statistics of the China Automotive Technology and Research Center (中國汽車技術研究中心), CIMC Vehicle was ranked No. 1 amongst the semi-trailer manufacturers in terms of production volume, accounting for approximately 20% of the market share in China in 2011. In 2010, CIMC Vehicle was the largest manufacturer of semi-trailers in China in terms of production volume, according to China Automotive Technology and Research Center (中國汽車技術研究中心). Approximately 30% of our vehicles were exported to America, Japan and Southeast Asia in 2011. Our major vehicle products include tipping trucks, cement mixers, liquid and powder tankers, semi-trailers as well as van trailers. The principal raw materials, parts and components that we use to manufacture our products include steel, aluminum, paint, tires, brakes, hydraulics and a variety of other commodities and fabricated or manufactured parts and components, sourced from local suppliers. As of the Latest Practicable Date, we had established 22 production bases with a total annual production capacity of 200,000 units and 400 service centers in South China, East China, Northwest China, Northeast China and North China, Thailand, Australia and North America. Our road transport vehicle such as trailers, semi-trailers and special vehicles are normally sold to property developers and logistics companies;

- **Energy, chemical and food equipment business** — Our energy, chemical and food equipment business is mainly conducted by our subsidiary, CIMC Enric and its respective subsidiaries. CIMC Enric, through its group member companies, mainly engages in the energy, chemical and liquid food energy industries' transportation, storage and process equipment design, development and manufacturing, including high pressure transportation tanks, tank containers, liquid food storage and transportation equipment. CIMC Enric was the largest manufacturer of tank containers in the world in 2011 in terms of sales volume according to the industry report compiled by CCID Consulting. The principal raw materials, parts and components that CIMC Enric uses to manufacture its products include steel, aluminum, and a variety of other commodities and fabricated or manufactured parts and components, sourced from local suppliers. Our major production plants of energy equipment and chemical equipment are located in six cities across four provinces in the PRC, which are Nantong and Zhangjiagang of Jiangsu province, Shijiazhuang and Langfang of Hebei province, Jingmen of Hubei province and Bengbu of Anhui province. Production plants of liquid food equipment are mainly at Emmen and Sneek of the Netherlands, Randers of Danmark, and Menen of Belgium. We had the production capacity to produce 18,450 units of tank containers in 2011. Our energy, chemical and food equipment are typically sold to gas stations of oil and gas companies, mining companies, chemical, food and energy companies;

- **Offshore engineering business** — We are a leading offshore engineering equipment manufacturer in China and have been involved in the competitive international market of offshore engineering by operating through our subsidiary, CIMC Raffles. The main products manufactured by CIMC Raffles are jack-up drilling platforms, semi-submersible drilling platforms, floating, production, storage and offloading units, self-unloading bulk carriers, fall pipe vessels, pipelay vessels, semi-submersible heavy lift vessels and other special offshore engineering vessels. From 2010 to 30 June 2012, CIMC Raffles delivered six deep water semi-submersible drilling platforms. Our Taisun Crane located in Shandong Yantai is the most powerful crane in the world in terms of its lifting power. The principal raw materials, parts and components that we use to manufacture our products include steel, paint and a variety of other commodities and fabricated or manufactured parts and components, sourced from local suppliers. As of the Latest Practicable Date, we had three construction bases in Yantai, Haiyang and Longkou and have an annual production capacity of four semi-submersible drilling platforms and six jack up drilling platforms. Our offshore engineering equipment are normally sold to oil and gas companies, contractors or lessors;

- **Airport facilities equipment business** — We were ranked No. 1 amongst the suppliers of passenger boarding bridge in terms of sales in the world in 2011 and a leading air cargo handling system and logistics system supplier in China. According to the industry report compiled by CCID Consulting, our subsidiary, CIMC Tianda, has achieved 62% of market shares of passenger boarding bridges in China in terms of sales in 2011. Our products include passenger boarding bridges, air cargo handling system and baggage handling system, automatic parking system, seaport passenger boarding bridges and ground support equipment. The principal raw materials, parts and components that we use to manufacture our products include steel, aluminum, paint, hydraulics and a variety of other commodities and fabricated or manufactured parts and components, sourced from local suppliers. CIMC Tianda, our airport facilities equipment manufacture subsidiary, is located in Shenzhen Shekou. We had the production capacity of 210 passenger boarding bridges and seaport passenger boarding bridges in 2011. Our airport facilities equipment is normally sold directly to airports.

In addition, as part of our other principal businesses, we are also engaged in logistics equipment and service business, real estate development business, railway equipment manufacturing business and financial business.

Our operating results during the Track Record Period

Our operating income grew from RMB20,475.5 million in 2009 and RMB51,768.3 million in 2010 to RMB64,125.1 million in 2011, respectively, representing a CAGR of 77.0% in the three years ended 31 December 2011. Our net profit grew from RMB1,080.7 million in 2009 and RMB2,850.9 million in 2010 to RMB3,658.9 million in 2011, respectively, representing a CAGR of 84.0% in the three years ended 31 December 2011.

Our operating income was RMB27,364.4 million for the six months ended 30 June 2012, representing a decrease of RMB9,113.7 million, or approximately 25.0%, from RMB36,478.1 million for the same period in 2011. The decrease was mainly due to the decrease in the operating income from our container manufacturing and service business, road transportation vehicle business and airport facilities equipment business, partially offset by an increase in the operating income from our energy, chemical and food equipment business and offshore engineering business.

An economic slowdown in the PRC or globally may materially and adversely affect our financial position and future prospects. Changes in the performance of the PRC and global industrial sector and overall economic development in world are difficult to predict and will in turn affect the demand for our products and related services. The demand for new containers had become weakened since the second half of 2011 and was carried on to the first half of 2012, hindered by global economic uncertainties such as the spread of the Eurozone debt crisis and the slowdown of the global economy recovery.

In 2011, our cash inflow from operating activities was RMB2,254.4 million. In the six months ended 30 June 2012, we had a net cash outflow from operating activities of RMB2,107.0 million. We recorded a decrease of RMB2,054.4 million in our cash flows from operating activities from RMB4,161.4 million for the six months ended 30 June 2011 to RMB2,107.0 million for the six months ended 30 June 2012 mainly because we recorded RMB31,152.8 million of cash paid for goods and services for the six months ended 30 June 2011 compared to RMB24,935.9 million of cash paid for goods and services for the six months ended 30 June 2012. As the demand for containers reduced as a result of the turndown of the shipping market in the first half of 2012, we adjusted our production scale and thus recorded less cash paid for goods and services for the six months ended 30 June 2012. We recorded a net decrease in cash and cash equivalents of RMB2,658.8 million for the six months ended 30 June 2012 compared with a net increase in cash and cash equivalents of RMB1,307.0 million for the six months ended 30 June 2011, mainly because our net cash inflow from financing activities decreased from RMB6,801.8 million for the six months ended 30 June 2011 to RMB1,335.3 million for the six months ended 30 June 2012, as we had more borrowings in the first half of 2011 due to the increasing demand for working capital for production to meet the strong demand for containers in the first half year of 2011.

Our indebtedness and gearing ratio

Our indebtedness include bank loans, medium-term notes, financial leasing payables, loans and advance from related parties. Our indebtedness increased from RMB10,243.2 million as of 31 December 2009 to RMB15,417.3 million as of 31 December 2010. The increase was mainly due to (i) the increase in bank loans during 2010 to finance the working capital; and (ii) the financial leasing payables in relation to the special equipment for marine engineering projects in 2010.

The indebtedness increased from RMB15,417.3 million as of 31 December 2010 to RMB21,768.2 million as of 31 December 2011 was mainly due to the issue of the first phase medium-term notes with a face value of RMB4 billion and a term of five years, in May 2011, for the purpose of working capital and repayment of bank loans.

The increase in the indebtedness from RMB21,768.2 million as of 31 December 2011 to RMB24,172.7 million as of 30 June 2012, and further increased to RMB25,475.2 million as of 30 September 2012 was primarily attributable to the issuance of the second phase of our medium-term notes on 22 May 2012 with a total amount of approximately RMB2 billion and an increase of approximately RMB1.3 billion in the total bank loans. The reason for the increase in the indebtedness during this period was mainly to finance the acquisitions of certain equity interest, subsidiaries and assets during the period and to support the development of the offshore engineering business. Please refer to the section headed "Financial Information — Recent Acquisitions" in this listing document for more information about these acquisitions.

As of 30 September 2012, we had unutilized banking facilities of approximately RMB55,490 million. Taking into consideration the banking facilities available to us and the net cash inflow of RMB932 million generated from our operating activities during the nine months ended 30 September 2012, we believe we have sufficient working capital to meet the repayment requirement of our outstanding indebtedness when they become due, and other working capital requirements.

Our gearing ratio increased from 0.7 as of 31 December 2009 to 0.9 as of 31 December 2010 due to the increase in our short-term loans from RMB4,157.5 million as of 31 December 2009 to RMB8,309.3 million as of 31 December 2010, partially offset by the decrease in our long-term loans from RMB5,608.6 million as of 31 December 2009 to RMB3,912.1 million as of 31 December 2010. Our gearing ratio increased from 0.9 as of 31 December 2010 to 1.1 as of 31 December 2011 mainly due to the issue of the first phase medium-term notes, with a face value of RMB4 billion and a term of five years, in May 2011. Our gearing ratio further increased to 1.3 as of 30 June 2012 mainly due to the issue of the second phase medium-term notes, with a face value of RMB2 billion and a term of three years, in May 2012.

In light of the current economic and market condition, we intend to take advantage of our leading position in our container manufacturing and service business, enhance synergistic operations of our principal business segments, implement more strict cost control measures and adopt more prudent capital expenditure plans, through analysing production, sales, capital and financial data of each department or subsidiaries. We aim to maintain a steady growth in the challenging business environment by improving our operational efficiency and competitiveness and enlarging the market share with our newly developed products. With respect to our other principal businesses, we will focus on the development of our (i) financial services including the finance leasing services to capture the business opportunities; and (ii) real estate development business in high-growth areas in the PRC to diversify our revenue resources.

Our segment results during the Track Record Period

The following table sets out the segment operating profit (losses) and net profit (losses) of our segments for the years/periods indicated. For more information, please refer to the section headed "Financial Information – Segment Information" in this listing document.

	Container Manufacturing and Service	Road Transportation Vehicle	Energy, Chemical and Food Equipment	Offshore Engineering	Airport Facilities Equipment	Others	Elimination between Segments	Unallocated Items	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2009									
Segment operating (losses)/profit	(232,230)	280,201	(18,634)	—	70,095	(71,830)	(114,814)	1,552,597	1,465,385
Net profit/(losses)	(317,256)	211,274	(6,414)	—	60,081	(88,667)	(114,814)	1,336,507	1,080,711
For the year ended 31 December 2010									
Segment operating profit/(losses)	3,893,013	708,565	159,096	(1,228,362)	30,515	130,811	—	(19,031)	3,674,607
Net profit/(losses)	3,341,035	557,032	66,696	(1,142,378)	25,266	23,980	—	(20,772)	2,850,859

	Container Manufacturing and Service	Road Transportation Vehicle	Energy, Chemical and Food Equipment	Offshore Engineering	Airport Facilities Equipment	Others	Elimination between Segments	Unallocated Items	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2011									
Segment operating profit/(losses) .	4,719,961	691,488	613,504	(1,174,147)	55,493	1,127,478	—	(1,011,071)	5,022,706
Net profit/(losses)	3,629,143	512,774	493,221	(1,116,385)	43,647	1,093,738	—	(997,200)	3,658,938
For the six months ended 30 June 2011 (unaudited)									
Segment operating profit/(losses) .	3,643,847	440,521	301,589	(581,100)	(15,497)	529,101	—	(500,942)	3,817,519
Net profit/(losses)	2,916,482	344,504	247,457	(582,644)	(12,156)	321,338	—	(441,580)	2,793,401
For the six months ended 30 June 2012 (unaudited)									
Segment operating profit/(losses) .	1,089,766	112,640	343,752	(144,799)	(30,727)	47,170	—	75,249	1,493,051
Net profit/(losses)	800,076	86,026	256,696	(147,111)	(32,177)	(10,520)	—	54,688	1,007,678

We recorded a segment operating loss of RMB232.2 million for our container manufacturing and service business in 2009. This was mainly due to the impact of the economic crisis in 2008. As the demand for containers dropped significantly in the second half of 2008, we decided to reduce production volume of our containers in 2009 in response to such crisis.

We recorded gains of RMB1,552.6 million in unallocated items for the year ended 31 December 2009, mainly representing the gains from the disposal of our Company's investments in equity shares of China Merchants Bank in 2009. As such gains from disposal of equity shares are only incidental to our business activities, we included such income in "unallocated items" in our segment report.

The operating gains/losses of "unallocated items" for the years ended 31 December 2009, 2010 and 2011 represented all incomes and expenses of the Company and CIMC Hong Kong, as the holding company and intermediate holding company of the Group, respectively, except for the general and administrative expenses and gains from changes in fair value with a total amount of RMB200.9 million which were included in other segment in the segment report for the year ended 31 December 2010. Had such general and administrative expenses and gains from changes in fair value been included in "unallocated items" for the year ended 31 December 2010:

- the operating losses and the net loss in "unallocated items" for the year ended 31 December 2010 would have been increased to RMB219.9 million and RMB221.7 million, respectively; and

- the operating profit and the net profit of other segment in the segment report for the year ended 31 December 2010 would have been increased to RMB331.7 million and RMB224.9 million. The increase in the operating profit and the net profit of other segment from RMB331.7 million and RMB224.9 million, respectively, for the year ended 31 December 2010 to RMB1,127.5 million and RMB1,093.7 million, respectively, for the year ended 31 December 2011 was mainly due to: (i) the profit contributed by our finance lease and real estate businesses due to the rapid development of container and vehicle leasing business and real estate market; and (ii) an increase in commission income recorded in other segments for the service provided to container manufacturing and service segment.

The operating losses of approximately RMB1,011.1 million in unallocated items for the year ended 31 December 2011 mainly represented the general and administrative expenses and financial expenses incurred by the Company during the year 2011. Acting as the headquarter of the Group, the Company's expenses as mentioned above are included in "unallocated items" in the segment report. The operating losses in unallocated items in 2011 mainly consisted of (i) the accrual for performance bonus of approximately RMB428.7 million to award our employees for their performance in 2011, (ii) recognition of staff compensation costs of approximately RMB105.2 million in connection with the share option scheme granted in September 2010, (iii) finance expenses of approximately RMB123.4 million arising from the issuance of medium term notes by the Company with a face value of RMB4.0 billion, and (iv) losses from equity shares invested by us in the PRC and Hong Kong stock markets of approximately RMB90.9 million due to decline in fair value of these investments.

OUR CONTAINER MANUFACTURING AND SERVICE BUSINESS

The following table sets out a breakdown for the operating income and sales volume of our major container products for the periods indicated:

	For the six months ended 30 June					
	2011		2012			
	Operating income	Sales volume	Operating income	Sales volume	Decrease of operating income	Decrease of sales volume
	RMB in million	TEU in thousands	RMB in million	TEU in thousands	%	%
Dry containers	15,569	977.2	7,383	557.8	52.6	42.9
Reefer containers	2,846	88.5	2,811	81.5	1.2	7.9
Special-purpose containers	3,032	42.6	3,014	33	0.6	22.5

RECENT DEVELOPMENT

Our operating income was RMB40,701.2 million for the nine months ended 30 September 2012, representing a decrease of RMB10,293.4 million, or approximately 20.2%, from RMB50,994.6 million for the same period in 2011. The decrease was mainly due to the decrease in the operating income from our container manufacturing and service business, road transportation vehicle business and airport facilities equipment business, partially offset by an increase in the operating income from the energy, chemical and food equipment business and the offshore engineering business for the nine months ended 30 September 2012.

Our net profit for the period was RMB1,657.7 million for the nine months ended 30 September 2012, representing a decrease of RMB1,722.4 million, or approximately 51.0%, from RMB3,380.1 million for the same period in 2011.

According to the industry report compiled by CCID Consulting, the global economy was subject to significant volatility under the impact of the persistent European debt crisis, downturn of the global and PRC economy and other factors affecting the container shipping market. The container shipping market is in a downwards fluctuating trend. For further details, please refer to the section headed "Recent Developments" in this listing document.

Our Company has confirmed that there has been no material adverse change in our financial condition and results of operation since 30 September 2012 up to the date of this listing document, and there has been no material change in regulations and market of our major products and raw materials since 30 September 2012.

OUR COMPETITIVE STRENGTHS

We believe that our success and our ability to capitalise on future growth opportunities attributable to our competitive strength are as follows:

- Leading market position and well-recognised reputation in the industries we operate in;
- Comprehensive portfolio of container products and service and large-scale operations of road transportation vehicle business;
- Strong research and development capabilities; and
- Experienced and professional management team.

OUR BUSINESS STRATEGIES

We aim to strengthen our market position as the global leading equipment and solution provider in the logistics and energy industries and to further expand our operations by pursuing the following strategies:

- Enlarging the market share of our key products through creating synergies across our different business segments, optimizing our product mix and services and expanding our sales network;
- Focusing on developing new products and improving our product mix through research and development so as to differentiate ourselves from our competitors;
- Expanding our existing research and development and establishing new research and development departments in the segments and location with significant contribution to our businesses;
- Improving our cost control capability by (i) leveraging on our large scale of operations to lower the production cost (ii) streamlining the procurement of raw materials to lower our raw material costs;
- Enhancing our competitiveness and profitability by improving our management efficiency of our business operations and production facilities;
- Improving our production safety to minimize risk of work-related accidents and our environmental protection system to reduce environmental damages;
- Exploring potential suitable acquisition opportunities;
- Expanding our global presence through enhancement of our brand recognition and development of our overseas operations; and
- With respect to our other principal businesses, focusing on the development of our (i) financial services including the finance leasing services to capture the business opportunities; and (ii) real estate development business in high-growth areas in the PRC to diversify our revenue resources.

RISK FACTORS

There are risks associated with any investment. Some of the particular risks in investing in the holding our H Shares are set out in the section headed "Risk Factors" in this listing document. You should read the entire section carefully together with all of the information set out in this listing documents, prior to making any investment decision.

We operate in cyclical industries and our results of operations tend to fluctuate with the performance of the PRC and global industrial and shipping sectors and overall economic development in the world. Our businesses depend significantly on the performance of the PRC and the global economy and tend to move in response to cycles in the overall economic environment. An economic slowdown in the PRC and/or globally may materially and adversely affect our financial position and future prospects. In particular, the container manufacturing and service business has been, and will continue to be, our major operating business segment, and any material adverse change in global economy, the volume of international trade or the international container and shipping industry may affect our container manufacturing and service business, and in turn, affect the results of operations and financial condition of our Group. See the section headed "Risk Factors" in this listing document.

In 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our container manufacturing and services business generated an operating income of RMB5,081.3 million, RMB24,949.7 million, RMB34,531.3 million, RMB21,655.7 million and RMB13,405.5 million, respectively, accounting for 25.6%, 49.2%, 55.0%, 60.4% and 50.6% of our total operating income from principal activities. For the same period, the gross profit generated from our container manufacturing and service business amounted to RMB672.3 million, RMB4,739.3 million, RMB6,669.6 million, RMB4,615.7 million and RMB2,058.2 million respectively, accounting for approximately 21.9%, 58.0%, 56.0%, 66.1% and 47.3% of our total gross profit. In the past, we have recorded a net loss of RMB317.3 million in the year 2009 and we have experienced a decrease in net profit of RMB2,116.4 million in the first half of 2012 as compared to the first half of 2011.

SELECTED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION LINE ITEMS

	For the Year Ended 31 December			For the Six Months Ended 30 June	
	2009	2010	2011	2011	2012
	(RMB in thousands)				
				(unaudited)	(unaudited)
Operating Income	20,475,507	51,768,316	64,125,053	36,478,098	27,364,446
Operating Profit	1,320,470	3,438,168	4,735,293	3,729,782	1,439,124
Net Profit for the year/period	1,080,711	2,850,859	3,658,938	2,793,401	1,007,678
Attributable to:					
Shareholders of the Company	958,967	3,001,851	3,690,926	2,807,629	933,710
Minority shareholders	121,744	(150,992)	(31,988)	(14,228)	73,968
	1,080,711	2,850,859	3,658,938	2,793,401	1,007,678

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			
				(unaudited)
Current Assets	20,535,330	33,791,508	40,727,025	41,396,821
Current Liabilities	15,042,710	29,971,335	31,236,333	28,912,567
Net Current Assets	5,492,620	3,820,173	9,490,692	12,484,254
Net Assets	15,826,631	19,206,700	21,613,672	20,741,917
Total Assets	37,358,383	54,130,649	64,361,714	65,231,747

Operating income

The following table sets out a breakdown of our operating income by business segments for the years/periods indicated:

	For the Year Ended 31 December						For the Six Months Ended 30 June			
	2009		2010		2011		2011		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands) (unaudited)	(%)	(RMB in thousands) (unaudited)	(%)
Operating income from principal activities										
Container manufacturing and service business	5,081,327	25.6	24,949,668	49.2	34,531,285	55.0	21,655,698	60.4	13,405,500	50.6
Road transportation vehicle business	10,698,442	54.0	16,255,487	32.1	16,492,375	26.3	9,286,027	25.9	6,520,928	24.6
Energy, chemical and food equipment business	3,400,048	17.2	5,081,191	10.0	8,087,583	12.9	3,630,768	10.1	4,199,283	15.9
Offshore engineering business [(1)]	—	—	2,391,112	4.7	540,920	0.9	229,950	0.6	1,243,014	4.7
Airport facilities equipment business	391,805	2.0	307,079	0.6	544,289	0.9	131,266	0.4	62,974	0.2
Logistics equipment and service business [(2)]	—	—	1,144,022	2.3	1,646,173	2.6	651,971	1.8	680,550	2.6
Others [(3)]	247,876	1.2	534,867	1.1	956,777	1.4	292,727	0.8	375,105	1.4
Sub-total	19,819,498	100.0	50,663,426	100.0	62,799,402	100.0	35,878,407	100.0	26,487,354	100.0
Operating income from non-principal activities [(4)]	656,009	3.2	1,104,890	2.1	1,325,651	2.1	599,691	1.6	877,092	3.2
Total	20,475,507	100.0	51,768,316	100.0	64,125,053	100.0	36,478,098	100.0	27,364,446	100.0

Notes:

(1) We started our offshore engineering business from January 2010.

(2) In 2009, we included the operating income from our logistics equipment and service business into the operating income from our container manufacturing and service business.

(3) Including operating income from our real estate development business, railway equipment business and financial business.

(4) Mainly including operating income from sales of scraps of containers and vehicles manufactured by us.

The following table sets out a breakdown of our operating income from principal activities by geographical segments for the years/periods indicated:

	For the Year Ended 31 December						For the Six Months Ended 30 June			
	2009		2010		2011		2011		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands) (unaudited)	(%)	(RMB in thousands) (unaudited)	(%)
Operating income from principal activities										
China	17,491,965	88.3	47,521,140	93.8	57,619,027	91.8	33,756,565	94.1	23,602,225	89.1
Europe	1,247,785	6.3	1,670,704	3.3	2,153,273	3.4	1,047,038	2.9	738,130	2.8
America	649,778	3.3	956,129	1.9	1,762,144	2.8	764,090	2.1	1,145,678	4.3
Asia excluding China	43,191	0.2	106,315	0.2	192,147	0.3	59,969	0.2	57,601	0.2
Others	386,779	1.9	409,138	0.8	1,072,811	1.7	250,745	0.7	943,720	3.6
Total	19,819,498	100.0	50,663,426	100.0	62,799,402	100.0	35,878,407	100.0	26,487,354	100.0

The following table sets out the gross profit and the gross profit margin of our business segments for the years/periods indicated:

	For the Year Ended 31 December						For the Six Months Ended 30 June			
	2009		2010		2011		2011		2012	
	Amount	Gross profit margin	Amount	Gross profit margin	Amount	Gross profit margin	Amount	Gross profit margin	Amount	Gross profit margin
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands) (unaudited)	(%)	(RMB in thousands) (unaudited)	(%)
Gross profit/(loss) from principal activities(1)										
Container manufacturing and service business	672,310	13.2	4,739,251	19.0	6,669,560	19.3	4,615,714	21.3	2,058,152	15.4
Road transportation vehicle business	1,360,016	12.7	2,236,037	13.8	2,262,385	13.7	1,070,422	11.5	785,022	12.0
Energy, chemical and food equipment business	581,334	17.1	855,421	16.8	1,404,149	17.4	697,666	19.2	818,327	19.5
Offshore engineering business (2)	—	—	(827,810)	N/A	(377,902)	N/A	(185,792)	N/A	143,365	11.5
Airport facilities equipment business	70,659	18.0	77,819	25.3	193,396	35.5	39,512	30.1	17,710	28.1
Logistics equipment and service business (3)	—	—	223,893	19.6	299,193	18.2	136,645	21.0	104,271	15.3
Others (4)	160,558	64.8	293,050	54.8	639,352	66.8	168,571	57.6	165,729	44.2
Gross profit/(loss) from non-principal activities (5)	228,870	34.9	572,840	51.8	810,189	61.1	435,460	72.6	258,273	29.4
Overall	3,073,747	15.0	8,170,501	15.8	11,900,322	18.6	6,978,198	19.1	4,350,849	15.9

Notes:

(1) Gross profit represents the difference between operating income and operating costs.

(2) We started our offshore engineering business from 2010.

(3) In 2009, we included the gross profit of our logistics equipment and service business into the gross profit of our container manufacturing and service business.

(4) Including real estate development business, railway equipment business and financial business.

(5) Mainly including sales of scraps of containers and vehicles manufactured by us.

SELECTED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended 31 December			For the Six Months Ended 30 June	
	2009	2010	2011	2011	2012
	(RMB in thousands)				
				(unaudited)	(unaudited)
Net cash inflow/(outflow) from operating activities	969,685	1,482,901	2,254,437	(4,161,444)	(2,107,043)
Net cash inflow/(outflow) from investing activities	2,795	(2,730,302)	(3,576,060)	(1,328,665)	(1,785,683)
Net cash inflow from financing activities	520,840	477,409	4,507,951	6,801,807	1,335,284
Effect of foreign exchange rate changes on cash and cash equivalents	81,030	170,882	(420,490)	(4,728)	(101,374)
Net increase/(decrease) in cash and cash equivalents	1,574,350	(599,110)	2,765,838	1,306,970	(2,658,816)
Add: Cash and cash equivalents at the beginning of the year/period	2,822,175	4,396,525	3,797,415	3,797,415	6,563,253
Cash and cash equivalents at end of the year/period	4,396,525	3,797,415	6,563,253	5,104,385	3,904,437

MAJOR FINANCIAL RATIOS

	As of 31 December			As of 30 June
	2009	2010	2011	2012
Turnover growth (%)	N/A	152.8%	23.9%	-25.0%
Net profit growth (%)	N/A	163.8%	28.3%	-63.9%
Gross profit margin (%)	15.0%	15.8%	18.6%	15.9%
Net profit margin before interest and tax (%)	8.0%	8.0%	8.9%	6.6%
Net profit margin (%)	5.3%	5.5%	5.7%	3.7%
Return on equity (%)	6.8%	18.5%	19.8%	10.1%
Return on total assets (%)	2.9%	5.3%	5.7%	3.1%
Current ratio	1.4	1.1	1.3	1.4
Quick ratio	0.9	0.7	0.8	0.8
Inventory turnover (days)	168	88	103	129
Debtors' turnover (days)	98	52	52	68
Creditors' turnover (days)	116	73	78	79
Gearing ratio	0.7	0.9	1.1	1.3
Debt to equity ratio	0.3	0.6	0.7	1.0
Interest coverage ratio	9.2	9.0	8.6	5.6

DIVIDEND POLICY

Our Board is responsible for submitting proposals in respect of dividend payments, if any, to the shareholders' general meeting for approval. The determination of whether to pay a dividend and in what amount is based on our results of operations, cash flow, financial condition, future business prospects, statutory and regulatory restrictions on the payment of dividends by us and other factors that our Board deems relevant. Under the Company Law and our Articles of Association, all of our shareholders holding the same class of shares have equal rights to dividends and other distributions proportionate to their shareholding.

We paid cash dividends in the amount of RMB319.5 million, RMB931.8 million and RMB1,224.7 million in respect of the years ended 31 December 2009, 2010 and 2011, respectively, representing RMB0.12, RMB0.35 and RMB0.46 per Share. Our Shareholders will have an equal right to distributable profit in respect of the year ending 31 December 2012 and thereafter. Pursuant to our Articles of Association, the total profit distributed in the form of cash dividends for the last three years shall not be less than 30% of the average annual distributable profit of the Company of the last three years. Dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form dividends will be paid in the future. Since 1 January 2012 and up to the Latest Practicable Date, we have not declared any interim or quarterly dividends.

According to the EIT Law and its Implementation Rules《中華人民共和國企業所得稅法實施條例(國務院令第512號)》effective from 1 January 2008, dividends distributed to non-tax resident enterprise ("**non-TRE**") investors by our foreign invested PRC subsidiaries are subject to PRC withholding tax of 10% unless the non-TRE's country of residence has a tax treaty with the PRC that provides for a different withholding arrangement. According to the Arrangement between the Mainland and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》signed by the two parties on 21 August 2006, a company incorporated in Hong Kong will be subject to withholding tax of 5% on dividends it receives from a company incorporated in the PRC if the relevant criteria are met.

Under applicable PRC tax laws, the dividends we pay to non-PRC resident individual holders of our H Shares ("**non-resident individual holders**") are subject to PRC individual income tax at a rate of 20%, unless reduced by applicable tax treaties, arrangements or rules.

Under applicable PRC tax laws, the dividends we pay to non-PRC resident enterprise holders of H Shares are subject to PRC enterprise income tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements.

Pursuant to the *Circular on Questions Concerning Individual Income Tax Policies*《財政部、國家稅務總局關於個人所得稅若干政策問題的通知(財稅字[1994] 20號)》issued by Ministry of Finance and the SAT and *Circular on Taxation Concerning Foreign Individual's Dividend Income from the Shares of Listed PRC-incorporated Enterprise*《國家稅務總局關於外籍個人持有中國境內上市公司股票所取得的股息有關稅收問題的函(國稅函發[1994] 440號)》issued by the SAT, non-resident individual investors are temporarily exempted from PRC Individual Income Tax for the dividends paid by foreign invested enterprises. We have been approved by PRC approval authority and tax authority as foreign invested enterprise and therefore, no income tax will be withheld on the dividend declared to our non-resident individual investors.

SHAREHOLDER INFORMATION

There is no controlling shareholder in our Company. As of the Latest Practicable Date, the followings, directly control, or are entitled to exercise, or control the exercise of, more than 5% of our issued shares:

	No. of Shares Held	Approximate percentage of share capital
China Merchants (CIMC)[(1)]	679,927,917 B Shares	25.54%
COSCO Container[(2)]	432,171,843 A Shares	16.23%
	148,320,037 B Shares	5.57%
Broad Ride[(3)]	137,255,434 B Shares	5.16%

Notes:

(1) China Merchants (CIMC) was the wholly owned subsidiary of China Merchants Holdings (International) Company Limited, 54.77% of whose equity interest was held by China Merchants Group.

(2) COSCO Container was a limited company established in the British Virgin Islands, a wholly owned subsidiary of COSCO Pacific Limited, 43.21% of whose equity interest was held by COSCO Pacific Investments Holdings Limited. China COSCO Holdings Company Limited held the entire total issued share capital of COSCO Pacific Investments Holdings Limited. COSCO held 52.80% of the issued share capital of China COSCO Holdings Company Limited. Long Honour Investments Limited was wholly owned by COSCO (Hong Kong) Group Limited, which in turn is wholly owned by COSCO.

(3) Broad Ride acquired 137,255,434 B Shares as the result of the exercise of the Cash Option by the B Shareholders during the period from 5 December 2012 to 11 December 2012.

(4) Please also refer to the section headed "History and Development — Our Shareholding and Group Structure" in this listing document for more shareholding information about our Company.

LISTING AND ARRANGEMENT

Reasons for the Listing

We have noted that the trading of B Shares has historically been rather inactive in the PRC securities market. As the B Shares market lacks liquidity, the B Shareholders may find it difficult to fully realize the value of their investment in our Company. The trading of the B Shares is far less active compared to that of the A Shares and the B Share price has been substantially lower than the A Share price during the Track Record Period. As of 30 September 2012, the total number of the Shareholders was 197,195, of which 164,790 were A Shareholders and 32,405 were B Shareholders. As of 13 December 2012, being the latest practicable date for inclusion of B Shareholders information in this listing document before its publication, the total number of the Shareholders were 179,944, of which were 161,021 A Shareholders and 18,923 were B Shareholders.

The current status of the B Shares affects the valuation and market capitalisation of the Company adversely, which is not in line with the interests of the Shareholders as a whole. Our Company intends to convert the B Shares into H Shares which will be listed by way of introduction on the Main Board of the Hong Kong Stock Exchange. We believe that the Listing may provide our existing B Shareholders more liquidity of the Shares held by them and more opportunities to realise the value of their investment in our Company. Further, we expect that the Listing will enable us to promote our international presence, attract investors with different profiles, thereby widening the investor base of our Company. In particular, the Listing will enable us to benefit from exposure to a wider range of private and institutional investors. In addition, upon the completion of the Listing, the Company is expected to have direct access to the international capital markets which we hope to increase our financing capacity and improve our competitiveness in the international market. We also take the view that the Listing will also provide the investors in Hong Kong with an opportunity to invest in our Company by trading in our H Shares.

Certain risks that our B Shareholders should be aware of

Our B Shareholders should be aware of the risks and special notes to the investors set out in the Implementation Plan, which was published by our Company on 15 August 2012 and approved by our Shareholders at the extraordinary general meeting on 30 August 2012.

The full version of the Implementation Plan is available at the following websites:

For the Chinese version:

http://www.cimc.com/ir/news/announcement/201208/t20120815_16293.shtml

For the English version:

http://www.cimc.com/en/ir/news/announcement/201208/t20120815_16300.shtml

Risk regarding limited trading rights in our H Shares for PRC Shareholders

In accordance with relevant PRC laws and regulations, PRC Shareholders are not allowed to purchase overseas securities. Upon and after the Listing, our PRC Shareholders can only hold or sell the H Shares held by them but cannot purchase any additional H Shares or any other securities listed on the Hong Kong Stock Exchange. All proceeds from the sale of the H Shares owned by our PRC Shareholders must be remitted into the PRC as soon as practicable upon the sale.

Application for the listing and dealings of our H Shares

Application has been made to the Listing Committee for the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange. Upon the completion of the Listing, all B Shares in issue will, due to the change of the listing venue, be converted into H Shares and the H Shares will be listed on the Main Board of the Hong Kong Stock Exchange by way of introduction. It is expected that dealings in our H Shares in board lots of 100 H Shares on the Main Board of the Hong Kong Stock Exchange will commence on Wednesday, 19 December 2012.

The Listing does not involve any offering of new Shares or a public offering of any other securities and no funds will be raised pursuant to the Listing.

The Arrangement

Immediately upon the completion of Listing, all of the 1,430,480,509 B Shares will, due to the change of the listing venue, be converted into H Shares to be held by (i) our existing B Shareholders whom did not exercise the Cash Option, and (ii) Broad Ride. Given that China Merchants (CIMC) (holding 679,927,917 B Shares as of the Latest Practicable Date), COSCO Container (holding 148,320,037 B Shares and 432,171,843 A Shares as of the Latest Practicable Date) and Long Honour Investments Limited (holding 25,322,106 B Shares as of the Latest Practicable Date) have indicated that they will not trade their H Shares to be converted from B Shares for a period of six months from the Listing Date, and Broad Ride (holding 137,255,434 B Shares as of 13 December 2012, being the latest practicable date for inclusion of B Shareholders information in this listing document before its publication) has also indicated that it will not trade its H Shares, which are converted from the B Shares which it acquired as a result of the exercise of the Cash Option by the B Shareholders, for a period of six months from the Listing Date, it is expected that 439,655,015 H Shares (representing approximately 30.73% of the total number of H Shares and approximately 16.51% of the total number of issued Shares), being the maximum number of H Shares which will be available either to be sold by the H Shareholders through their respective accounts opened with the relevant PRC securities companies (through which their H Shares will be held by Guotai Junan as the nominee), or to be traded through their existing Hong Kong accounts or their other designated Hong Kong accounts to be opened with Guotai Junan Hong Kong or other eligible Hong Kong securities corporations upon the Listing. Based on the closing price of B Shares on 29 November 2012 (being the last trading day of the B Shares) of HK$9.70, the market capitalisation of the 576,910,449 H Shares to be held by public H Shareholders (including the H Shares held by Broad Ride) is expected to be approximately HK$5.60 billion. Based on the closing price of B Shares on 29 November 2012 (being the last trading day of the B Shares) of HK$9.70, the closing price of A Shares of RMB10.84 on 14 December 2012 and the translation of Renminbi into HK dollars at the rate of RMB0.81190 to HK$1.00, the market capitalisation of our total issued Shares of 2,662,396,051 Shares is expected to be approximately HK$30.32 billion. The market capitalisation of our total issued H Shares of 1,430,480,509 H Shares is expected to be approximately HK$13.88 billion. Accordingly, the Company expects to be able to meet the market capitalisation requirement under Rule 8.09(1), (2) and (3) of the Hong Kong Listing Rules.

Moreover, as of 14 December 2012, there were at least 409 public B Shareholders with securities accounts opened in Hong Kong with Guotai Junan Hong Kong or other eligible Hong Kong securities corporations holding in aggregate 234,982,326 B Shares, representing approximately 16.43% of the total number of issued B Shares and approximately 8.83% of the total number of issued Shares, who are ready to trade their H Shares on the Hong Kong Stock Exchange upon the commencement of trading of H Shares on the Listing Date. Based on the closing price of B Shares on 29 November 2012 (being the last trading day of the B Shares) of HK$9.70, the market capitalisation of the 234,982,326 B Shares held by such 409 public B Shareholders is approximately HK$2.28 billion. See the section headed “Listings, Registration, Dealings and Settlement” in this listing document for further details.

Reply slip arrangements for general meetings for PRC Shareholders

In addition to the arrangement as stipulated in the Articles of Association of the Company, after the Listing the relevant PRC securities companies will be responsible for collecting the reply slips in respect of general meetings of the Company from their clients and forwarding the same to Guotai Junan after the closure of register of members of the Company. Guotai Junan will forward all such reply slips received to Guotai Junan Hong Kong and Guotai Junan Hong Kong will follow the instruction as given by the H Shareholders in such reply slips.

In this listing document, unless the context otherwise requires, the following expression shall have the following meanings.

"A Share(s)"	ordinary share(s) issued by our Company in the PRC with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
"A Shareholder(s)"	holder(s) of our A Shares
"Articles of Association" or "Articles"	the articles of association of our Company, the current version of which was adopted by our shareholders at the extraordinary shareholders' meeting on 30 August 2012, which will become effective upon the listing of our H Shares on the Hong Kong Stock Exchange, as the same may be amended, supplemented or otherwise modified from time to time
"Arrangement"	being the measures taken by our Company and Guotai Junan Hong Kong aiming to provide, attain and/or maintain the liquidity of our H Shares to be traded on the Hong Kong Stock Exchange as set out in the section headed "Listings, Registration, Dealings and Settlement" of this listing document
"associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Audit Committee"	the audit committee of our Company
"B Share(s)"	domestically listed foreign share(s) issued by our Company in the PRC with a nominal value of RMB1.00 each listed on the Shenzhen Stock Exchange and traded in HK dollars
"B Shareholder(s)"	holder(s) of our B Shares
"Board" or "Board of Directors"	the board of Directors of our Company
"Broad Ride"	Broad Ride Limited, a limited company incorporated in the British Virgin Islands, which is an Independent Third Party who provided the Cash Option to all of our B Shareholders under the Implementation Plan. It is a wholly-owned subsidiary of Hony Capital Fund V, L.P.. As an exempted limited partnership and a fund denominated in the US dollars, Hony Capital Fund V, L.P. was established and managed by Hony Capital Fund V GP, L.P. (also an exempted limited partnership incorporated in the Cayman Islands)
"Business Day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate

"CASBE"	Accounting Standards for Business Enterprises — Basic Standard and 38 Specific Standards issued by the Ministry of Finance of the PRC, and application guidance, bulletins and other relevant accounting regulations issued subsequently (collectively referred to as "China Accounting Standards for Business Enterprises")
"Cash Option"	the cash option provided by the Broad Ride to all our B Shareholders at HK$9.83 per B Share under the Implementation Plan
"CBRC"	中國銀行業監督管理委員會, China Banking Regulatory Commission, a regulatory body primarily responsible for the supervision and regulation of banking institutions
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCID Consulting"	CCID Consulting Company Limited (賽迪顧問股份有限公司), an Independent Third Party, a market research and consulting firm listed on the Growth Enterprise Market of the Hong Kong Stock Exchange (Hong Kong stock code: 8235)
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this listing document, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"China Merchants (CIMC)"	China Merchants (CIMC) Investment Limited (招商局國際(中集)投資有限公司), a company incorporated in Hong Kong on 17 January 1995 and an immediate shareholder which holds approximately 25.54% of the issued share capital in our Company as of the Latest Practicable Date
"China Merchants Group"	China Merchants Group Limited (招商局集團有限公司), a company incorporated in the PRC on 14 October 1986 which is interested in approximately 14.0% of the issued share capital in our Company as of the Latest Practicable Date
"China Merchants International"	China Merchants Holdings (International) Company Limited (招商局國際有限公司), a company incorporated in Hong Kong with limited liability on 28 May 1991 which is interested in approximately 25.54% of the issued share capital in our Company as of the Latest Practicable Date and listed on the Main Board of the Hong Kong Stock Exchange (Hong Kong stock code: 144)
"China Merchants Securities (HK)"	China Merchants Securities (HK) Co., Limited, a corporation licensed under the SFO permitted to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities (as defined in the SFO), engaged by the Company to act as its Hong Kong financial adviser to the Listing

"CIMC Enric"	CIMC Enric Holdings Limited (中集安瑞科控股有限公司) (formerly known as Enric Energy Equipment Holdings Limited), a company incorporated in the Cayman Islands with limited liability on 28 September 2004 and listed on the Main Board of the Hong Kong Stock Exchange (Hong Kong stock code: 3899) on 20 July 2006 and a subsidiary of our Company
"CIMC Finance"	CIMC Finance Company Ltd. (中集集團財務有限公司), a company incorporated in the PRC on 9 February 2010 and a wholly-owned subsidiary of our Company
"CIMC Financial Leasing"	CIMC Financial Leasing Co., Ltd. (中集融資租賃有限公司) (formerly known as CIMC Vehicle Financial Leasing Co., Ltd (中集車輛融資租賃有限公司)), a company incorporated in the PRC on 30 July 2007 and a wholly-owned subsidiary of our Company
"CIMC Hong Kong"	China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司) (formerly known as Chinarine Limited (中翔有限公司)), a company incorporated in Hong Kong on 30 July 1992 and a wholly-owned subsidiary of our Company
"CIMC Raffles"	CIMC Raffles Offshore (Singapore) Limited, a company incorporated in Singapore with limited liability on 7 March 1994 and a subsidiary held as to 88.58% by our Company
"CIMC Tianda"	Shenzhen CIMC Tianda Airport Support Co., Ltd. (深圳中集天達空港設備有限公司), a company incorporated in the PRC on 18 July 1992 and a wholly-owned subsidiary of our Company
"CIMC Vehicle"	CIMC Vehicle (Group) Co., Ltd. (中集車輛(集團)有限公司), a company incorporated in the PRC on 29 August 1996 and a subsidiary held as to 80% by our Company
"Companies Ordinance"	The Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company Law"	《中華人民共和國公司法》, the Company Law of the PRC, as enacted by the Standing Committee of the National People's Congress on 29 December 1993, which became effective on 1 July 1994, and as amended by the Standing Committee of the National People's Congress on 27 October 2005, which amendment became effective on 1 January 2006, as amended, supplemented or otherwise modified from time to time
"Company"	China International Marine Containers (Group) Co., Ltd., (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability on 14 January 1980 and listed on the Shenzhen Stock Exchange (Shenzhen stock code: CIMC (000039), CIMC B (200039))

"connected person(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Hong Kong Listing Rules and unless the context requires otherwise
"COSCO"	China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), a company incorporated in the PRC on 27 April 1961 which is interested in approximately 5.92% of the issued share capital in our Company as of the Latest Practicable Date
"COSCO Container"	COSCO Container Industries Limited, a company incorporated in British Virgin Islands on 26 April 2004 and an immediate shareholder of our Company which holds approximately 21.8% of the issued share capital in our Company as of the Latest Practicable Date
"COSCO Holdings"	China COSCO Holdings Company Limited (中國遠洋控股股份有限公司), a joint stock company incorporated in the PRC on 3 March 2005 which is interested in approximately 9.42% of the issued share capital in our Company as of the Latest Practicable Date and listed on the Main Board of the Hong Kong Stock Exchange (Hong Kong stock code: 1919) and Shanghai Stock Exchange (Shanghai stock code: 601919)
"COSCO Hong Kong"	COSCO (Hong Kong) Group Limited (中遠(香港)集團有限公司), a company incorporated in Hong Kong on 3 September 1992 which is interested in approximately 0.95% of the issued share capital in our Company as of the Latest Practicable Date
"COSCO Pacific"	COSCO Pacific Ltd. (中遠太平洋有限公司), a company incorporated in Bermuda with limited liability on 26 July 1994 which is interested in approximately 21.8% of the issued share capital in our Company as of the Latest Practicable Date and listed on the Main Board of the Hong Kong Stock Exchange (Hong Kong stock code: 1199)
"COSCO Pacific Investment"	COSCO Pacific Investment Holdings Limited (中遠太平洋投資控股有限公司), a company incorporated in Hong Kong on 14 March 1967 which is interested in approximately 9.42% of the issued share capital of our Company as of the Latest Practicable Date
"CSDCC"	中國證券登記結算有限責任公司, China Securities Depository and Clearing Corporation Limited
"CSRC"	中國證券監督管理委員會, China Securities Regulatory Commission
"Dalian CIMC Logistics"	Dalian CIMC Logistics Equipment Co., Ltd. (大連中集物流裝備有限公司), a company incorporated in the PRC on 25 October 2004 and a wholly-owned subsidiary of our Company

"Dalian CIMC Railway"	Dalian CIMC Railway Equipment Co., Ltd. (大連中集鐵路裝備有限公司), a company incorporated in the PRC on 22 September 2005 and is a wholly-owned subsidiary of our Company
"Director(s)"	the director(s) of our Company
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
"EUR" or "Euro"	the euro, the single currency of the participating member states of the European Union
"GDP"	gross domestic product
"Group", "we", "our" and "us"	our Company and its subsidiaries
"Guotai Junan"	Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司), a securities company incorporated in the PRC, engaged by the Company to act as its PRC financial adviser to the Implementation Plan, and is the ultimate holding company of the Sole Sponsor
"Guotai Junan Hong Kong"	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities) regulated activities under the SFO
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"H Share Transaction Cost"	the transaction costs of dealings in H Shares on the Hong Kong Stock Exchange, which will include a trading fee of 0.005% charged per side of the consideration of a transaction, an SFC transaction levy of 0.003% charged per side of the consideration of a transaction and ad valorem stamp duty on both the buyer and the seller charged at the rate of 0.1% each of the consideration of the H Shares transferred
"H Share(s)"	overseas listed foreign share(s) issued by our Company, with a nominal value of RMB1.00 each, which are to be listed and traded in HK dollars on the Hong Kong Stock Exchange upon the Listing
"H Shareholder(s)"	holder(s) of our H Shares
"HK$" or "HK dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Hong Kong Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as the same may be amended and supplemented or otherwise modified from time to time
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Implementation Plan"	《境內上市外資股轉換上市地以介紹方式在香港聯合交易所有限公司主板上市及掛牌交易的方案》, the implementation plan in relation to the proposed Listing published by us on the website of the Shenzhen Stock Exchange on 15 August 2012 and approved by our Shareholders at the extraordinary general meeting on 30 August 2012, the full text of which is available in Chinese at http://www.cimc.com/ir/news/announcement/201208/t20120815_16293.shtml and in English at http://www.cimc.com/en/ir/news/announcement/201208/t20120815_16300.shtml
"Independent Third Party(ies)"	a person or persons or a company or companies that is not or are not our connected person(s)
"IOSCO"	International Organization of Securities Commissions
"JPY" or "Japanese Yen"	the Japanese yen, the lawful currency of Japan
"KPMG Huazhen"	KPMG Huazhen (Special General Partnership) (recently transferred from KPMG Huazhen Certified Public Accountants)
"Latest Practicable Date"	11 December 2012, being the latest practicable date for the inclusion of certain information in this listing document before its publication
"Listing"	the listing of our H Shares on the Main Board of the Hong Kong Stock Exchange by way of introduction
"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange
"Listing Date"	the date on which dealing in the H Shares commences on the Hong Kong Stock Exchange
"Mandatory Provisions"	《到境外上市公司章程必備條款》, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, which were promulgated by the former State Council Securities Commission and the former State Commission for Restructuring the Economic System of the PRC on 27 August 1994, as the same may be amended and supplemented or otherwise modified from time to time
"MOFCOM"	中華人民共和國商務部, Ministry of Commerce of the PRC

"PBOC"	中國人民銀行, the People's Bank of China
"PwC Zhongtian"	PricewaterhouseCoopers Zhong Tian CPAs Limited Company
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	中華人民共和國國家外匯管理局, the State Administration of Foreign Exchange of the PRC
"SAIC"	中華人民共和國國家工商行政管理總局, the State Administration of Industry and Commerce of the PRC
"SASAC"	中華人民共和國國務院國有資產監督管理委員會, the State-owned Assets Supervision and Administration Commission of the State Council
"SAT"	中華人民共和國國家税務總局, the State Administration of Taxation of the PRC
"SD&C"	中國證券登記結算有限責任公司深圳分公司, China Securities Depository and Clearing Corporation Limited (Shenzhen branch)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as the same may be amended, supplemented or otherwise modified from time to time
"Shanghai Stock Exchange"	上海證券交易所, the Shanghai Stock Exchange
"Share(s)"	share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our A Shares, B Shares or H Shares
"Shareholder(s)"	holder(s) of our Shares
"Shenzhen Listing Rules"	《深圳證券交易所股票上市規則》, the Stock Listing Rules of the Shenzhen Stock Exchange
"Shenzhen Stock Exchange"	深圳證券交易所, the Shenzhen Stock Exchange
"Sole Sponsor"	Guotai Junan Capital Limited, a corporation licensed under the SFO to engage in type 6 regulated activity
"State Council"	中華人民共和國國務院, State Council of the PRC
"Substantial Shareholder"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Supervisor(s)"	the member(s) of the Supervisory Committee

"Supervisory Committee"	the supervisory committee of our Company established pursuant to the Company Law, as described in Appendix VII — Summary of the Articles of Association
"SSSCC"	深圳證券通信有限公司, Shenzhen Securities Communication Co., Ltd.
"Track Record Period"	the period comprising the three years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012
"Transaction Guide"	《境內操作指南》, the transaction guide complied by Guotai Junan and published by our Company on 16 November 2012 on the websites of the Shenzhen Stock Exchange and our Company to provide investors with guidance on trading in our H Shares
"TEU"	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of 8 feet and 6 inches and width of 8 feet
"U.S." or "United States"	United States of America
"US$" or "U.S. dollars" or "USD"	United States dollars, the lawful currency of United States
"VAT"	value-added tax; all amounts are exclusive of VAT in this listing document except indicated otherwise
"Yantai CIMC Raffles"	Yantai CIMC Raffles Offshore Ltd. (煙台中集來福士海洋工程有限公司), a company incorporated in the PRC on 25 October 1996 and a subsidiary held as to 84.97% by our Company
"%"	per cent

The names of companies and entities established in the PRC and the laws and regulations in the PRC have been included in this listing document both in English and Chinese. Unless such companies, entities, laws and regulations have an English name as part of their legal name, all English translations of official Chinese names are for identification purposes only. In the event of any inconsistency between the Chinese names and their English translations, the Chinese name shall prevail.

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS LISTING DOCUMENT ARE SUBJECT TO RISKS AND UNCERTAINTIES

This listing document contains certain "forward-looking statements" that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in sections entitled "Summary", "Risk Factors", "Reasons for the Listing", "Industry Overview", "Business" and "Financial Information". These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section entitled "Risk Factors", which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our future business development;
- the general economic, market and business conditions in the world and in China;
- the expected growth and market opportunities as to the industries we engage in the world and in China in general;
- our ability to meet the changing requirements of our customers and clients;
- our ability to enter into new markets and expand our operations;
- our expectations with respect to our ability to acquire and maintain regulatory qualifications required to operate our business;
- changes in competitive conditions and our ability to compete under these conditions;
- our financial conditions and performance;
- our dividend distribution plans;
- macroeconomic policies of the PRC Government; and
- the liquidity of our H Shares upon its listing on the Hong Kong Stock Exchange

The words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "seek", "will", "would", and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the economic, market and business conditions in the world and in China;
- any changes in the laws and regulations of the central and local governments in China and the rules, regulations and policies of the relevant government authorities relating to all aspects of our business;
- changes in the political, legal and social conditions in China;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;

- the effects of competition in the industries we engage in;
- various business opportunities that we may pursue; and
- the risk factors discussed in this listing documents as well as other factors beyond our control.

The forward-looking statements in this listing document have been made by our Directors after due and careful consideration and on bases and assumptions that are fair and reasonable. Subject to the requirements of applicable laws and regulations, we do not have any obligation to update or otherwise revised the forward-looking statements in this listing document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this listing document might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this listing document are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in section entitled "Risk Factors".

Investing in and holding our H Shares is subject to a number of risks. Accordingly, you should carefully consider the risks described below, together with all of the information set out in this listing document, prior to making any investment or holding in our H Shares. If one or more of the following risks were to arise, our business, results of operations, financial condition and/or prospects and/or our H Share price could be materially and adversely affected, and you could lose all or part of your investment.

RISKS RELATING TO OUR BUSINESSES

We operate in cyclical industries and our results of operations tend to fluctuate with the performance of the PRC and global industrial sector and overall economic development in world.

Our principal businesses include (i) container manufacturing and service business; (ii) road transportation vehicle business; (iii) energy, chemical and food equipment business; (iv) offshore engineering business; and (v) airport facilities equipment business. Our businesses depend significantly on the performance of the PRC and global economy and tend to move in response to cycles in the overall economic environment. The demand for our containers, vehicles, equipment and the related services are influenced by, among other factors, global and regional economic conditions, currency exchange rates, the globalisation of manufacturing, fluctuation in the levels of global and regional international trade, regulatory developments and changes in sea-borne and the demand of container shipping services. Global trade volumes and Chinese import and export volumes are affected by changes or developments in global economic, financial and political conditions, which are outside our control. The rate of spending in infrastructure, construction, container transport and logistics industries affects our operations as our products are primarily used in these industries. Fuel costs, cargo transportation prices and availability of suitable road networks also impact our businesses. An economic slowdown in the PRC and/or globally may materially and adversely affect our financial position and future prospects. Changes in the performance of the PRC and global industrial sector and overall economic development in world are difficult to predict and will in turn affect the demand for our products and related services. Decreases in such demand and/or increases in the supply of similar products or services could lead to significantly lower sale price, reduced volume, cancellation of orders or a combination of the foregoing, which would have a material adverse effect on our business, financial condition and results of operations. Other extraneous factors, such as impositions of trade restrictions, sanctions, boycotts and other measures, trade disputes and work stoppages, particularly in the transportation services industry, and acts of war, hostilities, epidemics or terrorism, could adversely affect trading volumes and lead to a material decline in the demand for our products and services, and consequently, the results of operations of our Group will be adversely affected.

Recent global market and economic conditions, including the ongoing credit crisis in Europe and heightened market volatility in major stock markets, have created a challenging environment. Persistent concerns regarding a potentially long-term and widespread recession, geopolitical issues, the availability and cost of credit and the decline in consumer spending in major economies have resulted in diminished expectations for economic growth around the world. Any significant economic downturn, in particular a prolonged recession in Europe, the United States or other major economies, could have a material adverse effect some of our businesses and operations.

Container manufacturing and service business has been, and will continue to be, our major operating business segment, and any material adverse change in global economy, the volume of international trade or the international container and shipping industry may affect our container manufacturing and service business, which will in turn, affect the results of operations and financial condition.

Container manufacturing and service business has been, and will continue to be, our major operating business segment. In 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our container manufacturing and service business generated an operating income of RMB5,081.3 million, RMB24,949.7 million, RMB34,531.3 million, RMB21,655.7 million and RMB13,405.5 million, respectively, accounting for 25.6%, 49.2%, 55.0%, 60.4% and 50.6% of our total operating income from principal activities. For the same period, the gross profit generated from our container manufacturing and service business amounted to RMB672.3 million, RMB4,739.3 million, RMB6,669.6 million, RMB4,615.7 million and RMB2,058.2 million respectively, accounting for approximately 21.9%, 58.0%, 56.0%, 66.1% and 47.3% of our total gross profit. In 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our container manufacturing and service business generated a net loss of RMB317.3 million, net profit of RMB3,341.0 million, RMB3,629.1 million, RMB2,916.5 million and RMB800.1 million, respectively.

Our container manufacturing and service business is affected by, among others, the condition of the global economy, the volume of international trade and the international container and shipping industry. The downturn of the global market and economic conditions started from the second half of 2011, including the ongoing credit crisis in Europe and heightened market volatility in major stock markets, have created a more challenging environment and constituted uncertainties to and negative impacts on the container and shipping industry, which in turn affected our container manufacturing and service business. As a result, we recorded a decrease of RMB8,250.2 million in the operating income from our container manufacturing and service business from RMB21,655.7 million for the six months ended 30 June 2011 to RMB13,405.5 million for the six months ended 30 June 2012. In the past, we have recorded a net loss of RMB317.3 million in the year 2009 and we have experienced a decrease in net profit of RMB2,116.4 million in the first half of 2012 as compared to the first half of 2011. For the third quarters of 2012, the operating income of our container manufacturing and service business has decreased by RMB7,653 million as compared to the same period in 2011, from RMB29,339 million to RMB21,685 million, due to the fluctuations of the containers shipping market. Any material adverse change in the global economy, the volume of international trade or the international container and shipping industry may affect our container manufacturing and service business, which will in turn, affect the results of operations and financial condition.

Our profitability will be affected if we fail to maintain our cost competitiveness due to increased costs of raw materials, energy and parts and components or other factors, or if our suppliers fail to deliver parts and components and raw materials that meet our product quality standards on a timely basis.

Our main raw materials include, among others, steel, aluminum, paint, wooden floor board and our principal requirements of parts and components include, among others, gearboxes, tires and steering boxes, which are used for the production of our containers, vehicles and equipment and provision of related services. Most of our raw materials, energy and parts and components are provided by third-party suppliers. Prices of some raw materials used and energy consumed in our manufacturing process have increased significantly in the past few years. Global fuel prices have increased significantly in the past few years and are expected to remain high in the near future. Such increases have added to our cost of production and we may not be able to pass through such increased costs to our customers. The costs of our raw materials, energy and parts and components are subject to many economic and political factors which are beyond our control. Certain factors such as the rising global demand for such raw materials and energy may result in upward pressure on their prices. There can be no assurance that we could maintain our cost competitiveness. If we fail to maintain cost competitiveness, we may experience lower profit margins, which will materially adversely affect our business, results of operations and financial condition.

Our manufacturing depends on adequate supply of quality parts and components and raw materials on a timely basis. Suppliers may from time to time extend delivery time, limit supplies or increase prices due to capacity constraints or other factors. We do not have long-term supply arrangements with any of our major suppliers. We have in the past experienced delays by our suppliers in the delivery of some of their parts and components during peak seasons. If a supplier fails to meet our requirements with respect to the time, quantity, quality and prices we require, whether due to causes within or beyond its control, and we cannot locate a replacement in a timely manner, it could jeopardize or cause a delay in our product delivery, result in our products being unacceptable to our customers and/or otherwise adversely affect our business operations.

We operate in competitive industries and if we do not compete successfully, our business growth and results of operations may be adversely affected.

We operate in concentrated and intensely competitive industries. In particular, the worldwide container manufacturing business, road transportation vehicle business and energy, chemical and food equipment business are highly competitive. We face competition from both domestic and international competitors who compete with us based on price, quality of products, value added services and other customer requirements. We expect the current competitive pressures will continue. The competitive landscape in these industries may also change due to the emergence of new entrants in the industry or the increase in production capacity of existing competitors. Our competitors, domestic or foreign, may have competitive advantages over us, such as greater financial or other resources, stronger manufacturing and distribution capabilities, more advanced technologies and equipment, better product quality, higher brand recognition, and a wider customer base. They could change their strategy and compete in price against our products and services, as a consequence we may lose our market share and may require to lower the price to compete. To compete successfully, we may need to incur additional capital expenditures to improve product quality, enhance product performance and strengthen our existing sales network through further marketing and promotional efforts. However, we cannot assure you that our strategies will be effective nor can we predict what measures our competitors may take. If we cannot maintain our competitiveness in the market, we may lose our market share, experience slower growth of our customer base, or suffer a reduction in our profit margin, any of which could adversely affect our business, results of operations and financial condition.

If we cannot renew, extend or comply with our business license, qualification certificates, operating permits and other approvals, our business, financial condition and results of operations will be materially and adversely affected.

Our business and operation require us to obtain various licenses, certificates, permits and approvals from relevant government authorities in the PRC and other countries. Renewal of such licenses, certificates, permits and approvals may require us to pay the fees and maybe subject to further review and approval by the relevant authorities. Due to the expansion of our business, our existing licenses, certificates, permits or approvals may not match our growth and we may need to apply for new licenses, certificates, permits or approvals. In the event if we fail to apply in advance, renew, extend or comply to the laws and regulations, the relevant government authorities could impose fines or require us to cease operations, resulting in a material adverse effect on our business, financial condition and results of operations.

Production processes for some of our products are complex and dangerous and the occurrence of material operational problems, major accidents or deaths may materially and adversely affect our financial condition and results of operations.

We are subject to extensive laws, rules and regulations imposed by the PRC regarding production safety. We have experienced and expect to experience increased costs of production arising from compliance with production safety laws and regulations. There can be no assurance that more stringent laws, regulations or policies regarding production safety will not be implemented or that the existing laws, regulations and policies will not be more stringently enforced. We may not be able to comply with all future laws, regulations and policies in relation to production safety economically or at all. Should we fail to comply with any production safety laws or regulations in the future, we may be subject to fines, or may be required to rectify the production safety problems within a limited period, failing which suspension of operations would be required.

The production processes for some of our products such as containers, vehicles and offshore engineering equipment are complex. They require technically advanced and costly equipment and involve risks, including breakdown, failure or substandard performance of equipment, improper installation, maintenance or operation of equipment, accidents and other environmental hazards. We may be also under ongoing responsibilities for the injured workers, including maintaining the injured workers' salaries and providing subsidies to workers disabled because of the injuries.

We cannot assure you that the safety measures we have in place for our operations will be sufficient to mitigate or reduce industrial accidents. We also cannot assure you that casualties or accidents will not occur in the future or that our insurance coverage would be sufficient to cover costs associated with major accidents. The occurrence of material operational problems, major accidents may materially and adversely affect our financial condition and results of operations.

Our operations are exposed to risks in relation to the mishandling of dangerous or hazardous articles.

Our operations involve the handling and storage of explosive, toxic and other dangerous or hazardous articles. More stringent laws, regulations and policies may be implemented by the relevant authorities, and there can be no assurance that we will be able to comply with any existing or future laws, regulations and policies in relation to the handling of dangerous or hazardous articles economically or at all. In addition, there can be no assurance that accidents arising from the mishandling of dangerous or hazardous articles will not occur in the future. Should we fail to comply with any relevant laws, regulations or policies or should any accident occur as a result of the mishandling of dangerous or hazardous articles, our business, reputation, financial condition and results of operations may be materially and adversely affected, and we may be subject to penalties and civil and criminal liabilities.

We may not be able to meet our construction and delivery schedules. In particular, delay of our offshore engineering projects may have a material adverse impact on our business, financial condition and results of operations.

Our ability to meet our construction and delivery schedules is subject to various factors beyond our control. We depend on our suppliers for the timely delivery of raw materials such as aluminum and steel, marine equipment and vehicle parts such as engines, diesel generators, boilers and gear boxes. We count on the completion of our production bases within the planned timeframe and uninterrupted operations of our production bases and other manufacturing facilities. We also rely on a skilled workforce and competent management to carry out our business strategies. We also depend on the timely completion of outsourced work for some projects. Any breach by our subcontractors or outsourcing partners of their contractual obligations or any failure by them to timely complete their work according to specifications will affect our ability to deliver vessels or other products to our customers in accordance with the specifications in the relevant shipbuilding or other purchase contracts. In addition, we are also subject to natural disasters and various risks inherent in shipbuilding activities that may also affect our ability to meet our obligations.

Moreover, with respect to our offshore engineering business which we started engaging in 2010, building new types of vessels and offshore engineering equipment may take longer than we expect because our estimate may not be accurate. We may involve in delay of our offshore engineering projects due to the lack of experience and the required technology, and consequently, involve in litigations or other disputes with our customers. See the risk factor headed "— Major litigation may affect our business" in this section of this listing document. As disclosed in Note VIII.1 to Appendix IV of this listing document, CIMC Raffles and its subsidiaries are involved in shipbuilding and leasing contract for the construction, sale and lease of a vessel where the maximum amount of the compensation for delivery postponement from contracted delivery date to future estimated actual delivery date that CIMC Raffles may need to bear is US$22.54 million as of 30 June 2012, equivalent to approximately RMB142.6 million. During the Track Record Period and up to the Latest Practicable Date, we had eight instances of delayed delivery with respect to our offshore engineering business due to inaccurate estimate of completion date, lack of experience or the required technology. We have paid those customers an aggregate compensation of approximately US$53.09 million. Any material operational disruptions due to these factors may adversely affect our ability to meet our construction or manufacturing schedules and could result in delays in the delivery of our products to our customers and we may therefore be subject to liquidated damages stipulated in the contracts for the delay and suffer a negative impact on our customer relationships and business reputation.

Our success depends in part on our ability to enhance our manufacturing capabilities and our efforts to enhance our manufacturing capabilities may not achieve the expected benefits.

Our future success in part, depends on our ability to enhance our manufacturing capabilities, which include expanding our manufacturing capacity, improving our manufacturing efficiency or modifying our manufacturing lines to meet the varying demands for our products. If we are unable to do so, we may not be able to achieve the desired level of economies of scale in our operations, to reduce manufacturing costs to the level that will allow us to compete effectively or to maintain our pricing and other competitive advantages. Our ability and efforts to enhance our manufacturing capabilities are subject to significant risks and uncertainties, including:

- our ability to obtain funding for the additional capital expenditures, working capital and other corporate requirements to be used to enhance our manufacturing capabilities. We may be unable to obtain such funds in a timely manner or on commercially reasonable terms or at all;

- unexpected delays and cost overruns resulting from a number of factors, many of which may be beyond our control. These include increases in the prices of raw materials, parts and components and utilities, shortages of workers, transportation constraints, disputes with contractors, engineering firms, construction firms and equipment vendors as well as equipment malfunctions and breakdowns;

- our ability to obtain the required permits, licenses and approvals from relevant government authorities;

- availability of the necessary technology or equipment from third parties or our internal research and development department;

- diversion of management attention and other resources; and

- manufacturing interruptions caused by natural disasters or other unforeseen events.

Our efforts to enhance our manufacturing capabilities may not achieve the expected benefits. We cannot assure you that the demand for our products will continue to increase, or remain at the current levels, which is affected by various factors beyond our control, including underlying economic conditions and market competitiveness. If the demand for our products is weaker than anticipated, we may experience problems associated with overcapacity and under-utilization of headcounts, which may have an adverse effect on our financial condition, results of operations and business.

Our research and development efforts may not yield the benefits that we expected and failure to design and introduce new products that are tailored for the different regional markets and purposes may cause losses of customers and market share.

We believe that consumer preferences and market demands for our containers, vehicles, equipment and related services vary from region to region due to factors such as level of industrial development, environment, climate, purpose, topography, local economy and local development policies. In order to serve the diverse markets, we have developed and engineered various types of products. In order to maintain and increase our current competitive position and to continue to grow our business, we need to introduce market-leading products consistently. We have been focusing on our research and development activities, which require considerable human resources and capital investments. However, our research and development efforts may not be successful or yield the anticipated level of economic benefits. In addition, even if our research and development efforts are successful, we may not be able to apply those newly developed technologies to products that will be accepted by the market, or we may not be able to apply them in a timely manner to benefit from the first-mover advantages in the market. Furthermore, the success of our new products depends upon a number of factors, some of which are beyond our control, such as the prevailing economic conditions and the inherent uncertainty in market demand. The level of economic benefits that can be derived from newly developed technologies or products may also be affected by the ability and promptness of our competitors to replicate these technologies or products or develop products that are more advanced or cheaper alternatives. If our technologies or products are replicated, replaced or made redundant, or if the demand for our products is not as well as anticipated, our turnover associated with such technologies or products may not offset the costs that we have incurred in developing such new technologies. Furthermore, if we are unable to anticipate the trends in technological or product development and rapidly develop new and innovative technologies or products that are required by our customers, we may not be able to produce sufficiently advanced products at competitive prices, which in turn may have a material and adverse impact on our business, financial position and results of operations.

We rely on third-party contractors for part of our operations, and in the case of any failure by such contractors in performing their tasks or by us to maintain long-term and stable working relationships with such contractors, our business, financial condition and results of operations may be adversely affected.

In line with prevailing industry practice, we outsource certain part of our work to third party contractors, such as certain cleaning work at the initial stage of our offshore engineering projects. Our operations are affected by the performance of these contractors. Failure to maintain a cooperative relationship with these contractors or to renew the outsourcing service contracts on similar terms, or at all, when they expire may materially and adversely affect our financial condition and results of operations. If we are unable to engage additional contractors to carry out the outsourced work in a timely manner on favorable terms, or at all, our financial condition and results of operations may be materially and adversely affected.

We may not be able to control the quality, safety and environmental standards of the work done through these contractors to the same extent as when the work is performed by our own employees. Any failure by these contractors to meet our quality, safety and environmental standards may have a material adverse effect on our business, financial condition and results of operations.

Under the outsourcing service contracts for our PRC operations, all losses caused by, or incurred pursuant to, such outsourced activities shall be borne by the contractors, as long as such losses are not caused by any fault on the part of us.

If any claim in respect of the outsourced activities is made by third parties against us directly, we may have to incur costs and devote resources to defend ourselves against such claims. Any such claims could damage our reputation and lead to loss of customers and revenue.

We face credit risks associated with our customers.

The credit terms extended to our customers differ with each business segment. Each of our business segments have its own credit policies and industry customs. Our credit policies also vary upon different customers' credit and transaction history. The payment terms granted to customers are also typically negotiated on a case-by-case basis and vary depending on, among the others, the required delivery time, complexity of the systems and contract size. For contracts with smaller amount, invoices will generally be issued and the whole contract sums will become due upon delivery and acceptance by customers of the products. For contracts with larger amount, deposits will be required.

We have made the provision for the significant overdue receivables at 30 June 2012. Our Group's exposure to credit risk is influenced mainly by the individual characteristics and industries of each customer rather than country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. As of 30 June 2012, 14.39% of the total accounts receivable and other receivables were due from the five largest customers of the Group.

There is no assurance that we will not encounter material difficulties for whatever reason in collecting trade receivables in the future, and in such case, we may be exposed to the risk of significant amount of bad and doubtful debts and the business and financial results of us may be adversely affected.

Failure to maintain inventory levels in line with the approximate level of demand for our products could cause us to lose sales or suffer from excess inventory risks and holding costs, either of which could have a material adverse effect on our business, financial condition and results of operations.

To operate our business successfully and meet our customers' demands and expectations, we must maintain a certain level of finished goods inventory for our products to ensure immediate delivery when required. Furthermore, we are required to maintain an appropriate level of inventory of our raw materials, parts and components for our manufacturing. However, forecasts are inherently uncertain. If our forecasted demands are lower than actual demands, we may not be able to maintain an adequate inventory level of our products or manufacture our products in a timely manner, and may lose sales and market share to our competitors. On the other hand, we may also be exposed to increased inventory risks due to accumulated excess inventory of our products or raw materials, parts and components for our products. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence, markdown allowances or write-offs.

We face risks associated with our joint ventures.

Some of our existing businesses are carried out through joint ventures. In addition, during our business expansions, we may form additional joint ventures in the future. Such existing or future joint venture arrangements involve a number of risks, including:

- disputes with joint venture partners in connection with the performance of each party's obligations under the joint venture agreements;
- disputes as to the scope of each party's responsibilities under these agreements;
- financial difficulties encountered by a joint venture partner affecting its ability to perform its obligations under the joint venture agreements with us; and
- conflicts between the policies or objectives adopted by the joint venture partners and those adopted by us.

Any of these risks and other factors may lead to disputes with our joint venture partners and cause disruptions in the operations of the joint ventures and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

Our limited operating history in our offshore engineering business may make it difficult for you to evaluate our offshore engineering business and future prospects.

We conducted our offshore engineering business mainly through our subsidiary, CIMC Raffles, which we controlled since January 2010. For the two years ended 31 December 2010 and 2011 and six months ended 30 June 2012, our offshore engineering business recorded an operating loss of approximately RMB1,228.4 million, RMB1,174.1 million and RMB144.8 million, respectively. Investors should be aware that there is a limited track record on which an evaluation of our offshore engineering business could be based. There are a number of factors that may affect the sustainability of our offshore engineering business such as whether the existing customers would continue to engage us for offshore engineering business in the future; whether we would be able to seek new customers for our offshore engineering business; whether the PRC and global oilfield companies are willing to purchase equipment from our offshore engineering business; the market conditions of the PRC and global oil and gas exploration and production industry and the overall PRC and global oil market environment. Investors should consider the future prospects of our offshore engineering business in light of the risks and challenges encountered by a company with a limited operating history.

Some contracts of our offshore engineering business were entered into on a fixed-price basis, which may result in losses or lower profitability for us than anticipated in the event that we incur unforeseen or additional expenses.

Some contracts of our offshore engineering business contracts were entered into on a fixed-price basis. We enter into these contracts few years prior to the scheduled delivery of a vessel. We attempt to forecast costs of labor and raw materials when we enter into our fixed-price contracts and retain all cost savings on completed contracts but remain liable for the full amount of all cost overruns. The actual costs incurred and profits we realize on a fixed-price contract may vary from our estimates due to factors such as:

- unanticipated variations in labor and equipment productivity over the term of a contract;
- unanticipated increases in labor, raw material, subcontracting and overhead costs; and

- delivery delays and corrective measures.

Depending on the size of the project, variations from estimated contract performance may significantly reduce our earnings and even result in losses. Furthermore, our fixed-price contracts usually provide for liquidated damages if we are unable to deliver vessels according to the schedules in these contracts. In these situations, significant cost overruns on our fixed-price contracts may adversely affect our business, financial condition and results of operations.

Our container manufacturing business is seasonal.

Our container manufacturing business is seasonal due to the impact of shipping lines on demand for containers, seasonal cycles for reefer containers and other products. Although peak order periods differ in some of the markets in which we operates, historically revenue and operating income have generally been higher in the second and third quarter and lower during the fourth quarter. There can be no assurance that future seasonality in revenue, operating income and working capital requirements will not have a material adverse effect on our business, financial condition and results of operations.

We depend on our management team and our business may be severely disrupted if we lose their services.

We believe that our success depends significantly on the continuing service of the members of our senior management team, who are critical to the development and implementation of our corporate strategy and our continued growth.

Our continued success depends on our ability to attract and retain a qualified and competent management team in order to manage our existing operations and support our expansion plans. The loss of the services of any member of our management team or the failure to recruit suitable or comparable replacements on a timely basis could have a significant impact on our ability to manage our business effectively and may decrease our competitiveness, which may in turn materially and adversely affect our business, financial condition, results of operations and growth prospects. We cannot assure you that we will be able to retain our management team or find suitable or comparable replacements on a timely basis or at all.

We depend on the continuing service of, and our ability to attract, train, motivate and retain, our technicians, research and development staff, customer service and sales personnel.

Our ability to maintain our services and products with high quality depends on the continuing service of, and our ability to attract, train, motivate and retain our technicians, research and development staff, customer service and sales personnel. Due to the strong growth of the PRC economy, competition for experienced personnel is increasingly intense. We may need to offer higher compensation and other benefits to attract and retain key personnel. There can be no assurance that we will be able to attract, train, motivate and retain the necessary personnel to introduce new products, grow and develop our business and to deliver high-quality products and services. Our business, financial condition, results of operations and growth prospects may be materially and adversely affected if we fail to attract and retain the experienced personnel we need.

We do not possess the title certificates or construction permits in respect of certain land and buildings we own or occupy.

As of 30 September 2012, we or our landlord had not obtained proper land use rights for certain parcels of land. In addition, we had not obtained proper building ownership certificates for certain buildings. See "Business — Properties" in this listing document. Any dispute or claim in relation to the rights to lease and use the properties occupied by us, including any litigation involving allegations of illegal or unauthorised use of these properties, may require us to relocate our business operations. If any of our leases were terminated as a result of any challenge by third parties or any failure of our lessors to renew the leases or obtain their legal title or the requisite government approval or consent to lease the relevant properties, we may need to seek alternative premises and incur additional costs for relocation. Any such relocation could disrupt our operations and adversely affect our business, financial condition, results of operations and growth prospects. In addition, there can be no assurance that the PRC government will not amend or revise existing property laws or regulations to require additional approvals, licenses or permits, or impose stricter requirements to obtain or maintain the title certificates required for the properties occupied by us.

We are currently in the process of applying for, and obtaining, land use rights certificates and building ownership certificates for most of the land and buildings that have title defects. Our Directors are uncertain whether we can obtain the relevant certificates or permits in a timely manner, or at all. In addition, we cannot assure you that our use and occupation of the relevant land and buildings will not be challenged. If we cannot obtain the relevant certificates or permits in a timely manner and our legal right to use or occupy the relevant land and buildings is challenged, our operations or construction on the affected land or in the affected buildings could be interrupted, which, in turn, could have an adverse effect on our business, financial condition and results of operations.

Our insurance coverage may be inadequate to protect us from all potential losses.

We are subject to product liability, if our products fail to meet the safety requirements or standards of our customers as set out in the contract, we may incur repair costs for defects, initiate service action, recall campaign and face claims or contract price adjustments. Such claim may also create a negative image of our products affecting our future sales and business growth adversely. We do not carry liability insurance that extends coverage to all potential liabilities that may arise in the ordinary course of our business, nor do we maintain any insurance coverage for business interruption. Significant uninsured damage to any of our properties, inventories or other assets, whether as a result of earthquakes or other causes, could materially and adversely affect our business, financial condition, results of operations and growth prospects. Furthermore, our insurance coverage may not be sufficient to cover all of our potential losses and/or liabilities.

Our measures to protect our intellectual property rights against infringement may not be adequate and we may be exposed to infringement claims.

We own or otherwise have rights in a number of trademarks, designs and patents relating to the products we manufacture and sell. For further information, see "Business — Intellectual Property Rights" in this listing document. We also possess confidential and proprietary technologies, know-how and processes. Existing laws in China may offer limited protection for our intellectual property rights. We rely upon a combination of patent, copyright and trademark laws, trade secrets, confidentiality policies, non-disclosure and other contractual arrangements to protect our intellectual property rights. However, the steps we take in this regard may not be adequate to prevent or deter infringement or other misappropriation of our intellectual property rights. Our products may be subject to unauthorised copying or other misappropriation. We cannot assure you that we will be able to detect unauthorised use or take appropriate and timely actions to enforce our intellectual property rights.

Our competitors may have independently developed technologies or designs that contain similarities to ours, and these competitors may have applied for registration of patents or other intellectual property rights in respect of their technologies or designs. Our competitors or other third parties may consider our application of certain intellectual properties an infringement of their intellectual property rights. In addition, as we procure various parts and components from third-party suppliers, we have been involved and may continue to be involved in infringement claims against the suppliers from whom we purchase parts and components that are alleged to infringe certain intellectual property rights. As a result, we may be exposed to infringement claims even where there may be a genuine case in our favor. Any involvement in intellectual property rights infringement litigation may result in substantial costs, reputational damage and diversion of resources and management attention. If we are barred from using certain material trademarks, technologies, designs or other intellectual properties and fail to develop non-infringing substitutes or replacements or to obtain licenses to such intellectual properties, our business operations may be interrupted, and if that continues, our results of operations and financial condition could be adversely affected.

Our operations are exposed to risks in relation to environmental hazards and more restrictive interpretation or more rigorous enforcement of current environmental laws and regulations, or the adoption of new environmental laws and regulations, or unanticipated environmental effects of our operations, could require us to incur new or increased costs and adversely affect our business, financial condition and results of operations.

We are subject to PRC national, provincial and local environmental protection laws and regulations on matters such as air emissions, discharge of waste water and pollutants, land reclamation, waste disposal and mining control. Environmental hazards may occur in connection with our operations as a result of human errors, force majeure or otherwise. The occurrence of any environmental hazards may delay production, increase production costs, cause personal injuries or property damages, result in liability to us or damage our reputation. We are not insured against environmental liabilities. We cannot assure you that we will not be subject to environmental non-compliance penalties in the future.

We have experienced and expect to experience increased costs of production arising from compliance with environmental protection laws and regulations, including those incurred in installing pollution control equipment. Our costs of compliance with environmental protection laws and regulations may increase significantly if the PRC government adopts more restrictive interpretations of existing laws and regulations, begin enforcing existing laws and regulations more rigorously or adopt new and stricter laws and regulations.

We cannot assure you that compliance with environmental protection laws or regulations adopted or amended in the future or measures to be taken to tackle unanticipated environmental effects from our operations will not materially increase our operating and other expenses. Moreover, we cannot assure you that we will be able to comply with all environmental protection laws and regulations that are adopted or amended in the future. Failure to comply with, or any change or difference in the interpretation or enforcement policy of, such laws and regulations, or the occurrence of any unanticipated environmental effects from our operations, could subject us to punitive governmental measures, which may have a material adverse effect on our financial condition and results of operations. During the Track Record Period, we have been imposed on fines by the relevant environmental protection authorities in the PRC. Please refer to the section headed "Business — Administrative Penalties" in this listing document.

Non-compliance with PRC employee social welfare contribution regulations could lead to the imposition of fines or penalties.

In accordance with relevant PRC labor laws and regulations, we are required to contribute to a number of employee social welfare schemes in respect of our employees. Such schemes include pension insurance, medical insurance, unemployment insurance, birth insurance, job-related injury insurance and housing provident fund contributions. We did not provide relevant social welfare insurance to some employees during the Track Record Period. See "Business — Employees" in this listing document. We cannot assure you that we will not be subject to such an order in the future. We cannot assure you that there are no such claims or that such claims will not be brought against us in the future, and that we will not be required to pay such insurances or any related damages in the future.

We are subject to PRC regulatory requirements, and our failure to fully comply with such requirements could materially and adversely affect our business, financial condition, results of operations and our reputation.

We are currently subject to periodic inspections, examinations and inquiries in respect of our compliance with applicable regulatory requirements by PRC regulatory authorities, including the CSRC, the MOFCOM, the SAIC, and the SAFE, the state tax bureau and local tax bureau, and their respective local offices. These inspections, examinations and inquiries have from time to time revealed weaknesses in certain areas of our operations. For example, the CSRC have found certain deficiencies and made certain recommendations to us. See "Business — Legal and Regulatory Proceedings" in this listing document. In addition, our overseas operations are also subject to regulatory requirements in other jurisdictions outside the PRC. If sanctions, fines and other penalties are imposed on us for failing to comply with applicable requirements, guidelines or regulations, our business, financial condition, results of operations and our reputation may be materially and adversely affected.

Major litigation may affect our business.

We are involved in legal proceedings from time to time, most of which are immaterial to our overall financial position of our Group. Our material litigation involves the following:

On 12 July 2006, CIMC Raffles as the builder, entered into (i) a shipbuilding contract ("**SDL Contract**") for the construction and sale of a semi-submersible drilling unit for Soratu Drilling LLC ("**SDL**"), and (ii) a shipbuilding contract ("**BDL Contract**") for the construction and sale of a semi-submersible drilling unit for Baerfield Drilling LLC ("**BDL**"). Both SDL and BDL are subsidiaries of Schahin Holding S.A. ("**Schahin**"), a Brazilian company. SDL, BDL and Schahin are all Independent Third Parties.

On 23 August 2010, CIMC Raffles, Yantai CIMC Raffles, CIMC Hong Kong, entered into two agreements with SDL and BDL (together with Schahin and some other subsidiaries of Schahin), respectively, pursuant to which CIMC Raffles and Yantai CIMC Raffles agreed to provide advances to an indirect parent company of both SDL and BDL. The vessels constructed pursuant to SDL Contract and BDL Contract were delivered in November 2010 and April 2011, respectively.

As of the Latest Practicable Date, CIMC Raffles and Yantai CIMC Raffles provided an aggregate amount of approximately US$66 million as the advances to the indirect parent company of both SDL and BDL, which failed to repay CIMC Raffles and Yantai CIMC Raffles the advances and the construction costs for the vessels in an aggregate amount of approximately US$142 million. As a result, CIMC Raffles and Yantai CIMC Raffles lodged an arbitration proceeding and a law suit in London in December 2011 and January 2012, respectively, and another arbitration proceeding in New York in May 2012 to claim an aggregate amount of US$208 million, representing the unpaid construction costs and the aggregate amount of the advances. As of the Latest Practicable Date, no final judgment or decision has been made for the law suit and arbitration proceedings.

As a matter of prudence, our management decided to make a provision of US$19 million for the disputes with Schahin and its subsidiaries. As of the Latest Practicable Date, our Directors believe that such amount is sufficient for the provision of the dispute with Schahin and its subsidiaries.

If we are unsuccessful in our claims with any legal proceeding, we may need to write-off certain of our account receivables and the provision made in respect of the same. Further, if we are unsuccessful in defending any legal proceeding, or is unsuccessful in settling any legal proceeding on commercially reasonable terms, we may be liable to pay amounts of damages that may have a material adverse effect on our business and operating results. The cost of pursuing and defending material legal proceeding in which we are involved would be substantial, and could interfere with our management from the effective operation of our business.

Our ability to pay dividends and utilize cash resources in our subsidiaries depends on our subsidiaries' earnings and distributions.

We are a holding company. Our revenue is generated from our business operations conducted through our subsidiaries. Our ability to make dividend payments and other distributions in cash, pay expenses, service indebtedness incurred and finance the needs of other subsidiaries depends upon the receipt of dividends, distributions or advances from our subsidiaries. The ability of our subsidiaries to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and availability, applicable laws and regulations and restrictions on making payments to us contained in financing or other agreements. If any of our subsidiaries incurs indebtedness in its own name, the instruments governing the indebtedness may restrict dividends or other distributions on its equity interest to us. These restrictions could reduce the amount of dividends or other distributions that we receive from our subsidiaries, which could in turn restrict our ability to fund our business operations and to pay dividends to our Shareholders.

Furthermore, applicable PRC laws and regulations permit payment of dividends by our PRC subsidiaries only out of their retained earnings, if any, determined in accordance with PRC accounting standards. Our PRC subsidiaries are required to set aside a certain percentage of their after-tax profit based on PRC accounting standards each year to their respective reserve funds in accordance with the requirements of relevant PRC laws and regulations as well as provisions in their respective articles of associations. As a result, our PRC subsidiaries are restricted in their ability to transfer a portion of their net income to us either in the form of dividends, loans or advances. Any limitation on the ability of our PRC subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends or otherwise fund and conduct our business.

Distributions by our PRC subsidiaries to us in forms other than dividends may be subject to government approval and taxes. Any transfer of funds from us to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, is subject to registration with or approval from the relevant PRC government authorities. These limitations on the flow of funds between and amongst us and our PRC subsidiaries could restrict our ability to respond to changing market conditions or appropriately allocate funds to our PRC subsidiaries.

Our existing and future major capital expenditure projects may not be completed within the expected timeframe or within our budget, or at all, and may not achieve the intended economic results.

We intend to invest in projects at our existing operations to increase our production efficiency and capacity. We are also currently in the process of making significant capital expenditures in connection with the expansion of our operations. We typically conduct feasibility studies to determine whether to undertake significant construction projects. Actual results may differ significantly from those anticipated by our feasibility studies. Such projects could be delayed or adversely affected by a variety of factors, including the failure to obtain the necessary regulatory approvals or sufficient funding, construction difficulties, technical difficulties and manpower or other resource constraints. In particular, the disruptions, uncertainty or volatility in the capital and credit markets resulted from the global financial crisis may limit our ability to obtain financing to meet our funding requirements and we may postpone certain construction projects if our Directors determine that doing so would be in the interest of our Group after taking into consideration the then market conditions, our financial performance and other relevant factors. Costs of these projects may also exceed our planned investment budget. Even if we are able to complete the projects without any delay and within our budget, as a consequence of changes in market circumstances or other factors, we may not achieve the intended economic benefits of these projects. As a consequence of any delay in completing our capital expenditure projects, cost overruns, changes in market circumstances or other factors, the intended economic benefits from these capital expenditure projects may not materialize, and our financial condition and results of operations may be materially and adversely affected.

We may not be able to continue to expand into foreign markets successfully.

We export our containers, road transportation vehicles, offshore engineering vessels and other products and related services to overseas markets. Operating income derived from countries and regions other than China accounted for approximately 11.7%, 6.2%, 8.2%, 5.9% and 10.9% of the total operating income from principal activities for 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, respectively. We also plan to further increase our exports to overseas markets. However, we may not be able to continue to expand into foreign markets successfully due to various factors, including the following:

- there may not be a steady increase in our overseas orders or we may not be able to predict market trends and customer needs to offer an appropriate product mix to foreign markets;
- our lack of experience and lack of substantial presence in the overseas market may make it difficult for us to effectively expand into foreign markets successfully;
- some regions and countries have been affected by the global financial crisis and to the extent that they continue to be affected by the global financial crisis, there may not be sufficient demand for our products;
- some regions and countries may experience political instability and military conflicts, and any future political, social and military turmoil in these regions and countries may disrupt our overseas expansion plan; and
- current and future trade and economic sanctions among countries may cause difficulties in exporting our products to certain countries and in implementing our export expansion plan.

We may not be successful in identifying or acquiring suitable acquisition targets or integrating newly acquired businesses into our business.

We intend to expand our operations and markets through both organic growth and strategic acquisitions. For example, we acquired CIMC Raffles in 2010 to expand our business to offshore engineering business. We will continue to seek appropriate acquisition targets that could be integrated into our business.

We compete with other international conglomerate companies, some of which may have greater financial and other resources, and we may not be able to compete successfully with such groups in acquiring suitable targets. If we do not succeed in identifying and acquiring suitable acquisition targets, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

In addition, integration of the newly acquired businesses may not succeed for a number of reasons such as differences in strategic focus, geographic coverage and corporate culture between us and the acquired businesses and difficulties in retaining the key employees of acquired businesses. Any delays or difficulties encountered in connection with the integration of management or operations could result in the diversion of management's attention from our existing operations and the delay or deferral by our management of important strategic decisions, which could negatively affect our business, prospects, cash flows, financial condition and results of operations. In addition, we cannot assure you that we will fully realize any of the anticipated benefits, or any anticipated benefit at all, from our strategic acquisitions.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

Our business, financial condition and results of operations are highly susceptible to changes in the PRC's political, economic and social conditions as we conduct our operations primarily in the PRC; Changes in PRC laws, regulations and policies, or the enactment and implementation of new PRC laws and regulations, may materially and adversely affect our financial condition and results of operations.

Our production activities and principal place of business are located in the PRC. Accordingly, our business and future growth are dependent on the political, economic, regulatory and social conditions of the PRC. Any changes in the policies implemented by the government of the PRC which result in currency and interest rate fluctuations, capital restrictions, and changes in duties and taxes detrimental to our business may adversely affect our business, financial condition and results of operations. Unfavorable changes in the social, economic and political conditions of the PRC and in PRC government policies in the future may adversely affect our operations in the PRC which in turn may adversely affect our business, financial condition and results of operations. In particular, the recent global financial slowdown has resulted in unprecedented financial situations for the businesses in the PRC. Various regulatory measures may be taken within a short period of time by the PRC government to stabilize the economy which may result in uncertainties in the PRC's political, economic and social conditions.

Some of our PRC subsidiaries are foreign-invested enterprises and thus are subject to the PRC government's foreign investment policies and laws. For example, according to the Foreign Investment Industries Catalogue, industries are categorized as encouraged, restricted or prohibited for the purpose of approving and monitoring inbound foreign investments. Under the newly promulgated Foreign Investment Industries Catalogue (《外商投資產業指導目錄(2011年修訂)》), which was promulgated on 24 December 2011 and became effective on 30 January 2012, our offshore engineering business falls into the restricted category. As the Foreign Investment Industries Catalogue is updated every few years to reflect the changing policies on foreign investment in China, more of our business may fall into the restricted or even prohibited category when the government further amends the Foreign Investment Industries Catalogue and if so, we will be subject to stringent restrictions on the operation, development and administration of our business. Consequently, our business, financial condition and results of operations may be adversely affected.

In addition, our business and operations are subject to various laws, regulations and rules of the PRC. Such laws, regulations and rules may change from time to time and we may incur substantial additional costs in complying with existing or future regulatory requirements of the PRC. We currently enjoy a refund of 15% of value added taxes from our export sales of semi-trailers and containers according to existing PRC custom laws and policies. In the event that such a preferential tax treatment is no longer available to us due to changes in government policy or any other reasons, revenue from our export business will be adversely impacted. Changes in PRC laws, regulations and rules, or the enactment and implementation of new PRC laws, regulations and rules, may materially and adversely affect our financial condition and results of operations.

Government control of currency conversion may adversely affect the value of your investments.

The major currency received by us is U.S. dollars and the major currency paid out is Renminbi. Renminbi is not a freely convertible currency. A portion of our cash may be required to be converted into other currencies in order to meet our foreign currency needs, including cash payments on declared dividends, if any, on our H Shares. Under China's existing foreign exchange regulations, following the Listing, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with various procedural requirements.

However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, we might not be able to pay dividends to the holders of our H Shares in foreign currencies. On the other hand, foreign exchange transactions under capital accounts in the PRC continue to be not freely convertible and require the approval of the SAFE. These limitations could affect our ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures. We cannot assure you that we will have sufficient foreign exchange to meet our foreign exchange requirements. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy other foreign exchange requirements. If we are unable to obtain the relevant approvals, our capital expenditure plans and, consequently, our ability to develop our business, could be adversely affected.

Future fluctuations in the value of the Renminbi could have a material adverse effect on our financial condition and results of operations.

While we conduct substantially all of our business operations in the PRC, we also derive foreign currencies denominated revenue, and we convert Renminbi into foreign currencies to make investments and acquisitions overseas or pay dividends to our shareholders. A portion of our revenue, expenses and bank borrowings are denominated in U.S. dollars and other foreign currencies, although our functional currency is the Renminbi. As a result, fluctuations in exchange rates, particularly between the Renminbi, the Hong Kong dollar or the U.S. dollar, could affect our profitability and may result in foreign currency exchange losses of our foreign currency-denominated assets and liabilities.

The exchange rate of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in the PRC's, as well as, international, political and economic conditions and the PRC government's fiscal and currency policies. Since 1994, the conversion of the Renminbi into foreign currencies, including the Hong Kong dollar and the U.S. dollar, has been based on rates set daily by the PBOC, based on the previous business day's inter-bank foreign exchange market rates and exchange rates in global financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of the Renminbi to U.S. dollars was generally stable. On 21 July 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. On 16 April 2012, the PBOC enlarged the previous floating band of the trading prices of the Renminbi against the U.S. dollar in the inter-bank spot foreign exchange market from 0.5% to 1% in order to further improve the managed floating RMB exchange rate regime based on market supply and demand with reference to a basket of currencies. On 19 June 2010, the PBOC announced that the PRC government would reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in further and more significant appreciation of the Renminbi against the U.S. dollar. We cannot assure you that the Renminbi will not experience significant appreciation against the U.S. dollar in the future. Any significant increase in the value of the Renminbi against foreign currencies could reduce the value of our foreign currency-denominated revenue and assets.

Under the EIT Law, our non-PRC subsidiaries may be classified as "resident enterprises" of China and such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the EIT Law, if an enterprise incorporated outside the PRC has its "de facto management organization" located within the PRC, then such an enterprise would be regarded as a "resident enterprise." Because substantially all members of our management are located in the PRC and are expected to continue to be located in the PRC, our non-PRC subsidiaries may be treated as "resident enterprises" and a number of unfavorable PRC tax consequences could follow. For instance, we may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that any income from non-PRC sources would be subject to PRC enterprise income tax at a rate of 25%. Although the EIT Law provides that dividend income between "qualified resident enterprises" is exempted income, it is not clear whether dividends we receive from our subsidiaries would be eligible for such exemption if our non-PRC subsidiaries were considered to be a PRC resident enterprise. In addition, if our non-PRC subsidiaries are treated as a PRC "resident enterprise" under PRC law, dividends we pay on our Shares to non-PRC shareholders, and capital gains realized by such shareholders on the sale of our H Shares, may be treated as PRC-source income. Accordingly, we may be required to withhold PRC income tax from dividends paid to non-PRC resident shareholders, and transfers of H Shares by such shareholders may be subject to PRC income tax. Such tax on the income of non-resident enterprise shareholders would be imposed at a rate of 10% (and may be imposed at a rate of 20% in the case of non-resident individual shareholders), subject to the provisions of any applicable tax treaty. If we are required to withhold PRC income tax on dividends payable to our foreign shareholders, or if you are required to pay PRC income tax on the transfer of the H Shares, the value of your investment in our Shares may be materially and adversely affected.

You may be subject to PRC taxation.

According to the EIT Law and its Implementation Rules (《中華人民共和國企業所得稅法實施條例(國際院令第512號)》) effective from 1 January 2008, dividends distributed to non-tax resident enterprise ("non-TRE") investors by our foreign invested PRC subsidiaries are subject to PRC withholding tax of 10% unless the non-TRE's country of residence has a tax treaty with the PRC that provides for a different withholding arrangement. According to the Arrangement between the Mainland and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income signed by the two parties on 21 August 2006, a company incorporated in Hong Kong will be subject to withholding tax of 5% on dividends it receives from a company incorporated in the PRC if the relevant criteria are met.

Under applicable PRC tax laws, the dividends we pay to non-PRC resident individual holders of our H Shares ("**non-resident individual holders**") are subject to PRC individual income tax at a rate of 20.0%, unless reduced by applicable tax treaties, arrangements or rules.

Under applicable PRC tax laws, the dividends we pay to non-PRC resident enterprise holders of H Shares are subject to PRC enterprise income tax at a rate of 10.0%, unless reduced by applicable tax treaties or arrangements.

Pursuant to the Circular on Questions Concerning Individual Income Tax Policies (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知(財稅字[1994] 20號)》) issued by Ministry of Finance and the SAT and Circular on Taxation Concerning Foreign Individual's Dividend Income from the Shares of Listed PRC-incorporated Enterprise (《國家稅務總局關於外籍個人持有中國境內上市公司股票所取得的股息有關稅收問題的函(國稅函發[1994] 440號)》) issued by the SAT, non-resident individual investors are temporarily exempted from PRC Individual Income Tax for the dividends paid by foreign invested enterprises. We have been approved by PRC approval authority and tax authority as foreign invested enterprise and therefore, no income tax will be withheld on the dividend declared to our non-resident individual investors.

Despite the arrangements mentioned above, there are significant uncertainties as to the interpretation and application of applicable PRC tax laws and rules due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-resident individual holders will be subject to PRC individual income tax at a flat rate of 20.0%.

In addition, it is also unclear whether and how the PRC individual income tax and enterprise income tax on gains realized by non-resident holders of H Shares through the sale, or transfer by other means, of H Shares will be collected by the PRC tax authorities in the future, although such tax has not been collected by the PRC tax authorities in practice.

Considering these uncertainties, non-resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sale or transfers of the H Shares. For additional information, please see "Appendix VIII — Taxation and Foreign Exchange" to this listing document.

The legal system of the PRC is not fully developed and there are inherent uncertainties that may affect the protection afforded to our business and our Shareholders.

Our business and operations in China are governed by the PRC legal system that is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, as these laws and regulations are relatively new and continue to evolve, interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency. Some of the laws and regulations are still in the developmental stage and are therefore subject to policy changes. Many laws, regulations, policies and legal requirements have only been recently adopted by PRC central or local government agencies, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. We cannot predict the effect of future legal developments in China, including the promulgation of new laws, changes in existing laws or their interpretation or enforcement, or the pre-emption of local regulations by national laws. As a result, there is substantial uncertainty as to the legal protection available to us and our Shareholders. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to us. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management attention. As our Shareholder, you hold an indirect interest in our operations in China. Our operations in China are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. PRC company law and regulations, in general, and the provisions for the protection of shareholders' rights and access to information, in particular, may be considered less developed than those applicable to companies incorporated in Hong Kong, the United States and other developed countries or regions.

We may not be able to continue to benefit from government policies or receive government grants from local governments.

During the Track Record Period, we received government grants, which mainly consist of financial subsidies and tax refund granted to us to encourage construction of our production bases, launch of new projects and development and adoption of new technologies. For the three years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, the government grants granted to us amounted to RMB142.6 million, RMB93.7 million, RMB267.3 million and RMB36.0 million. All of these grants were granted on a one-off basis and determined by the government at their discretion. We cannot assure you that we will be able to continue to receive any such government grants from the governments at the level as we used to receive, or at all. Any decision of the governments to terminate or reduce the amount of our government grants may adversely affect our results of operations and financial condition.

All employee participants in our share incentive plans who are PRC citizens might be required to register with the SAFE, and we might also face regulatory uncertainties that could restrict our ability to adopt option plans for our directors and employees under PRC law.

The Implementation Rules of the Administrative Measures for Individual Foreign Exchange (《個人外匯投資管理辦法實施細則》) promulgated by SAFE on 5 January 2007 which became effective on 1 February 2007, requires PRC individuals who are granted shares or share options pursuant to an employee share option or share incentive plan by an overseas-listed company, to register with SAFE or a local SAFE department. In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly-Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知(匯發[2012]7號)》) ("**Share Option Rules**"), which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Share Ownership Plans or Share Option Plans of Overseas Publicly-Listed Companies (《境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程(匯綜發[2007]78號)》) issued by SAFE in March 2007. Under these rules, PRC residents who participate in share incentive plan of an overseas publicly-listed company with its shares as the subject are required to register with SAFE or its local branches and complete certain other procedures as required by the authorities. Participants of a share incentive plan who are PRC residents shall retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly-listed company or another qualified institution selected by such PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the share incentive plan on behalf of its participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of share options, the purchase and sale of corresponding shares or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the share incentive plan if there is any material change to the share incentive plan, change in the PRC agent or the overseas entrusted institution or any other material changes.

We and our PRC resident employees participating in certain incentive schemes of our Company and CIMC Enric. See the section headed "Appendix IX — Statutory and General Information — H. Other Information — 1. Share Option Schemes" in this listing document. Such schemes might be subject to the Share Option Rules after this Listing. Failure to comply with the Share Option Rules and other relevant rules might subject us or our PRC resident employees participating in our schemes to fines and other legal or administrative sanctions and impose restrictions on our execution of our schemes, which could negatively affect our business operations.

It may be difficult to effect service of process upon, or to enforce against, us or our Directors or members of our senior management who reside in the PRC in connection with judgments obtained in non-PRC courts.

Most of our assets and our subsidiaries are located in China. In addition, most of our Directors and senior management reside within China, and the assets of our Directors and senior management may also be located within China. As a result, it may not be possible to effect service of process outside China upon most of our Directors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States and many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments from various jurisdictions is uncertain.

We face risks related to force majeure events, natural disasters, health epidemics and other outbreaks, which could significantly affect our operations.

Our business could be materially and adversely affected by natural disasters or the outbreak of avian influenza, severe acute respiratory syndrome ("**SARS**"), or other epidemics. On 12 May 2008, and 14 April 2010, severe earthquakes hit part of Sichuan province in southwest China and part of Qinghai province in west China, resulting in significant casualties and property damage. If a similar disaster were to occur in the future, particularly in regions where we have dealerships, our operations could be materially and adversely affected due to loss of personnel, damage to property or decreased demand for our products.

In April 2009, a new strain of influenza A virus subtype H1N1 was discovered and quickly spread across the world, including to China. In July 2009, the World Health Organization declared the outbreak to be a pandemic, while noting that most of the illnesses were of moderate severity. Any outbreak of avian influenza, SARS, influenza A (H1N1), or other adverse public health developments, could adversely affect the overall business sentiment and environment in China and the world, which in turn may lead to slower overall economic growth in China and the world. Any contraction or slowdown in the economic growth of China and the world could adversely affect our business, financial condition, results of operations and growth prospects. In addition, if any of our employees is infected or affected by any severe communicable disease, it could adversely affect or disrupt our operations, as we may be required to close some or all of our outlets or other business to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect our customers and suppliers, which could in turn adversely affect our business, financial condition, results of operations and growth prospects.

RISKS RELATING TO THIS LISTING

Certain risks that our B Shareholders should be aware of.

Our B Shareholders should be aware of the risks and special notes to the investors set out in the Implementation Plan, which was published by our Company on 15 August 2012 and approved by the shareholders of our Company at the extraordinary general meeting on 30 August 2012. The full version of the Implementation Plan is available at the following website:

For the Chinese version:

http://www.cimc.com/ir/news/announcement/201208/t20120815_16293.shtml

For the English version:

http://www.cimc.com/en/ir/news/announcement/201208/t20120815_16300.shtml

B Shareholders are advised to seek their own PRC, Hong Kong and other relevant legal counsels' and/or financial advisers' advice regarding their investment in our Company. In particular, the B Shareholders should be aware of the following risks set out in the Implementation Plan:

- **Risk regarding difference between B share market and H share market.** B share and H share markets have different trading volume, liquidity, trading hours, investor bases and other characteristics. As a result of these differences, the trading price of our B Shares and H Shares may not be the same and the historical share prices of B Shares may not be indicative of the share price at which the H Shares will be traded following the completion of the Listing. We could not guarantee that the price of H Shares in the future could be higher or equal to the price of B Shares before the Listing. Moreover, unlike B Share that has a price limit at the rate of 10% per trading day, H share has no price limit and all fluctuation in price is depended upon the market.

- **Risk regarding increasing transaction costs**. Immediately upon the Listing, B Shareholders who choose to convert their B Shares into H Shares and hold such H Shares for investment will need to pay more fees, charges and costs than they need to pay for their holding of our B Shares:

  (i) special transaction charges in relation to the trading of H Shares, including but not limited to registration and transfer fees, dividends collection fees and bonus shares collection fees; and

  (ii) those Shareholders who continue to trade our H Shares through relevant PRC securities company's trading system are obliged to pay commission charges to such PRC securities companies in addition to all transaction costs set out in (i) above for their trading in our H Shares.

- **Risk regarding limited trading right.** In accordance with relevant PRC laws and regulations, PRC Shareholders are not allowed to purchase overseas securities. Upon and after the Listing, our PRC Shareholders can only hold or sell the H Shares held by them but cannot purchase any additional H Shares or any other securities listed on the Hong Kong Stock Exchange. All proceeds from the sale of the H Shares held by Guotai Junan as a nominee of our PRC Shareholders must be remitted into the PRC as soon as practicable upon the sale.

Please see the section headed "Listing, Registration, Dealings and Settlement" in this listing document for further details.

The liquidity of our H Shares on the Hong Kong Stock Exchange may be limited and the effectiveness of the Arrangement is subject to limitations.

As of the Latest Practicable Date, our Company has 1,231,915,542 A Shares and 1,430,480,509 B Shares, both of which are listed on the Shenzhen Stock Exchange. Our Company intends to convert all the B Shares into H Shares which will be listed by way of introduction on the Main Board of the Hong Kong Stock Exchange. Application has been made to the Listing Committee for the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange. Immediately upon the completion of the Listing, all of the 1,430,480,509 B Shares will, due to the change of the listing venue, be converted into H Shares to be held by (i) our existing B Shareholders whom did not elect the Cash Option, or (ii) Broad Ride. Given that (1) China Merchants (CIMC) (holding 679,927,917 B Shares as of the Latest Practicable Date), COSCO Container (holding 148,320,037 B Shares and 432,171,843 A Shares as of the Latest Practicable Date) and Long Honour Investments Limited (holding 25,322,106 B Shares as of the Latest Practicable Date) have indicated that they will not trade their H Shares for a period of six months from the Listing Date, and (2) Broad Ride (holding 137,255,434 B Shares as of 13 December 2012, being the latest practicable date for inclusion of B Shareholders information in this listing document before its publication) has also indicated that it will not trade its H Shares, which are converted from the B Shares which it acquired as a result of the exercise of the Cash Option by the B Shareholders, for a period of six months from the Listing Date, it is expected that 439,655,015 H Shares (representing approximately 30.73% of the total number of H Shares and approximately 16.51% of the total number of issued Shares), being the maximum number of H Shares which will be available either to be sold by the H Shareholders through their respective accounts opened with the relevant PRC securities companies (through which their H Shares will be held by Guotai Junan as the nominee), or to be traded through their existing Hong Kong accounts or their other designated Hong Kong accounts to be opened with Guotai Junan Hong Kong or other eligible Hong Kong securities corporations upon the Listing. Moreover, as of 14 December 2012, there were at least 409 public B Shareholders with securities accounts opened in Hong Kong with Guotai Junan Hong Kong or other eligible Hong Kong securities corporations holding in aggregate 234,982,326 B Shares, representing approximately 16.43% of the total number of issued B Shares and approximately 8.83% of the total number of issued Shares, who are ready to trade their H Shares on the Hong Kong Stock Exchange upon the commencement of trading of H Shares on the Listing Date. Based on the closing price of B Shares on 29 November 2012 (being the last trading day of the B Shares) of HK$9.70, the market capitalisation of the 234,982,326 B Shares held by such 409 public B Shareholders is approximately HK$2.28 billion. Please also see the section headed "Listing, Registration, Dealings and Settlement" in this listing document.

Notwithstanding the above, certain H Shareholders may not be willing to sell or trade their H Shares based on the Arrangement upon the Listing. This may adversely affect investors' ability to purchase or liquidate our H Shares on the Hong Kong Stock Exchange. Neither our Company nor the Sole Sponsor has arranged any bridging arrangement or any other arbitrage activity for the Listing. Accordingly, there is no guarantee that the Arrangement will attain and/or maintain liquidity in our H Shares at any particular level on the Hong Kong Stock Exchange, nor is there assurance that a liquid and orderly market may be established despite the Arrangement is in place. Furthermore, there is no guarantee that the price at which H Shares are traded on the Hong Kong Stock Exchange will be substantially the same as or similar to the price at which B Shares are traded on the Shenzhen Stock Exchange.

The characteristics of the A Share and H Share markets may differ, and the liquidity and market price of our H Shares may be volatile.

Following the Listing, our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be traded on the Hong Kong Stock Exchange. Without approval from the relevant regulatory authorities, our A Shares and H Shares are neither interchangeable nor fungible, and there is no trading or settlement between the A share and the H share markets. The A share and H share markets have different trading characteristics (including trading volume and liquidity) and investor bases, including different levels of retail and institutional participation. As a result of these differences, the trading price of our A Shares and H Shares may not be the same. Moreover, fluctuations in our A Share price may affect our H Share price, and vice versa. Because of the different characteristics of the A share and H share markets, the historical prices of our A Shares may not be indicative of our H Share performance. You should, therefore, not place any undue reliance on the prior trading history of our A Shares when evaluating an investment in our H Shares.

There has been no prior public market for our H Shares. In addition, following the Listing, the price and trading volume of our H Shares may be highly volatile and may fluctuate substantially in response to, among other factors:

- variations in our revenue, earnings, cash flow, asset quality, and financial and operating performance;
- changes in financial estimates by securities analysts;
- investor perceptions of us and the investment environment in Asia, including the PRC and Hong Kong;
- development of the PRC banking industry;
- depth and liquidity of the market for our H Shares;
- differences between our actual profits and forecasts by third party research analysts or media (if any);
- disputes or lawsuits relating to transfers of our Shares;
- complaints or allegations of financial or other impropriety at our Group made by third parties (as have been made in the past), whether true or not;
- fluctuation in the price and trading volume of the A Shares; and
- general economic and other factors.

There can be no assurance that an active trading market for our H Shares will develop following the Listing or, if it does develop, that it will be sustained or that the market price for our H Shares will not decline. The trading price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, Europe, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with similar business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our H Shares.

Recently, a number of PRC-based companies have listed their securities, or are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings or introduction. The trading performances of the securities of these companies at the time of or after their offerings or introduction may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our H Shares. These broad market and industry factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating and financial performance.

Our Shareholders' interest may be diluted as a result of additional equity fund-raising.

Our Company may need to raise additional funds in the future to finance expansion of or new developments relation to its existing operations or new acquisitions. If we issue additional Shares or equity-linked securities of the Company in the future other than on a pro-rata basis to existing shareholders, Shareholders may experience dilution in their shareholding percentage.

Future sales or perceived sales of substantial amounts of our H Shares in the public market or the conversion of our A Shares to H Shares could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise capital in the future.

The market price of our H Shares could decline as a result of future sales of substantial amounts of our H Shares or other securities relating to our Shares in the public market, or the issuance of our new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could also materially and adversely affect the prevailing market price of our H Shares or our ability to raise capital in the future at a time and at a price favorable to us, and our shareholders would experience dilution in their holdings upon issuance or sale of additional securities for any purpose, including, among other things, to improve our capital adequacy in the future.

Further, according to the stipulations by the CSRC and our Articles of Association, our A Shares may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, provided certain conditions are met and certain procedures are completed. Conversion of a substantial number of our A Shares to H Shares, or the perception that such conversion may occur, could materially and adversely affect the price of our H Shares.

Investors may not be able to participate in rights offerings or elect to receive stock dividends and may experience dilution of your holdings.

We may, from time to time, distribute rights to its shareholders, including rights to acquire securities. We will not distribute rights to a holder of its H Shares in the United States unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the US Securities Act of 1933, as amended, ("**US Securities Act**") or are registered under the US Securities Act. We cannot assure you that we will be able to establish an exemption from registration under the US Securities Act, and we are under no obligation to file a registration statement with respect to any rights or underlying securities or to endeavor to have a registration statement declared effective under the US Securities Act. Accordingly, holders of the H Shares in the United States or other jurisdictions which have relevant restrictions may be unable to participate in rights offerings and may experience dilution of their holdings as a result. In addition, if we are unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, we may allow the rights to lapse, in which case holders of the H Shares will receive no value for these rights.

Dividends declared in the past may not be indicative of our dividend policy in the future.

Dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form dividends will be paid in the future. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including, without limitation, our business and financial performance, capital and regulatory requirements and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

Certain facts and statistics in this listing document relating to the PRC, the PRC and global economy, the container manufacturing, road transportation vehicle, offshore engineering, airport facilities equipment market may not be reliable.

Certain facts and statistics in this listing document relating to the PRC, the PRC and global economy, the container manufacturing, road transportation vehicle, offshore engineering, airport facilities equipment market have been derived from various official government publications that we generally believe to be reliable. However, we cannot guarantee the quality or reliability of these materials. While our Directors have taken reasonable care in extracting and reproducing such information, they have not been prepared or independently verified by us and the Sole Sponsor or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of these facts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective collection methods or discrepancies between government-published information and other market practice, these facts and statistics in this listing document may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled by the government on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. Therefore, you should not unduly rely upon the facts and statistics from government official publications with respect to China, the PRC economy and the PRC container manufacturing, road transportation vehicle, offshore engineering, airport facilities equipment market and related industries contained in this listing document.

Forward-looking statements contained in this listing document are subject to risks and uncertainties.

This listing document contains certain statements that are "forward-looking" and uses forwardlooking terminology such as "anticipate," "believe," "expect," "may," "plan," "consider," "ought to," "should," "would" and "will." Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operations, liquidity and capital resources. Investors of our H Shares are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this listing document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. We do not intend to update these forward looking statements in addition to our on-going disclosure obligations pursuant to the Hong Kong Listing Rules or other requirements of the Hong Kong Stock Exchange. Investors should not place undue reliance on such forward looking information.

You should read the entire Implementation Plan, this listing document and the Transaction Guide carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and this Listing.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and this Listing. Prior to the date of this listing document, there has been press and media coverage regarding us and this Listing, which included certain financial information, financial projections, valuations, capital expenditure and other information about us that do not appear in this listing document. We have not authorised the disclosure of any such information in the press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in the Implementation Plan, this listing document or the Transaction Guide, we disclaim responsibility for it and you should not rely on such information.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, the following waivers from strict compliance with the Hong Kong Listing Rules.

MANAGEMENT PRESENCE

Rule 8.12 of the Hong Kong Listing Rules provides that a listing applicant applying for a primary listing on the Hong Kong Stock Exchange must have sufficient management presence in Hong Kong, and this normally means that at least two of such listing applicant's executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Hong Kong Listing Rules provides that the requirement under Rule 8.12 of the Hong Kong Listing Rules may be waived by the Hong Kong Stock Exchange at its discretion. It states that in exercising such discretion, the Hong Kong Stock Exchange will have regard to, among other considerations, the listing applicant's arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

Currently, the head office of the Company and the business operations of the Company and its major subsidiaries are based, managed and conducted in the PRC and other jurisdictions other than Hong Kong and all Directors including the independent non-executive Directors reside in the PRC. The Company does not, and for the foreseeable future, will not, have executive Directors who are ordinarily resident in Hong Kong as required under Rules 8.12 and 19A.15 of the Hong Kong Listing Rules,

Accordingly, the Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Hong Kong Listing Rules based on the following arrangements to maintain effective communication between the Hong Kong Stock Exchange and the Company:

(a) Both of the Company's authorised representatives, Mr. Mai Boliang, a Director and the president of the Company, and Mr. Yu Yuqun ("**Mr. Yu**"), the secretary to the Board and the proposed company secretary of the Company, will act as our principal channel of communication with the Hong Kong Stock Exchange. The Company has also appointed Mr. Cheong Siu Fai ("**Mr. Cheong**"), a Hong Kong resident and the assistant company secretary of the Company, as its alternative authorised representative. Although Mr. Mai Boliang and Mr. Yu normally reside in the PRC, both of them hold Hong Kong identity cards and are able to travel to Hong Kong freely. Accordingly, the authorised representatives and the alternative authorised representative of the Company will be able to meet with the relevant members of the Hong Kong Stock Exchange within a reasonable period of time. The two authorised representatives and the alternative authorised representative of the Company will also be readily available by telephone, email and facsimile to promptly address the enquiries from the Hong Kong Stock Exchange.

(b) Both the two authorised representatives and the alternative authorised representative of the Company have means of contacting all Directors (including our independent non-executive Directors) promptly at all times and when the Hong Kong Stock Exchange wishes to contact a Director for any reason.

(c) Each of the Directors (including our independent non-executive Directors) has provided his mobile phone numbers, office phone numbers, email addresses and fax numbers to each of the authorised representatives and the alternative authorised representative of the Company and the Hong Kong Stock Exchange, and in the event that any Director (including any independent non-executive Director) expects to travel or otherwise be out of office, he will provide the contact details and his place of accommodation to the two authorised representatives and the alternative authorised representative of the Company.

(d) Each of the Directors (including the independent non-executive Directors) who does not ordinarily resident in Hong Kong possesses valid travel documents to visit Hong Kong and are able to renew such travel documents when they expire and will be able to meet with the relevant members of the Hong Kong Stock Exchange within a reasonable period of time. Each of the Directors (including the independent non-executive Directors) will be readily contactable by telephone, facsimile and email, and is authorised to communicate on behalf of the Company with the Hong Kong Stock Exchange.

(e) Mr. Cheong, the alternative authorised representative and the assistant company secretary of the Company, who is a Hong Kong resident, will, among other things, act as a channel of communication of the Company with the Hong Kong Stock Exchange and be available to answer enquiries from the Hong Kong Stock Exchange.

(f) The Company has appointed a compliance adviser pursuant to Rule 3A.19 of the Hong Kong Listing Rules who will have access at all times to the two authorised representatives and the alternative authorised representative of the Company, the Directors (including independent non-executive Directors) and other senior management of the Company, and will act as an additional channel of communication between the Company and the Hong Kong Stock Exchange. The compliance adviser will be appointed for a period commencing from the Listing Date and ending on the date on which the Company distributes its annual report for the first full financial year pursuant to Rule 13.46 of the Hong Kong Listing Rules.

(g) Meetings between the Hong Kong Stock Exchange and the Directors (including the independent non-executive Directors) could be arranged through the authorised representatives, the alternative authorised representative or the compliance adviser of the Company or directly with the Directors (including the independent non-executive Directors) within a reasonable time frame. The Company will inform the Hong Kong Stock Exchange promptly in respect of any change in its authorised representatives, the alternative authorised representative and/or the compliance adviser.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Rule 19A.18(1) of the Hong Kong Listing Rules provides, among others, that at least one of the independent non-executive directors must be ordinarily resident in Hong Kong.

Currently, all Directors including the independent non-executive Directors reside in the PRC. Our Company does not, and for the period commencing from the Listing Date to the Company's forthcoming 2012 annual general meeting to be held in April 2013, will not, have independent non-executive Directors who are ordinarily resident in Hong Kong as required under Rule 19A.18(1) of the Hong Kong Listing Rules. Accordingly, the Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 19A.18(1) of the Hong Kong Listing Rules based on the following grounds:

(a) There might be practical difficulties for the Company to appoint an additional independent non-executive Director who ordinarily resides in Hong Kong upon the Listing based on the facts that:

  (i) The Company needs a certain period of time to find a suitable candidate to act as an additional independent non-executive Director and it also needs a significant amount of time to complete its internal approval and appointment process, including but not limited to convening a meeting for the Board of Directors.

(ii) According to the Company's Articles of Association, the Company needs to convene an extraordinary general meeting for the appointment of a Director. The Company needs to notify its shareholders 15 days in advance before such general meeting and the Company needs to fulfill relevant procedures and prepare relevant documents as required under the Shenzhen Listing Rules and other applicable laws and rules.

(iii) According to the Company's Articles of Association, the Company needs to have eight directors including three independent non-executive Directors. As the Company currently has eight directors (including three independent non-executive Directors), appointment of an additional independent non-executive Director who ordinarily resides in Hong Kong may result in the amendment to the Company's Articles of Association for which the Company needs to fulfill relevant procedures and prepare relevant documents as required under the Shenzhen Listing Rules and other applicable laws and rules in addition to the requirement of convening an extraordinary general meeting as described under sub-section (ii) immediately above.

(iv) The candidate for the independent non-executive Director needs to comply with certain requirements before the nomination, such as attending a training course for four or five days, passing an examination for independent non-executive directors and obtaining a certificate to act as an independent non-executive director. Further, the Shenzhen Stock Exchange needs to evaluate the candidate for the role as independent non-executive director before the proposed appointment. The whole process normally needs to be completed before the proposed appointment, and it will take significant additional time which will substantially delay the proposed listing timetable.

Accordingly, the appointment of an additional independent non-executive Director who ordinarily resides in Hong Kong upon the Listing will incur significant additional time and costs and will substantially delay the proposed listing timetable, which is not in line with the interest of the Company and the Shareholders as a whole.

(b) The term of office of this session of the Board of Directors (including the independent non-executive Directors) will expire in April 2013. Accordingly, in support of this waiver application, the Company undertakes that it will appoint a resident who ordinarily resides in Hong Kong as independent non-executive Director at its forthcoming 2012 annual general meeting which is expected to be held in April 2013 to fully comply with Rule 19A.18(1) of the Hong Kong Listing Rules.

(c) During the period from the Listing Date to the Company's 2012 annual general meeting to be held in April 2013, the Company will adopt the following arrangements to ensure a communication channel between the Hong Kong Stock Exchange and the Directors (including the independent non-executive Directors):

(i) Mr. Cheong, the alternative authorised representative of the Company, who is a Hong Kong resident, will, among other things, act as a channel of communication of the Company and the Directors with the Hong Kong Stock Exchange. Both Mr. Cheong and the two authorised representatives of the Company have means of contacting all Directors (including the independent non-executive Directors) promptly at all times and when the Hong Kong Stock Exchange wishes to contact a Director (including an independent non-executive Director) for any reason.

(ii) As there is no independent non-executive Director ordinarily resident in Hong Kong upon the Listing, the Company will appoint certain professionals who are familiar with relevant legal, regulatory and business issues or environment in Hong Kong, such as a compliance adviser which will act as an additional channel of communication between the Hong Kong Stock Exchange and the Company and have means of contacting all Directors (including the independent non-executive Directors) promptly at all times and when the Hong Kong Stock Exchange wishes to contact a Director (including an independent non-executive Director) for any reason, together with the appointment of a legal adviser as to Hong Kong laws for the Company's compliance matters upon the Listing. The compliance adviser will be appointed for a period commencing from the Listing Date and ending on the date on which the Company distributes its annual report for the first full financial year pursuant to Rule 13.46 of the Hong Kong Listing Rules. The legal adviser as to Hong Kong laws will be appointed for a consecutive period commencing from the Listing Date so long as the Company is listed on the Hong Kong Stock Exchange.

(iii) Each of the Directors (including the independent non-executive Directors) has provided his mobile phone numbers, office phone numbers, email addresses and fax numbers to the Hong Kong Stock Exchange and will be readily contactable by mobile phone, office phone, facsimile and email by the Hong Kong Stock Exchange. In addition, each of the Directors (including the independent non-executive Directors) who does not ordinarily reside in Hong Kong possesses valid travel documents to visit Hong Kong and are able to renew such travel documents when they expire and will be able to meet with the relevant members of the Hong Kong Stock Exchange within a reasonable period of time.

(iv) Meetings between the Hong Kong Stock Exchange and the Directors (including the independent non-executive Directors) could be arranged through the authorised representatives, the alternative authorised representative or the compliance adviser of the Company or directly with the Directors (including the independent non-executive Directors) within a reasonable time frame.

Accordingly, the Company will not appoint an additional independent non-executive Director who ordinarily resides in Hong Kong upon completion of the Listing. Alternatively, the Company undertakes to comply with Rule 19A.18(1) of the Hong Kong Listing Rules and appoint an independent non-executive Director who ordinarily resides in Hong Kong at its forthcoming 2012 annual general meeting to be held in April 2013.

COMPANY SECRETARY

Rule 8.17 of the Hong Kong Listing Rules provides that a listing applicant must appoint a company secretary who satisfies Rule 3.28 of the Hong Kong Listing Rules. Rule 3.28 of the Hong Kong Listing Rules provides that the company secretary of a listing applicant must be a person who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary. The Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a Member of The Hong Kong Institute of Chartered Secretaries;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance).

In assessing "relevant experience", the Hong Kong Stock Exchange will consider the individual's:

(a) length of employment with the listing applicant and other listed issuers and the roles he played;

(b) familiarity with the Hong Kong Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, Companies Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Hong Kong Listing Rules; and

(d) professional qualifications in other jurisdictions.

The Company has appointed Mr. Yu, the secretary to the Board, as the company secretary of the Company. For the relevant experiences and qualifications of Mr. Yu, please refer to the relevant disclosure in respect of Mr. Yu's biographical information under the section headed "Directors, Supervisors and Senior Management" in this listing document. However, Mr. Yu does not possess requisite qualifications as stipulated under Rule 3.28 of the Hong Kong Listing Rules and may not be able to fulfill the requirements under Rule 3.28 of the Hong Kong Listing Rules. As such, the Company has appointed Mr. Cheong as an assistant company secretary of the Company to assist Mr. Yu in the compliance matters for the Listing as well as other Hong Kong regulatory requirements for a period of three years commencing from the Listing Date. Mr. Cheong is ordinarily resident in Hong Kong and fulfills the qualification requirements under Rule 3.28 of the Hong Kong Listing Rules. Over a period of three years from the Listing Date, our Company proposes to implement the following measures to assist Mr. Yu to become a company secretary with the requisite qualifications as stipulated under Rule 3.28 of the Hong Kong Listing Rules:

(a) Mr. Cheong, the assistant company secretary who meets the requirements under Rule 3.28 of the Hong Kong Listing Rules, will assist Mr. Yu so as to enable him to acquire the relevant knowledge and experience (as required under Rule 3.28 of the Hong Kong Listing Rules) in order to discharge his duties and responsibilities as a company secretary of the Company. Based on Mr. Cheong's relevant experience as a company secretary of a Hong Kong listed company, he will be able to explain and advise both Mr. Yu and the Company on the relevant requirements of the Hong Kong Listing Rules as well as other applicable Hong Kong laws and regulations.

(b) Mr. Yu, the company secretary of the Company, will be assisted by Mr. Cheong for a period of three years commencing from the Listing Date, a period which should be sufficient for him to acquire the relevant knowledge and experience required by the Hong Kong Listing Rules.

(c) The Company will ensure that Mr. Yu has access to the relevant training and support to enable him to familiarize himself with the Hong Kong Listing Rules and the duties required of a company secretary of a Hong Kong listed company. Mr. Yu will endeavour to attend relevant training courses including briefing on the latest changes to the applicable Hong Kong laws and regulations and the Hong Kong Listing Rules to be organised by the Company's legal advisers as to Hong Kong laws and seminars organised by the Hong Kong Stock Exchange for listed companies from time to time.

(d) Mr. Yu will communicate regularly with Mr. Cheong on matters relating to corporate governance, the Hong Kong Listing Rules as well as other applicable Hong Kong laws and regulations which are relevant to the operations and affairs of the Company. Mr. Cheong will work closely with, and provide assistance to Mr. Yu in order to discharge his duties and responsibilities as a company secretary, including organizing the Company's board meetings and shareholders' meeting.

(e) Pursuant to Rule 3.29 of the Hong Kong Listing Rules, Mr. Yu and Mr. Cheong will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarise themselves with the requirements of the Hong Kong Listing Rules and Hong Kong regulatory requirements. Both Mr. Yu and Mr. Cheong will be advised by the Company's legal adviser as to Hong Kong laws and its compliance adviser as and when required.

The Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Hong Kong Listing Rules. The waiver is valid for an initial period of three years from the Listing Date. Upon the expiry of the three-year period, our Company will evaluate the qualifications and experiences of Mr. Yu. Upon the determination of our Company that no on-going assistance is necessary, our Company will demonstrate to the Hong Kong Stock Exchange that, with the assistance of Mr. Cheong over such three-year period, Mr. Yu has acquired the relevant knowledge and experience as stipulated under Rules 3.28 and 8.17 of the Hong Kong Listing Rules. The Hong Kong Stock Exchange will then determine whether any further waiver would be necessary.

FINANCIAL INFORMATION AND ACCOUNTING ISSUES

Accountants' report for past three financial years

Rule 4.01 of the Hong Kong Listing Rules and paragraph 37 of Appendix 1A to the Hong Kong Listing Rules provide that a new listing applicant is required to prepare an accountants' report in accordance with Chapter 4 of the Hong Kong Listing Rules and to disclose all the specified details concerning the financial information in the accountants' report as set out in Appendix 16 to the Hong Kong Listing Rules.

The Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 4.01 of the Hong Kong Listing Rules and paragraph 37 of Appendix 1A to the Hong Kong Listing Rules such that the Company will reproduce in this listing document its previously published audited consolidated financial statements of the Group for the past three financial years ended 31 December 2009, 2010 and 2011, which were prepared in accordance with CASBE and the relevant disclosure requirements of the CSRC for public companies based on the following grounds:

(a) The previously published financial information of the Group for the past three financial years ended 31 December 2009, 2010 and 2011 were prepared in accordance with CASBE, an accounting standard acceptable to the Hong Kong Stock Exchange under Rule 4.11 of the Hong Kong Listing Rules and relevant disclosure requirements of the CSRC for public companies.

(b) The Listing is to be conducted by way of introduction, which means that there will be no offering of shares and no new investors becoming shareholders of the Company at the time of Listing. There will be no fund raising activities under the Listing. At the time of the Listing, part or all the existing B Shareholders (including Broad Ride) will become H Shareholders. All H Shareholders upon the Listing have already been provided with historical financial information about the Company through the previously published financial information of the Group for the three financial years ended 31 December 2009, 2010 and 2011.

(c) The Company has over 280 subsidiaries all over the world such that it may be unduly burdensome and unnecessary to require the Company's auditors to prepare the accountants' report instead of having the previously published financial information reproduced in this listing document. It is expected that significant additional time and cost will be required for the preparation of the accountants' report, and such accountants' report will not provide any additional material information to the Shareholders.

(d) The Company has included the following statement in the paragraph headed "Information about this Listing Document and the Listing — Directors' Responsibility for the Contents of this Listing Document" in this listing document: "This listing document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information to the public with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief that all material information has been included in this listing document and the information contained in this listing document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this listing document misleading."

(e) As a public company listed in Shenzhen, the consolidated financial information for each of the three financial years of our Group were filed with the Shenzhen Stock Exchange and must strictly comply with the Shenzhen Listing Rules and the relevant PRC securities laws. Our Company and the Sole Sponsor believe that the previously published consolidated financial statements for each of the past three financial years provide adequate and sufficient historical financial information to our Company's existing A and B Shareholders as well as H Shareholders.

Accordingly, our Company is not required to prepare the accountant's report for the three financial years ended 31 December 2009, 2010 and 2011. Alternatively, the Company has reproduced in this listing document its previously published audited consolidated financial statements of the Group for the past three financial years ended 31 December 2009, 2010 and 2011, which were prepared in accordance with CASBE and the relevant disclosure requirements of the CSRC for public companies.

The latest financial period should be no more than six months before the date of listing document

Rule 8.06 of the Hong Kong Listing Rules provides that, in the case of a new listing applicant, the latest audited financial information contained in the accountants' report (as provided in Chapter 4 of the Hong Kong Listing Rules) must not have ended more than six months before the date of the listing document.

The Company has published its unaudited consolidated interim financial information for the six months ended 30 June 2012 on 25 August 2012 and its unaudited condensed consolidated interim financial information for the nine months ended 30 September 2012 on 30 October 2012 (collectively, the "**Interim Financial Information**") in accordance with relevant PRC laws, regulations and listing rules. The Company has reproduced the Interim Financial Information in this listing document and has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 8.06 of the Hong Kong Listing Rules based on the following grounds:

(a) The Interim Financial Information has been prepared in accordance with CASBE, an accounting standard acceptable to the Hong Kong Stock Exchange under Rule 4.11 of the Hong Kong Listing Rules and the relevant disclosure requirements of the CSRC for public companies. The publication of the Interim Financial Information has provided the latest financial information of the Group to the investors on the Shenzhen Stock Exchange. The reproduction of such Interim Financial Information in the listing document will also provide the same financial information of the Group to potential investors after the Listing.

(b) The Interim Financial Information is not required to be audited or reviewed for the purpose of its publication on the Shenzhen Stock Exchange. Given that the Listing is to be conducted by way of introduction and there is no offering of shares or fund raising from any new investor, the audit and review is not necessary for the purpose of the Listing.

(c) The Company is already listed on the Shenzhen Stock Exchange and has already complied with, and will continue to comply with, the stringent regulatory requirements in the PRC with respect to the disclosure of its financial information. In addition, under the current regulatory and supervisory regime applicable to our Company, the CSRC is the regulatory entity with the authority to supervise our Company's auditors and reporting accountant and it is a member of IOSCO and has signed arrangements with the SFC for mutual assistance.

(d) As required by the Shenzhen Listing Rules and relevant PRC laws and regulations, the Company is required to make an announcement where there is any material change (over 50%) in expectations to its financial position and prospects.

(e) It is expected that the Company's reporting accountant, PwC Zhongtian, will be able to provide a comfort letter to the Company with respect to the Interim Financial Information based on certain agreed upon factual finding procedures in accordance with China Standards on Related Services 4101, "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information", a comparable standard to that required by the Hong Kong Institute of Certified Public Accountants or International Federation of Accountants. Such agreed upon procedures are set out as follows:

(i) Compare the unaudited consolidated interim financial information of the Company for the six months ended 30 June 2012 set out in Appendix IV in this listing document with that included in the interim report of the Company for the six months ended 30 June 2012 published on the Shenzhen Stock Exchange;

(ii) Compare the unaudited condensed consolidated interim financial information of the Company for the nine months ended 30 September 2012 set out in Appendix V in this listing document with that included in the quarterly report of the Company for the nine months ended 30 September 2012 published on the Shenzhen Stock Exchange;

(iii) Check the mathematical accuracy of the consolidated balance sheets as of 30 June 2012 and 30 September 2012, and consolidated income statements, consolidated statements of changes in equity, consolidated statements of cash flow of the Company for the six months ended 30 June 2011 and 30 June 2012, respectively and the nine months ended 30 September 2011 and 30 September 2012, respectively; and

(iv) Agree the consolidated balance sheets as of 30 June 2012 and 30 September 2012, and consolidated income statements for the six months ended 30 June 2012 and nine months ended 30 September 2012 to the consolidation spreadsheets for the six months ended 30 June 2012 and the nine months ended 30 September 2012 (the "**Consolidation Spreadsheets**") prepared by the officials of the Company having responsibility for financial and accounting matters with the Company's accounting records. The reporting accountant of the Company have neither audited nor reviewed the Consolidation Spreadsheets or performed any other procedures with respect thereto and that the reporting accountant of the Company do not express any opinion or any other form of assurance on them.

Accordingly, the Company is not required to have its consolidated interim financial information for the six months ended 30 June 2012 and its condensed consolidated interim financial information for the nine months ended 30 September 2012 audited or reviewed for the purpose of inclusion in the listing document. Alternatively, the Company has reproduced in this listing document its previously published unaudited consolidated interim financial information of the Group for the six months ended 30 June 2012 and the unaudited condensed consolidated interim financial information of the Group for the nine months ended 30 September 2012 which were prepared in accordance with CASBE.

Business or subsidiary acquired after the Track Record Period

Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules require that the accountants' report to be included in a listing document must include the results and balance sheet, respectively, of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the listing applicant have been made up, in respect of each of the three financial years immediately preceding the issue of the listing document (the "**Target Financial Information**").

Since 31 December 2011, the Group has acquired, respectively, the following business or subsidiary:

(a) 100% equity interests of Nanjing Yangzi Petrochemical Design Engineering Company Ltd., which is principally engaged in consulting and engineering service in connection with petrochemical engineering projects, at a consideration of RMB165,000,000 in January 2012;

(b) 70% equity interests of Xinfa Airport Equipment Ltd., which is principally engaged in sales of the airport vehicles and provision of related technical services, at a consideration of RMB18,900,000 in January 2012;

(c) 14.99% equity interests of Pteris Global Limited, which is principally engaged in airport baggage handling system, logistics management system and airline catering handling system, at a consideration of approximately RMB54,254,000 in August 2012;

(d) certain assets of Ziemann Ludwigsburg GmbH, Ziemann Services GmbH and Ziemann + Bauer GmbH and certain equity interests of Ziemann Consulting Pty. Ltd., Ziemann Australia & Oceania Pty. Ltd., Ziemann USA Inc., Ziemann Asia-Holding Co. Ltd. and Ziemann Asia-Pacific Co. Ltd. (collectively, the "**Ziemann Group**"), which is principally engaged in providing comprehensive equipment and services for the brewing and beverage industry, at an aggregate consideration of approximately RMB205,727,075 in August 2012; and

(e) 60% equity interests of Yangjiang Shangdong Furi Property Development Co., Ltd., which is principally engaged in property development business, at a consideration of RMB36,000,000 in January 2012.

Accordingly, the aggregate consideration for the above acquisitions of business or subsidiary (the "**Acquisitions**") is approximately RMB479,881,000.

The Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) (a) of the Hong Kong Listing Rules based on the following grounds:

(a) Lack of Target Financial Information: The Group had conducted these Acquisitions in its ordinary and usual course of business from Independent Third Parties. The Acquisitions were priced on fair values, taking into account factors such as location and customer flow. The Company also had genuine difficulties in obtaining the historical financial information from the previous owner and/or management for each of the Acquisitions as they were acquired from Independent Third Parties.

(b) Immateriality: Applying the relevant size tests under Rule 14.07 of the Hong Kong Listing Rules, the Acquisitions in aggregate represent only 1.83% of the Group's total assets, 0.82% of the Group's total revenue and 0.61% of the Group's profits before tax, and 1.79% of the Company's market capitalisation. Accordingly, the Acquisitions would not trigger the discloseable transaction requirement under Chapter 14 of the Hong Kong Listing Rules (requiring a 5% threshold). Further, the Acquisitions were not significant enough to require the Company to prepare pro-forma accounts under Rule 4.28 of the Hong Kong Listing Rules. The Company therefore considers that the Acquisitions as immaterial and does not expect them to have any material effect on its business, financial conditions and operations.

(c) Irrelevance: Given the immaterial nature of the Acquisitions, the Target Financial Information would not be relevant for investors considering an investment in the Company's shares, and such financial information would not likely affect potential investors' investment decision.

(d) Alternative Disclosure: The Company has provided in this listing document alternative information in connection with the Acquisitions which relates to acquisitions of equity interests in companies in order to compensate for the non-inclusion of the Target Financial Information. Please see the paragraph headed "Financial Information — Recent Acquisitions" of this listing document for more details. Such alternative disclosure of the Acquisitions which relates to acquisitions of equity interests in companies would include the following:

   (i) a general description of the scope of business;

   (ii) the value of the consideration;

   (iii) the basis on which the consideration was determined;

   (iv) the total assets or net assets (if applicable);

   (v) the net profits for the two financial years prior to each of the Acquisitions; and

   (vi) reasons for entering into each of the Acquisitions.

Accordingly, the Company will not include in its listing document the results and balance sheet of certain business or subsidiary acquired after the Track Record Period. Alternatively, the Company has disclosed in this listing document alternative information in connection with the acquisition of certain business or subsidiary acquired after the Track Record Period.

DEALINGS IN SHARES PRIOR TO LISTING

Rule 9.09 (b) of the Hong Kong Listing Rules provides that there must be no dealing in the securities of a new listing applicant for which listing is sought by any connected person of the listing applicant from four clear business days before the expected hearing date until listing is granted.

In the context of a listing by way of introduction of a widely held, publicly traded company, the Company has no control over the investment decision of its Shareholders. The Company does not contemplate that it is within its control to satisfy the strict requirement under Rule 9.09(b) of the Hong Kong Listing Rules. Accordingly, the Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Hong Kong Listing Rules such that the restrictions on dealings in the Shares under Rule 9.09(b) of the Hong Kong Listing Rules shall not apply to the future Substantial Shareholders over whom the Company has no control in relation to their investment decisions.

In support of this waiver application, the Company has either confirmed or undertaken to the following:

(a) Each of the Company and its senior management has no control over the investment decisions of the Shareholders (including potential new Substantial Shareholders) and their respective associates and their investing public, nor is each of them in a position to be fully aware of the dealing of the Shares by the Shareholders (save as disclosed in (c) below).

(b) The Company confirms that the waiver is only applicable to the future Substantial Shareholders and their respective associates whose investment decisions it does not have control over and they have not, or will not be involved in the Listing and the Group's management and operations prior to the Listing.

(c) The Company confirms that the Directors, Supervisors, its senior management and its Substantial Shareholders, namely China Merchants (CIMC), COSCO Container and its associated company, Long Honour Investments Limited (together with their respective associates), will not deal in the Shares from four clear business days before the hearing date until listing is granted.

(d) Each of the Substantial Shareholders of the Company, namely China Merchants (CIMC), COSCO Container and its associated company, Long Honour Investments Limited, has undertaken to the Company that they will not deal in the Shares from four clear business days before the hearing date until listing is granted.

(e) The Company undertakes that it shall notify the Hong Kong Stock Exchange of any dealing or suspected dealing in the Shares by any connected persons during the above restricted period.

(f) The Company undertakes that it shall release price sensitive information to the public as required by relevant laws, rules and regulations applicable to the Company so that anyone who may deal in the Shares as a result of this waiver will not be in possession of non-public price sensitive information.

(g) Each of the Company and the Sole Sponsor has undertaken that no non-public information will be disclosed to the existing Substantial Shareholders and the potential new Substantial Shareholders.

PROFIT FORECAST MEMORANDUM

Rule 9.11(10)(b) of the Hong Kong Listing Rules provides that, where the listing document does not contain a profit forecast, two copies of a draft of the board's profit forecast memorandum covering the period up to the forthcoming financial year end after the date of listing and cash flow forecast memorandum covering at least 12 months from the expected date of publication of the listing document with principal assumptions, accounting policies and calculations for the forecasts are required to be submitted to the Hong Kong Stock Exchange.

The Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 9.11(10)(b) of the Hong Kong Listing Rules on the following reasons:

(a) There is sufficient disclosure of its financial position, and business and financial prospects, in its periodic financial reports and public announcements by virtue of the relevant listing rules and applicable securities laws to which the Company is subject to:

(i) As required by the Shenzhen Listing Rules and relevant PRC laws and regulations, the Company is required to include a general description of outlook and prospects and a warning statement and related explanations if the forecast operating results for the next reporting period will be a net loss or have a material adverse change when compared with its previous corresponding period in its quarterly unaudited financial statements report.

(ii) As required by the Shenzhen Listing Rules and relevant PRC laws and regulations, the Company is required to make an announcement where there is any material change (over 50%) in expectations to its financial position and prospects.

(b) The Company is already listed on the Shenzhen Stock Exchange where there is extensive coverage on its financial position and prospects through analysts' research in the market.

(c) The Shenzhen Listing Rules do not require the Company to include a profit forecast in the listing document or its periodic report and the Company does not intend to do so. In such a circumstance, it would be very onerous to require the Company to produce and submit such a memorandum which would not provide any additional material information on top of its general disclosure obligation.

NON-EXEMPT CONNECTED TRANSACTION

Our Group has entered into, and expects to continue after the Listing, certain transaction which will constitute non-exempt continuing connected transaction under Chapter 14A of the Hong Kong Listing Rules. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver under Rule 14A.42(3) of the Hong Kong Listing Rules from strict compliance with the announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules in respect of such non-exempt continuing connected transaction.

The details of such waiver are set out in the section headed "Connected Transactions" in this listing document.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS LISTING DOCUMENT

This listing document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information to the public with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief that all material information has been included in this listing document and the information contained in this listing document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this listing document misleading.

RESTRICTION ON THE USE OF THIS LISTING DOCUMENT

This listing document is published solely in connection with the Listing. It may not be used for any other purpose and, in particular, no person is authorised to use or reproduce this listing document or any part thereof in connection with any offering of shares or other securities of the Company. Accordingly, there is no, and will not be any, public offer, solicitation, or invitation by or on behalf of the Company and/or the Sole Sponsor to invest or hold any of our H Shares. Neither this listing document nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Listing may be used for the purpose of making, and the delivery, distribution and availability of this listing document or such other document or information (or any part thereof) does not constitute, any offer of or solicitation or an invitation by or on behalf of our Company and the Sole Sponsor to invest or hold any of our H Shares.

CSRC APPROVAL

The CSRC issued its approval for the Listing and our application to list the H Shares on the Hong Kong Stock Exchange on 19 November 2012. In granting such approval, the CSRC accepts no responsibility for our financial soundness nor the accuracy of any of the statements made or opinions expressed in this listing document. No other approvals in the PRC are required to be obtained for the listing of the H Shares on the Hong Kong Stock Exchange.

NO CHANGE IN BUSINESS

No change in the business of the Company is contemplated immediately following the Listing.

APPLICATION FOR THE LISTING OF OUR H SHARES ON THE HONG KONG STOCK EXCHANGE BY WAY OF INTRODUCTION

Application has been made to the Listing Committee for the listing of, and permission to deal in our H Shares on the Main Board of the Hong Kong Stock Exchange. Our A Shares are primarily listed on the Shenzhen Stock Exchange and upon completion of the Listing, our H Shares will be primarily listed on the Hong Kong Stock Exchange, respectively. Consequently, unless otherwise agreed or waived by the Shenzhen Stock Exchange or, as the case may be, the Hong Kong Stock Exchange, our Company must comply with the listing rules of both the Shenzhen Stock Exchange and the Hong Kong Stock Exchange and any other relevant regulations and guidelines in the PRC and Hong Kong which are applicable to our Company. In the event that there is a conflict or inconsistency between the requirements of the listing rules of the two stock exchanges, the listing rules with the more onerous requirements shall prevail. Our Directors will use their best endeavors to ensure that no release of information will be made in the PRC unless a simultaneous release is made in Hong Kong and vice versa.

INFORMATION ON THE LISTING

The Listing does not involve any offering of new Shares or a public offering of any other securities and no funds will be raised pursuant to the Listing.

The publication or delivery of this listing document should not, under any circumstances, constitute a representation that there has been no change or development reasonable likely to involve a change in our affairs since the date of this listing document or imply that the information contained in this listing document is correct as of any date subsequent to the date of this listing document.

Details of the Listings, registration, dealings and settlement of our H Shares are set out in the section headed "Listings, Registration, Dealings and Settlement" in this listing document.

COMMENCEMENT OF DEALINGS IN THE H SHARES ON THE HONG KONG STOCK EXCHANGE

It is expected that dealings in our H Shares of board lots of 100 H Shares will commence on the Hong Kong Stock Exchange on Wednesday, 19 December 2012, Hong Kong local time. Our H Shares will be listed and traded on the Main Board of the Hong Kong Stock Exchange in Hong Kong Dollars.

REASONS FOR THE LISTING

See the section headed "Reasons for the Listing" in this listing document.

H SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of the listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange and the compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in our H Shares on the Hong Kong Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between the participants of the Hong Kong Stock Exchange is required to take place on the second business day after any trading day.

All necessary arrangements have been made for the H Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

H SHARE REGISTER AND STAMP DUTY

Our H Share Register of members will be maintained by Computershare Hong Kong Investor Services Limited. Further details of the transfer, trading of our Shares are set out under the section headed "Listings, Registration, Dealings and Settlement" in this listing document.

Dealings in our H Shares registered on our H Share Register will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in HK dollars in respect of our H Shares will be paid to our H Shareholders listed on our H Share Register, by ordinary post, at the H Shareholder's risk, to the registered address of each H Shareholder.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal, and dealing in our H Shares (exercising rights attached to them). None of us, the Sole Sponsor, any of their respective directors or any other person or party involved in the Listing accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our H Shares.

LANGUAGE

Translated English names of Chinese laws and regulations, government authorities, institutions, natural persons or other entities included in this listing document and for which on official English translation exists are unofficial translations for your reference only.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed herein are due to rounding.

EXCHANGE RATE CONVERSION

Solely for your convenience, this listing document contains translations of certain Renminbi amounts into HK dollars at specified rates. No representation is made that the Renminbi amounts could actually be converted into any HK dollar amounts at the rates indicated or at all. Unless indicated otherwise, the translation of Renminbi into HK dollars was made at the rate of RMB0.81190 to HK$1.00, the exchange rates prevailing on 14 December 2012, set by PBOC for foreign exchange transactions. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding. Further information on exchange rates is set forth in "Appendix VIII — Taxation and Foreign Exchange".

Registered Address and Address of Head Office	8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC
Place of Business in Hong Kong registered under Part XI of the Companies Ordinance	3101–2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Website Address	http://www.cimc.com (information on the website does not form part of this listing document)
Authorised Representative	Mr. Mai Boliang (麥伯良) Building 32C, Tianhaihaojingyuan, Shekou, Nanshan District, Shenzhen, Guangdong, PRC Mr. Yu Yuqun (于玉群) Room 4A, Unit 3, Building 1, Mangrove West Coast Garden, Nanshan District, Shenzhen, Guangdong, PRC
Alternative Authorised Representative	Mr. Cheong Siu Fai (張紹輝) (Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Association of International Accountants in the United Kingdom)
Company Secretary	Mr. Yu Yuqun (于玉群)
Assistant Company Secretary	Mr. Cheong Siu Fai (張紹輝) (Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Association of International Accountants in the United Kingdom)
Audit Committee	Dr. Ding Huiping (丁慧平) (chairman) Mr. Wang Xingru (王興如) Mr. Xu Jing'an (徐景安)
Remuneration and Appraisal Committee	Mr. Jin Qingjun (靳慶軍) (chairman) Dr. Ding Huiping (丁慧平) Mr. Wang Hong (王宏) Mr. Wang Xingru (王興如) Mr. Xu Jing'an (徐景安)

Strategic Development Committee	Mr. Li Jianhong (李建紅) (chairman) Mr. Mai Boliang (麥伯良) Mr. Xu Minjie (徐敏杰)
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716 17th Floor Hopewell Centre 183 Queen's Road East, Wan Chai Hong Kong
Compliance Adviser	Guotai Junan Capital Limited 27/F., Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Principal Bankers	China Development Bank Corporation No.29 Fuchengmenwai Street Xicheng District Beijing, PRC China Merchants Bank Co., Ltd. 7088 Shennan Boulevard Futian District Shenzhen Guangdong, PRC HSBC Bank (China) Company Limited HSBC building Shanghai IFC 8 Century Avenue Pudong Shanghai, PRC

DIRECTORS

Name	Residential Address	Nationality
Non-executive Directors		
Mr. LI Jianhong	Room 901, Unit 1, Building 3, Cuidie Garden of Century City, Haidian District, Beijing, PRC	Chinese
Mr. XU Minjie	Room 501, No. 6, Lane 333, SongLin Road, Pudong New District, Shanghai, PRC	Chinese
Mr. WANG Hong	Room 301, Unit 12, Building 7, Xiuyuanxiaoqu, Anhuibeili, Chaoyang District, Beijing, PRC	Chinese
Mr. WANG Xingru	Room 303, No. 1, 2nd Floor, Shuangyushuyuyuan, Haidian District, Beijing, PRC	Chinese
Executive Director		
Mr. MAI Boliang	Building 32C, Tianhaihaojingyuan, Shekou, Nanshan District, Shenzhen, Guangdong, PRC	Chinese
Independent Non-executive Directors		
Dr. Ding Huiping	Room 804, 7th Tower Building, 3 Shangyuancun, Xizhimenwai Haidian District, Beijing, PRC	Chinese
Mr. JIN Qingjun	Room 502, Building 87, Fuxing Road West, Haidian District, Beijing, PRC	Chinese
Mr. XU Jing’an	Room 301, Building A-11, Jindihaijinghuayuan, Futian District, Shenzhen, Guangdong, PRC	Chinese

SUPERVISORS

Name	Residential Address	Nationality
Mr. Lui Sai Kit Eddie	Flat D, 3rd Floor, Block 5 Lok Shum Path Royal Ascot Sha Tin New Territories Hong Kong	Canadian
Ms. Wong Sin Yue Cynthia	C-1 No. 32 Wing Lung Road Hang Hau Clear Water Bay Kowloon Hong Kong	Chinese
Mr. FENG Wanguang	Room 603, Building 6, Cuizhu Garden, Shekou, Nanshan District, Shenzhen, Guangdong, PRC	Chinese

PARTIES INVOLVED IN THE LISTING

Sole Sponsor	Guotai Junan Capital Limited 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong
PRC Financial Adviser	Guotai Junan Securities Co., Ltd. No. 618 Shangcheng Road, Pudong New District, Shanghai, PRC
Hong Kong Financial Adviser	China Merchants Securities (HK) Co., Limited 48/F, One Exchange Square, Central, Hong Kong
Legal Advisers to our Company	*As to Hong Kong Law* Paul Hastings 21–22/F, Bank of China Tower, 1 Garden Road, Hong Kong *As to PRC Law* Commerce & Finance Law Offices 6F NCI Tower A12 Jianguomenwai Avenue Beijing 100022, PRC

Legal Advisers to the Sole Sponsor	*As to Hong Kong Law* Woo Kwan Lee & Lo 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong *As to PRC Law* Jingtian & Gongcheng 34th Floor, Tower 3, China Central Place, 77 Jianguo Road, Chaoyang District, Beijing 100025, PRC
Independent Auditor for the Years Ended 31 December 2009, 2010 and 2011	KPMG Huazhen (Special General Partnership) 8th Floor, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing 100738, PRC
Independent Auditor and Reporting Accountant	PricewaterhouseCoopers Zhong Tian CPAs Limited Company 11/F, PricewaterhouseCoopers Center 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai 200021, PRC

This section contains information and statistics on the industries in which we principally operate. The information set out in this section has been extracted from an industry report compiled by CCID Consulting as commissioned by our Company. CCID Consulting, an Independent Third Party, is principally engaged in the provision of market research and management consultancy services. The principal activities of its subsidiaries comprise the provision of data information management services, and public relationship consultancy services. The amount of fees payable by us to CCID Consulting for the preparation of the report is approximately RMB400,000. Save for the aforesaid industry report compiled by CCID Consulting, no other such report was commissioned by our Company. In view of the background and credentials of CCID Consulting, the method of research adopted by CCID Consulting in preparation of the industry report, the independence of CCID Consulting from our Company and the confirmation from CCID Consulting that the data in its report is true and reliable, our Directors consider that there is no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor or any other party involved in the Listing and no representation is given as to its accuracy.

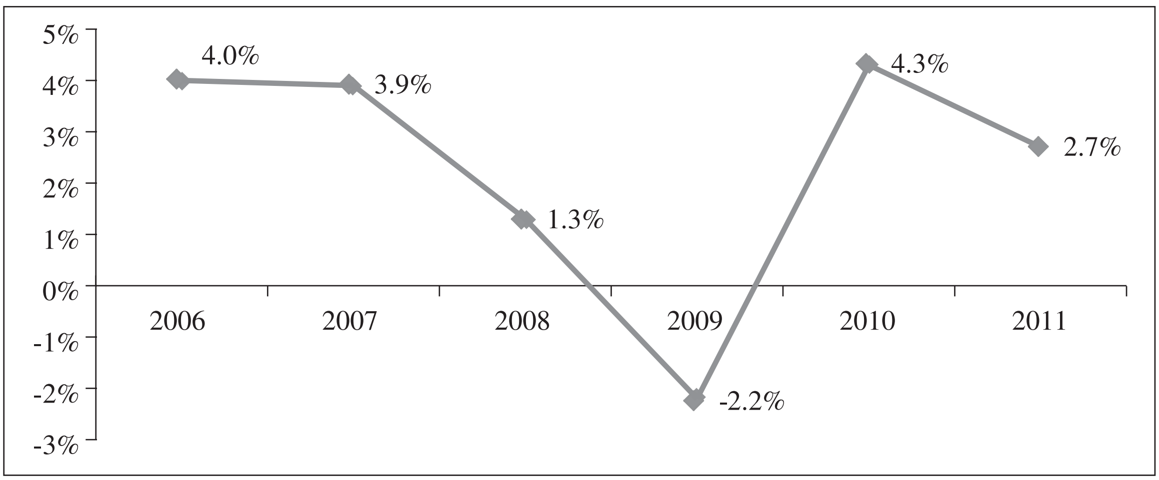
INTRODUCTION

We have commissioned CCID Consulting, an independent market research company based in China, to analyse and report on (i) the container manufacturing and service business; (ii) energy, chemical and food equipment business; (iii) road transportation vehicle business; (iv) offshore engineering business; and (v) airport facilities equipment business (collectively known as "**Target Businesses**") in China and the rest of the world. To provide an analysis of these business, CCID Consulting combined research by applying its macro-economic outlook and its understandings of the development patterns of the relevant industries. Data collection was carried out by analysts with specific knowledge of the Target Businesses. Secondary sources such as company report and historical market data were generated through the analysis of relevant data such as trade and consumption that were prepared by various PRC Government and industry associations, such as the National Bureau of Statistics of the PRC, the National Energy Administration of the PRC and the Ministry of Transport of the PRC.

Overview of the global economy

During the period of 2006 to 2011, the global economy was subject to significant volatility under the impact of the U.S. sub-prime mortgage crisis and the European debt crisis. After the global GDP growth rate recorded negative 2.2% in 2009, the global GDP growth rate recorded 4.3% and 2.7% in 2010 and 2011 respectively as a result of the gradual recovery of the global economy. The details of the global GDP growth rate are set out in the following chart:

The global GDP growth rate from 2006 to 2011 (benchmarked at 2000 price index)

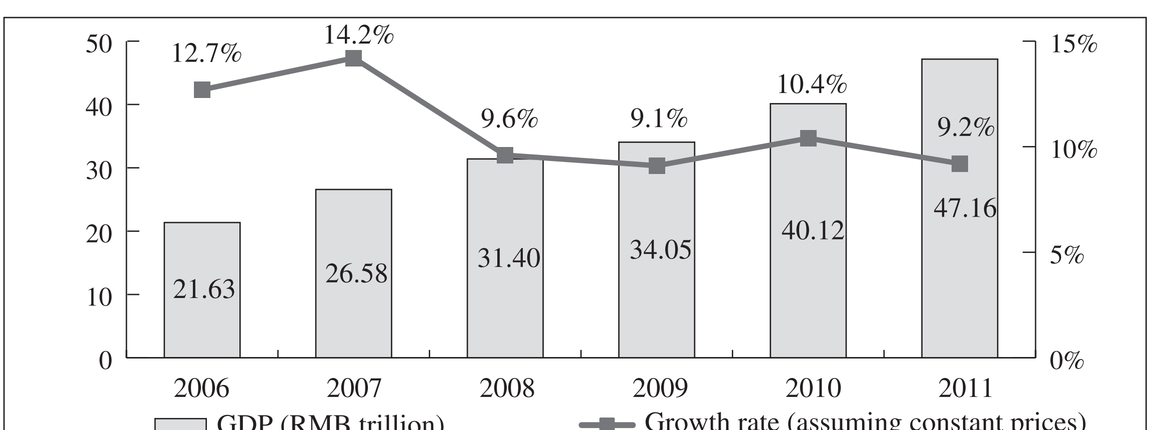


Source: World Bank

Overview of the PRC economy

Although global GDP fluctuated significantly between 2006 and 2011, the PRC economy was able to sustain continuous growth in such period. The GDP of the PRC increased from RMB21.63 trillion in 2006 to RMB47.16 trillion in 2011, representing an average annual GDP growth of 10.87%.

PRC GDP and GDP growth rate from 2006 to 2011



Source: The National Bureau of Statistics of the PRC

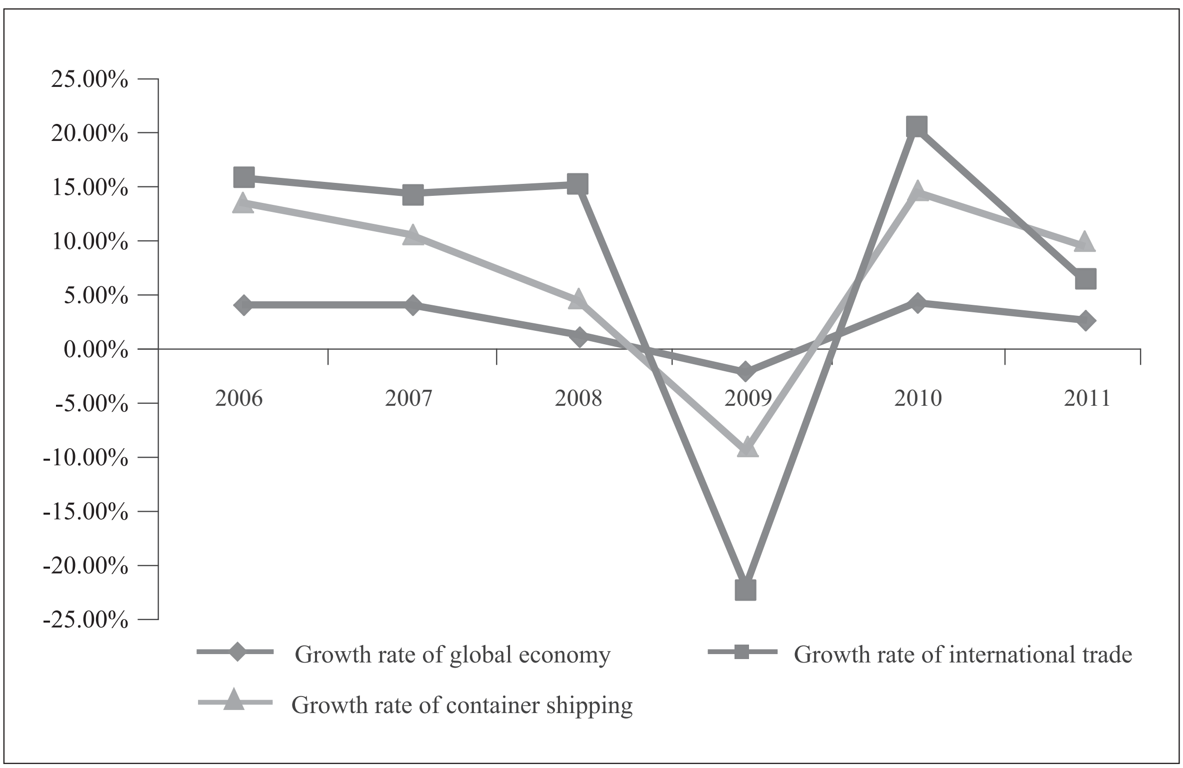
CONTAINER MANUFACTURING AND SERVICE BUSINESS

Overview of the containers market

The demand for international container and service market is primarily dependent upon a number of factors, such as the growth rate of the global economy, demand for international trade, containers trading volumes, performance of the shipping market, volume of containers replacement, capacity of new containers vessels, as well as prices and supplies of energy and raw materials.

The performance of the container shipping market, the growth rate of the global economy and the growth rate of the international trade are highly correlated. As noted from the chart below, the growth rates of the container shipping market, global economy and the international trade fluctuated in the same trend from 2006 to 2011.

The growth rate of the global economy, international trade and container shipping market from 2006 to 2011



Source: World Bank, the United Nations Statistics Division and Clarkson

As a result of the global economic crisis in 2008, the global economy, international trade and container shipping market experienced negative growth in 2009. Owing to various measures implemented by different countries for the purpose of boosting their respective national economies, the container shipping market regained positive growth in 2010. However, the recent credit crisis in Europe has created uncertainty in the container shipping market and has impeded the growth of the container shipping market in 2011 and 2012. In spite of this, it is expected that the global economy and international trade will gradually recover in 2013 based on the GDP and import and export trading forecast for 2013 made by the International Monetary Fund and the United Nations Statistics Division respectively and the container shipping market will benefit.

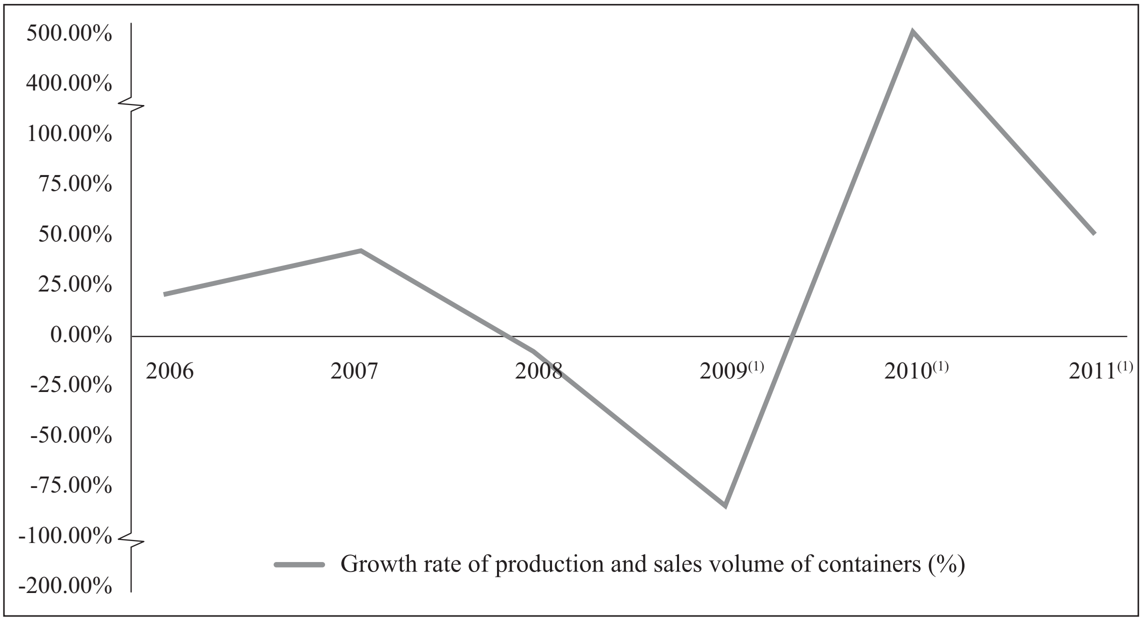
Given that the demand for the international container and service market is subject to, among other things, the development of the global economy and the international trade and container shipping market, the growth of the international sales volume of containers was in similar trend from 2009 to 2011. After considering the trend of the container shipping market and other factors including the GDP and import and export trading forecast for 2013 made by the International Monetary Fund and the United Nations Statistics Division respectively, it is expected that the international sales volume of the containers in 2012 will decrease as compared with the corresponding sales volume in 2011 and the international sales volume of containers will gradually increase in 2013.

Changes in the Baltic Dry Index from 2006 to November 2012

Source: CCID Consulting

The changes in the Baltic Dry Index reflects the trend of the international trade. As noted from the chart above, the Baltic Dry Index fluctuated downwards in between 2010 and 2011 and further decreased for the nine months ended 30 September 2012. However, the Baltic Dry Index has started to increase since October 2012.

The growth rate of the international sales volume of the containers from 2006 to 2011



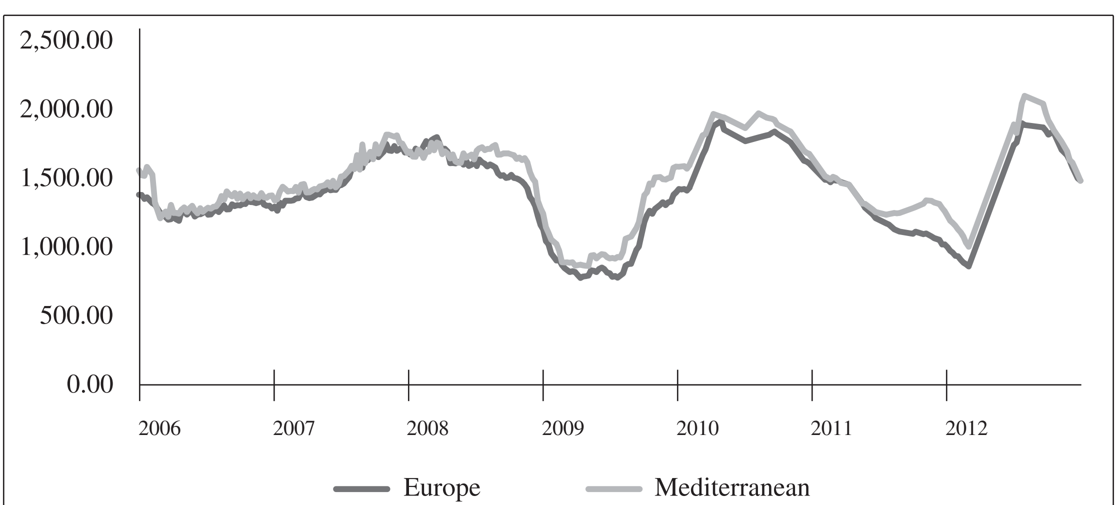
Note:

(1) The data for the year 2009 to 2011 in the graph above is for illustrating purpose only, it was not drawn in scale.

Source: CCID Consulting

Different ship routes have different freight rates which primarily depend on the nature of the goods being transported and the location of the ship route. Different charts of the freight index of various ship routes from China have been set out below.

China Containerized Freight Indices of ship routes from China to Europe and the Mediterranean from 2006 to October 2012

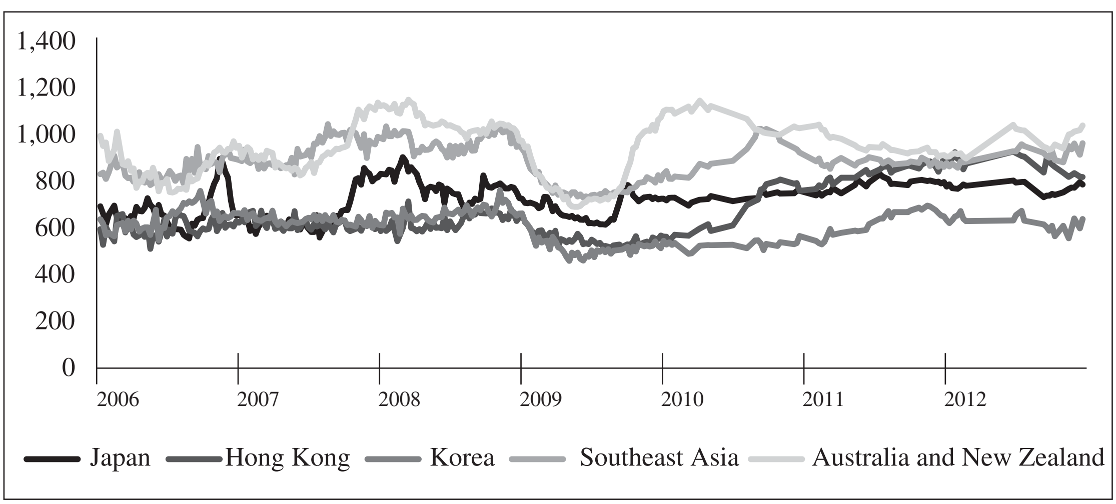


Source: CCID Consulting

China Containerized Freight Indices of ship routes from China to America from 2006 to October 2012

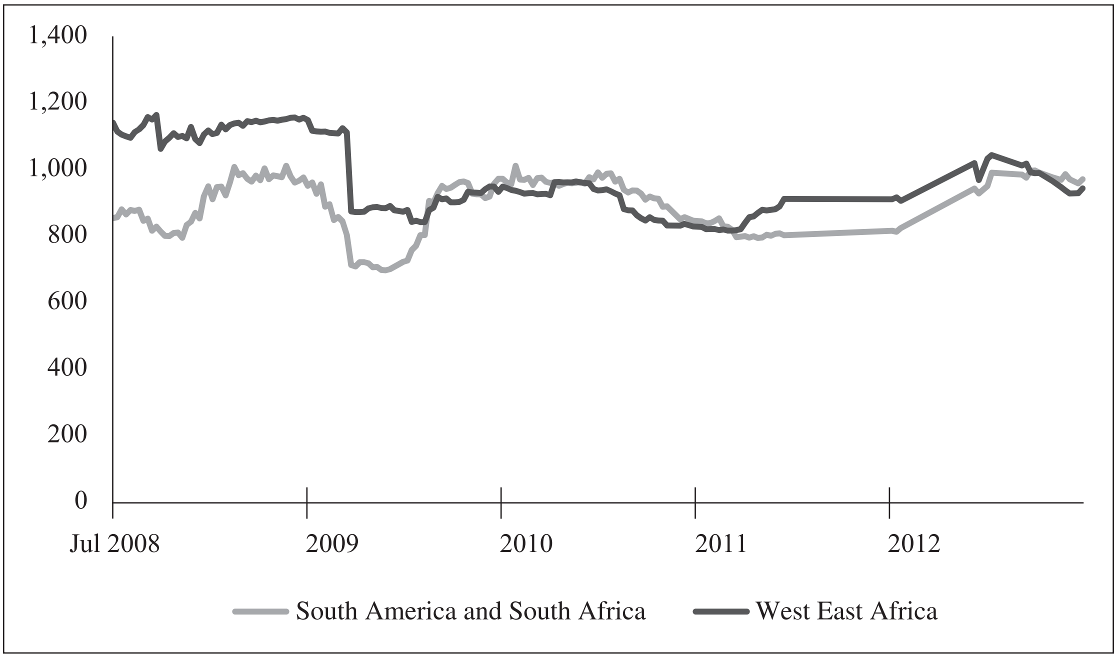
Source: CCID Consulting

China Containerized Freight Indices of ship routes from China to Asia-Pacific region from 2006 to October 2012



Source: CCID Consulting

China Containerized Freight Indices of ship routes from China to Africa and South America from July 2008 to October 2012



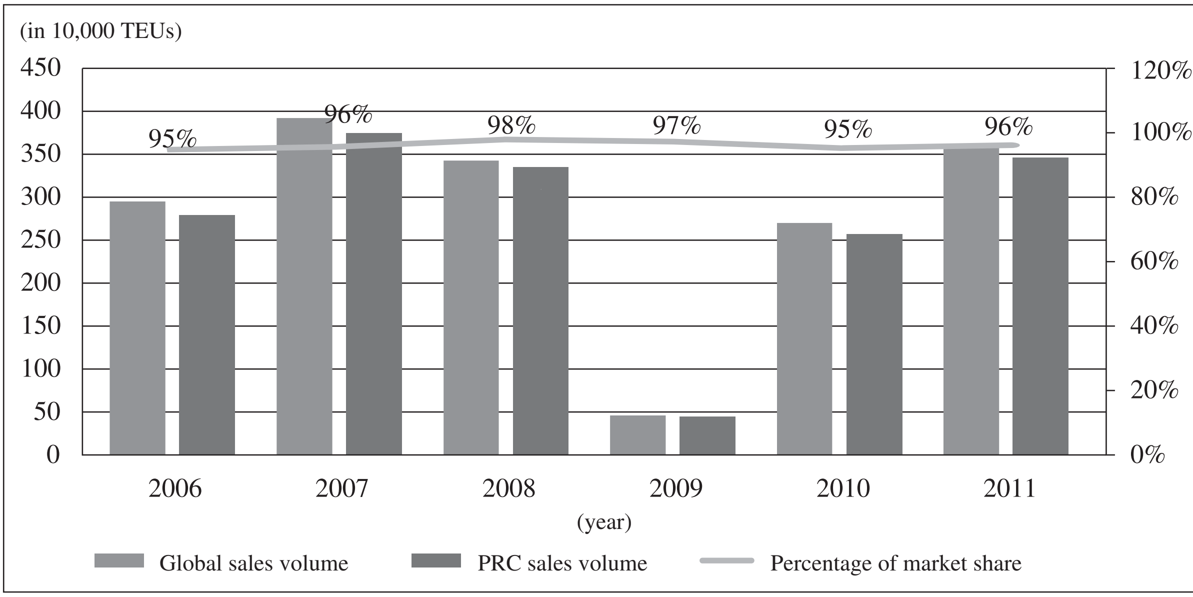
Source: CCID Consulting

With the ongoing development of its market-oriented economy, China has become increasingly involved in the process of globalization of the world's economy. Currently, China is the world's most important nation for marine transportation, being the shipping destination for 19% of the world's bulk cargo and the embarking point for 20% of the world's containers. In other words, China accounts for close to one-fifth of the world's total import and export volume.

Analysed by the usage for containers, the main types of containers that command the majority of shipping volumes are dry containers, reefer containers and special-purpose containers. Out of over 3.20 million new TEUs manufactured globally in 2011, dry containers accounted for over 2.70 million TEUs; while approximately 0.3 million TEUs of refrigeration containers and 0.2 million TEUs of special-purpose containers manufactured in 2011, respectively.

The sales volume of global container for 2011 was approximately 3.60 million TEUs, out of which China accounted for approximately 3.46 million TEUs for a market share of approximately 96%, making it the world's largest nation in container sales volume in 2011. Meanwhile, as China sustained its position as a net export nation in the ongoing growth of its global trade volume, an increasing number of the world's container manufacturing operations were being relocated to China resulting in China's container sales volume accounting for 95% or more of global container sales volume from 2006 to 2011.

China's market share of global containers in terms of sales volume between 2006 and 2011



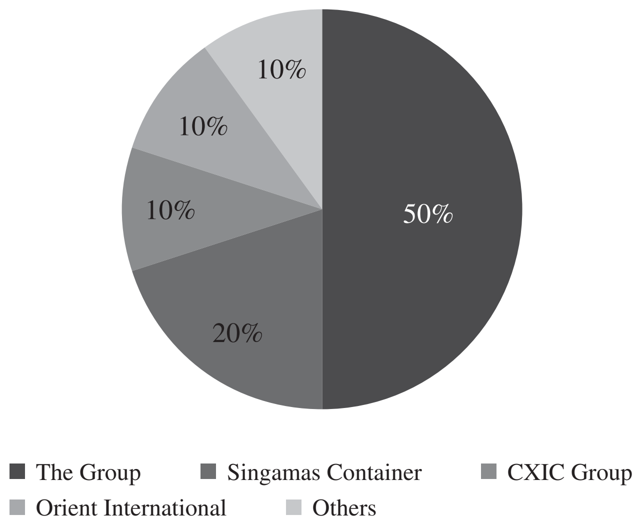
Source: China Container Industry Association

In connection with the export destinations of PRC-manufactured containers, the major containers markets for China in 2011 were Asia, the United States and the European Union. The top 10 nation and region export destinations for PRC containers in 2011 by export volume were: Hong Kong, the European Union, the United States, Japan, Korea, Singapore, Indonesia, Switzerland, Taiwan and Thailand. These 10 countries/regions were major markets for China's container exports, accounting for 95.6% of China's total containers exports in terms of volume.

Major market players

Over 95% of the world's container manufacturing operations are located in the PRC, including the Yangtze River Delta Region, Pearl River Delta Region and Bohai Rim Region, being the most developed regions of the PRC in terms of economy and transportation access and being major hubs and manufacturing centres for foreign trade export goods and container trade. The container manufacturing industry is highly concentrated, with our Group, Singamas Container Holdings Limited ("**Singamas Container**"), CXIC Group Containers Company Limited ("**CXIC Group**") and Orient International (Holding) Co., Ltd. ("**Orient International**"), the top 4 container manufacturers in the world, accounting for market shares in terms of sales volume of approximately 50%, 20%, 10% and 10%, respectively in 2011.

Market shares of major players in the container manufacturing industry in terms of sales volume in 2011



Source: CCID Consulting

Major factors affecting the performance of containers manufacturing enterprises include the spread of manufacturing facilities and containers stack yards in coastal regions, the degree of matching between network spread and port throughput and overall costs, etc. A container manufacturing enterprise comprises primarily manufacturing facilities, containers stack yards and certain logistics providers, which are typically located in the surrounding areas of coastal containers ports.

Development trends

In connection with the steel industry, the PRC no longer encourages the development of low-value added steel smelting activities, but instead favours the development of steel processing, which commands higher added-value. Given the fact that steel products consumed by the containers industry are basically produced in China, the government supports the development of the containers industry by offering export rebates. For the future market demand, until and unless the introduction of transportation carriers promising more advantages and capable of replacing containers, the transportation model based on containers will continue to be widely utilised around the world. While the requirements for containers are set to become increasingly diversified and sophisticated in the future transportation industry, in tandem with the ever-changing transportation market and ongoing advancement of container-related technologies, six major trends in the future development of the container industry can be summarised in general: the preference for light weight/smart applications/standardisation/information technology applications, waterless ports, rail-marine transportation, low-carbon operation, supply chain cost reductions and eco-friendly energy conservation.

Given the slow pace of global economic recovery, global container transportation trade is expected to sustain growth in 2012 at a lower rate. According to the forecasts of Clarkson, the growth rate of the volume of global container transportation trade for 2012 will be narrowed to 7.7% from 9.0% in 2011, and such slowdown will affect the demand for containers and constitute challenges to the containers market.

ENERGY, CHEMICAL AND FOOD EQUIPMENT BUSINESS

Overview of the market for energy storage equipment

There are three major advantages in the use of natural gas over other forms of energy such as coal and crude oil: it is efficient, clean and easy to transport. Moreover, given the rising of international crude oil prices and the introduction of new standards for greenhouse gas emission control under the Kyoto Protocol, governments and leading energy companies in the world are increasing their investments in the development of LNG clean energy in automobile, vessel and urban power supply sectors, such that the use of clean energy, as represented by natural gas, has become an increasingly important agenda for countries around the world.

In order to lower the transportation cost for natural gas, the use of LNG storage and transportation becomes more popular given that it offers more flexibility, allows smaller-scale operation, and is easier for development and use by small and medium-sized gas fields in China when comparing with traditional pipe transportation, so that the problem of excessive costs for the building of separate pipes for small and medium-sized gas fields can be resolved. In view of the advantages of the use of LNG storage and transportation, it is expected to be one of the principal channels in respect of the transportation of energy resources in the China in the foreseeable future.

Major market players

As a pioneer in the PRC market for LNG equipment, CIMC Enric is one of the few domestic manufacturers capable of providing one-stop solutions in LNG storage, transportation and application as well as equipment support. Currently, most competitors in the domestic market are focused on one single segment of the LNG industry chain, such as Shenghui Gas & Chemical Systems (Zhangjiagang) Co., Ltd. and Beijing Tianhai Industry Co., Ltd. who are focused on gas bottles for vehicles, while there are very few competitors who are involved in the entire industry chain. In the international market, Chart Industries of the United States, one of the world's leading suppliers of end-to-end LNG industry chain solutions, has also established a presence in the PRC market.

Development trends

The increasing popularity of LNG vehicles (such as taxis and buses) will also drive the demand for LNG and CNG equipment. The growth in demand for LNG storage and transportation equipment has also been driven by the PRC government's promotion over the years of the use of LNG in transportation vehicles, especially taxis and buses. As LNG vehicles are cleaner and have a lower level of carbon emission, they are more conducive to a sustainable urban environment. Moreover, a number of natural gas supply source projects are expected to commence production in China between 2011 and 2014, offering very good potential for growth in the demand for energy storage and transportation, and rapid increase is expected for natural gas application equipment in particular.

Overview of the chemical storage and transportation market

As an internationally adopted mode for the transportation of liquefied chemical materials and "gaseous" bulk cargo, tank containers have a relatively mature and stable market. Tank containers are special containers manufactured for the transportation of liquefied items such as food, pharmaceuticals and chemicals. They may also be used to transport hazardous goods within a designated scope. They are mainly used in multi-mode transportation of small volumes. Currently, tank bodies are mainly made with stainless steel, with different coatings applied depending on their applications.

In tandem with global economic development and the development of the chemical industry, as well as the introduction of refined chemicals and special chemical products, demand has continued to grow for tank containers, which are characterized by the following 3 features:

a) **Safety:** tank containers offer a substantially higher level of safety compared to traditional transportation modes such as by using railway tank car, as no leakage will occur if the external shell is not damaged as a whole. In 2010, tank containers accounted for 65% of the liquefied cargo transport market of Europe, where the most stringent environment standards are implemented.

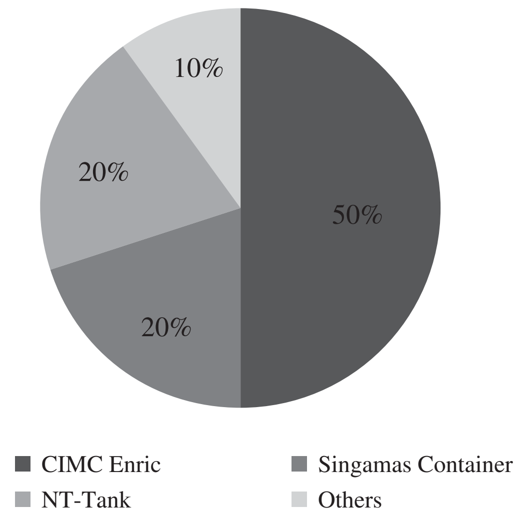
b) **Compatibility with multi-mode transportation:** Because of its nature of standardised and unitised structure, tank containers are free from numerous packaging and forwarding costs, and are therefore conducive to the development of multi-mode transportation. Moreover, tank containers offer higher efficiency in the transportation of liquefied bulk cargo, with a 20-ft tank container providing 30% additional capacity compared to a steel cylinder of the same size.

c) **Environmental-friendliness and recycling:** In view of the growing concern for environmental issues among nations, tank containers, as reusable packaging and transport vehicle for liquefied chemical products, are starting to gradually replace traditional metal or plastic cylinders which can only be used once.

Major market players

Currently, the world's total production capacity for tank containers is close to 40,000 units per annum, out of which CIMC Enric, Singamas Container and Nantong Tank Container Co., Ltd ("**NT-Tank**") account for approximately 90%.

Markets shares of major tank container manufacturers in terms of sales volume in 2011

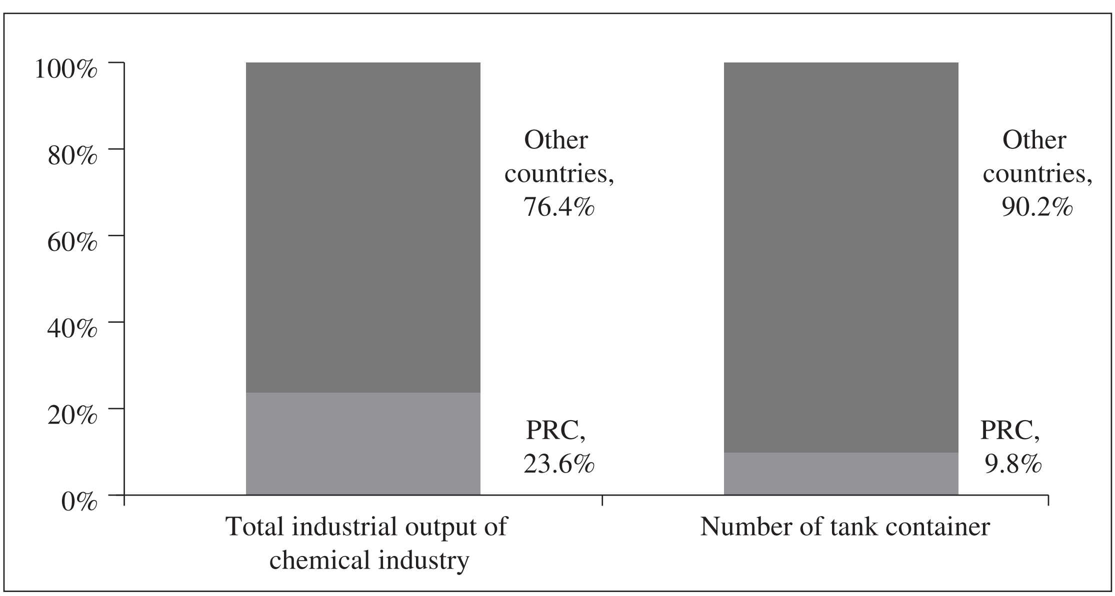


Source: International Tank Container Organisation, China Container Industry Association

Development trends

With the ongoing development of China's chemical industry and increasing government as well as public awareness for the importance of environmental protection, tank containers will also become increasingly important for chemical transportation.

Analysis of comparative data of China's chemical industrial output and number of tank container in 2011



Source: China Chemical Industry News, American Chemical Society

Chemical tank containers represent an important trend for the future development of chemical product transportation. Compared with traditional carriage and transportation mode, chemical tank containers are safer, more reliable, flexible in transport, efficient, convenient, practical and eco-friendly. In developed nations, the use of chemical tank containers is very popular, while the comparable utilisation rate for China is relatively low. In fact, China handles a large volume of chemical product transportation, with approximately 200 million tonnes of hazardous chemical products in freight each year. Coupled with the relocation of production bases for basic chemical materials to the land of source (inland regions), demand for chemical product transportation is expected to further increase. Meanwhile, with the enhancement of China's railway transportation capacity and stringent regulation over the transportation of hazardous chemicals, China's chemical tank container industry is expected to embrace rapid development.

Overview of the food storage and transportation market

China's refrigerated logistics industry is still at an early stage of development, lagging significantly behind developed countries. The constant-temperature mode is still being adopted in the transportation of more than 80% of fresh goods in China. According to the "Development Planning for refrigerated Logistics of Agricultural Produces" promulgated by the National Development and Reform Commission of the PRC in June 2010, China is suffering from serious post-production losses of agricultural produces, with the ratio of decay of products in circulation for fruit and vegetable, meat and aquatic products reaching 20-30%, 12% and 15%, respectively. Annual monetary losses for fruit and vegetable alone amounts to over RMB100 billion. According to the aforesaid development planning, it was targeted that for fruit and vegetable, meat and aquatic products, the ratio of decay of products in circulation be decreased to below 15%, 8% and 10% by 2015, respectively. In 2011, the ratio of refrigerated transportation of perishable food for developed countries exceeded 60%. The ratio for countries and regions such as the United States, Japan and Western Europe is above 80%, while the ratio for China is only about 20%

Major market players

Currently, CIMC Enric's food equipment business includes production / storage equipment and holistic solutions (turnkey projects) in respect of liquefied food (brewery, juice and dairy products) targeting mainly at the European market. Given the current rapid growth of liquefied food production and consumption in China, CIMC Enric is set to embrace greater growth opportunities in the PRC domestic market.

Other than CIMC Enric, there are 4 suppliers of temperature-controlled air freight containers in the world: Envirotainer and Aircontainer Package System Sweden AB of Sweden, Skycooler Limited of the U.K. and CSafe, LLC of the U.S. They mainly provide two types of containers: the first type comprises mechanical reefers with refrigeration compressors which are insulated containers capable of maintaining constant temperature and used mainly for refrigerated food. The second type comprises insulated containers with ample insulation structure used to ship fruits and vegetables, which commonly use dry ice as refrigerants to keep temperature constant for approximately 72 hours to maintain the freshness of food.

Development trends

Apart from the PRC government's support, zones for refrigerated fresh food are accounting for an increasing presence in business formats such as hypermarkets, supermarket chains and convenience stores, becoming an irreplaceable principal channel for the sale of refrigerated and frozen products, which have in turn expanded the market capacity for refrigerated and frozen products and stimulated demand in the refrigerated industry for food storage and transportation equipment.

ROAD TRANSPORTATION VEHICLE BUSINESS

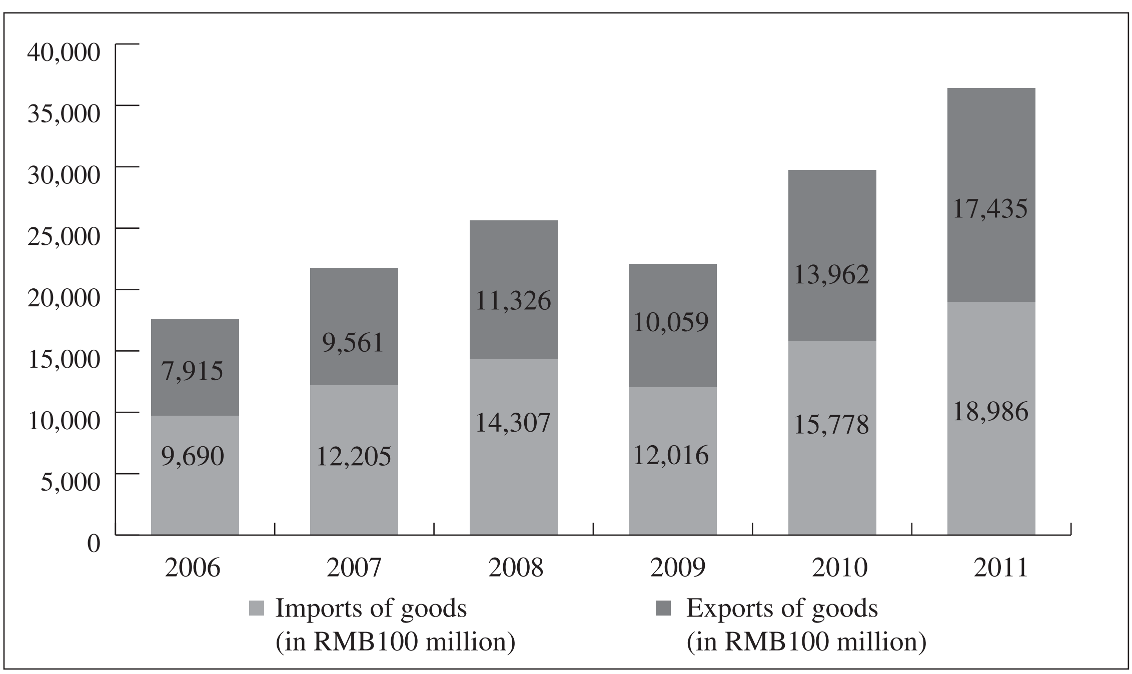
Overview of the road transportation vehicle market

Road transportation vehicles are special transportation vehicles used for the road transportation of goods. These include special trucks (the whole vehicle) and semi-trailers. The carriage sections of special transportation vehicles are specially made structures such as van trailers, tankers, flat-trucks and tipping trailers.

The demand for the road transportation vehicles principally depends on the export volume, domestic spending and infrastructure constructions. More trading activities may drive up the demand for the road transportation which will in turn drive up the demand for road transportation vehicles.

For the past three decades, as China has undergone reform and development, China's eastern coastal areas were the first to develop into the world's processing industry base gradually by taking advantage of the convenient geographical conditions. The processing industry requires a lot of raw materials, parts and components. All of these raw materials, parts and components require transportation from all over the world to processing factories for process, and the end product would then be exported to other countries. This flow of raw materials, parts and components create the demand for road transportation vehicles. In 2011, the annual goods import and export of China amounted to US$3,642.1 billion, an increase of 22.5% over the previous year; of which exports increased by 20.3% to US$1,898.6 billion and imports increased by 24.9% to US$1,743.5 billion.

The PRC merchandise trade from 2006 to 2011

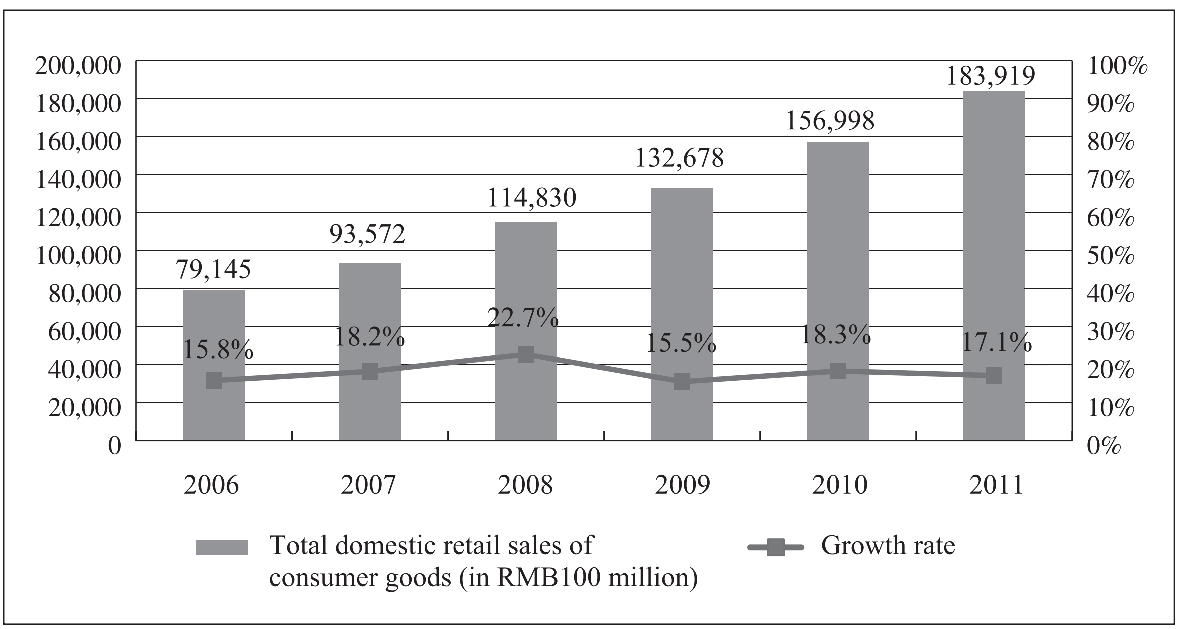


Source: The National Bureau of Statistics of the PRC

While the average wages of Chinese citizen continue to rise, the purchasing power parity of Chinese citizen increases along with it, this drives both the demand of domestic and foreign goods. Industrial goods are sold from Eastern China to Central and Western China, while Central and Western China sold raw materials to Eastern China for processing, this trend of exchanging between different parts of China has also caused a huge demand for cargo transportation. For 2011 the aggregate total retail sales of consumer goods in China was RMB18,391.9 billion, representing a year-over-year increase of 17.1% as compared to 2010, after eliminating the effects of inflation, the actual growth rate of aggregate total retail sales was at 11.6%.

Referring to statistics of different business areas, retail sales of consumer goods in urban areas accumulates to RMB15,955.2 billion in 2011, representing an increase of 17.2% as compared to 2010; retail sales of consumer goods in rural areas accumulates to RMB2,436.7 billion in 2011, representing an increase of 16.7% as compared to 2010. According to statistical patterns of consumption goods, consumer goods retail sales was RMB16,328.4 billion in 2011, representing an increase of 17.2% over 2010; food and beverages revenue amounted to RMB2,063.5 billion in 2011, representing an increase of 16.9% over 2010.

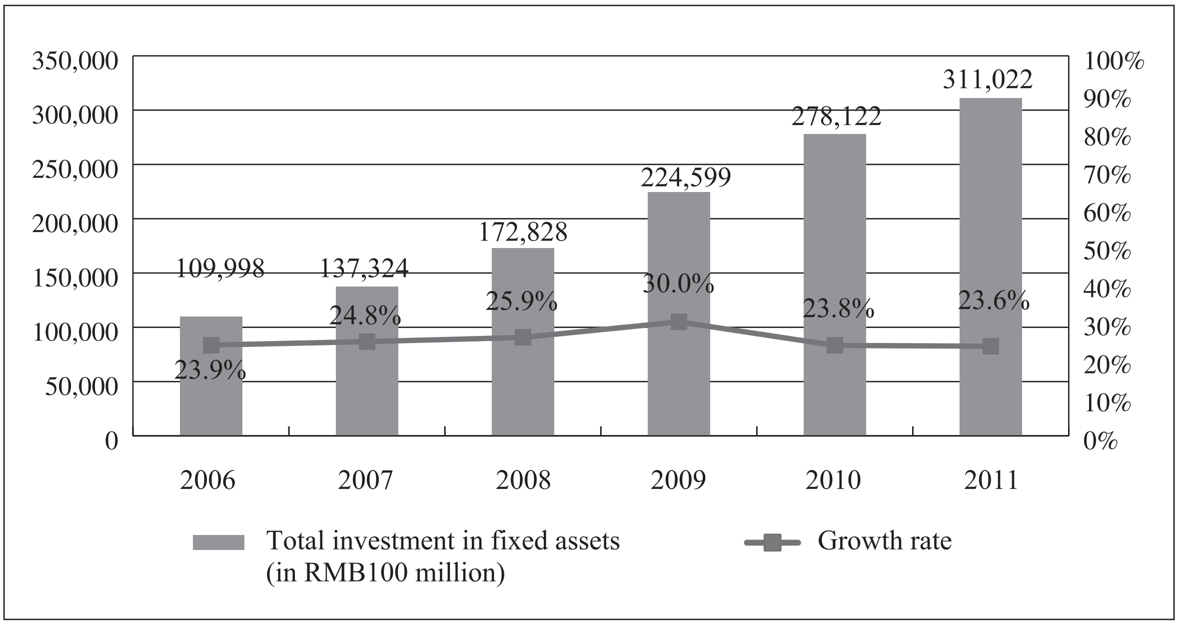
Total domestic retail sales of consumer goods in the PRC and its growth rate from 2006 to 2011



Source: The National Bureau of Statistics of the PRC

Furthermore, in terms of infrastructure, parts of China are still undeveloped. Through the process of urbanization, there is a significant demand for residential areas, highway, airport, urban amenities, driving the requirement of steel, cement, rocks and other building materials to be transported.

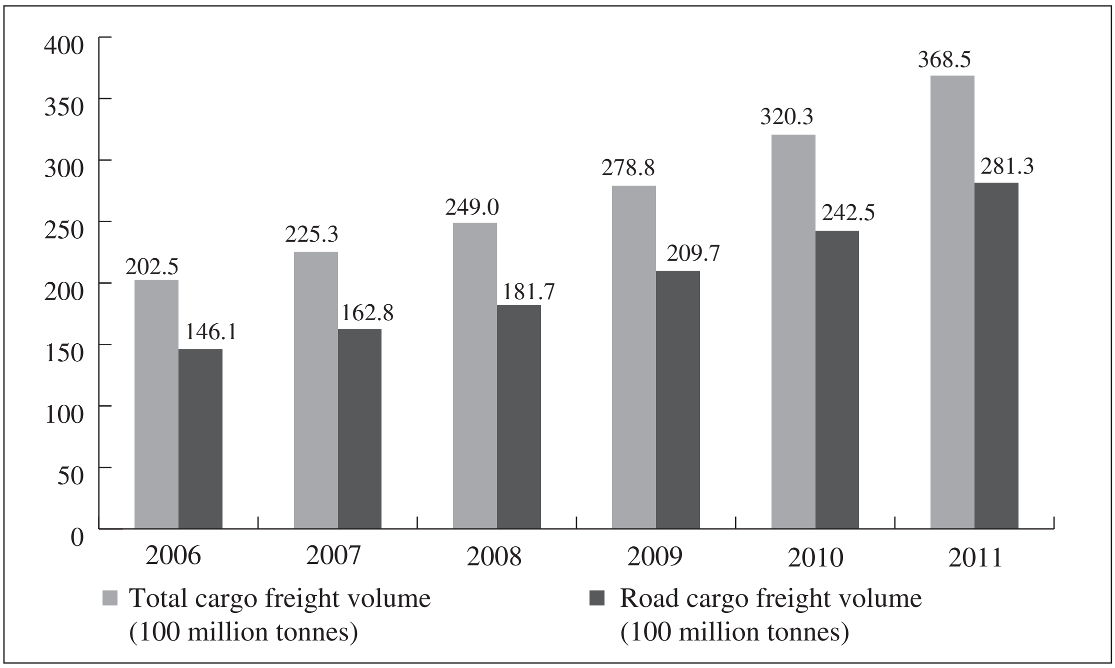
Investment in fixed assets in the PRC and its growth rate from 2006 to 2011



Source: The National Bureau of Statistics of the PRC

Analysed by the volume of transportation, road transportation is the most important means of cargo transportation in the PRC, accounting for over 70% of the China's total volume of cargo transportation each year from 2006 to 2011 with a year-on-year increase trend. The following chart sets out the total cargo transportation versus road cargo transportation volume of the PRC from 2006 to 2011

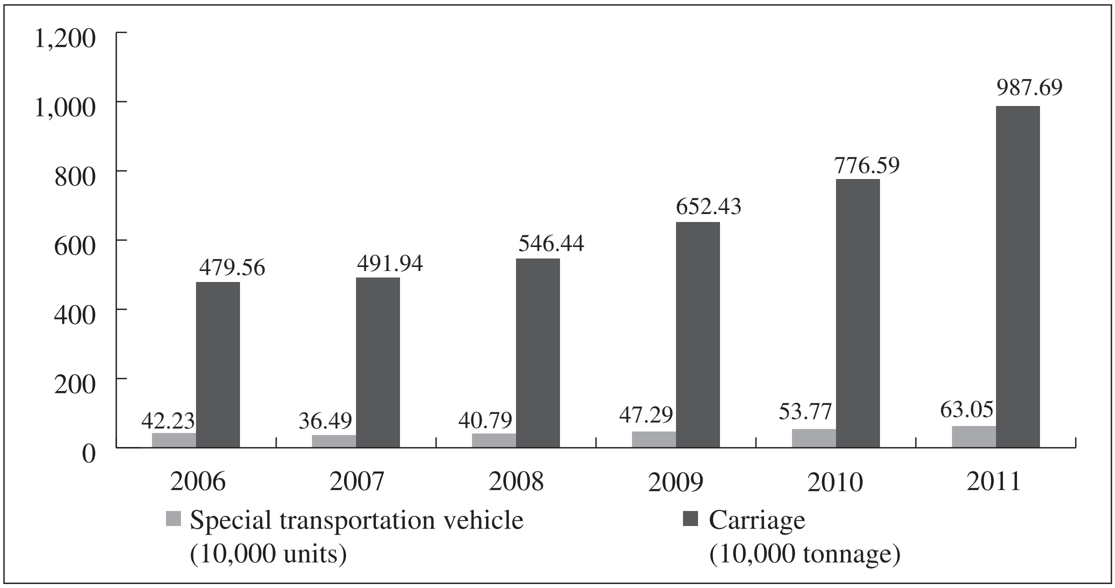
Total cargo transportation versus road cargo transportation volume in the PRC from 2006 to 2011



Source: The Ministry of Transport of the PRC

As of the end of 2011, China owned 11,794,100 transportation vehicles with a total capacity of 72,612,000 tonnage. These included 630,500 special transportation vehicles with a total capacity of 9,876,900 tonnage. The following chart sets out the number of special transportation vehicles and carriage volume in the PRC from 2006 to 2011:

Number of special transportation vehicles and carriage volume in the PRC from 2006 to 2011

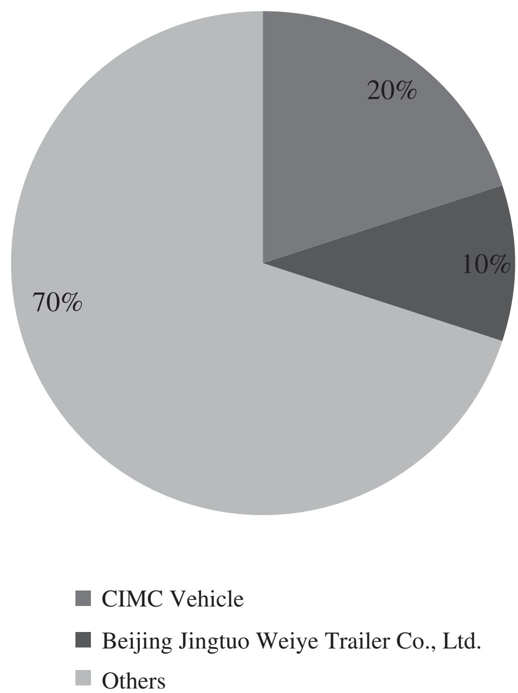


Source: The Ministry of Transport of the PRC, the National Bureau of Statistic of the PRC

Major market players

Different types of special transportation vehicles have different market players. In respect of semi trailers, according to the statistics of the China Automotive Technology and Research Center of the PRC, the PRC manufactured 229,200 semi-trailers in 2011. The market for semi-trailers is relatively less concentrated. There are a large number of participants operating the business, among which CIMC Vehicle is the largest in scale in terms of production volume and accounts for 20% of the total production volume of semi-trailers in the PRC in 2011. The following chart sets out the major PRC manufacturers of semi-trailers and their respective market shares in 2011 in terms of production volume:

Major PRC manufacturers of semi-trailers and their respective market shares in 2011 in terms of production volume



Source: China Automotive Technology and Research Center

Development trends

Given more stringent requirements for energy conservation and discharge reduction imposed by the government, as well as stricter emission standards, increasing application of novel types of environmental-friendly materials, high-strength materials and light-weight materials such as magnalium in special vehicle products is expected.

Because of the low entry barrier, there are a large number of semi-trailer manufacturers in the PRC, most of which are small-scale operators with a lower level of technological capabilities. The number of approved new entrants has been decreasing, as the government continues to advance its efforts to regulate semi-trailer products. Market concentration has been increasing, as the aggregate market share of the top 10 semi-trailer manufacturers has increased from approximately 41% in 2010 to approximately 46% in 2011. There was a significant decline in the growth rate for the PRC market of special vehicles and semi-trailers in 2011, while some manufacturers even reported negative growth, reflecting increased pressure of industry consolidation.

OFFSHORE ENGINEERING EQUIPMENT BUSINESS

Overview of the market for offshore engineering equipment

Offshore engineering includes new construction, conversion or expansion projects aimed at the development, utilization, protection and recovery of ocean resources.

Offshore engineering equipment mainly comprises large-scale engineering equipment and auxiliary equipment for the exploration, exploitation, processing, storage and transportation and management of and logistical services relating to ocean resources, such as: drilling platforms, production platforms and auxiliary vessels, etc.

As the demand for offshore engineering equipment is directly driven by oil prices, which in turn is largely affected by global economic conditions, the development of the offshore engineering equipment market is subject to the movement of the global economy. Subsequent to the U.S. sub-prime mortgage crisis in 2008, countries like the PRC, Brazil and Russia have introduced policies to support their respective domestic offshore engineering sectors.

During the period from 2006 to 2011, there were strong fluctuations in global orders for mobile drilling platforms (one of the principal drilling platforms in the offshore engineering equipment market) in tandem with changes in the world economic landscape. The global offshore engineering market started to recover in 2010 and, in 2011, deals for a total of 103 sets of mobile drilling platforms were concluded, comprising 46 jack-up drilling platforms, 21 semi-submersible drilling platforms and 36 drilling vessels. In addition, a large number of option orders were also being concluded with a total volume of orders that exceeded the level for 2010 by several times, indicating an emerging trend of explosive growth for the offshore engineering market in 2011. The following chart sets out the global orders for mobile drilling platforms from 2006 to 2011:

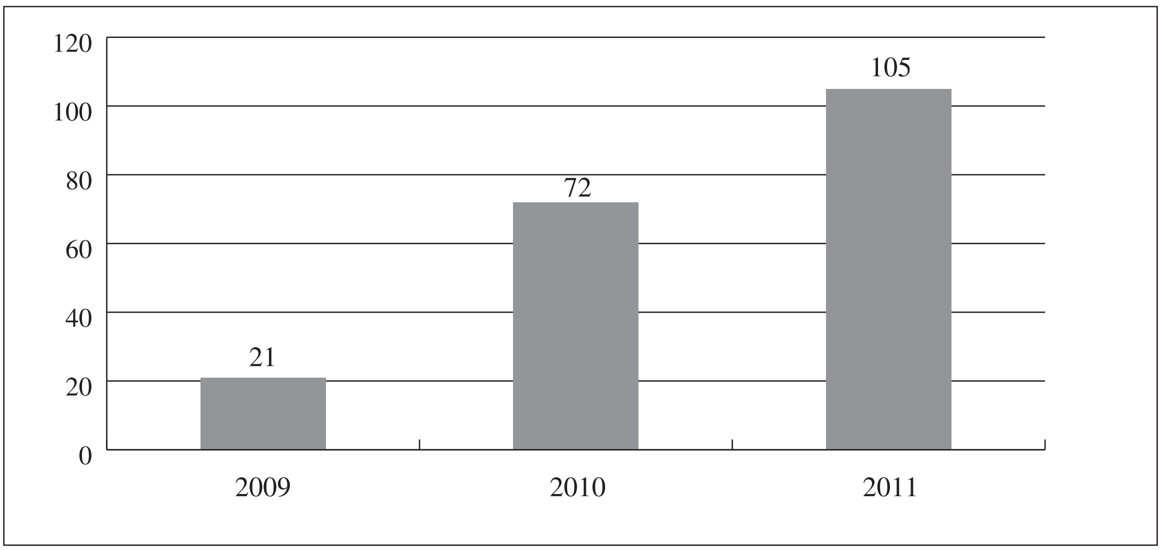
Global orders for mobile drilling platforms from 2006 to 2011

	2006	2007	2008	2009	2010	2011
Jack-up (unit)	29	31	26	14	21	46
Semi-submersible (unit)	20	11	15	3	2	21
Drilling vessel (unit)	10	16	19	2	8	36
Total	59	58	60	19	31	103

Source: CCID Consulting

Production platforms are manufactured on order and project-driven, and the market for the construction of this product is far more stable than the construction of drilling platforms. As most orders for production platforms require the construction of new or conversion of existing floating production, storage and offloading units, while the contract amount for conversion projects are typically lower than that for new construction projects, the global market size for production platforms from 2009 to 2011 is as follows:

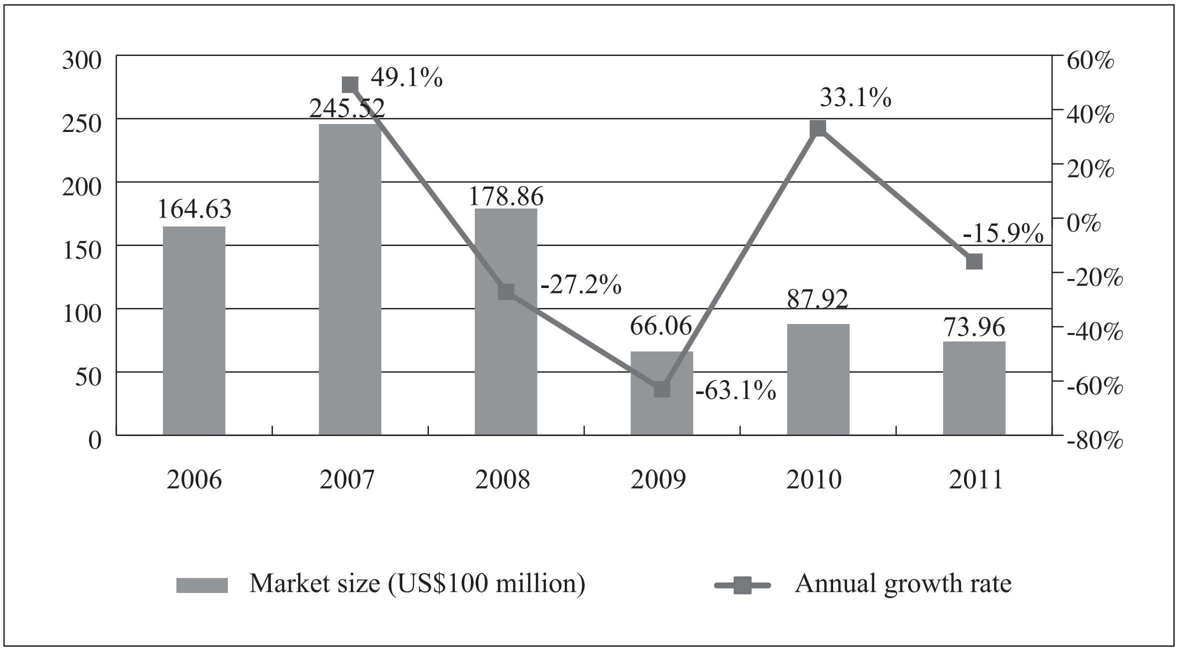
Global market size for production platforms from 2009 to 2011 (Unit: US$100 million)



Source: ODS - Petrodata

In terms of the status of global orders for supply vessels, global orders are expected to decrease gradually. Details of the size and annual growth rate of the global market for auxiliary vessels from 2006 to 2011 are set out as follows:

Size and annual growth rate of the global market for auxiliary vessels from 2006 to 2011



Source: Clarkson

Major market players

Currently, competition in the global market for offshore engineering equipment can be distinguished into three levels. European nations and the United States have monopolised the research and development and manufacturing of key equipment in offshore engineering equipment, while Korea and Singapore are leading in the areas of high-end offshore engineering equipment module construction and assembly, and countries such as the PRC and United Arab Emirates primarily engaged in the construction of shallow-water equipment, although the latter also starting to tap the sector of deep-water equipment.

The offshore engineering industry of the PRC has been developing rapidly in recent years with strong national support. Currently, China's market shares in jack-up and semi-submersible drilling platforms are increasing, while China is also a global leader in the manufacture of platform supply vessel and anchor handling tug supply vessels through the operations of companies such as Shanghai Waigaoqiao Shipbuilding Co., Ltd., the Group, Dalian Shipbuilding Industry Co., Ltd., Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd. and Shanghai Zhenhua Heavy Industries Co., Ltd., etc.

Development trends

The fundamental design of a drilling platform is the most difficult step in the entire design and manufacturing process. In the past, basically all fundamental designs in the PRC were conducted by foreign design firms and converted from drawing plans sourced from foreign companies. Since recent years, domestic enterprises such as the Group, Dalian Heavy Industry Co., Ltd. and others have fostered basic capabilities to carry out independent foundational designs for jack-up platforms.

Currently, the PRC claims higher ratios of domestic production only in components that embody lower technological standards, such as ship bodies. For high-end products such as underwater equipment, engines and drilling machinery, the ratio of domestic production is very low in terms of quantity. In this connection, PRC enterprises have already made significant improvements in advanced equipment such as deep-water drills, with growing ability in the manufacture of supporting equipment and supply of higher-end products.

Comparing with top tier international companies in Singapore and Korea, PRC companies still lag behind in overall platform design, core component support, manufacturing process control and international networks for after-sales services. Specifically: 1) The standards of overall design has yet to reach the top level by international measure and be broadly recognized. 2) A complete industry chain that would bring China's advantages in manufacturing into play has not yet been formed. 3) Domestic production of high-end supporting equipment has yet to be realised.

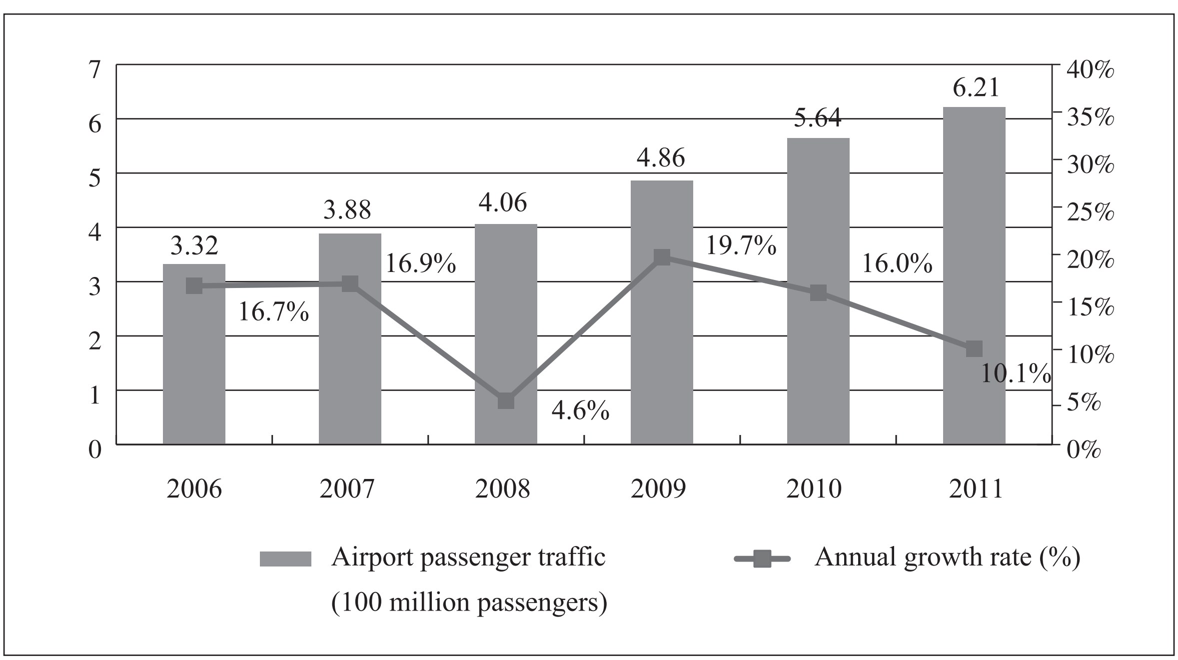
AIRPORT FACILITIES EQUIPMENT BUSINESS

Overview of the airport facilities equipment market

Airport facilities equipment comprises various specialised equipment used in, amongst other things, supporting the aircrafts' operation on the ground and air transportation services carried out at civil airports to ensure the safety of aircraft in flight or ground operation. Such equipment would include passenger boarding bridges, air cargo handling systems and equipment relating to ground vehicles with specific purpose.

From 2006 to 2010, China's domestic airport passenger traffic increased at an average annual growth rate of 14.3%. In 2011, the nation's civil airports recorded total passenger traffic of 621 million passengers, a 10.1% increase compared to 564 million passengers in 2010. The following chart sets out airport passenger traffic in the PRC and the corresponding annual growth rate from 2006 to 2011:

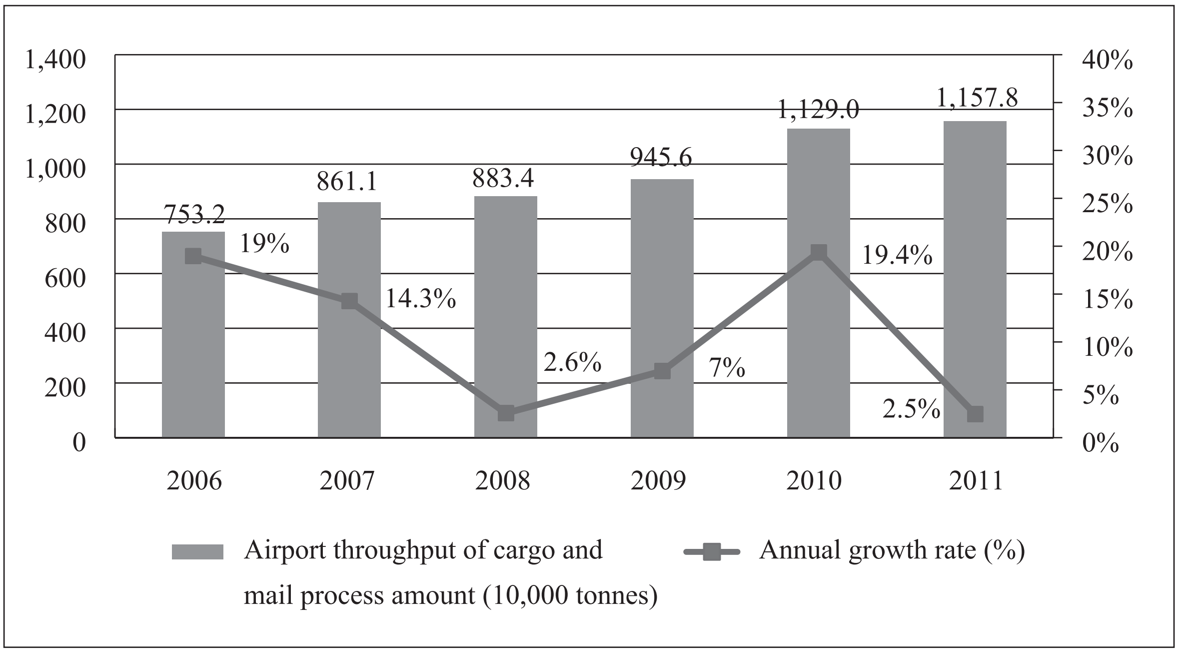
Airport passenger traffic in the PRC and the corresponding annual growth rate from 2006 to 2011



Source: Civil Aviation Administration of China

From 2006 to 2010, China's domestic airport throughput of cargo and mail increased at an average annual growth rate of 10.8%. In 2011, the nation's civil airports recorded total cargo and mail throughput of 11,578,000 tonnes, representing a 2.5% increase compared to 11,290,000 tonnes in 2010. The following chart sets out airport cargo and mail process amount in the PRC and the corresponding annual growth rate from 2006 to 2011:

Airport cargo and mail process amount in the PRC and the corresponding annual growth rate from 2006 to 2011



Source: Civil Aviation Administration of China

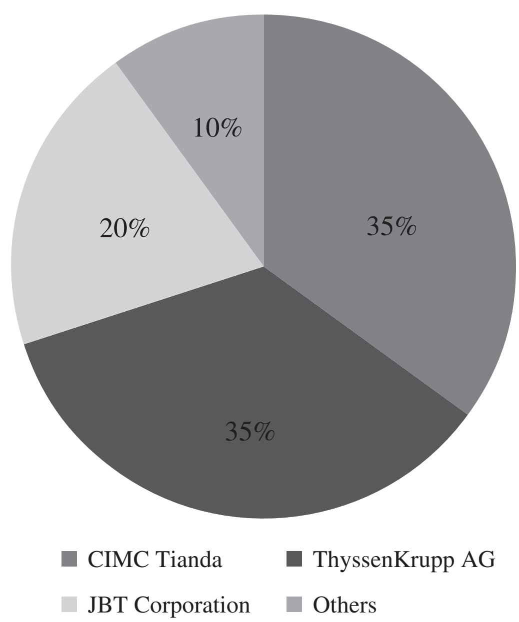
The passenger boarding bridge is a movable passage in the parking bay connecting the terminal to the aircraft. This facility provides a safe environment for boarding and disembarking that will not be affected by adverse weather conditions or in emergency.

According to the 12th Five Year Plan, China will carry out revamping and expansion projects at 101 airports and construct 70 new airports during the period from 2011 to 2015. With the ongoing development and improvement of airport facilities, the demand for passenger boarding bridge replacements is expected to increase in the coming years to 2015, while the installation of new passenger boarding bridges is set to decrease year-by-year.

Major players

With the growing sophistication of the manufacturing technologies for boarding bridge equipment, CIMC Tianda, ThyssenKrupp AG and JBT Corporation together account for 90% of the global market share in terms of sales in 2011, while the remaining regional markets are dominated by Hyundai Heavy Industries Co., Ltd. of Korea, ShinMaywa Industries, Ltd. of Japan and PT Bukaka Teknik Utama of Indonesia. At present, the market share of the three oligopoly market leaders are very close to each other in terms of product quality and technological levels. By comparison, in 2011, CIMC Tianda claims 35% market share of the international market by its ability to accurately address customers' requirements, provide flexible design solutions and offer relatively competitive prices. Its major customers are mainly airports in the PRC and Europe. ThyssenKrupp AG also has a 35% market share, covering mainly airports in Europe and emerging markets. JBT Corporation, the third largest manufacturer of boarding bridge equipment, accounts for a 20% market share and its principal customers are mainly located in the United States.

Breakdown of global market shares for boarding bridge in terms of sales in 2011



Source: CCID Consulting

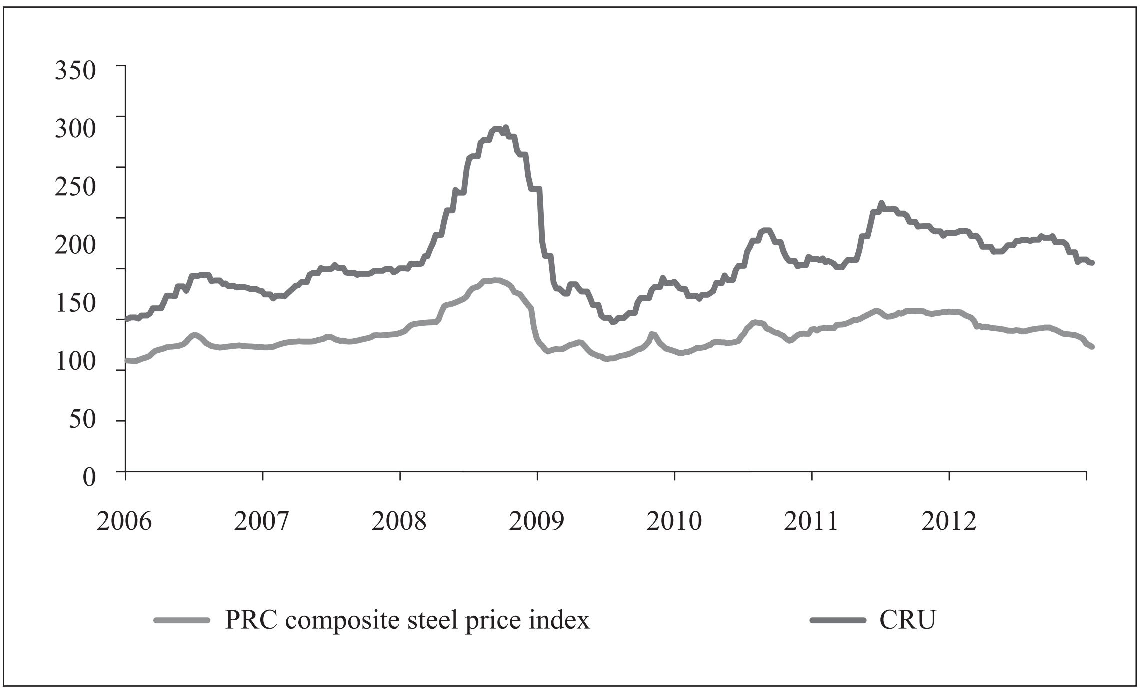
Development trends

In 2011, total fixed asset investments in the airport system was RMB49.54 billion, with an increase of 12.2% over the previous year. There were 19 key construction projects. Based on statistics generated from "12th Five Year Plan" schedules published by various provincial governments, 49 new airport construction projects are expected to be launched from 2011 to 2015. With the construction of new airports and expansion of existing ones, the demand for airport facilities is expected to increase.

PRICES OF MAJOR RAW MATERIALS

Manufacturers of heavy equipment typically require steel and various components as raw materials. The steel prices are relatively stable in the global steel market, including the PRC steel market. As equipment manufacturers generally require a higher level of steel consumption and present a huge demand for steel products, they enjoy stronger bargaining powers against upstream steel suppliers. The following chart sets out the international steel price index (CRU) and the PRC composite steel price index from 2006 to August 2012.

International steel price index (CRU) and the PRC composite steel price index from 2006 to August 2012



Source: China Iron and Steel Association

GENERAL

The principal operations of the Company include container production and manufacturing; the production and manufacturing of transportation vehicles and special vehicles; general financing lease and finance operations; vessel design, manufacturing and maintenance; the research and development, design and construction of offshore engineering works; services relating to port loading/unloading and warehousing; energy, chemical and food equipment and services and offshore engineering equipment. All of the aforesaid operations must comply with national industry policies and pertinent laws and regulations and be subject to extensive government regulation. In addition, all of the Company's operations in the PRC are subject to relevant fees and taxes, as well as regulations in respect of quality, safety, environmental protection and foreign exchange which are not industry-specific.

CONTAINER PRODUCTION AND MANUFACTURING

Regulation for Monitoring Safety of Special Equipment (《特種設備安全監察條例》) and Special Equipment Catalogue (《特種設備目錄》)

In accordance with provisions of the Regulations for Monitoring Safety of Special Equipment (《特種設備安全監察條例》), entities to be engaged in the production (design, manufacturing, installation, conversion, maintenance), application and inspection/testing of special equipment listed in the Special Equipment Catalogue (《特種設備目錄》) are required to obtain the permission of national authorities for quality supervision, inspection and quarantine (namely the TS certification) before commencing such activities. According to the Special Equipment Catalogue (《特種設備目錄》), special equipment requiring TS certification shall include movable pressure containers (such as tank containers), etc. Production activities in violation of the aforesaid regulations will be banned by national authorities for quality supervision, inspection and quarantine, products illegally manufactured will be forfeited, orders will be given for restoration to the original state of conditions and a fine in the range of RMB100,000 to 500,000 will be imposed. Where legal offences are constituted, criminal prosecution under the law will be pursued.

Regulations of the People's Republic of China for the Administration of Production Permit for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》), National Product Catalogue for the Implementation of the System of Production Permit for Industrial Products (《國家實施工業產品生產許可證制度的產品目錄》) and Detailed Rules for the Implementation of Production Permits for Packaging Materials for Hazardous Chemicals and Container Products (《危險化學品包裝物、容器產品生產許可證實施細則》)

In accordance with provisions of the Regulations of the People's Republic of China for the Administration of Production Permit for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》), the PRC implements a system of production permit for the production of important industrial products. An enterprise who has not obtained the relevant production permits shall not be engaged in the production of products listed in the National Product Catalogue for the Implementation of the System of Production Permit for Industrial Products (《國家實施工業產品生產許可證制度的產品目錄》). No entities or individuals may sell or use in their business activities products that have been listed in the aforesaid catalogue but in respect of which production permits have not been obtained. According to the National Product Catalogue for the Implementation of the System of Production Permit for Industrial Products (《國家實施工業產品生產許可證制度的產品目錄》), important industrial products for which production permits are required prior to the commencement of their production include products that affect production safety and public safety, such as hazardous chemicals and their packaging materials and containers. An enterprise who commences production of products listed in the catalogue without obtaining the production permit as required shall be ordered by the competent authorities for production permits of industrial products. Products manufactured in violation of the law shall be forfeited. A fine of no less than the monetary equivalent of the value of products manufactured shall be imposed subject to a maximum of 300% of the same. Any illicit income shall be forfeited. Where offences in law are constituted, criminal prosecution under the law will be pursued.

In accordance with the Detailed Rules for the Implementation of Production Permits for Packaging Materials for Hazardous Chemicals and Container Products (《危險化學品包裝物、容器產品生產許可證實施細則》) in 2011, enterprises engaged in the manufacturing of products listed in such rules shall obtain production permits according to the law.

Administrative Measures for the Manufacturing of Boiler Pressure Containers (《鍋爐壓力容器製造監督管理辦法》)

It is stipulated in the Administrative Measures for the Manufacturing of Boiler Pressure Containers (《鍋爐壓力容器製造監督管理辦法》) that manufacturers of boiler pressure containers such as tanker vehicles or tube trailers (C2) and tank containers (C3) must have obtained the Boiler Pressure Container Manufacturing Permit of the People's Republic of China (中華人民共和國鍋爐壓力容器製造許可證) (the "Manufacturing Permit"). Products of enterprises which have not obtained the Manufacturing Permit are not allowed to be sold or used in the PRC.

Protocol for the Monitoring of Safety Technologies for Movable Pressure Containers (《移動式壓力容器安全技術監察規程》)

The protocol stipulates that the design, production and manufacturing of tank containers and bundled tube containers shall comply with pertinent requirements set out in such protocol.

PRODUCTION AND MANUFACTURING OF TRANSPORTATION VEHICLES AND SPECIAL TRANSPORTATION VEHICLE

Regulation for Monitoring Safety of Special Equipment (《特種設備安全監察條例》) and Special Equipment Catalogue (《特種設備目錄》)

In accordance with the Regulations for Monitoring Safety of Special Equipment (《特種設備安全監察條例》) and Special Equipment Catalogue (《特種設備目錄》), special equipment of which production requires TS certification shall include portal cranes for containers, harbour-side container cranes, front/sideward lifting cranes, straddle carriers for containers and mobile cranes of containers, etc.

Automotive Industry Development Policy (《汽車產業發展政策》)

The Automotive Industry Development Policy (《汽車產業發展政策》) promulgated on 21 May 2004 contains provisions pertinent to the PRC automotive industry that all road motor vehicle products that comply with the administrative rules on the entry and the relevant regulations, the compulsory requirements of technical specification as well as compulsory product certification shall be registered in the Announcement of Road Motor Vehicle Manufacturing Enterprises and Products (《道路機動車輛生產企業及產品公告》) (the "Announcement") jointed issued by the National Development and Reform Commission (Note: subsequently changed to the Ministry of Industry and Information Technology of the People's Republic of China in accordance with the Notice of the General Office of the State Council on Issuing the Provisions on the Main Functions, Internal Bodies and Staffing of the Ministry of Industry and Information Technology (《國務院辦公廳關於印發工業和信息化部主要職責內設機構和人員編制規定的通知》) and the General Administration of Quality Supervision, Inspection and Quarantine of the PRC. The products listed in the Announcement shall carry the PRC compulsory "3C" certification mark and the Traffic Police Department of Public Security Bureau may conduct vehicle registration in accordance with the Announcement and the PRC compulsory "3C" certification mark. In addition, the "Automotive Industry Development Policy" also set out specific requirements for the registered capital, product development capabilities and qualifications, investment size, gearing ratio, credit rating and minimum production capacity, etc for manufacturers of special vehicles, manufacturers of multiple types of vehicles, manufacturers of new automotive engines, new automotive production projects, new production facilities for heavy-duty trucks or passenger vehicles, etc in the PRC. In connection with joint ventures, the equity interests held by the PRC party to a Chinese-foreign joint venture manufacturer of complete vehicles, special vehicles, agricultural transportation vehicles and motorcycles shall not be less than 50%. In the event of the disposal of corporate shares by a listed joint stock company engaged in the manufacturing of complete vehicles, special vehicles, agricultural transportation vehicles and motorcycles, one of the PRC corporate shareholders must continue to hold a controlling stake and such stake must be larger than that of the sum of all foreign-invested corporate shares. Moreover, no foreign-invested companies (including their subsidiaries) may establish more than two equity joint ventures which are engaged in the production of the same type of complete vehicles (provided that the acquisition of other domestic automotive manufacturers in cooperation with its PRC joint venture partner is not subject to this restriction).

Administrative Rules on the Entry of Special Purpose Vehicle & Trailer Manufacturers and Products (《專用汽車和掛車生產企業及產品准入管理規則》)

In accordance with the Administrative Rules on the Entry of Special Purpose Vehicle & Trailer Manufacturers and Products (the "Rules on Special Purpose Vehicle") which became effective as of 1 July 2009, issued by the Ministry of Industry and Information Technology of the People's Republic of China, those enterprises who engaging in manufacture of special passenger vehicle, special truck, special motor vehicle, general purpose goods trailer, other trailer, special purpose motor vehicle, fire truck and chassis for special purpose motor vehicle shall satisfy the qualification requirements set out therein with a production license issued by the Ministry of Industry and Information Technology of the People's Republic of China. In addition, a product license for special vehicle produced by these enterprises shall be obtained from the Ministry of Industry and Information Technology of the People's Republic of China. Where manufacturers that have obtained an entry license before the promulgation of the Rule on Special Purpose Vehicle apply to the Ministry of Industry and Information Technology of the People's Republic of China for a change in registration due to the change in their basic information, they shall be appraised in accordance with the licensing conditions specified in the Rules on Special Purpose Vehicle and shall be suspended from applying for new products or entry licensing if they cannot satisfy such specific licensing conditions.

Announcement on Road Vehicle Production Enterprises and Products (《道路車輛生產企業及產品公告》) and Regulations for the Administration of Mandatory Product Certification (《強制性產品認證管理規定》)

To acquire the legal right and qualification for manufacturing and selling automobiles in accordance with the Automotive Industry Development Policy, all PRC automotive enterprises (including Chinese-foreign equity joint venture automotive companies) must apply to the Ministry of Industry and Information Technology of the People's Republic of China in order to possess the qualification in automotive manufacturing and for the model numbers of their automotive products to be registered in the Announcement on Vehicle Production Enterprises and Products (《車輛生產企業及產品公告》) published by the Ministry of Industry and Information Technology of the People's Republic of China from time to time. In order to be registered in the announcement, the model number and structure of an automobile must be in compliance with nationally approved safety and environmental standards, as well as tests on the technology standards and specifications of automobiles. By way of registration in the announcement, a manufacturer may legally produce and sell its registered automobiles.

In accordance with the Regulations for the Administration of Mandatory Product Certification (《強制性產品認證管理規定》) implemented by the General Administration of Quality Supervision, Inspection and Quarantine on 1 September 2009, automotive products (including imported automobiles) shall undergo mandatory certification (i.e. "3C certification") conducted by certification institutions designated by the State in accordance with nationally approved safety and technology standards. Only automotive products certified by certification institutions designated by the State with officially awarded PRC mandatory product certification may be marketed in and imported into the PRC.

Regulations for the Administration of the Recall of Defective Automotive Products (《缺陷汽車產品召回管理規定》)

The Regulations for the Administration of the Recall of Defective Automotive Products (《缺陷汽車產品召回管理規定》) jointly promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China, National Development and Reform Commission, Ministry of Commerce and General Administration of Customs of the People's Republic of China on 12 March 2004 came into effect in the PRC on 1 October 2004. The automotive industry was the first industry in the PRC to adopt a system for the recall of defective products. In accordance with the Regulations for the Administration of the Recall of Defective Automotive Products (《缺陷汽車產品召回管理規定》), manufacturers (importers) of automotive products are required to fulfill the obligation of recall in respect of defective automotive products manufactured or imported by them. The regulations have provided for specific procedures for voluntary and compulsory recall, as well as special requirements for the reporting, inspection and confirmation of defects of the automobiles. Manufacturers who wilfully cover up the seriousness of defects, attempt to circumvent supervision of competent authorities by resorting to the proactive recall procedures for defective automobiles under the regulations or are at fault for failing to achieve the intended purposes of any recall of defective product and who cause damage to occur again shall be subject to a fine of RMB30,000 at the maximum.

Administrative Measures for the Manufacturing of Boiler Pressure Containers (《鍋爐壓力容器製造監督管理辦法》)

It is stipulated under these measures that manufacturers of "tanker vehicles or tube trailers" must have obtained the Boiler Pressure Container Manufacturing Permit of the People's Republic of China (中華人民共和國鍋爐壓力容器製造許可證) (the "Manufacturing Permit"). Products of enterprises which have not obtained the Manufacturing Permit are not allowed to be sold or used in the PRC.

Protocol for the Monitoring of Safety Technologies for Movable Pressure Containers (《移動式壓力容器安全技術監察規程》)

The Protocol for the Monitoring of Safety Technologies for Movable Pressure Containers (《移動式壓力容器安全技術監察規程》) promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China on 15 November 2011 is based on the Protocol for the Monitoring of Safety Technologies for Tanks of Liquefied Gas Vehicles (《液化氣體汽車罐車安全監察規程》) and incorporates safety technology requirements and stipulations for movable pressure containers previously set out in set out the 1999 Protocol for the Monitoring of Safety Technologies for Pressure Containers (《壓力容器安全技術監察規程》), as well as railway tankers, tube trailers, tank containers and bundled tube containers. It stipulates that the design, production and manufacturing of the relevant special vehicles shall comply with pertinent requirements set out in such protocol.

THE ENERGY, CHEMICAL AND FOOD EQUIPMENT SECTOR

Regulations for Monitoring Safety of Special Equipment (《特種設備安全監察條例》) and Special Equipment Catalogue (《特種設備目錄》)

In accordance with the Regulations for Monitoring Safety of Special Equipment (《特種設備安全監察條例》) and Special Equipment Catalogue (《特種設備目錄》), special equipment of which production requires TS certification shall include reactors, heat exchangers, air compressors, vehicle brake systems, warehousing and materials transportation systems.

Regulations for the Administration of Construction Work Prospecting and Design (《建設工程勘察設計管理條例》) and Regulation for the Administration of Qualifications for Construction Work Prospecting and Design (《建設工程勘察設計資質管理規定》)

In accordance with the Regulations for the Administration of Construction Work Prospecting and Design (《建設工程勘察設計管理條例》) and Regulation for the Administration of Qualifications for Construction Work Prospecting and Design (《建設工程勘察設計資質管理規定》), entities engaged in the prospecting and design of construction works such as gas refill stations, LNG terminals/plants/application works, etc shall have obtained qualification certificates for construction work prospecting and construction work design before commencing activities in construction work prospecting and construction work design, which activities should be within the scope permitted by the qualification certificate. Profession technical personnel engaged in activities in construction work prospecting and construction work design shall be subject to a system of registration of practice qualifications. Unregistered personnel engaged in construction work prospecting and design activities shall not carry out such activities in the name of a registered practitioner. Entities who undertake work projects without obtaining qualification certificates shall be banned by competent authorities for the administration of construction activities, and a fine ranging from 100% to 200% of the prospecting fees and design fees stipulated by the contract shall be imposed. Illegally generated income shall be forfeited. Unauthorised construction work prospecting and design activities carried out by unregistered construction work prospecting and design personnel in the name of registered personnel shall be ordered by competent authorities for the administration of construction activities to terminate such illegal acts. Illegally generated income shall be forfeited and a fine ranging from 200% to 500% of the amount of illegally generated income shall be imposed. If other parties suffer losses as a result of such illegal acts, the offenders shall be liable for compensation according to the law.

Qualification Standards for Project Work Designs (《工程設計資質標準》)

Entities engaged in the design of gas refill stations, LNG terminals/plants/application works must have fulfilled the qualification standards stipulated under Qualification Standards for Project Work Designs (《工程設計資質標準》). Such standards have also laid down similar qualification requirements for the petroleum and natural gas industries as well as requirements for the deployment and size division of principal professional technical personnel.

Regulations for the Administration and Monitoring of Safety Matters relating to Pressure Pipes (《壓力管道安全管理與監察規定》), Measures for Registration and Administration of Safety Matters for Manufacturers of Pressure Pipe Components (《壓力管道元件製造單位安全註冊與管理辦法》) and Rules for the Permission of Installation, Conversion and Maintenance of Pressure Containers (《壓力容器安裝改造維修許可規則》)

The manufacturing and installation of gas refill stations, LNG terminals/plants/application works shall comply with the provisions relating to safety monitoring in laws, regulations and policies such as the Regulations for the Administration and Monitoring of Safety Matters relating to Pressure Pipes (《壓力管道安全管理與監察規定》), Measures for Registration and Administration of Safety Matters for Manufacturers of Pressure Pipe Components (《壓力管道元件製造單位安全註冊與管理辦法》) and Rules for the Permission of Installation, Conversion and Maintenance of Pressure Containers (《壓力容器安裝改造維修許可規則》). The organisation for the monitoring of safety matters relating to boilers and pressure containers under the Ministry of Labour shall be responsible for safety monitoring of pressure pipes nationwide. Organisations for the monitoring of safety matters relating to boilers and pressure containers under authorities for the administration of labour affairs at county level or above shall be responsible for safety monitoring of pressure pipes in the relevant administrative regions.

Regulations for the Supervision and Administration of Civil Nuclear Safety Equipment (《民用核安全設備監督管理條例》), Notice of the National Nuclear Safety Administration on Pertinent Requirements of the 'Regulations for the Supervision and Administration of Civil Nuclear Safety Equipment' and Their Supplementary Rules (Guo He An Han [2008] N0. 89) (《國家核安全局關於執行〈民用核安全設備監督管理條例〉及其配套規章有關要求的通知 (國核安函 [2008] 89號)》) and Notice on the Further Clarification of Requirements pertaining to Track Records of the 'Regulations for the Supervision and Administration of Civil Nuclear Safety Equipment' and Their Supplementary Rules (Guo He An Han [2011] N0. 118) (《關於進一步明確〈民用核安全設備監督管理條例〉及其配套規章有關業績方面要求的通知》(國核安函 [2011] 118號))

In accordance with the provisions of Regulations for the Supervision and Administration of Civil Nuclear Safety Equipment (《民用核安全設備監督管理條例》) in effect since 1 January 2008, the design, fabrication, installation and damage-free inspection of equipment for the operation of nuclear safety functions applied in civil nuclear facilities (including nuclear safety machinery equipment and nuclear safety electrical equipment, the specific scope of which shall be stipulated in the Civil Nuclear Safety Equipment Catalogue (《民用核安全設備目錄》, hereafter referred as the "nuclear safety equipment"), and the activities of the operating units of nuclear safety equipment therein, shall be in compliance with pertinent provisions of the said Regulations and relevant national industrial. Based on the said Regulations, the undertakings of design, fabrication, installation and damage-free inspection of civil nuclear safety equipment shall be in accordance with the various levels of standards. A unit undertaking design, fabrication, installation and damage-free inspection of civil nuclear safety equipment shall fulfill the provided requirements and then apply for a permit. A unit obtaining such permit shall apply for the change of the permit once the information stated in the permit changes, and shall strictly undertake relevant activities within the categories and scopes stated in the permit. The said Regulations also provide the detailed requirements in the process of design, fabrication, installation and damage-free inspection of civil nuclear safety equipment, including the requirements that the units engaged in design, fabrication, installation of civil nuclear safety equipment need to file relevant documents with the regulatory authorities in prior to the commencement of relevant activities, and the requirements for the units to annually assess their activities and submit the annual accessment report to the regulatory authorities. The operating units of civil nuclear safety equipment should comply with the requirements provided in the said Regulations, to examine, test, inspect and maintain the civil nuclear safety equipment in service and to supervise and check the units they engage to undertake design, fabrication, installation and damage-free inspection of their civil nuclear safety equipment. Furthermore, the regulation require the relevant units shall assume full responsibility for their design, fabrication, installation and damage-free inspection activities of civil nuclear safety equipment and the key process designated by the nuclear safety regulatory authorities under the State Council shall not be contracted out to other manufacturers.

A unit in violation of the Regulations shall be subject to fines, orders for rectification or temporary suspension of license (as the case may require) in accordance with the said Regulations. A unit that has its license suspended are not allowed to re-apply for a new license until a period of one year has lapsed from the date of suspension.

GROUP FINANCE COMPANIES AND FINANCING LEASES

Measures for the Implementation of Matters relating to Administrative Permission for Non-banking Financial Institutions (《非銀行金融機構行政許可事項實施辦法》)

In accordance with provisions pertaining to the establishment of finance legal person entities by an enterprise group contained in the Measures for the Implementation of Matters relating to Administrative Permission for Non-banking Financial Institutions (《非銀行金融機構行政許可事項實施辦法》) promulgated and enacted in 2007, the capital contributor of the finance company shall primarily be a member company of the enterprise group. Meanwhile, the establishment of a finance company shall fulfill certain conditions set out in the Measures.

Measures for the Administration of Enterprise Group Finance Company (《企業集團財務公司管理辦法》)

In accordance with provisions of the Measures for the Administration of Enterprise Group Finance Company (《企業集團財務公司管理辦法》) revised by The China Banking Regulatory Commission in 2006, the minimum registered capital for setting up a finance company shall be RMB100 million. The registered capital of a finance company engaged in foreign exchange business shall include a minimum of US$5 million or equivalent as freely convertible currencies. The China Banking Regulatory Commission may adjust the minimum requirement of registered capital of a finance company in accordance with the requirements of its company development and for the purpose of prudent regulation. A finance company's registered capital shall principally be raised from member companies. It may also absorb shares of qualified institutional investors other than member companies. The China Banking Regulatory Commission shall issue a Financial Permit and make an announcement of the commencement application of a finance company following its approval of the same. With the Financial Permit, the finance company shall complete registration with the industry and commerce administration authorities and obtain an Enterprise Legal Person Business Licence before business commencement.

Law on the People's Bank of China of the People's Republic of China (《中華人民共和國中國人民銀行法》), Notice of the People's Bank of China on the Implementation of the System of Differentiated Reserves (《中國人民銀行關於實行差別存款準備金率制度的通知》) and Notice of the People's Bank of China on Strengthening the Administration of Deposit Reserves (《中國人民銀行關於加強存款準備金管理的通知》)

In accordance with the Law on the People's Bank of China of the People's Republic of China (《中華人民共和國中國人民銀行法》), the People's Bank of China has the right to conduct inspection and supervision of financial institutions such as group finance companies and other entities and individuals over their acts of implementation of regulations regarding deposit reserves, foreign exchange administration and anti-money laundering.

According to the Notice of the People's Bank of China on the Implementation of the System of Differentiated Deposit Reserves (《中國人民銀行關於實行差別存款準備金率制度的通知》), the deposit reserve rate applicable to a financial institution is linked to its capital adequacy ratio and asset quality.

In accordance with the Notice of the People's Bank of China on Strengthening the Administration of Deposit Reserves (《中國人民銀行關於加強存款準備金管理的通知》), the utilisation of statutory deposit reserves by a financial institution must be approved by the People's Bank of China, and no other entities or individuals shall have the right to approve and intervene. The People's Bank of China shall impose by law punishment against irregular acts of financial institutions in their implementation of the deposit reserve policy.

Provisional Measures for the Administration of the Acceptance, Discounting and Rediscounting of Commercial Notes (《商業匯票承兑、貼現與再貼現管理暫行辦法》)

In accordance with Provisional Measures for the Administration of the Acceptance, Discounting and Rediscounting of Commercial Remittance (《商業匯票承兑、貼現與再貼現管理暫行辦法》) promulgated by the People's Bank of China, the acceptance, discounting, forward-discounting and rediscounting of commercial notes shall be based on genuine and legal commodity transaction; the activities of accepting, discounting, forward-discounting and rediscounting commercial notes shall be conducted on the principle of equality, voluntary transaction, fairness and good faith; any rediscounting activities shall be conducive to the fulfillment of monetary policy objectives; non-banking financial institutions, bank branches or sub-branches that do not have any delegation to grant loans or are not delegated or sub-delegated by banks of a superior level shall not offer any commercial note acceptance services, any rediscounting conducted by non-banking financial institutions shall require the approval of the headquarters of the People's Bank of China.

Regulations for the Administration of RMB Interest Rate (《人民幣利率管理規定》)

In accordance with the Regulations for the Administration of RMB Interest Rate (《人民幣利率管理規定》), financial institutions shall determine floating interest rates, interest rate for internal fund transfers, interbank offered rates, discounted interest rates and forward-discounted interest rates in accordance with pertinent provisions of the People's Bank of China, as well as other interest rates determined with the permission of the People's Bank of China. Punishments shall be imposed by the People's Bank of China in accordance with pertinent laws and regulations upon financial institutions who have violated interest rate regulations by conducting unauthorised hikes or reductions of deposit and/or loan interest rates, disguised hikes or reductions of deposit and/or loan interest rate and bond issues at unauthorised or disguised high interest rates, etc, depending on details of the offence and the seriousness of the consequences.

Measures for the Administration of Foreign-invested Lease Businesses (《外商投資租賃業管理辦法》)

In accordance with the Measures for the Administration of Foreign-invested Lease Businesses (《外商投資租賃業管理辦法》) that came into effect in 2005, a foreign-invested finance lease company shall have a minimum registered capital of US$10 million, and the total assets of the foreign investor thereof shall not be less than US$5 million. The term of operation of a foreign-invested finance lease company in the form of a limited liability company shall not be more than 30 years. The measures require the company to hire appropriate professionals, including senior management personnel that possess relevant professional qualifications with no less than 3 years' experience in the business. A foreign-invested finance lease company shall operate in accordance with the business scope stipulated under the measures, namely it may conduct the finance lease business, lease business, purchase of lease assets in the PRC and elsewhere, residual value processing and maintenance of leased property and consultation/guarantee in respect of lease transactions.

DESIGN, MANUFACTURING AND MAINTENANCE OF VESSELS; RESEARCH AND DEVELOPMENT, DESIGN AND CONSTRUCTION OF OFFSHORE ENGINEERING; LOADING/UNLOADING, WAREHOUSING AND OTHER RELATED PORT SERVICES

Port Law of the People's Republic of China (《中華人民共和國港口法》) and Rules for the Administration of Port Operation (《港口經營管理規定》)

In accordance with the Port Law of the People's Republic of China (《中華人民共和國港口法》) passed by the Standing Committee of the National People's Congress on 28 June 2003 and in effect since

1 January 2004, and the Rules for the Administration of Port Operation (《港口經營管理規定》) passed by the Ministry of Transport of the PRC on 29 October 2009 and in effect since 1 March 2010, a "Port Operation Permit" issued by the port administration authorities shall be obtained in accordance with the law prior to the conduct of port operations (including the provision of cargo loading/unloading (including transshipment), warehousing, intra-port barge transport, container stacking, container dismantling and assembly, and simple processing of cargo and its packaging). The conduct of port operation without a legally obtained port operation permit shall be ordered by the port administration authorities to be suspended and illegally generated income shall be forfeited. Where illegally generated income amounts to over RMB100,000, a fine ranging from 200% to 500% of the amount of illegally generated income shall be imposed. Where illegally generated income amounts to less than RMB100,000, a fine ranging from RMB50,000 to 200,000 shall be imposed.

Measures for the Approval and Administration of Port Waterfront Usage (《港口岸線使用審批管理辦法》)

In accordance with the Measures for the Approval and Administration of Port Waterfront Usage (《港口岸線使用審批管理辦法》) promulgated by the Ministry of Transport and NDRC on 22 May 2012 and enacted on 1 July 2012, construction projects utilising the port waterfront shall file an application for port waterfront utilisation with the port administration authorities of the locality where the port is situated in accordance with the law and obtain the approvals of relevant government authorities. A construction project which has received approval for the use of deepwater port waterfront shall present the approval documents for port waterfront utilisation as well as documents giving approvals and permissions to the construction project to the transport authorities within 10 working days after such approval and permission documents for the construction project are obtained, so as to collect a port waterfront usage permit from the transport authorities. In the event of a change in the actual user of the waterfront as a result of the renaming of an enterprise or the transfer of controlling equity interests, or a change in the approved usage of the waterfront, approval of the original approving authorities shall be sought in accordance with procedures stipulated in the measures.

Administrative Regulations for the Prevention of Pollution and Damage of Marine Environment by Offshore Engineering Construction Projects (《防治海洋工程建設項目污染損害海洋環境管理條例》)

In accordance with the Administrative Regulations for the Prevention of Pollution and Damage of Marine Environment by Offshore Engineering Construction Projects (《防治海洋工程建設項目污染損害海洋環境管理條例》) promulgated on 1 November 2006, the said regulations shall apply to works to prevent pollution and damage of marine environment by offshore engineering construction projects in the sea areas of the People's Republic of China. According to the said regulations, offshore engineering includes new construction, conversion and expansion projects aimed at the development, use, protection and recovery of marine resources and the main body of which is located on the seaward side along the coastal line, such as the exploration and development of marine mineral resources and its auxiliary works. The fixed platforms, movable platforms, floating oil storage units, oil transmission pipelines and other ancillary facilities used in the exploration and development of marine oil and gas mineral resources shall comply with requirements relating to the prevention of seeping, leakage and corrosion.

Units in charge of the new construction, conversion and expansion of offshore engineering projects shall appoint units with relevant qualifications in environmental impact assessment to prepare an environmental impact report and submit the same to the competent marine authorities for approval. At the same time, the construction unit shall not dismantle or render idle the environmental protection facilities for offshore engineering projects without approval.

Regulations of the People's Republic of China for the Inspection of Vessels and Marine Facilities (《中華人民共和國船舶和海上設施檢驗條例》)

In accordance with the Regulations of the People's Republic of China for the Inspection of Vessels and Marine Facilities (《中華人民共和國船舶和海上設施檢驗條例》) promulgated on 14 February 1993, marine facilities installed or to be installed within the sea areas of the People's Republic of China shall be in compliance with the said regulations. Marine facilities include various types of fixed or floating structures, installations and fixed platforms above and under the water. Application for construction inspection shall be made for the construction and conversion of marine facilities. Personnel concerned shall be held responsible for violation of the said provisions and acquisition of inspection certificates by fraudulent means.

Regulations for the Domestic Vessel Management Industry (《國內船舶管理業規定》)

In accordance with the Regulations for the Domestic Vessel Management Industry (《國內船舶管理業規定》) promulgated by the Ministry of Transport of the People's Republic of China on 4 July 2001 and revised on 5 January 2009, vessel management operators who provide engine management, marine management, overhaul, maintenance trading, lease, operation and asset management in respect of vessels and other vessel management services to vessel owners or vessel lessee shall apply to the transport authorities under the people's government of its locality for the operation of relevant domestic vessel management businesses by submitting relevant materials. If deemed compliant by the competent transport authorities under the provincial people's government, the applicant shall be issued a "Marine Transport Service Permit." Vessel management operators who operate vessel management businesses without approval, operate vessel management businesses beyond approved scopes or restrict the rights of other parties to choose other vessel management operators for the provision of vessel management services against the will of such parties shall be liable to pay a fine equivalent to 300% of their illegally generated income or less, if any, subject to a maximum of RMB30,000. If there is no illegally generate income, a fine at a maximum of RMB10,000 shall be imposed.

Law of the People's Republic of China on the Management of Sea Area Use (《中華人民共和國海域使用管理法》)

In accordance with the Law of the People's Republic of China on the Management of Sea Area Use (《中華人民共和國海域使用管理法》), entities and individuals who require to use the sea areas for construction works such as the construction of shipbuilding dockyards shall file an application for usage of sea areas to competent authorities for the administration of offshore matters under the people's government at county level or above neighbouring such sea areas in accordance with the law. The right to use sea areas shall be obtained following approval by the people's government who owns the authority of approval and the issuance of the certificate of right to use sea areas. Where there are cases of illegal occupation of sea areas against such law, without approval or upon approval obtained through deceptive means, the competent authorities for the administration of offshore matters shall order the vacation of illegally occupied sea areas, restoration of the original state of conditions, disgorgement of illegally generated income and a fine in the range of 500% to 1500% of the sea areas usage fee payable for period of illegal occupation in respect of the area of illegally occupied sea areas. Parties who carry out fence-off or reclamation at the sea areas without approval or upon approval obtained through deceptive means shall be subject to a fine in the range of 1000% to 2000% of the sea areas usage fee payable for period of illegal occupation in respect of the area of illegally occupied sea areas.

Basic Requirements and Assessment Method for the Production Means of Vessel Manufacturers (《船舶生產企業生產條件基本要求及評價方法》)

The Basic Requirements and Assessment Method for the Production Means of Vessel Manufacturers (《船舶生產企業生產條件基本要求及評價方法》) (the "Standards") promulgated by the Commission of Science, Technology and Industry for National Defense on 23 March 2007 have provided for the basic requirements and assessment method for the production means of enterprises engaged in vessel production (including construction and conversion) in the People's Republic of China. In accordance with Clause 7.4 of such Standards, the minimum registered capital of various classes of vessel manufacturers shall comply with corresponding standards. Moreover, in accordance with Clause 8.2.1 of the Standards, vessel manufacturers of various classes shall each obtain a certificate of quality assurance system compatible with their respective classes. In accordance with Clause 8.15, the discharge or disposal of waste water, refuse and waste materials by vessel manufacturers of various classes shall be in compliance with pertinent national regulations. Plants and facilities shall be in compliance with pertinent national regulations on the administration of safety and fire prevention matters. The operation of special equipment shall fulfill pertinent national regulations on the administration of special equipment.

SALES OF SCRAP METAL

Administrative Measures for the Proper Order of the Scrap Metal Acquisition Industry (《廢舊金屬收購業治安管理辦法》)

In accordance with the provisions of the Measures for the Proper Administration of Scrap Metal (《廢舊金屬收購業治安管理辦法》) promulgated on 25 January 1994, scrap metal includes productive scrap metal and non-productive scrap metal. In accordance with pertinent provisions of the State Council, productive scrap metal shall be acquired by enterprises authorised to operate the business of the acquisition of productive scrap metal. Such enterprises shall hold the special industry permit issued by public security authorities under the county-level people's governments of the locality where they operate.

Therefore, a company engaged in the sales of scrap metal shall not dispose of productive scrap metal to other units or individuals, such as other enterprises and individual business operators engaged in the acquisition of scrap metal.

Administrative Measures for the Recovery of Recyclable Resources (《再生資源回收管理辦法》)

In accordance with the provisions of the Administrative Measures for the Recovery of Recyclable Resources (《再生資源回收管理辦法》) promulgated on 1 May 2007, scrap metal is a form of recyclable resources and the State encourages all industries in the society and residents of cities and rural areas to stock recyclable resources and sell them to the government.

Productive enterprises shall sell productive scrap metal to the government by entering into acquisition contracts with enterprises engaged in the recovery of recyclable resources. The name, quantity, specification, batch order of recovery and settlement method of the productive scrap metal to be recovered shall be stipulated in the acquisition contracts. Enterprises engaged in the recovery of recyclable resources shall register correct details, including the name, quantity, specification and extent of wear, of the productive scrap metal when collecting them.

If the seller is a unit, the proof furnished by the selling unit shall be examined and inspected, and the name of the selling unit, the name, address, identity card number of the person in charge shall be correctly registered; if the seller is an individual, the name, address, identity card of the seller shall be correctly registered. The registration information shall be kept for a period of not less than two years. Violations of the aforesaid provisions shall be subject to punishment by relevant competent authorities.

OTHERS

Laws and regulations pertaining to the manufacturing of special airport equipment

In accordance with the Law on Civil Aviation of the People's Republic of China (《中華人民共和國民用航空法》), the State Council Decision on the Establishment of Administrative Permission for Administrative Approval Projects Genuinely Required to be Retained (《國務院對確需保留的行政審批項目設定行政許可的決定》) and Regulations for the Administration of the Use of Special Equipment at Civil Airports (《民用機場專用設備使用管理規定》), a usage permit system of administration shall be adopted for specialised airport equipment listed in the appendix to the Regulations for the Administration of the Use of Special Equipment at Civil Airports (《民用機場專用設備使用管理規定》). The General Administration of Civil Aviation shall be responsible for the grant of permission for use of special equipment and ongoing supervision and administration management, while local civil aviation administrative bureaus shall be responsible for the supervision and administration special equipment in use in districts under their jurisdiction. The permit of special equipment usage shall be valid for a period of eight years. Special equipment in respect of which a permit of use has not been obtained shall not be used in operations of ground protection of aircraft and aviation freight services, etc.

Laws and regulations pertaining to real estate development

In accordance with pertinent provisions of the Regulations for the Administration of Urban Real Estate Development and Operation (《城市房地產開發經營管理條例》) and Regulations for the Administration of Qualifications of Real Estate Development Enterprises (《房地產開發企業資質管理規定》), a real estate development enterprise must apply for an approved enterprise qualification rating and undertake real estate development projects corresponding to such approved qualification rating. Enterprises which have not yet obtained real estate qualification rating certificates shall not be engaged in any real estate development operations. Enterprises that are engaged in real estate development operation without having obtained the real estate qualification rating certificate or to an extent beyond that permitted under its qualification rating in violation of the aforesaid provisions shall be ordered by the competent authorities for real estate development under the people's government at country level or above to rectify within a given period and be subject to a fine in the range of RMB50,000 to RMB100,000. Those who fail to rectify within the given period are liable to have their business licence suspended by authorities for the administration of industry and commerce upon.

Under the Provisional Regulations of the People's Republic of China for the Assignment and Transfer of State-owned Land in Cities and Townships (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) promulgated by the State Council on 19 May 1990, a system for the assignment and transfer of State-owned land in cities and townships is being implemented in the PRC. As a land user, a real estate development enterprise must pay a land premium to the State before acquiring land use rights for a designated period. During such period of use, the land user may subject the land to utilisation, lease, security or other commercial applications. In accordance with the Law of the People's Republic of China for the Administration of Urban Real Estates and other pertinent laws and regulations, a land user may acquire the land use rights of a land site by entering into a land transfer contract in respect of such land site with the land administration authorities under the municipal or county people's governments, and the land user must pay a land premium in accordance with the provisions of such contract for the transfer of land use rights. Upon full payment of the land premium, the land user may apply to the competent authorities for land administration for registration and acquire the land use rights by obtaining a certificate of land use rights.

Laws and regulations pertaining to environmental protection

In accordance with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), entities that may cause pollution to the environment shall formulate appropriate measures to prevent polluting and endangering the environment in the course of their production and construction activities, and shall also report and register pollutants discharged.

In accordance with the Law of the People's Republic of China for the Prevention of Water Pollution (《中華人民共和國水污染防治法》) and Detailed Implementation Measures for the Law of the People's Republic of China for the Prevention of Water Pollution (《中華人民共和國水污染防治法實施細則》), enterprises and organisations discharging pollutants to water bodies shall obtain a discharge permit in accordance with regulations and a discharge fee shall be payable. In the event of pollutant discharge in excess of discharge standards stipulated by national or local authorities, the competent environmental protection authorities shall order the rectification of such excess within a given period and the payment of a fine in accordance with applicable laws and regulations.

In accordance with the Law of the People's Republic of China on the Prevention of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), entities that discharge pollutants into the atmosphere must report to competent authorities for the administration of environmental protection of the relevant locality in accordance with the provisions of competent authorities for the administration of environment under the State Council: the pollutant discharge facilities and treatment facilities owned, the types, quantity and density of discharge pollutants under normal operating conditions and relevant technical information on the prevention of atmospheric pollution. In the event that atmospheric pollution and harmful effects to human health have resulted or might result from the emission and leakage of toxic and hazardous gases and radioactive substances in accidents or other contingency situations of a company, such company must adopt contingency measures immediately to prevent the jeopardy of atmospheric pollution, notify groups and residents that might be subject to the jeopardy of atmospheric pollution and report to the local competent authorities for the administration of environmental protection and subject itself to the inspection and actions of the latter.

In accordance with the Law on the Prevention of Environmental Pollution by Solid Wastes of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》), entities generating solid wastes shall adopt measures to prevent or reduce pollution of the environment by solid wastes.

In accordance with the Law on the Prevention of Environmental Noise Pollution of the People's Republic of China (《中華人民共和國環境噪聲污染防治法》), industries and enterprises generating noise pollution shall adopt effective measures to alleviate the impact of noise on the surrounding environment.

In accordance with the Law on Energy Conservation of the People's Republic of China (《中華人民共和國節約能源法》), the State adopts an elimination system in respect of usable products, equipment and production processes that command an excessively high level of energy consumption.

In accordance with the Law on Offshore Environmental Protection of the People's Republic of China (《中華人民共和國海洋環境保護法》), vessels and offshore engineering works are required to comply with offshore functional division, offshore environmental protection planning and pertinent national environmental protection standards regarding offshore environmental protection. During the stage of feasibility study, an offshore environmental impact report shall be prepared and submitted to the competent authorities for the administration of offshore matters for approval as well as filed with the competent authorities for the administration of environmental protection. Its environmental protection facilities must be designed, constructed and commissioned simultaneously with the subject project.

Materials containing radioactive substance in excess of stipulated standards or liable to emancipate toxic and hazardous substances are prohibited.

In accordance with regulations such as the Regulations of the People's Republic of China for the Administration of Offshore Dumping (《中華人民共和國海洋傾廢管理條例》), Implementation Measures of the Regulations of the People's Republic of China for the Administration of Offshore Dumping (《中華人民共和國海洋傾廢管理條例實施辦法》) and Administrative Measures for the Authorised Issuance of Offshore Waste Dumping Permits (《委託簽發廢棄物海洋傾倒許可證管理辦法》), any entities who need to dump waste materials into the ocean must submit an application to the competent authorities in advance to obtain a waste dumping permit issued by the competent authorities (the competent authorities for offshore waste dumping being the State Oceanic Administration of the People's Republic of China and its outposts). Acts of offshore waste dumping without approval shall be subject to a fine by the competent authorities in the range of RMB20,000 to RMB100,000.

In addition, the Ministry of Environmental Protection shall issue circulars from time to time to announce latest regulatory emission standards. Automotive manufacturers shall not produce or register any automotive models or products that do not comply with such regulatory emission standards. The National Phase Four Pollutant Emission Standards for Motor Vehicles (National Standards IV) (國家第四階段機動車污染物排放標準(國四排放標準)) were first adopted in Beijing in 2008. Currently, substantially all PRC cities have started to implement National Standards IV to impose restrictions on the emission of exhaust gas.

Laws and regulations pertaining to labour protection

In accordance with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), an employer unit shall develop and improve its rules and regulations according to the law to assure entitlement to labour rights and fulfillment of labour obligations by its workers. An employer unit must develop and improve its labour safety and health system, stringently implement national protocol and standards on labour safety and health, conduct labour safety and health education for workers, prevent the occurrence of labour accidents and reduce occupational hazards. Labour safety and health facilities must comply with relevant national standards. An employer unit must provide to workers necessary labour protection gear that complies with labour safety and health conditions stipulated under national regulations, as well as provide regular health checks for workers that are engaged in operations with occupationally hazards. Labour engaged in special operations must have received specialised training and obtained qualifications for manning specialised operations. An employer unit shall develop a vocational training system. Vocational training funds shall be set aside and applied in accordance with national regulations and vocational training for workers shall be carried out systematically based on the actual conditions of the company.

The Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) enacted on 1 January 2008 provides regulation over both parties to a labour contract, namely the employer and the employee, and contains specific provisions involving the terms of a labour contract. It is stipulated under the Labour Contract Law that a labour contract must be made in writing. An employer and a worker may enter into a fixed-term labour contract, a labour contract with an indefinite term or a labour contract that concludes upon the completion of certain works assignments, after reaching agreement upon due negotiations. An employer may terminate a labour contract and dismiss its employee in accordance with the law after reaching agreement upon due negotiations with the worker or fulfilling the statutory conditions for doing so. In accordance with the said law, labour contracts entered into in a lawful manner prior to the enactment of the said law and subsisting on the date the said law came into effect shall continue to be honoured. In respect of a labour relationship established prior to the enactment of the said law and for which no labour contract in writing has been made, such labour contract in writing shall be entered into within one month from the date of the enactment of the said law.

In accordance with the Provisional Regulations for the Collection and Payment of Social Insurance Premium (《社會保險費徵繳暫行條例》), Regulations for Work Injury Insurance (《工傷保險條例》), Regulations for Unemployment Insurance (《失業保險條例》) and Trial Measures for Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), enterprises in the PRC shall provide benefit schemes for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, and basic medical insurance. An enterprise must provide social insurance by processing social insurance registration with local social insurance agencies, and shall pay or withhold relevant social insurance premium for or on behalf of employees. The "Social Insurance Law of the People's Republic of China" promulgated on 28 October 2010 has consolidated pertinent provisions for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, and has elaborated in greater detail the obligations and legal liabilities of employer units who do not comply with pertinent laws and regulations on social insurance.

In accordance with the Regulations for the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated on 3 April 1999 and revised on 24 March 2002, housing provident fund contributions paid up in deposit by an individual employee and housing provident fund contributions paid up in deposit by his or her employer unit shall belong to the individual employee. Housing provident fund contributions paid up in deposit by individual employees shall be withheld and paid up from their wages each month by the employer unit on their behalf. The employer unit shall pay up and deposit housing provident fund contributions in full in a timely manner. Late or insufficient payments shall be prohibited. The employer unit shall process housing provident fund payment and deposit registration with the housing provident fund administration centre and, following due examination by the housing provident fund administration centre, open an employee housing provident fund account with an appointed bank. Each employee may only have one housing provident fund account. The housing provident fund administration centre shall open a special housing provident fund account with the appointed bank, and shall establish a ledger of employee housing provident fund to record the payment, deposit and withdrawal of individual employee housing provident fund. In respect of companies who fail to process housing provident fund payment and deposit registration or open housing provident fund accounts for their employees in violation of the said regulations shall be ordered by the housing provident fund administration centre to complete such procedures within a designated period. Those who fail to process within the designated period shall be subject to a fine in the range of RMB10,000 to RMB50,000. Where companies fail to pay up housing provident fund contributions in full as due in violation of the said regulations, the housing provident fund administration centre shall order such companies to pay up within a designated period, and may further apply to the People's Court for mandatory enforcement against those who still fail to comply after the expiry of such period.

Provisions on Guiding the Orientation of Foreign Investment《指導外商投資方向規定》and Foreign-invested Industry Guidance Catalogue (Revised 2011) (《外商投資產業指導目錄 (2011年修訂)》)

In accordance with the Provisions on Guiding the Orientation of Foreign Investment (《指導外商投資方向規定》) promulgated on 11 February 2002 and became effective since 1 April 2002, projects with foreign investment shall fall into four categories, namely encouraged, permitted, restricted and prohibited. The encouraged, restricted and prohibited projects with foreign investment may be listed in the Guidance Catalog of Industry with Foreign Investment (《外商投資產業指導目錄》) but the permitted projects shall be excluded. The Foreign-invested Industry Guidance Catalogue (Revised 2011) (《外商投資產業指導目錄 (2011年修訂)》) which was revised on 24 December 2011 and came into effect on 30 January 2012, includes specific provisions for guidance over the entry of foreign capital into the PRC market. The catalogue stipulates in detail industries in which foreign investments are encouraged, industries in which foreign investments are subject to restrictions and industries in which foreign investments are prohibited, namely, the encouraged industries, restricted industries and prohibited industries. As guided by the said catalogue, the Group's businesses of "container production and manufacturing," "production and manufacturing of transport and special vehicle," "financing lease" and "the sales of scrap metal" are not mentioned in the catalogue and therefore shall be deemed as permitted industries. "Manufacturing and repair of offshore engineering equipment (including modules)," "manufacturing of low-to-medium speed diesel engine and bent axle for vessels (with Chinese party shareholders accounting for majority)," "design and manufacturing of vessel cabin mechanics (with Chinese party shareholders accounting for relative majority)," "design of low-to-medium speed diesel engine for vessels and its parts and components (by equity or cooperative joint ventures only)," "design of deepwater (3,000 metres or more) offshore engineering equipment (by equity or cooperative joint ventures only)" and "design and manufacturing of cruise boats (by equity or cooperative joint ventures only)" are encouraged industries. "Finance company" and "Repair, design and manufacturing of vessels (including sections) are restricted industries.

OUR HISTORY

Our history could be traced back to January 1980, when China Merchants Steam Navigation Co., Ltd. (招商局輪船股份有限公司), the East Asiatic Company (Denmark) and Ocean Containers Inc. (USA) entered into an agreement to set up the predecessor of our Company (the "**Predecessor Company**"), China International Marine Containers Co., Ltd. (中國國際海運集裝箱股份有限公司), a joint venture with a registered capital of US$3 million. After execution of the agreement, Ocean Containers Inc. (USA) transferred its total equity interest in the Predecessor Company to the East Asiatic Company (Denmark). On 10 October 1983, the commencement of the operation of the Predecessor Company was approved by the People's Government of Shenzhen. China Merchants Steam Navigation Co., Ltd. (招商局輪船股份有限公司) and the East Asiatic Company (Denmark) held 50% and 50% in the Predecessor Company, respectively.

On 17 September 1987, the People's Government of Shenzhen approved COSCO to join as a new shareholder of the Predecessor Company and our equity interest was then held as to 45% by COSCO, 45% by China Merchants Group and 10% by the East Asiatic Company (Denmark). On 13 August 1988 and 11 June 1990, the People's Government of Shenzhen approved the Predecessor Company to increase its registered capital to US$4 million and US$10 million, respectively, while the respective percentage of the equity interest held by the three shareholders in the Predecessor Company remained unchanged.

In December 1992, as approved by the Economic Restructuring Office of the People's Government of Shenzhen and Shenzhen Special Economic Zone Branch of People's Bank of China, the Predecessor Company was restructured as a company limited by shares with a share capital of RMB64 million divided into 64,000,000 shares of RMB1.00 each. After the restructuring, the issued shares of our Company was held by COSCO as to 40.95%, China Merchants Group as to 40.95%, the East Asiatic Company (Denmark) as to 9.1% and our employees as to 9%. The entire shareholding of the East Asiatic Company (Denmark) was later transferred to its subsidiary in Hong Kong, the East Asiatic Company (Hong Kong) Limited.

After the approval of Shenzhen Securities Administration Office on 17 January 1994, our Company publicly offered 12,000,000 A Shares to domestic investors and 13,000,000 B Shares to overseas investors. The A Shares and the B Shares were listed on the Shenzhen Stock Exchange on 8 April 1994 and 23 March 1994, respectively. Upon the issuance of such shares, the total number of issued shares of our Company was increased to 89,000,000 shares.

In August 1995, as approved by Shenzhen Securities Administration Office, our Company distributed as dividends 4 shares and RMB4.00 for every 10 shares held by our shareholders. As a result, the total number of issued shares of our Company was increased to 124,600,000 shares.

On 25 August 1995, as approved by Shenzhen Administration of Industry and Commerce, our Company changed its name to "China International Marine Containers (Group) Co., Ltd." and adopted the Chinese name "中國國際海運集裝箱(集團)股份有限公司".

On 3 April 1996, as approved by Shenzhen Securities Administration Office, our Company issued additional 30,000,000 B Shares. As a result, the total number of issued shares of our Company was increased to 154,600,000 shares.

In June 1996, as approved by Shenzhen Securities Administration Office, our Company distributed as dividends 3 shares and RMB3.00 for every 10 shares held by our shareholders. As a result, the total number of issued shares of our Company was increased to 200,980,000 shares.

In January 1997, China Merchants Group transferred its total 47,698,560 shares of our Company to its wholly owned subsidiary, China Merchants Container Industry Company Limited, who then held approximately 23.73% of the issued shares of our Company.

In June 1997, as approved by Shenzhen Securities Administration Office, our Company distributed as dividends 3 shares and RMB1.00 for every 10 shares held by our shareholders. As a result, the total number of issued shares of our Company was increased to 261,274,000 shares.

In December 1997, as approved by the Securities Committee of the State Council, we issued additional 48,000,000 B Shares, all of which were subscribed by ABN AMRO Bank. As a result, our total number of issued shares was increased to 309,274,000 and ABN AMRO Bank held approximately 15.52% of the issued shares of our Company.

In June 1998, as approved by Shenzhen Securities Administration Office, our Company distributed as dividends 1 share and RMB3.00 for every 10 shares held by our shareholders. As a result, the total number of issued shares of our Company was increased to 340,201,398 shares.

On 18 December 1998, each of Long Honour Investments Limited, a wholly owned subsidiary of COSCO (Hong Kong) Group Limited (which was in turn a wholly owned subsidiary of COSCO) and Fair Oaks Development Limited, a wholly owned subsidiary of China Merchants Holdings (International) Company Limited (which also wholly owned China Merchants Container Industry Company Limited), purchased 26,400,000 B Shares, representing approximately 7.76% of our Company's issued shares, from ABN AMRO Bank through the Shenzhen Stock Exchange. Consequently, each of COSCO and China Merchants Holdings (International) Company Limited directly and indirectly held 94,608,940 shares of our Company, representing approximately 27.81% of the issued shares of our Company.

As of 31 December 2001, the issued shares of our Company was held by COSCO as to 20.05%, China Merchants Container Industry Company Limited as to 20.05%, and after certain acquisitions and disposals, by Fair Oaks Development Limited (a wholly owned subsidiary of China Merchants Holdings (International) Company Limited) as to 7.26% and Long Honour Investments Limited (a wholly owned subsidiary of COSCO) as to 1.17%. The entire shareholding of 4.46% of our issued shares previously held by the East Asiatic Company (Hong Kong) Limited was transferred to Profit Crown Assets Limited.

In June 2002, our Company distributed as dividends 5 shares and RMB5.00 for every 10 shares held by our shareholders. As a result, the total number of issued shares of our Company was increased to 510,302,096 shares.

On 20 November 2003, upon the approval of CSRC, our Company publicly offered additional 120,000,000 A Shares to raise capital. As a result, the total number of issued shares of our Company was increased to 630,302,096 shares.

In June 2004, we increased our issued share capital from RMB630,302,096 to RMB1,008,483,353 by a capitalisation of our capital reserve at the rate of 6 shares for every 10 shares. As a result, the total number of issued shares of our Company was increased to 1,008,483,353 shares.

Pursuant to the share transfer agreement dated 19 August 2004, COSCO transferred its 163,701,456 non-circulating state-owned shares, representing approximately 16.23% of our issued shares, to COSCO Container Industries Limited for a consideration of RMB1,056,383,927.

As approved by CSRC, our Company's 102,313,410 unlisted foreign shares held by China Merchants Container Industry Company Limited and the 22,736,313 unlisted foreign shares held by Profit Crown Assets Limited were converted into B Shares on 5 December 2003 and a total number of 163,701,456 B Shares and 36,378,101 B Shares held by them respectively became tradable on the Shenzhen Stock Exchange on 3 March 2005.

In April 2005, we increased our issued share capital from RMB1,008,483,353 to RMB2,016,966,706 by a capitalisation of our capital reserve at the rate of 10 shares for every 10 shares. As a result, the total number of issued shares of our Company was increased to 2,016,966,706 shares.

In 2005, our shareholders, China Merchants Container Industry Company Limited and Fair Oaks Development Limited changed their names to China Merchants (CIMC) Investment Limited and China Merchants (CIMC) Holdings Limited, respectively.

In May 2006, pursuant to the "*Administrative Measures on the Share Conversion Scheme of Listed Companies*" (《上市公司股權分置改革管理辦法》) and as approved by SASAC, we implemented the split share structure reform, as a result of which all 327,402,912 non-circulating shares held by COSCO Container Industries Limited were converted into 327,402,912 A Shares and would be freely tradable on the Shenzhen Stock Exchange, subject to certain lock-up and trading restrictions.

In July 2006, we increased our issued share capital from RMB2,016,966,706 to RMB2,218,663,376 by a capitalisation of our capital reserve at the rate of 1 share for every 10 shares. As a result, the total number of issued shares of our Company increased to 2,218,663,376 shares.

In June 2007, we further increased our issued share capital from RMB2,218,663,376 to RMB2,662,396,051 by a capitalisation of our capital reserve at the rate of 2 shares for every 10 shares. As a result, the total number of issued shares of our Company was increased to 2,662,396,051 shares.

From 10 December 2007 to 6 March 2008, COSCO Containers Industries Limited acquired 113,067,401 B Shares of our Company through the Shenzhen Stock Exchange. As of 30 June 2008, COSCO Containers Industries Limited held a total number of 148,320,037 B Shares of our Company, together with the 432,171,843 A Shares held by it, its shareholding represented approximately 21.80% of the issued shares of our Company.

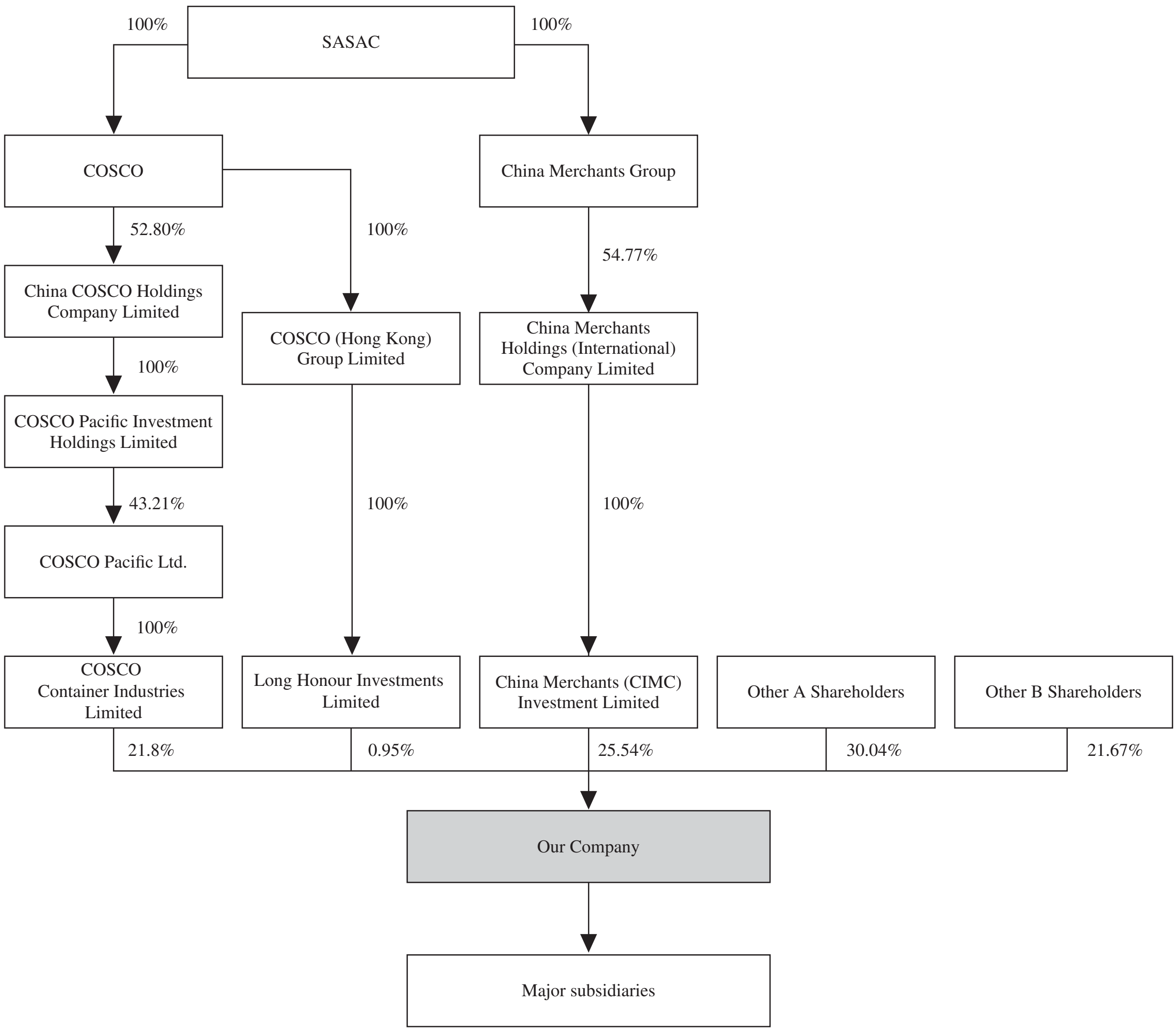
On 17 September 2010, the extraordinary general meeting of our Company approved a share option scheme, pursuant to which a total number of 60,000,000 share options were granted to the grantees, including executive Directors of our Company and certain senior management officers and technical staff of our Company and our subsidiaries, allowing the grantees to exercise the options to subscribe for a total number of 60,000,000 A Shares of our Company pursuant to the terms and the conditions set out in the share option scheme.

On 30 August 2012, shareholders of our Company approved the Implementation Plan at the extraordinary general meeting. Pursuant to the Implementation Plan, our Company intends to convert our B Shares into H Shares which will be listed by way of introduction on the Main Board of the Hong Kong Stock Exchange.

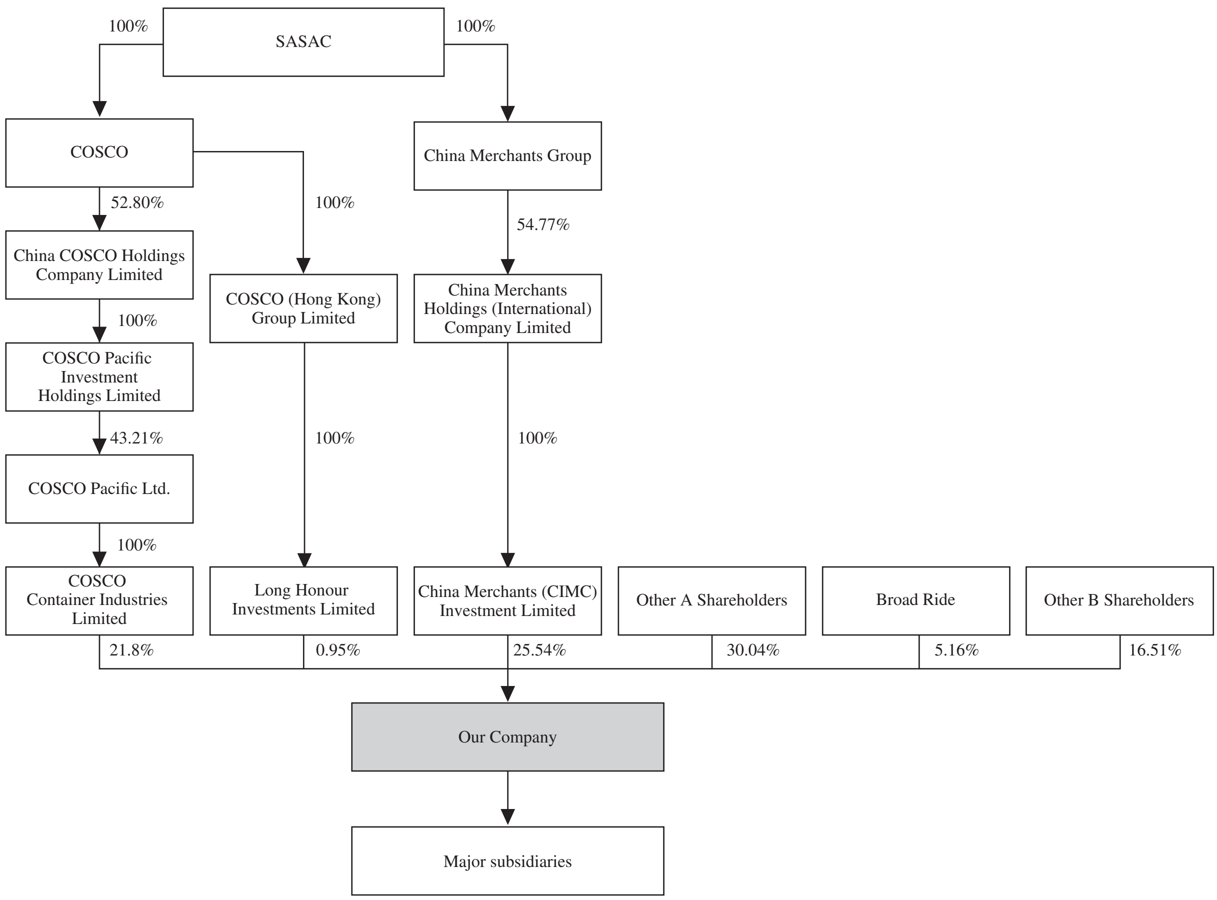
As of the Latest Practicable Date, our Company had 2,662,396,051 shares (including 1,231,915,542 A Shares and 1,430,480,509 B Shares) and a registered capital of RMB2,662,396,051.

OUR SHAREHOLDING AND GROUP STRUCTURE

The following chart sets out the simplified shareholding and group structure of our Company as of the Latest Practicable Date:



The following chart sets out the simplified shareholding and group structure of our Company immediately after the exercise of Cash Option under the Implementation Plan:



Our Major Subsidiaries

Our major subsidiaries as of the Latest Practicable Date are set forth in the following table:

No.	Name of subsidiaries	Place of incorporation	Effective shareholding percentage of our Company	Main Scope of Business
1.	China International Marine Containers (Hong Kong) Limited.	Hong Kong	100%	Investment
2.	LAG Trailers N.V.	Belgium	80%	Manufacturing trailers
3.	CIMC Finance Company Ltd. (中集集團財務有限公司)	Guangdong	100%	Providing financial services
4.	CIMC Financial Leasing Co., Ltd. (中集融資租賃有限公司)	Guangdong	100%	Financing lease business; disposal and maintenance for residual value of leased properties; advisory and warranty for leasing transactions
5.	CIMC Taicang Refrigeration Equipment Logistics Co., Ltd. (太倉中集冷藏物流裝備有限公司)	Jiangsu	100%	Research and development, production and sale of reefer containers and relevant technical advisory and maintenance
6.	TGE Gas Engineering GmbH	Germany	60%	Provide EP+CS (Design, Purchase and Construction Supervision) or other technical projects services in storage and disposal of LNG, LPG and other petrochemical gases
7.	CIMC Vehicle (Group) Co., Ltd. (中集車輛(集團)有限公司)	Guangdong	80%	Development, production and sale of various high-tech and high-performance special vehicle and semi-trailer series
8.	Dalian CIMC Logistics Equipment Co., Ltd. (大連中集物流裝備有限公司) . .	Liaoning	100%	Design, manufacture and sale of logistics equipment and relevant technical advisory services

No.	Name of subsidiaries	Place of incorporation	Effective shareholding percentage of our Company	Main Scope of Business
9.	Luoyang CIMC Lingyu Automobile Co., Ltd. (洛陽中集淩宇汽車有限公司) . .	Henan	60%	Production and sale of cars, mechanical processing and operation of import and export business
10.	Nantong CIMC Shunda Containers Co., Ltd. (南通中集順達集裝箱有限公司)	Jiangsu	71%	Manufacture and sale of containers
11.	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (南通中集特種運輸設備製造有限公司)	Jiangsu	71%	Manufacture, sale and repair of various troughs, tanks and various special storing and transporting equipment and parts
12.	Nantong CIMC Tank Equipment Co., Ltd. (南通中集罐式儲運設備製造有限公司)	Jiangsu	73.63%	Design, development, manufacture and sale of removable and fixed storage and transportation equipment and parts of petrochemical products
13.	Ningbo CIMC Logistics Equipment Co., Ltd. (寧波中集物流裝備有限公司) . .	Zhejiang	100%	Manufacture and sale of containers and relevant technical advisory services
14.	Qingdao CIMC Container Manufacture Co., Ltd. (青島中集集裝箱製造有限公司)	Shandong	100%	Manufacture of containers and various components
15.	Qingdao CIMC Special Reefer Co., Ltd. (青島中集特種冷藏設備有限公司) . .	Shandong	100%	Manufacture of reefer containers, insulated containers, aluminum containers and semi-trailer
16.	Qingdao CIMC Reefer Container Manufacture Co., Ltd. (青島中集冷藏箱製造有限公司).	Shandong	100%	Manufacture of reefer containers and providing relevant technical advisory and maintenance services

No.	Name of subsidiaries	Place of incorporation	Effective shareholding percentage of our Company	Main Scope of Business
17.	Shanghai CIMC Baowell Industries Co., Ltd. (上海中集寶偉工業有限公司)	Shanghai	94.74%	Manufacture and sale of containers
18.	Shanghai CIMC Reefer Containers Co., Ltd. (上海中集冷藏箱有限公司) . . .	Shanghai	92%	Manufacture and sale of refrigerating and heat preservation devices for reefer containers, refrigerator car and insulated car
19.	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. (上海中集洋山物流裝備有限公司).	Shanghai	100%	Manufacture and sale of containers and relevant technical advisory services
20.	Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. (深圳市中集天宇房地產發展有限公司)	Guangdong	90%	Real estate development
21.	Shenzhen CIMC Special Vehicle Co., Ltd. (深圳中集專用車有限公司) . . .	Guangdong	80%	Development, production and sale of various special-use vehicles, and relevant components and parts
22.	Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd. (深圳南方中集東部物流裝備製造有限公司)	Guangdong	100%	Manufacture and repair of containers and design and manufacture of new-style special road and port mechanical equipment
23.	Shijiazhuang Enric Gas Equipment Co., Ltd. (石家莊安瑞科氣體機械有限公司)	Hebei	73.63%	Manufacture and sale of pressure vessel
24.	Taicang CIMC Containers Co., Ltd. (太倉中集集裝箱製造有限公司) . . .	Jiangsu	100%	Manufacture and repair of containers
25.	Tianjin CIMC Containers Co., Ltd. (天津中集集裝箱有限公司)	Tianjin	100%	Manufacture and sale of containers and relevant technical advisory services; containers stockpiling business

No.	Name of subsidiaries	Place of incorporation	Effective shareholding percentage of our Company	Main Scope of Business
26.	Wuhu CIMC Rui Jiang Automobile Co., Ltd. (蕪湖中集瑞江汽車有限公司) . .	Anhui	60%	Development, production and sale of various special-use vehicles, mechanical products and metal structural parts
27.	Xinhui CIMC Container Co., Ltd. (新會中集集裝箱有限公司)	Guangdong	70%	Sale, repair and lease of containers
28.	Xinhui CIMC Special Transportation Equipment Co., Ltd. (廣東新會中集特種運輸設備有限公司)	Guangdong	100%	Manufacture and sale of various containers, semi-finished containers and relevant components and parts and providing leasing and maintenance services
29.	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (揚州中集通華專用車有限公司)	Jiangsu	80%	Manufacture and sale of various trailers, semi-trailers, refitting vehicles and relevant components
30.	Yangzhou Runyang Logistics Equipments Co., Ltd. (揚州潤揚物流裝備有限公司)	Jiangsu	100%	Manufacture, repair and sale of containers
31.	CIMC Marine Engineering Academe Co., Ltd. (中集海洋工程研究院有限公司)	Shandong	100%	Research and development of marine operation platforms and various marine engineering service
32.	Yantai CIMC Raffles Offshore Ltd. (煙台中集來福士海洋工程有限公司)	Shandong	84.97%	Construction and repair of various ships and relevant outfittings; manufacture and production of various pressure vessel and offshore oil platform
33.	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (張家港中集聖達因低溫裝備有限公司).	Jiangsu	73.63%	Development, manufacture and installation of deep freezing units, petrochemical mechanical equipment, tank containers and pressure vessels

No.	Name of subsidiaries	Place of incorporation	Effective shareholding percentage of our Company	Main Scope of Business
34.	Zhangzhou CIMC Container Co., Ltd. (漳州中集集裝箱有限公司)	Fujian	100%	Manufacture and sale of containers and relevant technical advisory services
35.	Zhumadian CIMC Huajun Vehicle Co., Ltd. (駐馬店中集華駿車輛有限公司)	Henan	80%	Refitting of special vehicles and sale of vehicle-related materials

Acquisition of CIMC Raffles' Entire Share Capital

CIMC Hong Kong is our wholly owned subsidiary. It owns 545,222,516 shares of CIMC Raffles, representing approximately 88.58% of the total number of issued shares of CIMC Raffles, through its wholly owned subsidiary CIMC Offshore Holdings Limited as of the Latest Practicable Date.

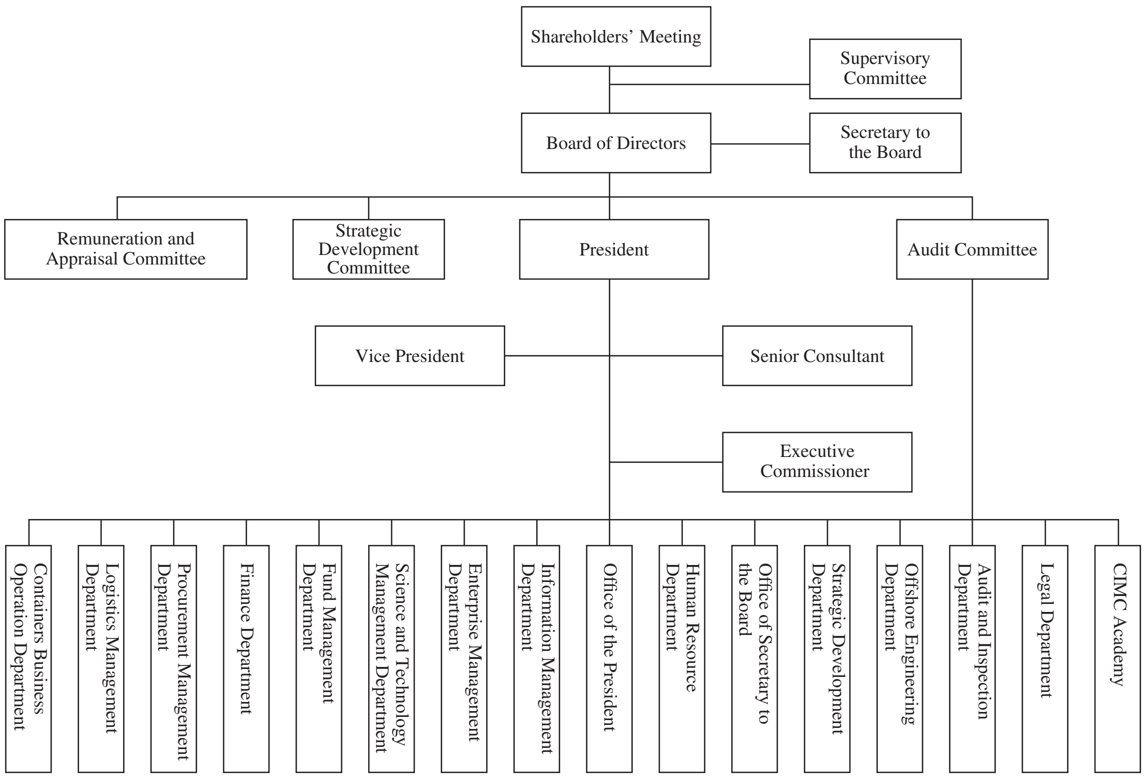
On 15 August 2012, CIMC Raffles and CIMC Offshore Holdings Limited published a joint announcement regarding the proposed acquisition (the "**Proposed Acquisition**") by CIMC Offshore Holdings Limited of all remaining shares of CIMC Raffles from all other shareholders of CIMC Raffles by way of a scheme of arrangement under section 210 of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**") and the Singapore Code on Take-overs and Mergers (the "**Code**") (the "**Scheme**"). Upon the completion of the Proposed Acquisition, CIMC Offshore Holdings Limited will own the entire issued share capital of CIMC Raffles. The total consideration for the remaining shares of CIMC Raffles from all other shareholders of CIMC Raffles under the Proposed Acquisition is US$38,664,303.7, being 70,298,734 shares of CIMC Raffles at US$0.55 per share each.

Pursuant to Section 210 of the Companies Act and the Code, the Scheme has to be approved by the shareholders of CIMC Raffles (the "**CIMC Raffles Shareholders**") at a meeting convened at the direction of the High Court of the Republic of Singapore ("**Court**"). The Scheme was approved by a majority in number of the CIMC Raffles Shareholders, representing not less than three-fourths in value of the shares of CIMC Raffles held by the CIMC Raffles Shareholders present and voting either in person or by proxy at the Court meeting on 7 November 2012. The Proposed Acquisition and the Scheme are also subject to other conditions precedent including but not limited to obtaining the confirmation from Securities Industry Council of Singapore. For more information, please see the scheme document of CIMC Raffles dated 15 October 2012 at http://www.cimc-raffles.com/en/enterprise/raffles/ir/bulletin/201210/P020121015595799493833.pdf.

The Court is expected to hear the case for sanctioning the Scheme on 14 January 2013, with the expected date for the Scheme to be effective on 18 January 2013 and payment of consideration on 28 January 2013.

OUR ORGANIZATIONAL STRUCTURE

The following chart sets forth our current principal organizational and management structure as of the Latest Practicable Date:



OVERVIEW

We are a global leading equipment and solution provider in the logistics and energy industries. Since our establishment in 1980, we have formed an industry cluster focusing on key equipment and solutions for the logistics and energy industries through business extension and technology development. Our principal activities include the following:

- **Container manufacturing and service business** — We were ranked No. 1 amongst the dry freight container manufacturers in the world from 2007 to 2011 in terms of production volume, as well as accounting for over 47% production volume of the global dry freight container manufacturing market for the years of 2007, 2008 and 2010, according to World Cargo News. According to the industry report compiled by CCID Consulting, we were also the largest container manufacturer in the world in 2011 in terms of sales volume. From 2000 to 2011, our container production volume has continuously maintained No. 1 in the world according to Drewry Maritime Research. From 2007 to 2011, we were ranked No. 1 amongst the manufacturers of maritime reefer containers and steadily produced over 50% of the global maritime reefer containers in terms of production volume according to World Cargo News;

- **Road transportation vehicle business** — Our road transportation vehicle business is mainly conducted by our subsidiary, CIMC Vehicle, a leading manufacturer of semi-trailer in China in 2011. According to the statistics of the China Automotive Technology and Research Center (中國汽車技術研究中心), CIMC Vehicle was ranked No. 1 amongst the semi-trailer manufacturers in terms of production volume, accounting for approximately 20% of the market share in China in 2011. In 2010, CIMC Vehicle was the largest manufacturer of semi-trailers in China in terms of production volume, according to China Automotive Technology and Research Center (中國汽車技術研究中心). Approximately 30% of our vehicles were exported to America, Japan and Southeast Asia in 2011;

- **Energy, chemical and food equipment business** — Our energy, chemical and food equipment business is mainly conducted by our subsidiary, CIMC Enric and its respective subsidiaries. CIMC Enric was the largest manufacturer of tank containers in the world in 2011 in terms of sales volume according to the industry report compiled by CCID Consulting;

- **Offshore engineering business** — We are a leading offshore engineering equipment manufacturer in China and have been involved in the competitive international market of offshore engineering by operating through our subsidiary, CIMC Raffles. From 2010 to 30 June 2012, CIMC Raffles delivered six deep water semi-submersible drilling platforms. Our Taisun Crane located in Yantai is the most powerful crane in the world in terms of its lifting power; and

- **Airport facilities equipment business** — We were ranked No. 1 amongst the suppliers of passenger boarding bridge in terms of sales in the world in 2011 and a leading air cargo handling system and logistics system supplier in China. According to the industry report compiled by CCID Consulting, our subsidiary, CIMC Tianda, has achieved 62% of market shares of passenger boarding bridges in China in terms of sales in 2011. We have focused in innovating and producing the passenger boarding bridge. For example, our passenger boarding bridges and air cargo handling system were awarded as one of "National New Key Products" (國家重點新產品) granted by the Ministry of Science and Technology of the PRC in 2006 and 2007, respectively.

In addition, as part of our other principal businesses, we are also engage in logistics equipment and service business, real estate development business, railway equipment business and financial business. We have received numerous recognitions for our achievements, such as:

- Ranked as 73th of the "Top 500 Enterprises in China" by Chinese Fortune Magazine in 2012.
- Ranked as 74th of the "Top 500 Chinese Manufacturing Enterprise" by Chinese Enterprise Confederation and Chinese Entrepreneurs Association in 2011.
- Ranked as 157th of the "Top 500 Enterprises in China" by China Enterprise Confederation and Chinese Entrepreneurs Association in 2011.
- Our President Mai Boliang was awarded as one of the "50 Most Influential Business Leaders in China" by Chinese Fortune Magazine in 2011.
- Ranked 5th of the "Top 20 Most Globally Competitive Chinese Companies" jointly organised by Roland Berger Strategy Consultants and the Global Entrepreneur magazine in 2011.
- In 2007, our containers brand was selected as a "World Famous Chinese Brand" (中國世界名牌) by General Administration of Quality Supervision, Inspection and Quarantine of the PRC (國家質量監督檢驗檢疫總局), and in the same year, our trademark "CIMC 中集" was selected as a "Chinese Famous Trademark" (中國馳名商標) by the SAIC.

Our operating income grew from RMB20,475.5 million in 2009 and RMB51,768.3 million in 2010 to RMB64,125.1 million in 2011, respectively, representing a CAGR of 77.0% in the three years ended 31 December 2011. Our net profit grew from RMB1,080.7 million in 2009 and RMB2,850.9 million in 2010 to RMB3,658.9 million in 2011, respectively, representing a CAGR of 84.0% in the three years ended 31 December 2011.

OUR COMPETITIVE STRENGTHS

We believe that our success and our ability to capitalise on future growth opportunities attributable to our competitive strength are as follows:

Leading market position and well-recognised reputation in the industries we operate in

We are a global leading equipment and solution provider in the logistics and energy industries. Over the years, we have built leading market positions in a number of our product areas. We were ranked No. 1 amongst the dry freight container manufacturers in the world from 2007 to 2011 in terms of production volume, as well as accounting for over 47% production volume of the global dry freight container manufacturing market for the years of 2007, 2008 and 2010, according to World Cargo News. According to the industry report compiled by CCID Consulting, we were also the largest container manufacturer in the world in 2011 in terms of sales volume. Our subsidiary, CIMC Vehicle, was ranked No. 1 amongst the semi-trailer manufacturers in terms of production volume in 2011, accounting for approximately 20% of the market share in China in 2011 according to the statistics of the China Automotive Technology and Research Center (中國汽車技術研究中心). Our subsidiary, CIMC Enric and its respective subsidiaries, was the largest manufacturer of tank containers in the world in 2011 in terms of sales volume according to the industry report compiled by CCID Consulting. We are also a leading offshore engineering equipment manufacturer in China and were ranked No. 1 amongst the suppliers of passenger boarding bridge in terms of sales in the world in 2011 and a leading air cargo handling system and logistics system supplier in China.

Our leading market positions and long history of supplying reliable and high-quality products have helped to instill customer confidence in our products and services, and have enabled us to further expand our business operations and secure new business opportunities.

Comprehensive portfolio of container products and service and large-scale operations of road transportation vehicle business

We are able to provide various series of container products with exclusive intellectual property rights. We believe that we are the manufacturer that can provide most comprehensive container products in China. Our container products include ISO dry cargo containers, reefer containers, special-purpose containers, pallet containers, modularized building and container houses and wooden container floorboards. As of the Latest Practicable Date, our annual dry container production capacity is over 2 million TEUs. We have 18 container manufacturing facilities located in North China, East China and South China, including ten dry container manufacturing bases located in the coastal region and Chongqing in China, reefer container manufacturing bases in Shanghai, Yangzhou and Qingdao, and special-purpose container manufacturing bases located in Nantong, Yangzhou, Xinhui and Qingdao.

With respect to our road transportation vehicle business, our subsidiary, CIMC Vehicle, provides vehicles with a wide range of varieties. We have established 22 production bases with a total annual production capacity of 200,000 units, 24 companies for selling and distributing services and 400 service centers in South China, East China, Northwest China, Northeast China and North China, Thailand, Australia and North America.

Our comprehensive portfolio of container and vehicle products enables us to meet varying demand of our customers. In addition, the large scale of our container and vehicle operations also allow us to reap economies of scale in terms of operating and purchasing costs and to share best practices among our different entities and segments within our Group.

Strong research and development capabilities

We dedicate significant resources to research and development of our new products and services to enhance our competitiveness. Building upon the sophisticated technologies that we develop by utilizing our strong research and development capabilities, we are able to introduce tailored products that response to market demand and further improve the efficiency of our manufacturing process.

Our research and development capability has helped us to maintain our leading position in the relevant industries. For example, with respect to our offshore engineering business, our CIMC Offshore Engineering Institute Research Center was named as the "National Energy Marine Petroleum Drill Platform R&D (Experiment) Center" by the National Bureau of Energy (國家能源局) of the PRC in July 2010.

With respect to our airport facilities equipment business, our passenger boarding bridges and air cargo handling system were awarded as one of "National New Key Products" (國家重點新產品) granted by the Ministry of Science and Technology of the PRC in 2006 and 2007, respectively. Our Taisun Crane located in Yantai has received numerous prize and awards, including "Heaviest Weight Lifted by a Crane" recognised by Guinness World Record in 2008, "Woelfel Best Mechanical Engineering Achievement Award in Achievement" granted by American Society of Mechanical Engineers in 2008 and "Spotlight on New Technology Award" granted by Offshore Technology Center in 2008. Taisun Crane has also received five Chinese invention patents and two international patents.

We believe our strong research and development capability have enabled us to manufacture new and advanced products with significant commercial value and reduced our operating costs and improved our operating efficiency.

Experienced and professional management team

Our senior management team has extensive experience in the industries in which we operate, and many of the team members have joined our Group for more than 20 years. For example, our President, Mai Boliang, joined our Company in 1982 and served as manager of our Product Technical Department and the deputy manager. Mr. Mai received CCTV Award for People of Economy Made Known in 2004.

This experienced and professional management team has played a key role in our success and continued to be our valuable assets. We believe our management team possesses the requisite leadership, vision and in-depth industry knowledge to anticipate and seize market opportunities, direct our research and development as well as sales and marketing efforts to high growth areas, formulate sound business strategies and execute these strategies in a manner that effectively improves our operations.

We believe our experienced and dedicated senior management team has contributed to the significant growth of our business and positioned our company as a leading equipment and solution provider in the logistics and energy industries in the world.

OUR BUSINESS STRATEGIES

We aim to strengthen our market position as the global leading equipment and solution provider in the logistics and energy industries and to further expand our operations by pursuing the following strategies:

- Enlarging the market share of our key products through creating synergies across our different business segments, optimizing our product mix and services and expanding our sales network;
- Focusing on developing new products and improving our product mix through research and development so as to differentiate ourselves from our competitors;
- Expanding our existing research and development and establishing new research and development departments in the segments and location with significant contribution to our businesses;
- Improving our cost control capability by (i) leveraging on our large scale of operations to lower the production cost; (ii) streamlining the procurement of raw materials to lower our raw material costs;
- Enhancing our competitiveness and profitability by improving the management efficiency of our business operations and production facilities;
- Improving our production safety to minimize risk of work-related accidents and our environmental protection system to reduce environmental damages;
- Exploring potential suitable acquisition opportunities;
- Expanding our global presence through enhancement of our brand recognition and development of our overseas operations; and

- With respect to our other principal businesses, focusing on the development of our (i) financial services including the finance leasing services to capture the business opportunities; and (ii) real estate development business in high-growth areas in the PRC to diversify our revenue resources.

OUR BUSINESSES

Container Manufacturing and Service

Overview

We were ranked No. 1 amongst the dry freight container manufacturers in the world from 2007 to 2011 in terms of production volume, as well as accounting for over 47% production volume of the global dry freight container manufacturing market for the years of 2007, 2008 and 2010 according to World Cargo News. According to the industry report compiled by CCID Consulting, we were also the largest container manufacturer in the world in 2011 in terms of sales volume. From 2000 to 2011, our container production volume has continuously maintained a leading position in the world according to Drewry Maritime Research. From 2007 to 2011, we were ranked No. 1 amongst the manufacturers of maritime reefer containers and steadily produced over 50% of the global maritime reefer containers in terms of production volume according to World Cargo News.

We provide various series of container products with exclusive intellectual property rights. Our container products include ISO dry cargo containers, reefer containers, special-purpose containers, pallet containers, modularized building and container houses and wooden container floorboards. As of the Latest Practicable Date, we had 18 container manufacturing facilities located in North China, East China, Southwest China and South China. In 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our container manufacturing and service business generated an operating income of RMB5,081.3 million, RMB24,949.7 million, RMB34,531.3 million, RMB21,655.7 million and RMB13,405.5 million, respectively, accounting for 25.6%, 49.2%, 55.0%, 60.4% and 50.6% of our total operating income. For the same period, the gross profit generated from our container manufacturing and service business amounted to RMB672.3 million, RMB4,739.3 million, RMB6,669.6 million, RMB4,615.7 million and RMB2,058.2 million respectively, accounting for approximately 21.9%, 58.0%, 56.0%, 66.1% and 47.3% of our total gross profit.

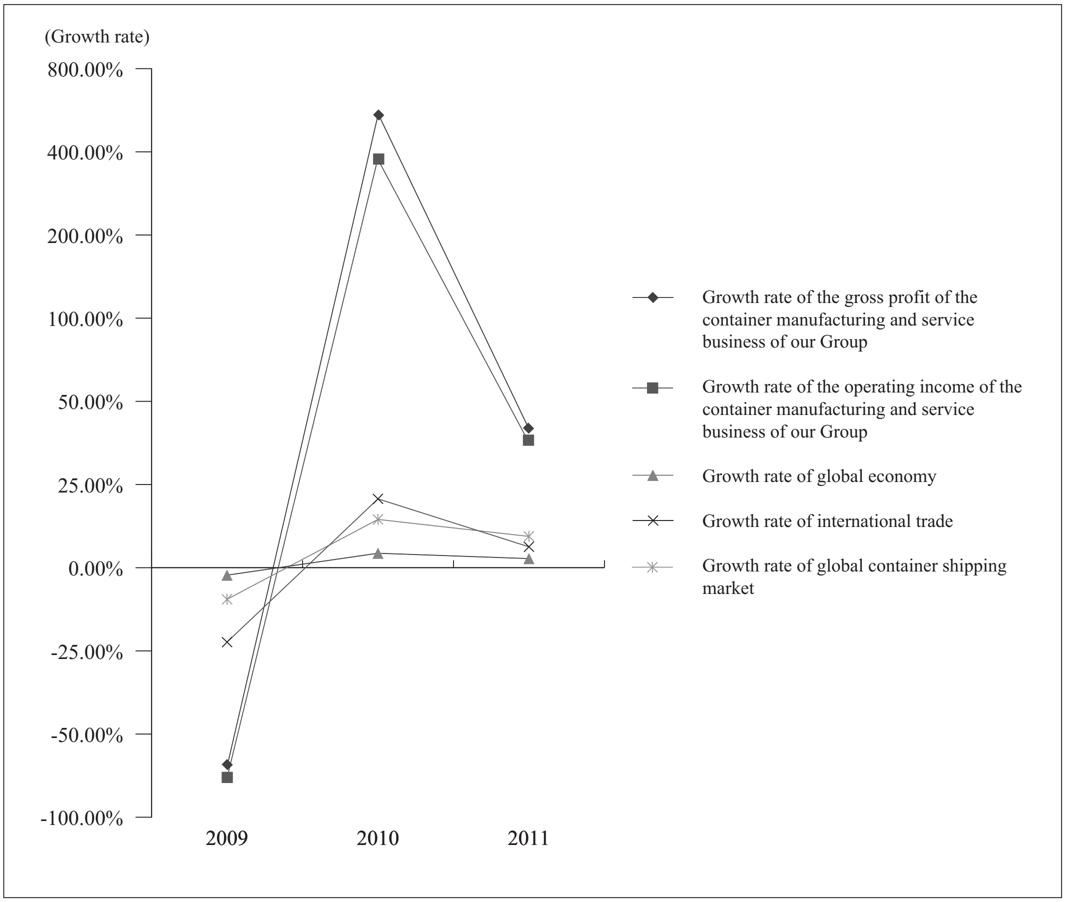
As noted from the industry report compiled by CCID Consulting, the demand for containers and service is subject to, among other things, the global economy, the volume for the international trade and the performance of the container shipping market. The global economy, international trade, container shipping market and the international sales volume of the containers growth trend were similar from 2009 to 2011. As a leading container manufacturing and service business in the world, the growth rate of business and the financial performance of our container manufacturing and service business followed similar growth trend of the aforesaid factors from 2009 to 2011.

After the financial crisis in 2008, numerous countries implemented various measures for the purpose of boosting up their respective local economy. Our operations had benefited from such policies, and the operating income of our container manufacturing and service business grew by 391.0% in 2010 as compared to the operating income in 2009. In 2011, our operating income of container manufacturing and service business grew by 38.4% as compared to the operating income in 2010. However, global market downturn and economic conditions started from the second half of 2011, including the ongoing credit crisis in Europe and heightened market volatility in major stock markets, have created a more challenging environment and constituted uncertainties to and negative impacts on the container shipping industry which in turn affected our container manufacturing business. As a result, we recorded a decrease of RMB8,250.2 million in the operating income from our container manufacturing and service business from RMB21,655.7 million for the six months ended 30 June 2011 to RMB13,405.5 million for the six months ended 30 June 2012.

Due to the nature of our container manufacturing and service business, we believe that our business and financial performance will continue to be affected by, among other things, the growth of global economy, international trade and the container shipping market in the foreseeable future. Although it is difficult for us to predict the degree of impact on our container manufacturing and service business caused by the global economic condition, we will continue to focus on improving our cost control capability and management efficiency, so as to alleviate the adverse effect from the possible economic downturn on our business. Despite of such, we believe, until and unless the introduction of transportation carriers promising more advantages and capable of replacing containers, the transportation model based on containers will continue to be widely utilised in the shipping industry. Furthermore, based on the global GDP growth rate forecast of 2013 made by International Monetary Fund, the global economy is projected to recover moderately, we believe that the demand for containers and shipping industry will be subject to considerable uncertainty with a modest positive outlook for the near future.

According to the industry report compiled by CCID Consulting, the global economy was subject to significant volatility under the impact of the persistent European debt crisis, downturn of the global and PRC economy and other factors affecting the container shipping market. The container shipping market is in a downwards fluctuating trend. Consequently, this affects our container manufacturing business. For the third quarters of 2012, the operating income of our container manufacturing business decreased by RMB7,653 million as compared to the same period in 2011, from RMB29,339 million to RMB21,685 million, due to the fluctuations of the containers shipping market.

The following chart shows the growth rate of our container manufacturing and service business as compared with the container shipping market for the years of 2009, 2010 and 2011:



Products and Service

Our main products include dry containers, reefer containers and special-purpose containers. In addition, we also provide containers related service such as containers inspection service and containers spare parts, refurbishment, storage, maintenance and cleaning service for our client to enjoy the full product lifecycle.

Dry Containers

We manufacture conventional ISO standard dry containers, including 20-feet general purpose containers, 40-feet general purpose containers, 40-feet high-capacity containers and 45-feet containers. All of our dry containers have ISO certified strength ensuring damage resistance, and the ease of operation. From 2007 and 2011, we were the largest dry freight container manufacturer in the world in terms of production volume according to World Cargo News. As of the Latest Practicable Date, our annual dry container production capacity was over 2 million TEUs.

The following table sets out the sales volume of our dry containers for the years/periods indicated:

	For the year ended on 31 December			For the six months ended on 30 June	
	2009	2010	2011	2011	2012
	Unit: TEU in thousand				
Sales Volume	60.4	1,296	1,413	977	558

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, the operating income from the sales of our dry containers amounted to RMB1,165 million, RMB19,552 million, RMB21,747 million, RMB15,569 million and RMB7,383 million respectively, accounting for approximately 22.9%, 78.4%, 63.0%, 72.59% and 55.9% of the total operating income of our container manufacturing and service business.

Reefer containers

We manufacture reefer containers in both conventional ISO standard sizes and non-ISO standard sizes tailored to meet our clients' special requirements. Our three types of standard ISO containers, namely 20-feet reefer containers, 40-feet reefer containers, 40-feet ultra-liner reefer containers are all made with high strength steel, suitable for maritime, road and rail transportation and easy for maintaining and repairing. Our specially produced reefer containers in non-ISO standard size, ranging from 20 feets to 53 feets, are made by aluminum or steel with heated or refrigerated ability and other distinguished specifications for particular regional market and purpose.

The following table sets out sales volume of our reefer containers for the years/periods indicated:

	For the year ended on 31 December			For the six months ended on 30 June	
	2009	2010	2011	2011	2012
	Unit: TEU in thousand				
Sales Volume	30.4	85.8	177.5	89	82

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, the operating income from the sales of our reefer containers amounted to RMB1,541 million, RMB3,658 million, RMB6,276 million, RMB2,846 million and RMB2,811 million, respectively, accounting for approximately 30.3%, 14.7%, 18.2%, 13.3% and 21.3%, of the total operating income of our container manufacturing and service business.

Special-purpose Containers

Apart from the manufacturing of conventional ISO standard containers, we also manufacture different types of containers and containers related equipment with distinguished specifications as requested by customers for particular regional market and purpose. The variety of special-purpose containers and containers related equipment include modular housing, domestic market containers, flatracks, tansiflats or platforms, open tops containers, bulk containers, pallet-wide containers, swap body containers, side open or curtain side containers, vehicle carrier containers, environmental containers and other containers.

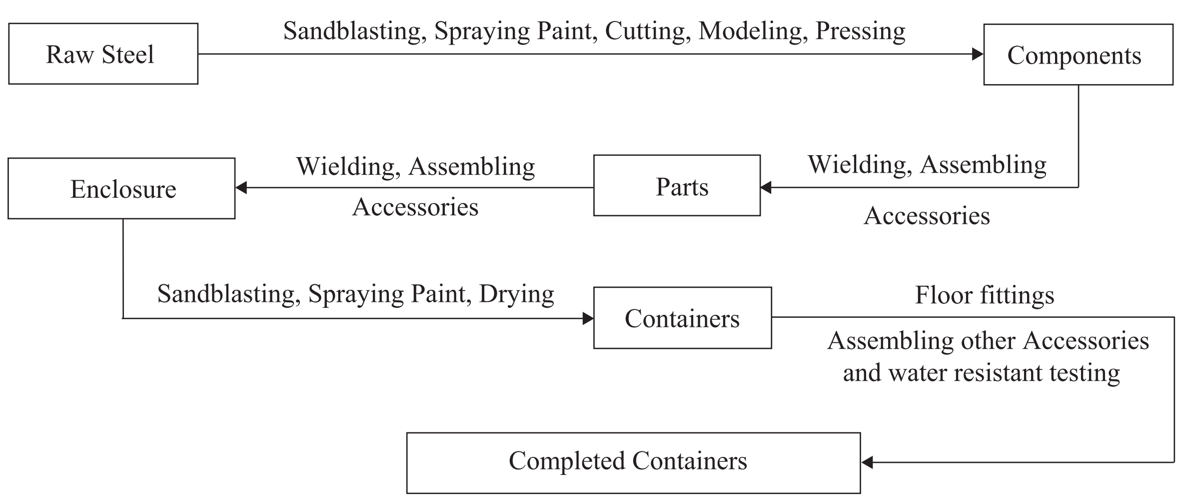
The following table sets out the sales volume of our special-purpose containers for the years/periods indicated:

	For the year ended on 31 December			For the six months ended on 30 June	
	2009	2010	2011	2011	2012
	Unit: Units in thousand				
Sales Volume	43.2	61.9	77.1	42.6	33

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, the operating income from the sales of our special-purpose containers amounted to RMB2,309 million, RMB3,514 million, RMB6,624 million, RMB3,032 million and RMB3,014 million, respectively, accounting for approximately 45.4%, 14.1%, 19.2%, 14.1% and 22.8%, of the total operating income of our container manufacturing and service business.

Production

The following chart indicates the general container manufacturing process:



Steel sheets are subject to the process of sandblasting, spray painting, cutting, modeling and pressing into the desired shaped, after that, it would then be assembled into a box shape by wielding. Parts and components would then be added, along with further sandblasting, spraying paint and assembling. The finished products would then be tested against water resistant and would be fitted with wooden floors before delivery.

As of the Latest Practicable Date, our annual dry container production capacity was over 2 million TEUs. We have 18 container manufacturing facilities located in North China, East China and South China, including ten dry container bases located in the coastal region and Chongqing in China, reefer container manufacturing bases in Shanghai, Yangzhou and Qingdao, and special-purpose container manufacturing bases located in Nantong, Yangzhou, Xinhui and Qingdao. The majority of our container manufacturing bases are located in coastal areas or areas along rivers, not only enabling them to quickly deliver containers to each container quays and yards in China, but also major ports and clients all around the world at low cost.

The following table sets out the production capacity and the utilization rates of our manufacturing bases for dry containers and reefer containers for the years/periods indicated:

	For the year ended on 31 December			For the six months ended on 30 June	
	2009	2010	2011	2011	2012
Dry Containers [1]					
Production Capacity (in 10,000 TEUs) . . .	200.5	201.5	241.5	120.8[2]	120.8[2]
Utilisation rate [3] (in %).	3.01%	66.7%	58.5%	79%	46.9%
Reefer containers					
Production Capacity (in 10,000 TEUs) . . .	18.9	18.9	18.9	9.45[2]	9.45[2]
Utilisation rate [3] (in %).	22.2%	47.5%	94.2%	87.4%	79.8%

Notes:

(1) The above data for special-purpose containers are not available since special-purpose containers are built to orders and are made in different standards and formats to meet our customers' specific needs.

(2) Production capacity for half a year is calculated by dividing the annual production capacity into two.

(3) Calculated from actual production volume divided by production capacity of the relevant period.

Road Transportation Vehicle Business

Overview

Our road transportation vehicle business is mainly conducted by our subsidiary, CIMC Vehicle, a leading manufacturer of semi-trailer in China in 2011. According to the statistics of the China Automotive Technology and Research Center (中國汽車技術研究中心), CIMC Vehicle was ranked No. 1 among the semi-trailer manufacturers in terms of production volume in China, accounting for approximately 20% of the market share in China in 2011. In 2010, CIMC Vehicle was the largest manufacturer of semi-trailers in China in terms of production volume, according to China Automotive Technology and Research Center (中國汽車技術研究中心). Approximately 30% of our vehicles were exported to American, Japan and Southeast Asia in 2011.

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our road transportation vehicle business generated an operating income of RMB10,698.4 million, RMB16,255.5 million, RMB16,492.4 million, RMB9,286 million and RMB6,520.9 million, respectively, accounting for 54.0%, 32.1%, 26.3%, 25.9% and 24.6% of our total operating income from principal activities. For the same period, the gross profit generated from our road transportation vehicle business amounted to RMB1,360.0 million, RMB2,236.0 million, RMB2,262.4 million, RMB1,070.4 million and RMB785 million, respectively, accounting for approximately 44.2%, 27.4%, 19.0%, 15.3% and 18.0% of our total gross profit.

As noted from the industry report compiled by CCID Consulting, the demand for our road transport vehicles are subject to, among other things, export volume, domestic spending, and infrastructure constructions, particularly in China since significant amount of our vehicles are sold in China. Under the recent government economy policies that support Chinese road transport vehicles manufacturers to develop further in a sustainable manner, the Chinese government's twelfths five-years plan along with numerous different plans and polices have aimed for market consolidation of the road transport vehicle industry to raise the competitive advantages of the vehicles manufacturers against foreign manufacturers. We believe that this market consolidation will cause vehicles manufacturers to produce higher quality products with specialized functions and better technologies. With promulgation of environmental requirement imposed by the Chinese government on the road transport vehicle business such as Fuel Consumption Test Methods for Heavy-duty Commercial Vehicles (《重型商用車輛燃消耗測量方法》), effective on 1 January 2012 and Fuel Consumption Limits for Heavy-duty Commercial Vehicle (The First Stage) (《重型商用車輛燃料消耗量限值(第一階段)》), effective on 1 July 2012. We believe such aggregate changes would give CIMC Vehicle some competitive advantages over smaller vehicle manufacturing companies as we could devote more resources for research and development or acquisition. These changes would also raise the barriers of entry for new market competitors.

In addition, the global market downturn and economic conditions started from the second half of 2011, including the ongoing credit crisis in Europe and heightened market volatility in major stock markets, have created a more challenging environment and constituted uncertainties to and negative impacts on the road transport vehicles industry which in turn affected our road transport vehicles. We recorded an increase of RMB5,557.10 million in the operating income from our road transport vehicles business in 2010 as compared with 2009, representing an increase of 51.9%, while we only recorded an increase of RMB236.9 million in the operating income from our road transport vehicles business in 2011 as compared with 2010, representing an increase of 1.46%. Although we managed to increase our operating income of road transport vehicles business from 2009 to 2011, the growth rate of our business has significantly decreased as a result of the market condition. Based on the global GDP growth rate forecast of 2013 made by International Monetary Fund, the global economy is projected to recover moderately and we believe that the demand for road transportation vehicles industry will be subject to considerable uncertainty with a positive development outlook for the near future.

Products

Our subsidiary, CIMC Vehicle, provides vehicles with a wide range of varieties, including our standard production vehicles and other vehicles that can be customized at our customers' requests for their specific needs and specifications. Our major vehicle products include:

- ***Tipping trucks*** — Mainly refer to our medium and heavy size modified tipping truck with load capacity of over 14 tons. We offer different types of tipping trucks used to move bulk cargoes, including coal, gravel and other construction materials that could unload its cargo in a quick and convenient manner. The major customers for tipping trucks are the companies for the usage of urban construction, real estate, mining, large-scale infrastructure projects, etc.

- ***Cement mixers*** — Include our truck conversion concrete mixer, carrying a mixture of sand, gravel and water, and mixing it into cement. The major customers of the mixer truck products are urban mixing station, other companies for large-scale infrastructure projects such as real estate, high-speed rail projects, as well as cement companies that transport and mix concrete.

- ***Liquid and Powder Tankers*** — Include oil tankers and chemical tankers, also in the form of semi-trailers and modified vehicles. We offer different types and sizes of oil tankers and chemical tankers, transporting liquid or gas by tanks from the production site to the terminals. The major customers of oil tank trucks and chemical tankers include logistics, oil and chemical companies in China and overseas.

- ***Semi-trailers*** — Include bulk cargo, skeletal, flat bed, drop deck semi-trailer. We provide different types and lengths of semi-trailer products used in various circumstances. The major customers of these products are logistics companies for semi-trailers transporting containers cargo and other companies for purpose of transporting steel, bulk cargo, coal and construction machinery products between the inland to the coastal ports in China and in overseas.

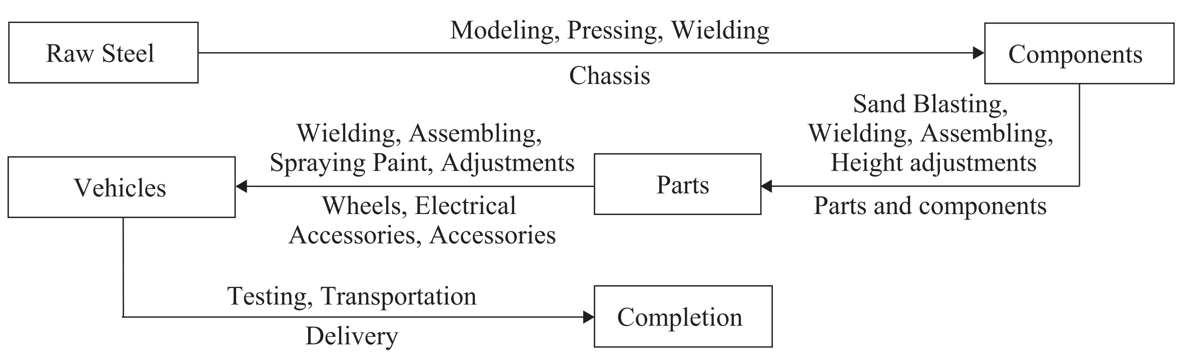
- ***Van Trailers*** — We provide van trailers at different sizes designed for the needs of different clients for the logistics and transportation of household appliances, textile goods, construction materials and other goods. In addition, we provide refrigerated and insulated trailers for companies engaging in food products, creating the ideal environment for the customer to transport their goods. Therefore the customer base for van trailers is wide, across many different industries, including retail products manufacturers and logistics companies.

The following table sets out the sales volume of our major types of vehicles for the years/periods indicated:

	For the year ended on 31 December			For the six months ended on 30 June	
	2009	2010	2011	2011	2012
	Unit: 10,000 units				
Tipping trucks	2.9	4.7	4.7	3.3	1.4
Cement mixers	0.4	0.9	0.9	0.6	0.3
Liquid and Powder Tanker	0.8	1.2	1.2	0.9	0.4
Semi-trailers	4.9	7.2	6.3	3.1	2.3
Van Trailers	0.7	1.5	1.9	0.9	0.9

Production

The following chart indicates the general vehicle manufacturing process:



Steel sheets are subject to modeling, pressing and wielding to create components of the vehicle, whilst the chassis is prepared for installation. After the process of sandblasting and wielding, the components are then assembled together with other components and the chassis. There would be further wielding, assembling, spraying paint and adjustments, installing wheels, electrical accessories and other accessories. Once completed the vehicle would then be tested before delivery to the customer.

As of the Latest Practicable Date, we have established 22 production bases with a total annual production capacity of 200,000 units, 24 companies for selling and distributing services and 400 service centers in South China, East China, Northwest China, Northeast China and North China, Thailand, Australia and North America.

The following table sets out the production capacity and the utilisation rates of our production facilities for our major vehicle products for the years/periods indicated:

	For the year ended on 31 December			For the six months ended on 30 June	
	2009	2010	2011	2011	2012
Tipping trucks					
Production Capacity (in 10,000 Units)	5.2	6.7	7.8	3.9	3.9
Utilisation rate(1) (in %)	55.4	70.2	60.2	85.4	35.0
Cement mixers					
Production Capacity (in 10,000 Units)	1.0	1.2	1.9	1.0	1.0
Utilisation rate(1) (in %)	42.4	74.2	49.0	67.7	28.1
Liquid and Powder Tanker					
Production Capacity (in 10,000 Units)	1.0	2.0	2.7	1.3	1.3
Utilisation rate(1) (in %)	72.7	61.0	44.6	64.7	29.1
Semi-trailers					
Production Capacity (in 10,000 Units)	8.4	9.6	13.1	6.6	6.6
Utilisation rate(1) (in %)	57.6	74.2	47.6	47.2	35.9
Van Trailers					
Production Capacity (in 10,000 Units)	1.5	1.9	2.1	1.1	1.1
Utilisation rate(1) (in %)	52.0	91.0	76.7	75.2	71.4

Note:

(1) Calculated from actual production volume divided by production capacity of the relevant period.

Energy, Chemical And Food Equipment Business

Overview

We conduct our energy, chemical and food equipment business mainly through CIMC Enric, a subsidiary we acquired in 2007. CIMC Enric, through its group member companies, mainly engages in the energy, chemical and liquid food energy industries' transportation, storage and process equipment design, development and manufacturing, including high pressure transportation tanks, tank containers, liquid food storage and transportation equipment. CIMC Enric was the largest manufacturer of tank containers in the world in 2011 in terms of sales volume according to the industry report compiled by CCID Consulting. CIMC Enric is dedicated to the creation of more mainstream products with global competitiveness and strives to become a global leading equipment manufacturer and engineering service provide for energy, chemical and food industries.

- ***Energy Equipment Business*** — We provide a wide range of compressed natural gas ("**CNG**"), liquefied natural gas ("**LNG**") and liquefied petroleum gas ("**LPG**") storage equipment. In 2010, our 60% owned subsidiary, TGE Gas Engineering GmbH ("**TGE GAS**"), won an engineering, procurement and construction ("**EPC**") contract for the project of Zhejiang Ningbo LNG receiving station from China National Offshore Oil Corp., as well as an EPC contract for the second-phase expansion project of Portugal-based SINES LNG receiving station, both of which were completed in September and May 2012, respectively.

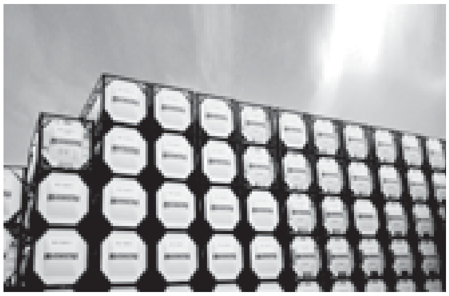
- ***Chemical Equipment Business*** — Our chemical equipment business is largely conducted through our two subsidiaries, Nantong CIMC Tank Equipment Co., Ltd. and Dalian CIMC Heavy Chemical Equipment Co., Ltd.

- ***Food Equipment Business*** — We conduct our food equipment business through our Netherlands-based subsidiary, Holvrieka Holding B.V. Our liquid food equipment is widely used in the petrochemicals, beer, juice, milk and other food and beverage industries.

Our products have received numerous recognitions and qualifications, including American Society of Mechanical Engineering License, DOT-3AAX manufacture license issued by U.S. Department of Transportation and qualifications recognised by many famous ship classification agencies, such as American Bureau of Shipping, Bureau Veritas, China Classification Society, Germanischer Lloyd and Lloyd's Register of Shipping.

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our energy, chemical and food equipment business generated an operating income of RMB3,400.0 million, RMB5,081.2 million, RMB8,087.6 million, RMB3,603.8 million and RMB4,199.3 million, respectively, accounting for 17.2%, 10.0%, 12.9%, 10.1% and 15.9% of our total operating income from principal activities. For each of the same period, the gross profit generated from our energy, chemical and food equipment business amounted to RMB581.3 million, RMB855.4 million, RMB1,404.1 million, RMB697.7 million and RMB818.3 million, respectively, accounting for approximately 18.9%, 10.5%, 11.8%, 10.0% and 18.8% of our total gross profit.

Products and Services





- ***Storage Equipment*** — Storage equipment is used before and after the material is processed. We manufacture a variety of storage equipment, including tank containers, high-pressure transportation tanks, medium-pressure transportation tanks, cryogenic transportation tankers and other transportations and storage equipment, among different volumes and sizes. In 2011, we were the largest tank container producer in the world in terms of sales volume according to the industry report compiled by CCID Consulting.

- ***Process Equipment*** — We offer a collection of process equipment, including reactors, heat exchangers, boilers and columns, which are used at different processing stages of various products in energy, chemical and food industry.

- ***Integrated Devices for Refueling Stations*** — We provide different integrated devices used for refueling at gas stations and sub-stations, including machinery that transfer gas or liquid from the refueling sub-station or container into station or vice versa, CNG filling stations, gas filling trailers, stations, small sized natural gas liquefaction units, high-pressure gas vehicles and medium-pressure gas tankers, hydraulic natural gas vehicles gas filling daughter stations, hydraulic daughter station trailers, skid-mounted hydraulic natural gas vehicles gas filling devices and small-sized skid-mounted natural gas liquefaction units.

- ***Compressors*** — We offer a wide range of compressors designed for specific usages. Our compressors are widely used in mining, food, medicine, scientific research, machinery production and other industries. Our products include coal bed methane compressor, special gas compressor, CNG compressor, energy spectrum compressors with D Type and M type screw compressors.

- ***Nuclear Power Equipment*** — we provide equipment for nuclear power units such as cationic mixed desalination bed and nuclear energy storage equipment.

In addition to the above products, we provide one-stop tailored service for energy, chemical and food equipment business such as system design, equipment manufacturing, installation, equipment testing, employee training, technical support, maintenance, operation management and transportation service of energy, chemical and food equipment.

Production

The Group's major production plants of energy equipment and chemical equipment are located in six cities across four provinces in the PRC, which are Nantong and Zhangjiagang of Jiangsu province, Shijiazhuang and Langfang of Hebei province, Jingmen of Hubei province and Bengbu of Anhui province. Production plants of liquid food equipment are mainly at Emmen and Sneek of the Netherlands, Randers of Danmark, and Menen of Belgium.

The following table sets out the production capacity and the utilization rates of our major production facilities for our energy, chemical and food equipment products for the years/period indicated:

	For the Year Ended on 31 December						For the Six month Ended on 30 June			
	2009		2010		2011		2011		2012	
Products	Production Capacity (in units)	Utilization rate(1) (in %, approximately)	Production Capacity (in units)	Utilization rate(1) (in %, approximately)	Production Capacity (in units)	Utilization rate(1) (in %, approximately)	Production Capacity (in units)	Utilization rate(1) (in %, approximately)	Production Capacity (in units)	Utilization rate(1) (in %, approximately)
CNG storage	10,000	74%	12,000	69%	15,000	68%	7,500	63%	7,500	90%
CNG/LNG filling station	120	64%	120	67%	120	107%	60	62%	60	140%
CNG filling trailers	200	91%	200	72%	200	64%	100	40%	100	80%
High-pressure transportation tanks	37,500	19%	75,000	92%	120,000	63%	45,000	86%	75,000	78%
LNG tanker	1,566	67%	2,100	89%	3,420	89%	1,620	78%	1,740	69%
Cryogenic transportation tanker	10,000	50%	12,000	94%	15,000	92%	7,500	97%	12,600	75%
LPG tanker	1,980	62%	2,850	82%	3,620	82%	1,570	85%	2,010	67%
Tank containers	12,600	24%	14,400	56%	18,450	94%	8,490	87%	10,320	79%

Note:

(1) Calculated from actual production volume divided by production capacity of the relevant period.

Offshore Engineering Business

Overview

We are a leading offshore engineering equipment manufacturer in China and have been involved in the competitive international market of offshore engineering by operating through our subsidiary, CIMC Raffles. The main products manufactured by CIMC Raffles are jack-up drilling platforms, semi-submersible drilling platforms, floating production, storage & offloading units ("**FPSOs**"), floating, storage & offloading units ("**FSOs**"), self-unloading bulk carriers, fall pipe vessels, pipelay vessels, semi-submersible heavy lift vessels and other special offshore engineering vessels. From 2010 to 30 June 2012, CIMC Raffles delivered six deep water semi-submersible drilling platforms. CIMC Raffle has established CIMC Offshore Engineering Institute Research Center (中集海洋工程研究院有限公司) in 2009, Ocean Engineering Design and Research Institute of CIMC (中集船舶海洋工程設計研究院有限公司) and three manufacturing bases at Yantai, Haiyang and Longkou.

We started our offshore engineering business from January 2010. For the years ended 31 December 2010 and 2011 and the six months ended 30 June 2011 and 2012, the offshore engineering business generated an operating income of RMB2,391.1 million, RMB540.9 million, RMB230 million and RMB1,243 million, respectively. For each of the same period, our offshore engineering business recorded an operating loss of approximately RMB1,228.4 million, RMB1,174.1 million, RMB581.1 million and RMB144.8 million, respectively. Such losses were mainly attributable to the losses incurred in connection with the projects which were commenced prior to our acquisition.

Products and Services

- ***Drilling Platforms*** — Drilling platforms are used for drilling and oil rig operations, we produces several types of drilling platforms, including jack up drilling platforms and semi-submersible drilling platforms. These platforms and vessels can be used for both shallow water and deep water drilling for oil explorations.

  Some of our manufactured drilling platforms, such as Coslpioneer, are designed for zero emission drilling process. All rocks and debris can be transported back to the land for processing. Waste water, rainwater and all waste oil (both industrial and non-industrial) are treated to remove pollutants before they are drained into the ocean.

- ***Production Facilities*** — We manufacture production facilities used in the offshore oil and gas industry for processing and storage of the oil or gas. We offer three types of production facilities, including FPSOs, FSOs and self-unloading bulk carriers.

- ***Leasing of offshore engineering equipment and construction facilities*** — We provide leases to customers who have needs to use our barges for launching new vessels and crane facilities to install machineries and equipment onto their vessels.

In recent years, we completed a number of important offshore engineering equipment manufacturing projects which demonstrates our abilities and expertise to mass produce deep-water semi-submersible drilling platforms:

- In December 2011, COSL Innovator, the second deep-water semi-submersible drilling platform constructed for the subsidiary of COSL — COSL Drilling Europe AS (CDE) was delivered by CIMC Raffles;

- In October 2011, Coslpioneer, the first deep-water semi-submersible drilling platform delivered by CIMC Raffles began to provide drilling service for Statoil in the North Sea Sleipner Oilfield, Norway, and discovered oil by drilling in January 2012;

- In June 2011, Stornes, the flexible fallpipe vessel constructed for Van Oord Marine Services BV in Holland, was delivered in Yantai;

- In June 2011, SS Pantanal, the deep-water semi-submersible drilling platform constructed for Schahin in Brazil by CIMC Raffles begun to work in Brazil;

- In May 2011, Super M2 H196, the first jack up drilling platform constructed by Longkou CIMC Raffles Offshore Co. Ltd., was delivered; and

- In April 2011, SS Amazonia, the second deep-water semi-submersible drilling platform constructed for Schahin in Brazil was delivered in Yantai.

From the middle of 2011 to February 2012, the aggregate contract value of new orders (excluding construction projects for the Group) of CIMC Raffles exceeded US$1.5 billion. In December 2011, CIMC Raffles signed a contract to construct the deep-water semi-submersible drilling platform — COSL Prospector for COSL Drilling Europe AS (CDE), which is expected to deliver in the third quarter of 2014. In July 2011, CIMC Raffles signed a contract to construct two 50,000-tons multi-function semi-submersible ships for United Faith Group Limited. In February 2012, CIMC Raffles signed a contract to construct a deep-water semi-submersible drilling platform — North Dragon for North Sea Rigs As.

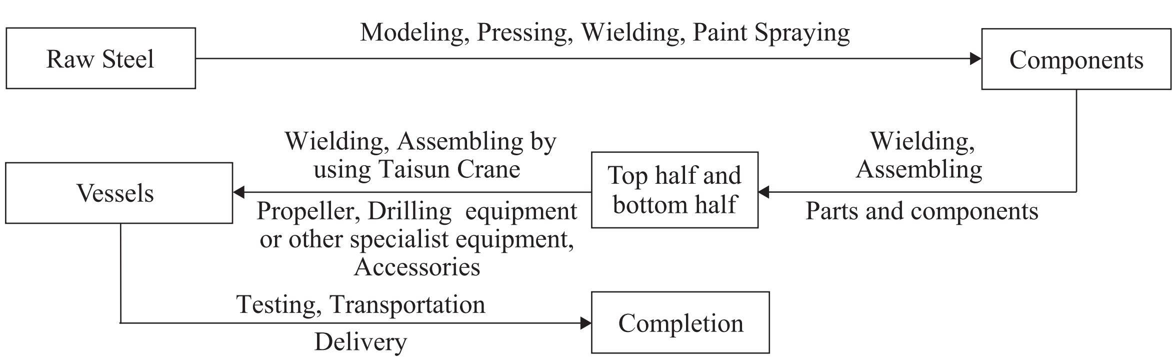
The following table sets out our offshore engineering projects that are currently in progress:

Projects	**Platform**
COSLProspector	Semi-submersible drilling platform
JU2000E-1	Jack-up drilling platform
Super M2-196	Jack-up drilling platform
Super M2-209	Jack-up drilling platform
Internal Orders	
Super M2 -194	Jack-up drilling platform
Super M2-211	Jack-up drilling platform
Super M2-212	Jack-up drilling platform
SSCV I	Semi-submersible drilling platform
SSCV II	Semi-submersible drilling platform
Illusion H233	Yacht

These vessels are expected to be completed between late 2012 and late 2014.

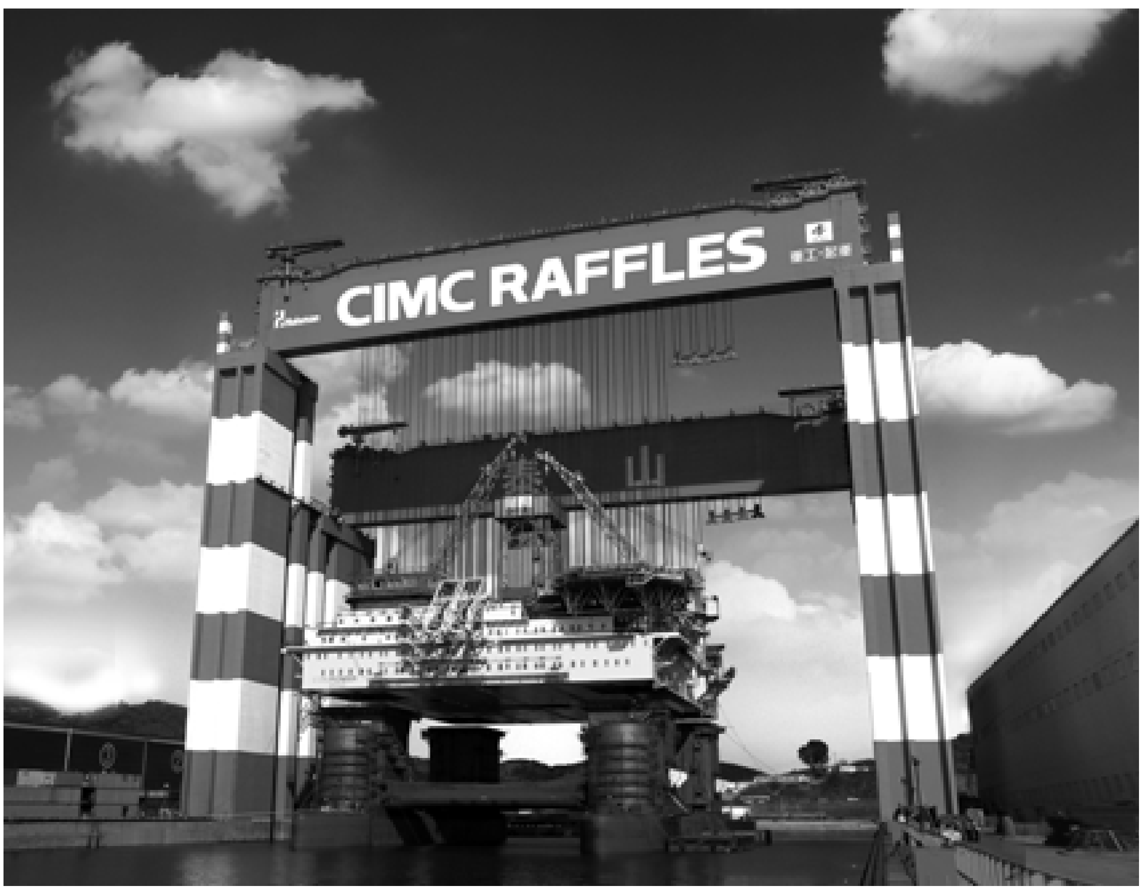
Production

The following chart indicates the general vessel and drilling platform building process:



The main construction processes stages of vessels are on-land construction, assembly with a 20,000 tons crane, underwater assembly in their respective order. On-land construction enables the two main parts of the vessel, the top-half of the vessel and the bottom-half of the vessel to be built on land. Through the use of the Taisun crane to assemble semi-submersible platform, the vessel is assembled into one piece, then other parts including propeller, drills and other equipment are installed. The vessel will then be tested and fine-tuned before it is delivered to the customer.

As of the Latest Practicable Date, we had three construction bases in Yantai, Haiyang and Longkou, occupying 1.34 square kilometers of land, making up for an international professional management team which has over 40 years of offshore engineering experience. In terms of the role of each production bases, Yantai base is mainly responsible for supply distribution, assembly, and fine tuning. Both Haiyang base and Longkou base are construction bases of semi-submersible and jack up drilling platform.



Our Taisun Crane located in Shandong Yantai is the most powerful crane in the world in terms of its lifting power. It is of 120 meters tall and has the power to lift 20,000 tons. Taisun Crane has completed different types of lifting tasks, such as lifting semi-submersible platform deck module, accommodation module and drilling modules, and have received numerous prize and awards, including "Heaviest Weight Lifted by a Crane" recognised by Guinness World Record in 2008, "Woelfel Best Mechanical Engineering Achievement Award in Achievement" granted by American Society of Mechanical Engineers in 2008 and "Spotlight on New Technology Award" granted by Offshore Technology Center in 2008. Taisun Crane has also received five Chinese invention patents and two international patents.

The following table sets out the production capacity and the utilization rates of our production facilities for our offshore engineering equipment products for the years/period indicated:

	For the Year Ended on 31 December						For the Six Months Ended on 30 June	
	2009		2010		2011		2012	
Product	Production Capacity (in units)	Utilization rate(1) (in %)	Production Capacity (in units)	Utilization rate(1) (in %)	Production Capacity (in units)	Utilization rate(1) (in %)	Production Capacity (in units)	Utilization rate(1) (in %)
Semi-submersible drilling platform . .	3	100	3	100	4	75	4	25
Jack up drilling platforms.	3	100	3	100	6	33	6	33

Note:

(1) Calculated from actual production volume divided by production capacity of the relevant period.

Airport Facilities Equipment Manufacturing Business

Overview

We were ranked No. 1 amongst the suppliers of passenger boarding bridge in terms of sales in the world in 2011 and a leading air cargo handling system and logistics system supplier in China. We operate our airport facilities equipment business through our subsidiary CIMC Tianda. Our products include passenger boarding bridges, automatic air cargo handling system and logistics system, auto-parking system, seaport passenger boarding bridges, ground support equipment and vehicles as well as ice and snow removing trucks.

According to the industry report compiled by CCID Consulting, CIMC Tianda has achieved 62% of market shares of passenger boarding bridges in China in terms of sales in 2011. In 2006, CIMC Tianda has over 50% market shares of air cargo handling equipment in China, according to Shenzhen Machinery Industry Association.

We have focused in innovating and producing the passenger boarding bridge. For example, our passenger boarding bridges and air cargo handling system were awarded as one of "National New Key Products" (國家重點新產品) granted by the Ministry of Science and Technology of the PRC in 2006 and 2007, respectively.

CIMC Tianda has entered into over 38 countries and regions. Since the establishment of CIMC Tianda, we have obtained orders of over 130 units of passenger boarding bridges in Europe.

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our airport facilities equipment manufacturing business generated an operating income of RMB391.8 million, RMB307.1 million, RMB544.3 million, RMB131.3 million and RMB63 million, respectively, accounting for 2.0%, 0.6%, 0.9%, 0.4% and 0.2% of our total operating income from principal activities. For each of the same period, the gross profit generated from our airport facilities equipment manufacturing business amounted to RMB70.7 million, RMB77.8 million, RMB193.4 million, RMB39.5 million and RMB17.7 million, respectively, accounting for approximately 2.3%, 1.0%, 1.6%, 0.6% and 0.4% of our total gross profit.

Products and services

- ***Passenger Boarding Bridges*** — Passenger boarding bridges are used to connect airport terminals to planes for access. We offer a variety of passenger boarding bridges, including fixed bridges, commuter passenger boarding bridges, A380 specialized passenger boarding bridges, T-type passenger boarding bridges, nose loader passenger boarding bridges and apron drive passenger boarding bridges.

- ***Air Cargo Handling System and Baggage Handling System*** — Air cargo and baggage handling systems are used in airports and seaports. We offer different system designed to handle different types of cargos and baggage, including unit load device handling system, bulk handling system, airline catering system, baggage handling system.

  In 2004, we completed the world's then largest air cargo handling system for Guangzhou New Baiyun International Airport, which is able to process 800,000 tons of cargo a year.

- ***Ground support equipment*** — We manufacture different types of vehicles used for their specific purposes in the airport to ensure all services of the airport are delivered smoothly, including apron buses.

- ***Visual Docking Guidance System*** — CIMC Tianda's Aircraft Visual Docking Guidance System is an induction loop sensor system, providing precise information to the pilot to ensure the aircrafts stop in the correct position for connection to passenger boarding bridges and fuel pits.

- ***Seaport Passenger Boarding Bridges*** — Seaport passenger boarding bridge is the link between cruise-terminals and cruise ships, providing a comfortable and safe walkway in all weather conditions. The glass walled seaport passenger boarding bridge offers passengers a pleasant connection and a nice overview of the port and cruises during embarking and debarking. The aspects of seaport passenger boarding bridge can be designed to match the cruise-terminal.

- ***Automatic Parking System*** — With urban space becoming more rare and expensive, car packing space can be maximized with automatic parking system, utilizing all the car parking spaces available in the garage. We design and manufacture different systems, including shuttle transferring parking system, vertical lifting parking system, aisle stacking parking system, lift & slide parking system, lift-only parking system.

- ***Automatic Storage and Retrieval System*** — We offer automatic storage and retrieval system for logistics companies. Our products include automatic conveyor system with conveyors and lifts, computerized automatic sorting systems and automatic warehouses that could increase accuracy and efficiency of the logistics system. Our automatic warehouse systems are tailored to customer demand and logistics conditions and we provide free initial logistics consultation and planning for automatic warehouse system solutions.

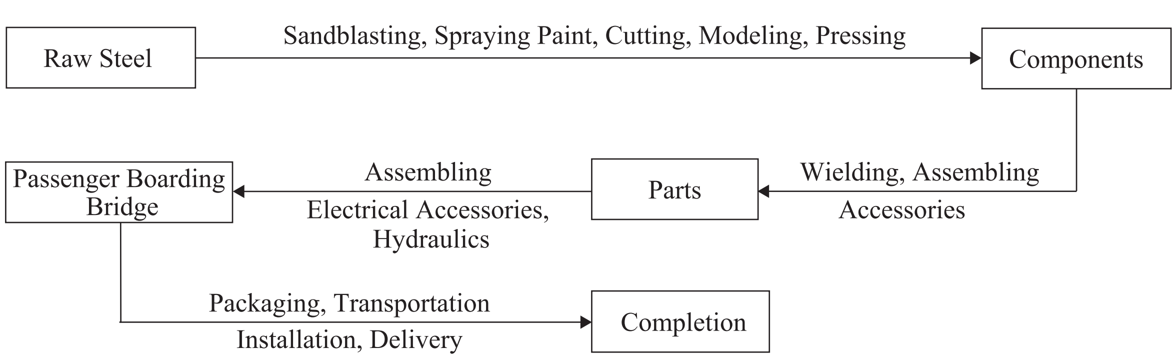
- ***Airport facilities related services*** — Our services relating to airport facilities business include repair, maintenance, employee training and technical support.

The following table sets out the sales volume of our passenger boarding bridges for the years/periods indicated:

	For the year ended on 31 December			For the six months ended on 30 June	
	2009	2010	2011	2011	2012
			Unit: in units		
Sales Volume	211	118	208	59	20

Production

The following chart indicates the manufacturing process of passenger boarding bridges:



Steel sheets are subject to the process of sandblasting, spray painting, cutting, modeling and pressing into the desired shaped. After that, it would then be assembled with other component parts by wielding. Next, it will be assembled with accessories, electrical parts, and hydraulics to complete the passenger boarding bridge construction. Finally, the bridge would be packaged for transportation and installed on-site at customer's airport.

CIMC Tianda, our airport facilities equipment manufacture subsidiary, is located in Shenzhen Shekou Industrial Zone.

The following table sets out the annual production capacity and the utilization rates of our production facilities for our airport facilities equipment products for the years/period indicated:

	For the year ended on 31 December			For the six months ended on 30 June	
Product	**2009**	**2010**	**2011**	**2011**	**2012**
The production capacity of passenger boarding bridges and seaport passenger boarding bridges (in units)	150	150	210	105	130
Utilization rate of passenger boarding bridges and seaport passenger boarding bridges(1)	86%	93%	97%	86%	90%
The production capacity of automatic storage and retrieval system (in units)	20	20	25	15	20
The production capacity of automatic parking system (in car parking spaces)	5,000	5,000	6,500	3,000	4,000
The production capacity of ground support equipment (in units)	20	20	25	15	20

Note:

(1) Calculated from actual production volume divided by production capacity of the relevant period.

Other Principal Activities

Our other principal activities include logistics equipment and service business, financial services, real estate development and railway equipment manufacturing.

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our other principal activities generated an operating income of RMB247.9 million, RMB1,678.9 million, RMB2,603.0 million, RMB944.7 million and RMB1,055.7 million, respectively, accounting for 1.2%, 3.4%, 4.0%, 2.6% and 4.0% of the Group's total operating income from principal activities. The gross profit generated from our other businesses amounted to RMB160.6 million, RMB516.9 million, RMB938.5 million, RMB305.2 million and RMB270 million in years 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, respectively, accounting for approximately 5.2%, 6.3%, 7.9%, 4.4% and 6.2% of the Group's total gross profit.

Logistics Equipment and Service Business

We provide special logistics equipment and comprehensive logistics solutions for our customers from various fields through Dalian CIMC Logistics such as automobile, food and chemical industries. Our logistics equipment products mainly include pallet containers for automobiles, logistic, foods, chemical, and agriculture, stainless steel IBCs applicable in chemical and foods fields, and various special logistics equipment, such as wind power product logistic, commercial vehicle assembly logistics equipment and offshore containers.

- ***Pallets*** — We offer a wide range of pallets which are transport structures that support goods in a stable fashion while being transported, lifted by a forklift, pallet jack, front loader or other jacking device. We provide metal pallets that are designed to carry specific items, including general automotive steel pallet box, general logistics cage, foldaway panel pallets and plastic mesh demountable panel pallets.

- ***Intermediate Bulk Containers (IBC)*** — An IBC is a container used for transport and storage of fluids and bulk materials. The construction of the IBC container and the materials used are chosen depending on the application. We offer a wide range of IBC which are used to transport food and chemical, including tank pallets, and dangerous goods tank pallets, we provide most of these IBC in stainless steel.

- ***Specialized Logistics Equipment*** — We offer specialized logistics equipment used for particular logistics purposes, these include offshore box, wind power product distribution, commercial vehicle logistics carriers.

We have two manufacturing facilities located at Tianjin and Dalian and three service centers located at Shenzhen, Wuhu and Guangxi. As of the Latest Practicable Date, our annual production capacity for pallet containers amounts to 1.3 million sets.

Real Estate Development Business

We have constructed a series of real estate projects mainly in Shanghai, Yangzhou, Zhenjiang and Guangdong. Our real estate projects involve residential buildings, villas, office buildings, luxurious hotels and large shopping centers. The following are some of our successful projects,

Yangzhou CIMC Grand Skylight Hotel (揚州中集•格蘭雲天大酒店)	• In downtown Yangzhou • 4 stars hotel
Yangzhou CIMC Zijin Wenchang Residential Community (揚州中集紫金文昌園)	• In central Yangzhou
Yangzhou Dongfangbaiheyuan (揚州東方百合園)	• Occupies 145,332 square meters, gross floor area of 230,000 square meters
Shanghai Hyde Garden (上海海德花園)	• Rare large scale low density community in Northern Shanghai
Shekou Tianhai Garden (蛇口天海豪景苑) . .	• Occupies 4000 square meters, gross floor area of 31,000 square meters
Jiangmen Zhongtian International Garden (江門中天國際花園)	• Occupies 220,000 square meters, gross floor area of 400,000 square meters

Financial Services

Our financial services are provided by our two subsidiaries, CIMC Financial Leasing and CIMC Finance.

In July 2007, CIMC Vehicle Finance Leasing Co., Ltd was established under the approval of MOFCOM, and was renamed as CIMC Financial Leasing in 2012. CIMC Financial Leasing provides financial leasing and other financial services such as financial consultation services inside and outside the Group. CIMC Financial Leasing was appraised as the "China Financial Leasing Company of the Year" ("2011中國融資租賃年度公司") in 2011. In October 2010, CIMC Financial Leasing signed the financial leasing agreement on refurbished vehicle project with a US company, focusing on container ship chartering, chassis leasing and container leasing, initiating our first vehicle financial leasing transaction in U.S. and marking CIMC Financial Leasing's successful launch in the U.S. market where the financial market is more developed.

CIMC Finance was established on 9 February 2010 and obtained an approval from the CBRC for its operation in February 2010. The registered capital of CIMC Finance was RMB500 million, which was fully funded by the Company, the major business of CIMC Finance is to provide loans to our Group members. By providing loan services, CIMC Finance is dedicated to improve our Group's capital efficiency and performance, helping the realization of our Group's strategic development and its objectives. In 2011, CIMC Finance was graded Tier 2 (Good) as a non-bank financial institutions by the CBRC. As of the Latest Practicable Date, CIMC Finance only provided financial services to our Group.

As of 31 December 2011 and 2010, the total assets of CIMC Finance were RMB5,364.4 million and RMB3,234.2 million and for the years ended 31 December 2011 and 2010, its operating profit was RMB80.6 million and RMB23.2 million, respectively.

Railway Equipment

In 2005, we established Dalian CIMC Railway which had a production base with an annual output of 1,000 railway wagons, and supplying railway industry products. The production plant of Dalian CIMC Railway manufactures various railway equipment meeting different international standards. Currently, our products have been exported to markets in Europe and Australia.

Our Non-Principal Activities

Our non-principal activities mainly include the sales of scrap metal, which is generated primarily in the process of container manufacturing, those scrap metal mainly consist of steel. During the manufacturing of containers, steel plate are cut into the desired shape, but the remaining pieces may not be possible to use for manufacturing, however it still holds value. After compiling, the scrap steel will be sold to recovery trader for recycling process. In 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our non-principal activities generated an operating income of RMB656.0 million, RMB1,104.9 million, RMB1,325.7 million, RMB599.7 million and RMB877.1 million, respectively, accounting for 3.2%, 2.1%, 2.1%,1.6% and 3.2% of the Group's total operating income.

Research and Development

We place strong emphasis on research and development of our container manufacturing and service business, road transportation vehicle business, energy, chemical and food equipment business, offshore engineering business and airport facilities equipment business, in order to enhance competitiveness of our principal product . We have 23 research and development facilities/centers located in China and other countries with more than 6,000 employees. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, we recognised research and development expenses of RMB148.7 million, RMB226.5 million, RMB359.6 million, RMB44.1 million and RMB95.1 million, respectively.

Our research and development capability has helped us to maintain our leading position in the relevant industries. For example, with respect to our offshore engineering business, our CIMC Offshore Engineering Institute Research Center were named as the "National Energy Marine Petroleum Drill Platform R&D (Experiment) Center" ("國家能源海洋石油鑽井平台研發中心") by the National Bureau of Energy of the PRC in July 2010. Our Company's common container transport framework for vehicles was awarded the Nantong Science and Technology Improvement Prize ("南通市科技進步獎") by Nantong Science and Technology Bureau. Our air cargo handling system received the Guangdong Province Science and Technology Award Second Place ("廣東省科學技術獎二等獎") by Guangdong Province Science and Technology Department.

We established our "DreamWorks" ("夢工廠") production facilities at Shenzhen of Guangdong province in 2010. Integrated with advanced automated manufacturing system, logistics system, information technology system and waste discharge and recycling system, the DreamWorks adopts the advanced technologies and management model developed by our research and development team. The automated manufacturing system, logistics system and information technology system of the DreamWorks together allow our managers to control the container manufacturing process and monitor the real-time inventory level of our raw materials and production process, and enable them to make necessary management decisions promptly. Its waste discharge and recycling system helps us to reduce energy consumption and pollutant emission. At the United Nations conference on sustainable development held in June 2012, the DreamWorks was presented as a successful example of China's sustainable development in China's promotional film "China's Road of Sustainable Development".

The following table sets out the education level of our research and development employees as of 30 September 2012:

Business Segment	Number of Employees	% of total
Doctor	28	0.3
Master	473	7.0
Bachelor and below	6,364	92.7
Total	6,865	100

The following table sets out the total number of our research and development employees with technical titles as of 30 September 2012:

	Number of Employees
Senior Technical Titles	146
Intermediate Technical Titles	816

Quality Control

We have implemented stringent quality control measures to identify and solve potential quality issues. Our senior management is actively involved in setting internal quality control policies and has established a dedicated quality control department at our headquarters that sets forth general quality control guidelines, manages our quality control practices and oversees the performance of the dedicated quality control departments of each of our business segments.

Our quality control procedures start with quality assurance of raw materials, parts and components, which includes annual evaluation of our major suppliers and inspection of raw materials, parts and components upon their arrival at our facilities. We regularly dispatch quality control personnel to our key suppliers in order to ensure the quality of the raw materials, parts and components we procure externally. Raw materials, parts and components that fail our inspection are returned to suppliers. We also established quality control measures in all key stages of our manufacturing process, and test all finished products before delivery to customers. If a problem is detected, a failure analysis is performed to determine the cause. We distribute internal quality control publications on a weekly and monthly basis that inform, examine, and analyze quality control issues and problems that are identified in order to continuously improve our quality control measures. We have been awarded numerous ISO certificates and other recognitions in difference businesses for our quality control.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any product recall that materially adversely impacted our reputation, business operations or financial condition.

Supplies

The principal raw materials, parts and components that we use to manufacture our products include steel, aluminum, paint, wooden floor board, tires, brakes, hydraulics and a variety of other commodities and fabricated or manufactured parts and components. We currently source the majority of our raw materials, parts and components used in our products from multiple suppliers located inside the PRC. We may subcontract and outsource the manufacturing of some non-key parts and components to external parties as we believe it can be more cost effective and a more efficient use of resources.

We adopt different policies to manage our procurement for raw materials, parts and components. We use a combination of centralized procurement and separate procurement. For supplies of steel, our Group's procurement management department monitors the prices of steels, decides the relevant inventory level and assists each business segment or subsidiary to negotiate with the steel manufacturers with which the Group has established a long term relationship. Taking into consideration the fluctuations in the prices of steel in the international market, we may increase our inventory level of steel when we believe that the prices are reasonable. With respect to the production of special-purpose containers, special vehicles and drilling platforms, we will only procure the necessary equipment, parts and components upon receiving the orders from our customers. For other raw materials, parts and components that are only used in a particular business segment or by a specific subsidiary, they are respectively sourced separately at the business segment level or at the subsidiary level. This combination of centralized and separate procurement enables us to procure raw materials from reliable suppliers and use our collective bargaining power to demand for a larger discount. The prices of steel used in our manufacturing process have been relatively stable in the past few years. We have built and maintained an inventory of raw materials at least up to a reasonable level for operations to mitigate the effect of any short-term fluctuation, together with a view to lower our raw materials cost. For more details of such risk affecting our operation and financial performance, please refer to the "Risk Factor" section of this listing document.

As we believe that the raw materials, parts and components we use to manufacture are common, we do not anticipate significant difficulties in obtaining alternative sources of supply if necessary. We typically have multiple suppliers for each of our raw materials, parts and components so as to reduce any potential disruption of our operations and reliance on a particular supplier, maintain sourcing stability and secure competitive prices from suppliers.

We select our suppliers based on various criteria, including their supply quality, price, nature and specification of the item, capacity, aftersales services and reputation. A supplier must passes an initial review based on these criteria before they could conduct businesses with us. Moreover, we constantly monitor and evaluate current and potential suppliers on their ability to meet our requirements and standards. We review the performance of each of our suppliers upon each quarter and each year regarding delay, quality and services. We undertake inventory control in order to reduce the risks of under and over stocking and maintain our inventory of raw materials, parts and components at an appropriate level to facilitate the manufacturing process.

We believe we have maintained stable relationships with our main suppliers of raw materials, parts and components, which enable us to procure reliable suppliers used in business. Moreover, in the rare case of special supplies that could only be obtained from limited suppliers, we would strategically source from the suppliers to seek reliable supplies, reasonable price and terms by methods dependent upon the nature of the supplies. As of the Latest Practicable Date, we had not experienced any major interruptions in key raw materials, parts and components supplies for our operations.

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our single largest supplier accounted for approximately 6.1%, 4.0%, 4.5% and 3.2%, respectively, of our total purchases, and our five largest suppliers together accounted for approximately 9.2%, 14.1%, 13.2% and 13.2%, respectively, of our total purchases. None of our Directors or their associates, or any Shareholders, who, to the knowledge of our Directors or our Shareholders who owns more than 5% of our issued share capital, has any interest in any of our five largest suppliers in 2009, 2010 and 2011 and the six months ended 30 June 2012.

Pricing

We formulate and adjust the prices of our products with reference to domestic competitors' prices as well as overseas competitors' prices. We also take into account factors such as production cost, product capabilities, market supply, market demand, prevailing market conditions, changes and improvements in technical innovations in pricing our products. Some of our products are partly sold to customers who approach us directly, as a result of our reputation or customer referrals. However, some of our products by its nature such as offshore engineering vessels are usually ordered through open or invited tenders where competitive bidding processes are arranged by potential customers. Our potential customers generally seek to purchase products which are good quality as well as within their price range. As none of our products is currently subject to any official price guidelines in China, we are able to formulate, review and adjust our pricing strategies in a flexible and market-oriented manner. We believe we maintain a competitive edge over our domestic competitors as we provide not only quality products, but also comprehensive sales services to our customers.

Customers

Our containers, energy, chemical and food equipment storage equipment and certain other logistics and railway products are typically sold to shipping companies, logistics companies, gas stations and companies in food, machinery production, mining and other industries. Our road transport vehicle such as trailers, semi-trailers and special vehicles are typically sold to property developers and logistics companies. Our offshore engineering equipment and energy equipment are typically sold to energy companies such as oil and gas companies and lessors. Our airport facilities equipment is typically sold directly to airports. Our major customers include but not limited to industry-leading customers such as A.P. Moller — Maersk A/S. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, sales income from A.P. Moller — Maersk A/S amounted to RMB754.9 million, RMB1,078.1 million, RMB4,621.6 million and RMB2,218.5 million, respectively. Sales of our products to government agencies and certain products such as offshore drilling platforms are achieved through competitive bidding and tender processes. We have established a dedicated team that specializes in such government or private competitive bidding and tender processes.

As cost of raw materials is an important factor that we have to consider when deciding our pricing policy. As a manufacturing company, our cost of raw materials especially the cost of steel, affects our production costs directly and consequently the prices of our products. Despite our measure to lower the cost of raw materials, if there is significant increase in our costs of raw materials, our operation results and financial condition may be adversely affected if we cannot successfully pass through such increased costs to our customers.

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, sales to our largest customers accounted for approximately 3.7%, 8.9%, 7.2% and 8.1%, respectively, of our total operating income, and our five largest customer accounted for approximately 10.7%,24.9%, 18.1% and 25.9%, respectively, of our total operating income. None of our Directors or their associates, or any Shareholders, who, to the knowledge of our Directors or our Shareholders who owns more than 5% of our issued share capital has any interest in any of our five largest customers in 2009, 2010 and 2011 and the six months ended 30 June 2012.

We typically sell our products with warranties. Warranty terms for containers normally cover two to seven years after the delivery, except for parts that are subject to special warranty terms. Our road transport vehicles are typically sold with one year warranty; while our energy, chemical and food equipment are sold with one to three years warranty; our offshore engineering equipment comes with warranty of one year; our airport facilities equipment products are supplied with one and a half years of warranty; and our logistics equipment are sold with three years warranty. In addition, our product warranty typically does not cover normal wear and tear during the products' use. Our product warranty typically requires us to provide after-sales services covering parts and labor for non-maintenance repairs, provided operator abuse and improper use or negligence did not necessitate the repair. Certain parts and components of our products, however, principally are not covered by us but are covered by the warranties of the manufacturers of such parts and components. In accordance with the relevant return procedures, our customers can return defective components of our products to us during the warranty period. Following the expiration of the warranty period, we may provide repair and maintenance services and supply parts and components for a fee based on the services required.

We provide a comprehensive suite of after-sales services to our customers, which includes many value-added services aimed at lowering costs to our customers and increasing their productivity and operating efficiency. When our products arrive at our customers' locations, our technical personnel are present on-site to provide any required installation and assembly services. Furthermore, to ensure that our customers understand the operation and functions of our products, we provide on-site technical and product training. We also perform preventive maintenance and diagnostics for our customers, instead of waiting for our customers to request maintenance services. Other value-added after-sales services include the procurement of product insurance and other necessary certifications and providing ongoing relevant industry advice and analysis.

We confirm that there was no material defective component return event incurred during the Track Record Period and up to the Latest Practicable Date.

Marketing and Distribution

We place great emphasis on the promotion of end-users' awareness of our brands and products. Our headquarters sets general strategies to promote our brands and approve marketing and promotional activities that are formulated and carried out by our respective business divisions, which vary according to our customer targets for the specific product type. Our marketing and promotional activities include advertisement on trade-related website and participating in or organizing seminars, tradeshows and exhibitions to showcase our products and to seek end-user feedback for our products. Our headquarters also strategically pursues advertising campaigns through various media outlets such as trade publications, business brochures and trade-related websites.

Our products are principally sold directly from us to the customers, including our containers, offshore engineering equipment and airport facilities equipment. For our energy, chemical and food equipment business, the majorities of its products are sold through direct sales, while part of its sales in China and overseas are distributed through sales agents. For our road transportation vehicle business, our vehicles are sold either directly or through vehicle distributors pursuant to our distribution agreement with them.

Competition

The industries in which we operate are highly competitive. We face direct competitions both in China and internationally across all businesses, product lines and price ranges. In China, our material competitors include domestic Chinese companies, such as Singamas Container Holdings Limited, Beiqi Foton Motor Co., Ltd, Zhangjiagang Furui Special Equipment Co., Ltd, China Shipbuilding Industry Company Limited, and other domestic manufacturers that either offer competing products of containers, commercial vehicles, energy, chemical and food equipment, offshore engineering equipment, airport facilities equipment or some specific types of competing products, and occasionally, certain multinational companies. In the international market, our major competitors include multinational companies such as Wabash National Corporation, Chart Industries, Inc., Keppel Corporation Limited and ThyssenKrupp AG. Moreover, the industry is becoming increasingly competitive as new foreign entrants are currently seeking to enter the PRC market while more domestic Chinese manufacturers are enhancing their international penetration and competitiveness. For information about our operation size and market shares as compared with our competitors in different business segments, please see the section headed "Industry Overview" of this listing document.

Employees

We are committed to recruiting, training and retaining skilled and experienced people throughout our operations. We intend to achieve this by offering competitive remuneration packages as well as by focusing on training and career development.

As of 30 September 2012, our group employed over 61,615 employees.

The following table sets out the total number of our full time employees by business segments as of 30 September 2012:

Business Segment	Number of Employees	% of total
Group headquarters	445	0.72
Container manufacturing and service business	29,562	47.98
Road transportation vehicle business	15,037	24.40
Energy, chemical and food equipment business	8,965	14.55
Offshore engineering business	3,513	5.70
Airport facilities equipment business	1,018	1.65
Logistics equipment and service business	1,712	2.78
Real estate development business	634	1.03
Financial business	131	0.21
Railway equipment business	591	0.96
Total	61,615	100.00

The following table sets out the total number of our full-time employees by functions as of 30 September 2012:

	Number of employees	% of total
Management	10,004	16.24
Technician	4,908	7.96
Production staff	46,703	75.80
Total	61,615	100.00

The following table sets out the education level of our employees as of 30 September 2012:

	Number of employees	% of total
Doctor	27	0.04
Master	738	1.20
Bachelor	6,879	11.16
College	7,085	11.50
Others	46,886	76.10
Total	61,615	100.00

We are required under PRC laws and regulations to make mandatory contributions to the housing provident fund for our employees who are eligible for these benefits. However, due to the differences in the local regulations, interpretation and implementation of relevant housing provident fund policies, laws and regulations by the local authorities, certain of our PRC subsidiaries failed to make housing provident fund contributions in a timely fashion. According to our PRC legal adviser, Commerce & Finance Law Offices, we may be subject to a maximum fine of RMB50, 000 for each such subsidiary of us who has failed to pay the housing provident fund and we may be ordered by the relevant authority to pay the outstanding housing provident contributions within a prescribed time limit. We have implemented internal procedures to ensure strict compliance with the requirements in relation to housing provident funds.

We did not provide relevant social welfare insurance to some employees during the Track Record Period. According to our PRC legal adviser, Commerce & Finance Law Office, we may be required by the relevant authority to pay the amount of unpaid social welfare insurance within a prescribed time limit and a late payment surcharge imposed on a daily basis at a rate of 0.2% thereon from the due date of payment for the unpaid amount due to be paid before 1 July 2011, and for the unpaid amount due to be paid from 1 July 2011 on, a late payment surcharge at a rate of 0.05% thereon from the due date of the unpaid amount, as well as a maximum fine of three times of the amount of unpaid social welfare insurance. Although we have not received any orders to rectify the non-compliance, we cannot assure you that we will not be subject to such an order in the future. We will continue to monitor the adequacy of our provisions, and will make additional provisions if necessary. We are not aware of any employee complaints regarding payment of the social welfare insurances and have not received any relevant legal documentation from a labor disputes arbitration committee or the People's Court relating to disputes about payment of these insurances.

Our Company takes the view that the chance of our subsidiaries being required by the local housing provident fund and social security authorities to pay the outstanding contributions is slim. As of the date of this listing document, we have not made any provision for such non-compliances. Our Company believes that both non-compliances with respect to housing provident funds and social welfare insurance are not significant to our business operations and even if we are required to pay any penalty or outstanding contribution, such payment would not have any material adverse effect on our business, financial condition and results of operations.

We believe that we have good relations with our employees. During the Track Record Period, we did not experience any strikes, work stoppages or significant labor disputes, nor did we experience any significant difficulties in recruiting or retaining qualified staff. We believe that we have also maintained a stable workforce and high level of employee loyalty.

We provide competitive compensation packages and benefits to attract talented people. We evaluate our employees' performance on a regular basis. The evaluation results are linked to compensation and promotion. To incentivize our after-sales and sales and marketing personnel, we provide them with bonuses based on various performance criteria, including whether their individual sales targets have been met and customer feedback on the quality of their service. We review our staff remuneration packages from time to time.

Safety

We are subject to the PRC laws and regulations regarding labor, safety and work-related incidents, which impose a number of strict safety standards and regulations that need to be followed within any premises or facilities or areas where work is conducted, so as to prevent accidents to employees and workers. Some health and safety laws and regulations provide for administrative fines and even criminal sanctions against an employer who does not comply with the health and safety laws.

We provide safety protection to our employees working in our manufacturing facilities, which include providing them with adequate safety equipment and ensuring that our manufacturing facilities have adequate precautionary measures. We have established a production safety committee at each of the Group's business segment and member companies' level. The primary duty of the committee is to review and approve the production safety policy and procedures adopted by our member companies and supervise the implantation of such policy and procedures. In addition, we provide safety-related training to our employees to increase awareness as to safety in the workplace. Relevant warning signs, such as those against smoke and heat emissions are always used at required locations.

Our operations involve the handling and storage of explosive, toxic and other dangerous or hazardous articles. We have implemented a set of guidelines and rules regarding the handling of such dangerous or hazardous articles. During the Track Record Period, we did not experience any material incident regarding mishandling of dangerous or hazardous articles.

We have been advised by our PRC legal adviser, Commerce & Finance Law Offices, that save as disclosed in the section headed "— Employees" of this listing document in respect to the housing provident fund and social welfare insurance, we have complied with labour and safety laws and regulations in the PRC in all material aspects and there was no major safety accident happened during the Track Record Period and up to the Latest Practicable Date.

Insurance

We maintain insurance policies on properties that cover losses arising from fire, earthquake, flood and a wide range of other natural disasters. We also maintain insurance policies in respect of transit risks of our products and personal accident insurance for our employees. Our subsidiaries maintained insurance for inventories and production facilities, as well as product liability insurance, insurance covering potential liability relating to the release of hazardous materials and ship construction insurance for the offshore engineering business. We also do not maintain business interruption insurance or key-man life insurance, which we believe is in line with industry practices in China. During the Track Record Period, we have not experienced any material product liability claims. We plan to increase our insurance coverage in the near future to cover losses arising from potential liability of our Company and secure our assets.

Internal Controls

Pursuant to the Company Law, Code of Corporate Governance for Listed Companies in the PRC (《上市公司治理準則》) and other relevant regulations, we have established internal rules and policies, such as the Rules of Procedure for Shareholders' Meeting, the Rules of Procedure for Board of Directors and the Rules of Procedure for Supervisor Committee. These internal rules and policies define the rights and obligations, scope of responsibilities and procedural rules for our Board of Directors, Supervisors Committee and our Independent Directors and set the procedural processes governing shareholders' meetings. We have also implemented internal procedures with a view to establish and maintain our internal control system, which cover our investment management, financial management, human resource management, performance review, external information disclosure and administrative management. Our management evaluated our accounting internal control systems in relation to financial report prepared pursuant to the requirements of accounting policies and regulations issued by the MOFCOM and other competent authorities. Our management will continue to improve our internal control system according to our operational needs and business development.

Environmental Protection

We are subject to extensive national and local environmental laws and regulations where we operate concerning, among other things, emissions to the air, discharges to land, surface water and subsurface water, the generation, handling, storage, transportation, treatment and disposal of waste and other materials, and the remediation of environmental pollution relating to our properties and operations. Our products will need to comply with the applicable safety, exhaust and performance standards adopted by the respective jurisdictions into which we sell, which may differ depending on their respective characteristics. See the section headed "Regulatory Overview" for additional information.

For the years ended 31 December 2009, 2010 and 2011, our total capital expenditure incurred for compliance with environmental protection rules and regulations of the PRC exceeded RMB200 million.

The PRC national and local environmental laws and regulations impose fees for the discharge of waste substances above prescribed levels, require the payment of fines for serious violations and provide that the PRC national and local governments may at their own discretion close or suspend the operation of any facility that fails to comply with orders requiring it to cease or remedy operations causing environmental damage. We have installed various types of anti-pollution equipment in all our facilities to reduce, treat, and where feasible, recycle the wastes generated in our manufacturing process. We have also built appropriate facilities to filter and treat waste water and recycle the water back into our manufacturing process, as well as treat gaseous waste to reduce contaminant levels to below the applicable environmental protection standard before emission. During the Track Record Period, we had not received any notifications or warnings, nor had we been subject to any fines or penalties in relation to any breach of any applicable environmental laws or regulations which had materially and adversely affected our financial condition or business operations. Our PRC legal adviser, Commerce & Finance Law Office, have advised that during the Track Record Period and up to the Latest Practicable Date, save as disclosed in the listing document under the sub-heading "— Administrative Penalties", we have complied with the applicable environmental laws and regulations in all material respects.

Intellectual Property Rights

We are committed to the development and protection of our intellectual property portfolio. We rely on a combination of patents, trademarks, copyrights and trade secret laws, employee, third-party non-disclosure/confidentiality and non-competition agreements to protect our intellectual property. We own and have applied for patents to protect the technologies, inventions and improvements that we believe are significant to our business.

We have various patents, trademarks and domain names registered in China. As of the Latest Practicable Date, we had 27 patents, 10 trademarks and five domain names which are material to our business. Further details of our intellectual property are set out in the section headed "Appendix IX — Statutory and General Information — Our intellectual property rights". To the best of our knowledge, we do not foresee any material legal impediments for the granting of rights to our patents under application. We anticipate we will apply for additional patents in the future as we develop new products, technology and designs.

With respect to proprietary know-how that is not patentable or for which patents are difficult to enforce, we rely on trade secret protection and non-disclosure/confidentiality and non-competition agreements in order to safeguard our interests. All of our personnel who have access to sensitive and confidential information have entered into non-disclosure/confidentiality and non-competition agreements with us. We also take other precautions, such as internal document controls and network assurance procedures, including the use of a separate dedicated server for technical data.

Properties

As of 31 December 2011, no single property interest forming part of our Group's property activities had a carrying amount of 1% or more of our Group's total assets and no single property interest forming part of our Group's non property activities had a carrying amount of 15% or more of our Group's total assets. Thus, this listing document is exempted from compliance with the requirements of Rules 5.01A and 5.01B of the Hong Kong Listing Rules, with respect to the inclusion of a property valuation report in this listing document. Our Directors confirm that none of our property interests is individually material to us in terms of income contribution or rental expense.

Our head office is located at CIMC Research and Development Center, No.2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, the PRC. We summarize below the information regarding properties material to our operations and businesses. Such summary does not include information about all of our properties owned, held or occupied by us.

Owned properties

As of 30 September 2012, we owned 194 buildings and units in the PRC, with an aggregate gross floor area of 1,163,583.36 square meters, which are material to our business and operations. Among these properties:

- We have obtained the relevant title certificates for 172 buildings and units with an aggregate gross floor area of 819,124.75 square meters, among which:

- We have not obtained the relevant building ownership certificates or transfer type land use rights certificates for 22 other buildings and units with an aggregate gross floor area of approximately 344,458.61 square meters which are mainly factories and other manufacturing facilities used for the purpose of manufacturing and storage of products. We failed to obtain the relevant certificates for these buildings and units mainly because we have not been able to prepare all the required construction documents which are necessary for the application for (i) the relevant building ownership certificates or transfer type land use rights certificates, or (ii) the change of the government's planning on the use of the land where these buildings are located. According to our PRC legal adviser, Commerce & Finance Law Office, we have no legal right to use, transfer, lease, mortgage or otherwise dispose of such properties until we obtain the relevant land use right certificates and/or building ownership certificates. We are using our commercially reasonable efforts to obtain the relevant building ownership certificates or transfer type land use rights certificates. However, we are unable to ascertain when the relevant land and property management authorities will grant us the relevant title certificates. Given the purposes and relatively small percentage of defective properties, and that our Company is in the process of curing these defects by applying for the relevant certificates, our Directors are of the view that these defective properties are not crucial to our Company.

As of the Latest Practicable Date, we also owned 3 pieces of land in Shenzhen Qianhai with an aggregate site area of approximately 524,177.86 square meters. We have obtained the relevant land use rights certificates for such land. We are currently in discussion with the local government for the permitted usage of such land.

Leased properties

As of 30 September 2012, we also leased from third parties 6 buildings and units, with an aggregate gross floor area of approximately 48,763.26 square meters in the PRC, which are material to our business and operation. One of the lessors has provided the building ownership certificates, relevant title ownership certificates or documents evidencing that the relevant lessors have requisite titles or rights to lease the properties to us or confirmed filing of lease registrations with competent local authorities for the

5 buildings and units that have defective titles with an aggregate gross floor area of 47,866.5 square meters. Those properties are mainly factories and other manufacturing facilities used for the purpose of manufacturing and storage of products.

In addition, among the properties which are material to our business and operations, we have not yet registered the lease agreements for 5 buildings and units, with an aggregate gross floor area of approximately 47,866.5 square meters, in the PRC. According to our PRC legal adviser, Commerce & Finance Law Office, the lack of registration of these lease agreements does not affect the validity and enforceability of the relevant lease agreement. However, we may be subject to a fine up to RMB10, 000 for each such failure to register within the required registration period.

A lessor's failure to duly provide the certificates of the property it has leased to us may affect the usage right of these lease properties. According to our PRC legal adviser, Commerce & Finance Law Office, the validity of this type of lease agreement is uncertain and if the title to any of the leased properties is deemed defective, we may encounter difficulties in continuing to lease and use the properties. We are working with our lessors to provide relevant certificates, but the timing for providing such relevant certificates is beyond our control. As of the Latest Practicable Date, our business operations have not been disrupted due to our lessors' lack of relevant title ownership certificates or lease right certificates or documents or the lessors' registration default or failure to register the lease in relation to the relevant lease agreements. In addition, the lessors of 5 properties with an aggregate gross floor area of 47,866.5 square meters have issued confirmation letters by which they undertake to indemnify any loss suffered by us that may result from such deficiency of title. Our Directors therefore do not expect any of these defects in title relating to our leased property would materially and adversely affect our business, and if necessary, can be replaced by comparable premises without a material adverse effect on our business, results of operations and financial condition.

Overseas Properties

As of Latest Practicable Date, our overseas properties that are material to our business operations are as follow:

- We did not own and hold, land, buildings or units outside the PRC.
- We leased land with an aggregate site area of approximately 159,534.00 square meters, and our leased offices, production, residential and other ancillary buildings or units had an aggregate gross floor area of approximately 77,913.87 square meters outside the PRC.

Rights to use sea areas

According to the Law of the People's Republic of China on the Management of Sea Area Use (《中華人民共和國海域使用管理法》), we are required to apply for sea area use right certificates from the relevant administrative authorities of the PRC for the rights to use the sea areas for some of our offshore engineering projects. As of 30 September 2012, we had five sea areas use right certificates with an aggregate area of 981,025.33 square meters which are material to our business and operations for port construction, reclamation and other offshore engineering projects. We had obtained the relevant sea area use right certificates for the rights to use all of these five sea areas, but failed to change the name of the holder of three certificates promptly from Yantai Raffles Offshore Ltd. (煙台來福士海洋工程有限公司) to Yantai CIMC Raffles Offshore Ltd. (煙台中集來福士海洋工程有限公司) following our acquisition of CIMC Raffles in January 2010. According to the law of the PRC on the management of sea area use right, we may be required to complete the change of name before the deadline specified by the relevant authorities and/or subject to disgorgement our income relevant for such non-compliances. Our Company takes the view that the chance of our subsidiaries being required by the relevant administrative authorities to disgorge our income is slim, because the Company has not generated any income from the reclaimed land. As of the Latest Practicable Date, we had not received any notice from any authority requiring us to rectify these non-compliances. As we have completed the relevant reclamation projects under these three certificates according to the relevant PRC laws and regulations, we may apply for the relevant land use rights certificates upon the inspection and acceptance of these projects by competent authorities for the administration of offshore matters under the PRC government at county level or above neighboring such sea areas in accordance with the law. By the time the sea area use right certificates are cancelled, the relevant land use rights certificates should have been issued by the competent authorities for the administration of land and resources. We are currently applying for the inspection and acceptance of these projects. If we are required by any PRC authority to change the name of the holder, we believe we are able to complete the relevant procedure in due course.

Legal and Regulatory Proceedings

Legal Proceedings

On 12 July 2006, CIMC Raffles as the builder, entered into (i) a shipbuilding contract ("**SDL Contract**") for the construction and sale of a semi-submersible drilling unit for Soratu Drilling LLC ("**SDL**"), and (ii) a shipbuilding contract ("**BDL Contract**") for the construction and sale of a semi-submersible drilling unit for Baerfield Drilling LLC ("**BDL**"). Both SDL and BDL are subsidiaries of Schahin Holding S.A. ("**Schahin**"), a Brazilian company. SDL, BDL and Schahin are all Independent Third Parties.

On 23 August 2010, CIMC Raffles, Yantai CIMC Raffles, CIMC Hong Kong, entered into two agreements with SDL and BDL (together with Schahin and some other subsidiaries of Schahin), respectively, pursuant to which CIMC Raffles and Yantai CIMC Raffles agreed to provide advances to an indirect parent company of both SDL and BDL. The vessels constructed pursuant to SDL Contract and BDL Contract were delivered in November 2010 and April 2011, respectively.

As of the Latest Practicable Date, CIMC Raffles and Yantai CIMC Raffles provided an aggregate amount of approximately US$66 million as the advances to the indirect parent company of both SDL and BDL, which failed to repay CIMC Raffles and Yantai CIMC Raffles the advances and the construction costs for the vessels in an aggregate amount of approximately US$142 million. As a result, CIMC Raffles and Yantai CIMC Raffles lodged both an arbitration proceeding and a law suit in London in December 2011 and January 2012, respectively, and another arbitration proceeding in New York in May 2012 to claim an aggregate amount of US$208 million, representing the unpaid construction costs and the aggregate amount of the advances. As of the Latest Practicable Date, no final judgment or decision has been made for the law suit and arbitration proceedings.

As a matter of prudence, our management decided to make a provision of US$19 million for the disputes with Schahin and its subsidiaries. As of the Latest Practicable Date, our Directors believe that such amount is sufficient for the provision of the dispute with Schahin and its subsidiaries.

Save as disclosed above, as of the Latest Practicable Date, there was no litigation or arbitration or claim pending or threatened against us or our Directors which could be expected to have a material adverse effect on our business, financial condition and results of operations.

Regulatory Proceedings

We are subject to inspections, examinations, inquiries and audits by PRC regulatory authorities, such as the CSRC, the MOFCOM, the SAIC, the SAFE and tax authorities and their respective local offices. As of the Latest Practicable Date, we were not subject to the audit of the National Audit Office of the PRC.

Administrative Penalties

We have been subject to fines and other penalties as a result of our failure to comply with certain laws and regulations discovered by regulatory inspections and examinations. From 1 January 2009 to 30 September 2012, we were subject to 14 fines, totaling approximately RMB316,195.3. These mainly include fines imposed by tax authorities and environmental protection authorities in relation to non-compliance with respect to delayed tax filings, discharge of waste gas or failure to obtain environmental protection authorities' approval before the commencement of trial production. As of the Latest Practicable Date, none of these administrative penalties and claims pending against us could be expected to have a material adverse effects on our business, financial condition and results of operations. We have paid all the fines in full and have taken steps to address the issues described above. For example, we have enhanced our regulatory compliance requirements by assigning more staff to monitor the discharge, conducting periodic inspections on our production facilities, requiring our employees to strictly follow the relevant laws and regulations with respect to discharge of waste gas and providing compliance and operational training for our employees. We have installed recycle devices to reduce the discharge of waste water and gas. In addition, we are conducting research and development activities on environmental friendly technologies. We intend to improve our environmental efficiency through continuous technical upgrades with a view to reduce waste emissions and discharges in the future.

Findings from the CSRC

In September 2010, the Shenzhen Securities Regulatory Bureau conducted a comprehensive on-site inspection on our operations and management, including but not limited to, our corporate governance, internal control, foreign currency risk management, information disclosure and accounting and financing management. On 6 April 2011, the Shenzhen Securities Regulatory Bureau provided recommendations in its regulatory opinion. We have taken immediate remedial measures and enhanced our risk management and internal control systems in response to the recommendations. The following table sets out the key recommendations and the corresponding remedial measures taken by us.

Recommendations	Measures taken by us
• When the Chairman and the vice-Chairman of the Board are absent, the shareholders meetings shall be held by a Director to be elected by more than half of the Directors attending the meeting.	• The recommendation has been implemented.
• The Company shall not provide guarantees to subsidiaries whose asset liability ratio[1] exceeds 70% without the approval of the shareholders meeting as required by the Articles of Association.	• Any granting of guarantees by our Company to subsidiaries whose asset liability ratio exceeds 70% will be approved by our shareholders meeting in accordance with our Articles of Association.

Note:

(1) Total assets divided by total liabilities.

Recommendations	Measures taken by us
• Incomplete records for the meeting notices and minutes of the Board and the Supervisory Board.	• We will strictly follow the record keeping requirements and have provided the relevant staff with more training in this regard.
• Certain internal measures and policies on foreign exchange risk are out of date and insufficient.	• We have revised the relevant risk management measures and policies and enhanced the approval and mechanism in this regard.
• Insufficient information disclosure regarding certain senior management's participation in CIMC Enric's incentive scheme in the Company's annual report of 2009.	• We have made additional disclosure in the Company's annual report of 2010.
• Certain recommendations with respect to improving our Group's accounting policy and system.	• We have further improved our Group's accounting management system by (i) stipulating various management policies and measures coving accounting measures, institution and staff, financial management, information disclosure, internal accounting control, tax management; (ii) improving our subsidiaries financial management; (iii) improving our subsidiaries management policy on the use of bills; (iv) improving our subsidiaries assets management; (v) enhancing our subsidiaries authorization mechanism with respect to financial information system; and (vi) rectifying inaccurate accounting treatments identified in the recommendations.

We have completed the rectifications as required by the Shenzhen Securities Regulatory Bureau. On 7 July 2011, we submitted a rectification report to the Shenzhen Securities Regulatory Bureau, which did not raise any follow-up comments on our remedial measures nor the rectification report. We do not believe that any of the above findings revealed any material deficiencies in our operations and management. None of these findings and administrative penalties has resulted in any material adverse effect on our financial condition or results of operations.

We have been advised by our PRC legal adviser, Commerce & Finance Law Offices, that save as disclosed in this Business section headed "— Properties", "— Employees" and "— Administrative Penalties" of this listing document, we have obtained all major certificates, permits and licenses to conduct our operations and complied with all material applicable laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date.

The following discussion should be read in conjunction with our consolidated financial information, together with the accompanying notes, set out in the Consolidated Financial Information for the years ended 31 December 2009, 2010 and 2011 in Appendices I, II and III as well as the Unaudited Consolidated Financial Information in Appendix IV to this listing document. Our consolidated financial information has been prepared in accordance with CASBE. This Consolidated Financial Information also complies with the disclosure requirements of "Regulation on the Preparation of Information Disclosure of Companies Issuing Public Shares, No. 15 General Requirements for Financial Reports" as revised by the CSRC in 2010.

The following discussions and analysis contain certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as factors that we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Factors that could cause or contribute to such differences include those described in the section headed "Risk Factors" in this listing document.

OVERVIEW

We are a global leading equipment and solution provider in the logistics and energy industries. Since our establishment in 1980, we have formed an industry cluster focusing on key equipment and solutions for the logistics and energy industries through business extension and technology development. Our principal businesses include (i) container manufacturing and service business; (ii) road transportation vehicle business; (iii) energy, chemical and food equipment business; (iv) offshore engineering business; and (v) airport facilities equipment business. Our businesses depend significantly on the performance of the PRC and global economy and tend to move in response to cycles in the overall economic environment.

Our operating income grew from RMB20,475.5 million in 2009 and RMB51,768.3 million in 2010 to RMB64,125.1 million in 2011, respectively, representing a CAGR of 77.0% in the three years ended 31 December 2011. Our net profit grew from RMB1,080.7 million in 2009 and RMB2,850.9 million in 2010 to RMB3,658.9 million in 2011, respectively, representing a CAGR of 84.0% in the three years ended 31 December 2011.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following factors are the principal factors that have affected, and we expect will continue to affect, our business, financial condition, results of operations and prospects. The following should be read in conjunction with the section headed "Risk Factors" in this listing document.

Impact of global and the PRC economic downturn

Our businesses are particularly sensitive to the overall economic environment and depend significantly on performance of global and PRC economy. The demand for our containers, vehicles, equipment and the related services and our domestic and global trade volumes are influenced by, among other factors, global economic conditions, currency exchange rates, regulatory developments and changes in seaborne and the demand of container shipping services. An economic slowdown in the PRC and/or globally may materially and adversely affect our financial position and future prospects. Recent global market and economic conditions, including the ongoing credit crisis in Europe and heightened market volatility in major stock markets, have created a challenging environment and reduced demand in those industries in which we operate. It is difficult to predict the depth of the global economic downturn's impact on our business. We expect that current global economic environment will continue to present risks for an extended period of time.

Price volatility and availability of raw materials, energy, parts and components

Purchase of raw materials, is a major component of our operating cost. As a result, our business, financial condition and results of operations are affected by movements in prices of raw material. Fluctuations in the prices of raw materials, prices of our productions have a direct impact on the results of our operations. The principal raw materials, parts and components that we use to manufacture our products include steel, aluminum, paint, wooden floor board, and a variety of other commodities and fabricated or manufactured parts and components. Their prices may fluctuate depending on the grade of these raw materials and utilities. Although our Directors believe that the possibility of significant increase in the price of steel is low in the near future, to the extent that we cannot pass on all increased cost to our customers and fail to maintain cost competitiveness, our revenues and profits may be negatively affected.

Competition

Our sales and results of operations are also affected by competition in the markets in which we operate. In particular, the worldwide container manufacturing and service business, road transportation vehicle business and energy, chemical and food equipment business are highly competitive. We face competition from both domestic and international competitors who compete with us based on price, quality of products, value added services and other customer requirements. To compete successfully, we may need to incur additional capital expenditures to improve product quality, enhance product performance and strengthen our existing sales network through further marketing and promotional efforts. Nonetheless, we expect competition to further intensify principally due to the emergence of new entrants in the industry or the increase in production capacity of existing competitors. As a result of increased competition, our sales and results of operation may be significantly and adversely affected. Our ability to maintain or increase our profitability will depend on our ability to successfully compete with our competitors.

Price volatility of our products

We derive most of our revenue from the sale of our products including containers, road transportation vehicles, energy, chemical and food equipment, offshore engineering equipment and airport facilities equipment. As a result, our operating results are directly affected by the prices of our products. Our products prices have historically been subject to fluctuations in response to market forces, such as global and PRC economic conditions and demand in the relevant industries. Fluctuations in the selling prices of our products may affect our business, results of operations and profitability. We expect the price volatility of our products will continue and any future slowdown of the global or PRC economy could result in reducing the prices of our products, which would have an adverse effect on our business financial condition and results of operations.

Product and service mix

We offer an extensive range of products and services to our customers. Changes in the mix of products we sell and services we render impact our operating profits as profit margins for different categories of product and service may vary. Our revenue is principally generated from our principal businesses, namely: (i) container manufacturing and service business; (ii) road transportation vehicle business; (iii) energy, chemical and food equipment business; (iv) offshore engineering business; and (v) airport facilities equipment business. In addition, as part of our other principal businesses, we are also engaged in logistics equipment and service business, real estate development business, railway equipment business and financial business. Each kind of business has different profit margins. We may seek to improve our profitability by adjusting our product and service mix to cope with changing market trends. We expect that changes to the mix of products sold and services rendered will have a significant impact on our profitability and results of operations if we diversify our product offering or adjust our product and service strategy in future.

Production capacity

Our results of operation also depend on our production capacity. We believe that the increases in our capacity during the Track Record Period have strengthened our market position and enhanced and maintained our pricing and other competitive advantages which have a positive effect on our profitability and business prospects. We intend to continue to expand our production capacity in the future which includes expanding our manufacturing capacity, improving our manufacturing efficiency or modifying our manufacturing lines to meet the varying demands for our products. As a result, we anticipate that we will incur further capital expenditures, which we intend to finance using cash generated from our operations, bank borrowings and debt instruments.

Government grant

We have received government grants as a result of policies which encourage construction of our production bases, launch of new projects and development and adoption of new technologies. Government grants amounted to RMB142.6 million, RMB93.7 million, RMB267.3 million, RMB83.6 million and RMB36.0 million for the three years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, respectively. All of these grants were granted on a one-off basis and determined by the government at their discretion. If the government terminates or reduces the amount of our government grants, our results of operations and financial condition may be adversely affected.

Taxation

Certain of our subsidiaries enjoyed preferential tax treatments and throughout the Track Record Period, our results have been positively affected by tax policies. As a result of these policies and according to existing PRC custom laws, we currently enjoy a refund of 15% of value added taxes from our export sales of semi-trailers and containers. If the PRC government changes these policies and starts to collect value added taxes on export sales of semi-trailers and containers, our profitability could be affected.

PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. In assessing control, potential voting rights, such as warrants and convertible bonds, that are currently exercisable or convertible, are taken into account. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities based on their carrying amounts are included in the consolidated balance sheet, and financial performance is included in the consolidated income statement, respectively, from the date that the ultimate parent company of the Company obtains the control of the subsidiary to be consolidated.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

For a business combination not involving enterprises under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognised as investment income for the current period; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree is reclassified as investment income for the current period.

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the minority interests are adjusted and the amount of the consideration paid or received is adjusted to the capital reserve (capital premium) in the consolidated balance sheet. If the credit balance of capital reserve (capital premium) is insufficient, any excess is adjusted to retained earnings.

Where the Company acquired a minority interest from a subsidiary's minority shareholders before 7 August 2008, any excess of the investment cost for acquiring the minority interest over the Group's interest in the fair value of the identifiable net assets of the minority interest acquired is recognised as goodwill. Where the Company acquired a minority interest from a subsidiary's minority shareholders, the difference between the investment cost for acquiring the minority interest and the corresponding reduction of minority interest in the consolidated financial statements, is adjusted to the capital reserve in the consolidated balance sheet except for the portion that has been recognised as goodwill. If the credit balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment, the Group derecognises assets, liabilities, minority interests and other related items in owners' equity in relation to that subsidiary. The remaining equity investment is remeasured at its fair value at the date when control is lost. Any gains or losses therefore incurred are recognised as investment income for the current period when control is lost.

Minority interest is presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to minority shareholders is presented separately in the consolidated income statement below the net profit line item.

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess is allocated against the minority interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated 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.

Critical Accounting Policies, Estimates and Judgments

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our consolidated financial statements, you should consider (i) our critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set out below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set out in detail in Note II to the Consolidated Financial Information for the years ended 31 December 2009, 2010 and 2011 contained in Appendices I, II and III and Note II to the Unaudited Consolidated Financial Information for the Six Months Ended 2012 in Appendix IV to this listing document.

Revenue recognition

Revenue is the gross inflow of economic benefit in the periods arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to our Group, the revenue and costs can be measured reliably and the following respective conditions are met:

Sale of goods

Revenue from sale of goods is recognised when all of the general conditions stated above and following conditions are satisfied:

- The significant risks and rewards of ownership of goods have been transferred to the buyer.
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the considerations received or receivable under the sales contract or agreement.

Rendering of services

Revenue from rendering of services is measured at the fair value of the considerations received or receivable under the contract or agreement.

At the balance sheet date, where outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised by reference to the stage of completion of the transaction based on the progress of work performed.

Where outcome of rendering of services cannot be estimated reliably, if the costs incurred are expected to be recoverable, revenues are recognised to the extent that the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; if the costs incurred are not expected to be recoverable, the costs incurred are recognised in profit or loss and no service revenue is recognised.

Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognised at the balance sheet date using the percentage of completion method.

The stage of completion of a contract is determined based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably:

- If the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred;

- If the contract costs cannot be recovered, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

Construction contract revenue includes initial revenue stipulated by contract and increased amount generated by contract alteration.

Increased amount cannot be recognized as contract revenue unless the following contract alteration terms are all satisfied:

- Client accepts and confirms the increased amount generated by contract alteration;

- Increased amount can be reliably measured.

Contract anticipated loss is recognised when estimated total construction contract cost exceeds contract revenue. Provision should be made for contract anticipated loss and charged into profit and losses for the current period.

Contract revenue and contract profit are recognized based on the stage of completion of a contract which is determined with reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Where a contract is completed to certain extent and its contract revenue and contract expenses to completion can be reliably measured, the Group estimates contract revenue and contract expenses with reference to its recent construction experience and the nature of the construction contracts. For a contract that is not completed to certain extent, contract revenue recognized and disclosed in the financial statements does not include the profit margin that might be realised by the Group in the future. Further, at the balance sheet date, actual total contract revenue and total contract cost may be higher or lower than the estimated total contract revenue and total contract cost and any change of estimated total contract revenue and total contract cost may have financial impact on future profit or loss.

Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

Impairment of receivables

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised.

Objective evidences that a financial asset is impaired include but is not limited to evidence arising from the following events:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisations;

(d) the disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(e) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;

(f) a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Receivables are assessed for impairment both on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable figures reflecting present economic conditions.

If, after an impairment loss has been recognised on receivables, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(a) Receivables that are individually significant and impairment provided on an individual basis:

Criteria of provision for receivables that are individually significant and impairment provided on an individual basis.	Individually significant receivables are the receivables with the individual amount over RMB10 million (inclusive) or accounting to 5% or more of the total receivables in the individual financial statements of subsidiaries within the consolidation scope of the Group.

Method of provision for receivables that are individually significant and impairment provided on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

(b) Receivables that are individually insignificant but impairment provided on an individual basis:

Criteria of provision for receivables that are individually insignificant but impairment provided on an individual basis.	Within the receivables whose amounts are individually insignificant, impairment is assessed on an individual basis for the overdue receivables unpaid after collection efforts or with unique characteristic.
Method of provision for receivables that are individually insignificant but impairment provided on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

(c) Receivables that are assessed for impairment on a collective group basis:

The assessment is made collectively where receivables share similar credit risk characteristics, including those having not been individually assessed as impaired.

Determination method of the group based on credit risk characteristics	Accounts receivable are divided into six groups of containers, vehicles, energy and chemistry equipment, offshore engineering, other business, and due from related parties, land lease prepayments and operating deposits according to the industry and business nature of customers and the characteristics of the receivables. As to offshore engineering groups, the relevant receivables within credit period have lower credit risk after the grouping based on credit risk characteristics according to individual credit risk assessment and historical data. No provision is provided accordingly. As to other groups like due from related parties, land lease prepayments and operating deposits, etc, as the credit risk is assessed as low after grouping based on the assessment on credit risk and their historical loss experience, no impairment loss is recognised for those groups.
Group 1	Containers
Group 2	Trailers
Group 3	Tank equipment
Group 4	Other business

Methods of provision for receivables assessed on a collective group basis (based on an aging analysis, a percentage of the total balance and others).

Containers	Provision is determined based on an aging analysis.
Trailers	Provision is determined based on an aging analysis.
Tank equipment	Provision is determined based on an aging analysis.
Other business	Provision is determined based on an aging analysis.

For the above groups, provision is made based on their respective aging analysis follows:

Aging	Percentage of total accounts receivable (%)			
	Group 1	Group 2	Group 3	Group 4
Within 1 year (inclusive)......	5%	1.5–5%	5%	5%
1 to 2 years (inclusive)	30%	1.5–10%	30%	30%
2 to 3 years (inclusive)	100%	1.5–30%	100%	100%
Over 3 years	100%	100%	100%	100%

Note:

Aforesaid aging group, the provision of Group 2 is determined based on natural age, while others are determined based on the overdue age.

As described above, receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of our Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there has been a change in the factors used to determine the provision for impairment which indicates that the value of the receivables has recovered, the impairment loss recognised in prior years is reversed.

Inventories

The underlying factors in the determination of net realisable value of inventories and the basis of provision for decline in value of inventories

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. Borrowing costs directly related to the production of qualifying inventories are also included in the cost of inventories. In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. The net realisable value of materials held for use in the production of inventories is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the quantity of inventory held to satisfy sales or service contracts is based on the contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Group, the net realisable value of the excess portion of inventories shall be based on general selling prices.

Any excess of the cost over the net realisable value of each class of inventories is recognised in profit or loss as a provision for diminution in the value of inventories.

Provision for diminution in value of inventories

As described above, the net realisable value of inventories is under management's regular review, and as a result, provision for diminution in value of inventories is recognised for the excess of inventories' carrying amounts over their net realisable value. When making estimates of net realisable value, our Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories market prices and our Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market conditions and product saleability, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for diminution in value of inventories. The net profit or loss may then be affected in the period when the provision for diminution in value of inventories is adjusted.

Impairment of assets other than inventories, financial assets and other long-term equity investments

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

— fixed assets;

— construction in progress;

— intangible assets;

— investment properties measured using a cost model;

— long-term equity investments in associates and jointly controlled enterprises;

— goodwill, etc.

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at no later than each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset, asset group or set of asset groups is the higher of its fair value less costs to sell and its present value of expected future cash flows.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate.

If the result of the recoverable amount calculation indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current period. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount of an impaired asset will not be lower than the greatest amount of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgments are exercised over the asset's production, selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumption.

SUMMARY OF RESULTS OF OPERATIONS DURING THE TRACK RECORD PERIOD

	For the Year Ended 31 December						For the Six Months Ended 30 June			
	2009		2010		2011		2011		2012	
	Amount	% of Operating income	Amount	% of Operating income	Amount	% of Operating income	Amount	% of Operating income	Amount	% of Operating income
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands) (unaudited)	(%)	(RMB in thousands) (unaudited)	(%)
Operating income	20,475,507	100	51,768,316	100	64,125,053	100	36,478,098	100	27,364,446	100
Less: Operating costs	(17,401,760)	(85.0)	(43,597,815)	(84.2)	(52,224,731)	(81.4)	(29,499,900)	(80.9)	(23,013,597)	(84.1)
Gross Profit	3,073,747	15.0	8,170,501	15.8	11,900,322	18.6	6,978,198	19.1	4,350,849	15.9
Less: Business taxes and surcharges	(51,658)	(0.3)	(76,892)	(0.1)	(344,723)	(0.5)	(73,154)	(0.2)	(162,351)	(0.6)
Selling and distribution expenses	(727,693)	(3.6)	(1,250,243)	(2.4)	(1,867,900)	(2.9)	(968,591)	(2.7)	(863,756)	(3.2)
General and administrative expenses	(1,976,074)	(9.7)	(2,734,364)	(5.3)	(3,767,221)	(5.9)	(1,715,951)	(4.7)	(1,655,709)	(6.1)
Financial expenses	(131,037)	(0.6)	(669,783)	(1.3)	(783,699)	(1.2)	(399,962)	(1.1)	(236,439)	(0.9)
Impairment (loss)/reversal	(396,081)	(1.9)	(274,610)	(0.5)	(409,602)	(0.6)	(73,709)	(0.2)	24,986	0.1
Add: (Losses)/gains from changes in fair value	(38,689)	(0.2)	234,918	0.5	(100,577)	(0.2)	(88,256)	(0.2)	(14,934)	(0.05)
Add: Investment income/(loss)	1,567,955	7.7	38,641	0.1	108,693	0.2	71,207	0.2	(3,522)	(0.01)
Operating profit	1,320,470	6.4	3,438,168	6.6	4,735,293	7.4	3,729,782	10.2	1,439,124	5.3
Add: Non-operating income	172,561	0.8	292,019	0.6	370,193	0.6	103,013	0.3	77,031	0.3
Less: Non-operating expenses	(27,646)	(0.1)	(55,580)	(0.1)	(82,780)	(0.1)	(15,276)	(0.04)	(23,104)	(0.1)
Profit before income tax	1,465,385	7.2	3,674,607	7.1	5,022,706	7.8	3,817,519	10.5	1,493,051	5.5
Less: Income tax expenses	(384,674)	(1.9)	(823,748)	(1.6)	(1,363,768)	(2.1)	(1,024,118)	(2.8)	(485,373)	(1.8)
Net Profit for the year/period	1,080,711	5.3	2,850,859	5.5	3,658,938	5.7	2,793,401	7.7	1,007,678	3.7
Attributable to:										
Shareholders of the Company	958,967	4.7	3,001,851	5.8	3,690,926	5.8	2,807,629	7.7	933,710	3.4
Minority interests	121,744	0.6	(150,992)	(0.3)	(31,988)	(0.05)	(14,228)	(0.04)	73,968	0.3
Earnings per share:										
Basic earnings per share in RMB	0.36		1.13		1.39		1.05		0.35	
Diluted earnings per share in RMB	0.36		1.13		1.37		1.05		0.35	
Other comprehensive income for the year/period	105,051	0.5	(536,354)	(1.0)	(486,403)	(0.8)	49,193	0.1	35,279	0.1
Total comprehensive income for the year/period	1,185,762	5.8	2,314,505	4.5	3,172,535	4.9	2,842,594	7.8	1,042,957	3.8
Attributable to:										
Shareholders of the Company	966,171	4.7	2,506,058	4.8	3,302,938	5.2	2,794,047	7.7	980,741	3.6
Minority interests	219,591	1.1	(191,553)	(0.4)	(130,403)	(0.2)	48,547	0.1	62,216	0.2

DESCRIPTION OF SELECTED INCOME STATEMENT LINE ITEMS

Operating income

Our operating income consists of operating income from our principal activities and operating income from our non-principal activities.

The following table sets out a breakdown of our operating income for the years/periods indicated:

	For the Year Ended 31 December						For the Six Months Ended 30 June			
	2009		2010		2011		2011		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands) (unaudited)	(%)	(RMB in thousands) (unaudited)	(%)
Operating income										
Operating income from principal activities	19,819,498	96.8	50,663,426	97.9	62,799,402	97.9	35,878,407	98.4	26,487,354	96.8
Operating income from non-principal activities [(1)]	656,009	3.2	1,104,890	2.1	1,325,651	2.1	599,691	1.6	877,092	3.2
Total	20,475,507	100.0	51,768,316	100.0	64,125,053	100.0	36,478,098	100.0	27,364,446	100.0

Note:

(1) Mainly including operating income from sales of scraps of containers and vehicles manufactured by us.

Our operating income represents income from sale of goods, rendering of services and construction contracts. Our operating income from principal activities primarily consists of income generated from our core business segments, namely: (i) container manufacturing and service business; (ii) road transportation vehicle business; (iii) energy, chemical and food equipment business; (iv) offshore engineering business; and (v) airport facilities equipment business. We also generate operating income from our other principal businesses including logistics equipment and service business, real estate development business and financial business. Operating income from non-principal activities mainly represents operating income from sales of scraps of containers and vehicles manufactured by us.

The following table sets out a breakdown of our operating income from our principal activities by business segments for the years/periods indicated:

	For the Year Ended 31 December						For the Six Months Ended 30 June			
	2009		2010		2011		2011		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands) (unaudited)	(%)	(RMB in thousands) (unaudited)	(%)
Operating income from principal activities										
Container manufacturing and service business	5,081,327	25.6	24,949,668	49.2	34,531,285	55.0	21,655,698	60.4	13,405,500	50.6
Road transportation vehicle business	10,698,442	54.0	16,255,487	32.1	16,492,375	26.3	9,286,027	25.9	6,520,928	24.6
Energy, chemical and food equipment business	3,400,048	17.2	5,081,191	10.0	8,087,583	12.9	3,630,768	10.1	4,199,283	15.9
Offshore engineering business (1)	—	—	2,391,112	4.7	540,920	0.9	229,950	0.6	1,243,014	4.7
Airport facilities equipment business	391,805	2.0	307,079	0.6	544,289	0.9	131,266	0.4	62,974	0.2
Logistics equipment and service business (2)	—	—	1,144,022	2.3	1,646,173	2.6	651,971	1.8	680,550	2.6
Others(3)	247,876	1.2	534,867	1.1	956,777	1.4	292,727	0.8	375,105	1.4
Total	19,819,498	100.0	50,663,426	100.0	62,799,402	100.0	35,878,407	100.0	26,487,354	100.0

Notes:

(1) We started our offshore engineering business from January 2010.

(2) In 2009, we included the operating income from our logistics equipment and service business into the operating income from our container manufacturing and service business.

(3) Including operating income from our real estate development business, railway equipment business and financial business.

The majority parts of our operating income are contributed by our container manufacturing and service business and road transportation vehicle business, which together accounted for approximately 79.6%, 81.3%, 81.3%, 86.3% and 75.2% of our total operating income from principal activities for 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, respectively.

Operating income from our container manufacturing and service business accounted for approximately 25.6%, 49.2%, 55.0%, 60.4% and 50.6% of our total operating income from principal activities for 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, respectively. The significant increase in the proportion of the operating income from the container manufacturing and service business from 2009 to the first half of 2011 was mainly due to the increase in market demand for containers from 2010 to first half of 2011. Since the second half of 2011, the global market demand for containers dropped due to the slowdown of the global economy recovery, which resulted in a decrease in the proportion of the operating income from the container manufacturing and service business in our total operating income from principal activities. We aim to diversify our revenue resources and expect that the percentage of profits contributed by the Group's other business segments will increase as a result of the relatively faster increase in the percentage of profits contributed by other business segments of the Group compared to that of the container manufacturing and service business.

Global market downturn and economic conditions started from the second half of 2011, including the ongoing credit crisis in Europe and heightened market volatility in major stock markets, have created a more challenging environment and constituted uncertainties to and negative impacts on the container shipping industry which in turn affected our container manufacturing business. Due to the nature of our container manufacturing and service business, we believe that our business and financial performance will continued to be affected by, among other things, the growth of global economy, international trade and the container shipping market in the foreseeable future. Although it is difficult for us to predict the degree of impact on our container manufacturing and service business caused by the global economic condition, we will continue to focus on improving our cost control capability and management efficiency, so as to alleviate the adverse effect from the possible economic downturn on our business. Despite of such, we believe, until and unless the introduction of transportation carriers promising more advantages and capable of replacing containers, the transportation model based on containers will continue to be widely utilised in the shipping industry. Furthermore, based on the GDP forecast of 2013 made by International Monetary Fund, the global economy is projected to recover moderately, we believe that the demand for containers and shipping industry will be subject to considerable uncertainty with a modest positive outlook for the near future.

Operating income from our road transportation vehicle business accounted for approximately 54.0%, 32.1%, 26.3%, 25.9% and 24.6% of our total operating income from principal activities for 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, respectively. The decrease in the proportion of the operating income from the road transportation vehicle business for 2009, 2010 and 2011 mainly reflected the increase in the proportion of the operating income from the container manufacturing and service business. The slight decrease in the proportion of the operating income from the road transportation vehicle business in the first half of 2012 compared to that of the first half of 2011 reflected the decrease in the operating income from this segment as a result of reduced growth in demand for transportation vehicles.

In terms of operating income from principal activities contribution by geographical region, we break down our operating income from principal activities into five geographical segments: (i) China; (ii) Europe; (iii) America; (iv) Asia excluding China; and (v) others. The regional operating income from principal activities is determined based on the location at which the services are provided or the goods are delivered.

The following table sets out a breakdown of our operating income from principal activities by geographical segments for the years/periods indicated:

	For the Year Ended 31 December						For the Six Months Ended 30 June			
	2009		2010		2011		2011		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands) (unaudited)	(%)	(RMB in thousands) (unaudited)	(%)
Operating income from principal activities										
China	17,491,965	88.3	47,521,140	93.8	57,619,027	91.8	33,756,565	94.1	23,602,225	89.1
Europe	1,247,785	6.3	1,670,704	3.3	2,153,273	3.4	1,047,038	2.9	738,130	2.8
America	649,778	3.3	956,129	1.9	1,762,144	2.8	764,090	2.1	1,145,678	4.3
Asia excluding China	43,191	0.2	106,315	0.2	192,147	0.3	59,969	0.2	57,601	0.2
Others	386,779	1.9	409,138	0.8	1,072,811	1.7	250,745	0.7	943,720	3.6
Total	19,819,498	100.0	50,663,426	100.0	62,799,402	100.0	35,878,407	100.0	26,487,354	100.0

Operating income from China accounted for approximately 88.3%, 93.8%, 91.8%, 94.1% and 89.1% of our total operating income from principal activities for 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, respectively. The slight decrease in the operating income from principal activities from China as a percentage of our total operating income from principal activities in the second half of 2011 was primarily due to the increase in the proportion of the operating income from America and Australia due to the increase in the sales of road transportation vehicles in the United States and modularized buildings and container houses in Australia.

Operating costs

Our operating costs consist of operating costs for principal activities and operating costs for non-principal activities.

The following table sets out a breakdown of our operating costs for the years/periods indicated:

	For the Year Ended 31 December						For the Six Months Ended 30 June			
	2009		2010		2011		2011		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands) (unaudited)	(%)	(RMB in thousands) (unaudited)	(%)
Operating costs										
Operating costs for principal activities	16,974,621	97.5	43,065,765	98.8	51,709,269	99.0	29,335,669	99.4	22,394,778	97.3
Operating costs for non-principal activities [(1)]	427,139	2.5	532,050	1.2	515,462	1.0	164,231	0.6	618,819	2.7
Total	17,401,760	100.0	43,597,815	100.0	52,224,731	100.0	29,499,900	100.0	23,013,597	100.0

Note:

(1) Mainly including operating costs for sales of scraps of containers and vehicles manufactured by us.

Our operating costs represent costs of goods sold, expenditures on services rendered and construction contracts. In 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our operating costs were RMB17,401.8 million, RMB43,597.8 million, RMB52,224.7 million, RMB29,499.9 million and RMB23,013.6 million, representing approximately 85.0%, 84.2%, 81.4%, 80.9% and 84.1% of our operating income, respectively.

The following table sets out a breakdown of our operating costs for principal activities by business segments for the years/periods indicated:

	For the Year Ended 31 December						For the Six Months Ended 30 June			
	2009		2010		2011		2011		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands) (unaudited)	(%)	(RMB in thousands) (unaudited)	(%)
Operating costs for principal activities										
Container manufacturing and service business	4,409,017	26.0	20,210,417	46.9	27,861,725	53.9	17,039,984	58.1	11,347,348	50.7
Road transportation vehicle business	9,338,426	55.0	14,019,450	32.6	14,229,990	27.5	8,215,605	28.0	5,735,906	25.6
Energy, chemical and food equipment business. . .	2,818,714	16.6	4,225,770	9.8	6,683,434	12.9	2,933,102	10.0	3,380,956	15.1
Offshore engineering business [(1)] .	—	—	3,218,922	7.5	918,822	1.8	415,742	1.4	1,099,649	4.9
Airport facilities equipment business	321,146	1.9	229,260	0.5	350,893	0.7	91,754	0.3	45,264	0.2
Logistics equipment and service business [(2)]	—	—	920,129	2.1	1,346,980	2.6	515,326	1.8	576,279	2.6
Others[(3)]	87,318	0.5	241,817	0.6	317,425	0.6	124,156	0.4	209,376	0.9
Total	16,974,621	100.0	43,065,765	100.0	51,709,269	100.0	29,335,669	100.0	22,394,778	100.0

Notes:

(1) We started our offshore engineering business from January 2010.

(2) In 2009, we included the operating costs of our logistics equipment and service business into the operating costs of our container manufacturing and service business.

(3) Including operating costs for our real estate development business, railway equipment business and financial business.

The following table sets out a breakdown of our operating costs for principal activities by geographical segments for the years/periods indicated:

	For the Year Ended 31 December						For the Six Months Ended 30 June			
	2009		2010		2011		2011		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands) (unaudited)	(%)	(RMB in thousands) (unaudited)	(%)
Operating costs for principal activities										
China	14,720,439	86.7	40,261,708	93.5	47,211,361	91.3	27,634,416	94.2	20,524,003	91.6
America	622,023	3.7	917,356	2.1	1,620,224	3.1	595,464	2.0	845,598	3.8
Europe	1,273,053	7.5	1,444,836	3.4	1,881,668	3.6	934,476	3.2	649,638	2.9
Asia excluding China . . .	37,450	0.2	92,736	0.2	168,113	0.3	8,616	0.1	8,887	0.1
Others	321,656	1.9	349,129	0.8	827,903	1.7	162,697	0.5	366,652	1.6
Total.	16,974,621	100.0	43,065,765	100.0	51,709,269	100.0	29,335,669	100.0	22,394,778	100.0

In 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our gross profit, being the difference between our operating income and operating costs, was RMB3,073.7 million, RMB8,170.5 million, RMB11,900.3 million, RMB6,978.2 million and RMB4,350.8 million, respectively. Our gross profit margin in 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012 was 15.0%, 15.8%, 18.6%, 19.1% and 15.9%, respectively.

The following table sets out a breakdown of our operating costs by nature for the years/periods indicated:

	For the Year Ended 31 December						For the Six Months Ended 30 June			
	2009		2010		2011		2011		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands) (unaudited)	(%)	(RMB in thousands) (unaudited)	(%)
Raw materials and others	15,638,497	89.9	40,270,602	92.4	48,509,055	92.9	27,581,952	93.5	21,636,726	94.0
Labor cost	1,226,655	7.0	2,749,588	6.3	3,120,537	6.0	1,572,948	5.3	1,005,744	4.4
Depreciation and amortisation	536,608	3.1	577,625	1.3	595,139	1.1	345,000	1.2	371,127	1.6
Total	17,401,760	100.0	43,597,815	100.0	52,224,731	100.0	29,499,900	100.0	23,013,597	100.0

During the Track Record Period, the cost of raw materials and others as a percentage of our operating costs remained relatively stable.

During the Track Record Period, the top three raw materials by purchase amounts for the years/periods are steel, wooden floor board and paint. The following table sets out a breakdown of these major raw materials purchased by our Group by volume, average price per unit and percentage of total purchase for the years/periods indicated:

		For the Year Ended 31 December									For the Six Months Ended 30 June		
		2009			2010			2011			2012		
	Unit	Volume	average price/unit	% of total purchase	Volume	average price/unit	% of total purchase	Volume	average price/unit	% of total purchase	Volume	average price/unit	% of total purchase
			(RMB in thousands)	(%)		(RMB in thousands)	(%)		(RMB in thousands)	(%)		(RMB in thousands)	(%)
Steel	Ton	904,604	4.6	27.2	3,465,310	4.6	30.4	3,596,564	5.5	31.9	1,577,187	4.8	31.7
Wooden floor Board	m^3	36,876	4.0	1.0	496,268	4.0	3.8	526,510	4.8	4.1	226,611	4.4	4.2
Paint	Ton	14,260	13.7	1.3	146,512	13.3	3.7	156,477	15.2	3.8	65,867	13.8	3.8

The rest of the raw materials consist of mainly miscellaneous items such as spare parts or components which cannot be categorized.

The following table sets out the gross profit and the gross profit margin of our business segments for the years/periods indicated:

	For the Year Ended 31 December						For the Six Months Ended 30 June			
	2009		2010		2011		2011		2012	
	Amount	Gross profit margin	Amount	Gross profit margin	Amount	Gross profit margin	Amount	Gross profit margin	Amount	Gross profit margin
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands) (unaudited)	(%)	(RMB in thousands) (unaudited)	(%)
Gross profit/(loss) from principal activities[1]										
Container manufacturing and service business	672,310	13.2	4,739,251	19.0	6,669,560	19.3	4,615,714	21.3	2,058,152	15.4
Road transportation vehicle business	1,360,016	12.7	2,236,037	13.8	2,262,385	13.7	1,070,422	11.5	785,022	12.0
Energy, chemical and food equipment business	581,334	17.1	855,421	16.8	1,404,149	17.4	697,666	19.2	818,327	19.5
Offshore engineering business [2]	—	—	(827,810)	N/A	(377,902)	N/A	(185,792)	N/A	143,365	11.5
Airport facilities equipment business	70,659	18.0	77,819	25.3	193,396	35.5	39,512	30.1	17,710	28.1
Logistics equipment and service business [3]	—	—	223,893	19.6	299,193	18.2	136,645	21.0	104,271	15.3
Others [4]	160,558	64.8	293,050	54.8	639,352	66.8	168,571	57.6	165,729	44.2
Gross profit/(loss) from non-principal activities[5]	228,870	34.9	572,840	51.8	810,189	61.1	435,460	72.6	258,273	29.4
Overall	3,073,747	15.0	8,170,501	15.8	11,900,322	18.6	6,978,198	19.1	4,350,849	15.9

Notes:

(1) Gross profit represents the difference between operating income and operating costs.

(2) We started our offshore engineering business from 2010.

(3) In 2009, we included the gross profit of our logistics equipment and service business into the gross profit of our container manufacturing and service business.

(4) Including real estate development business, railway equipment business and financial business.

(5) Mainly including sales of scraps of containers and vehicles manufactured by us.

Fluctuations in our gross profit margin during the Track Record Period were mainly driven by the changes in the gross profit margins in our container manufacturing and service business, road transportation business and energy, chemical and food equipment business.

Due to the recovery of the global economy, the demand for our containers increased significantly in 2010. The sales volume of our dry containers increased from 60.4 thousand TEUs in 2009 to 1,296 thousand TEUs in 2010. The gross profit margin of our container manufacturing and service business increased significantly from 13.2% in 2009 to 19.0% in 2010. In the first half of 2011, the demand for our containers continued to increase, and the gross profit margin for our container manufacturing and service business increased to 21.3% in the first half of 2011. However, since the third quarter of 2011, the recovery of the global economy slowed down. Both the demand and the selling prices for containers started to drop in the fourth quarter of 2011 and the first half of 2012. Meanwhile, as the costs for raw materials such as steel and labor costs maintained at a relatively high level during this period, the gross profit margin for our container manufacturing and service business increased only 0.3% to 19.3% in 2011 and dropped from 21.3% in the first half of 2011 to 15.4% in the first half of 2012.

During the Track Record Period, the gross profit margin of our road transportation business remained relatively stable ranging from 11.5% to 13.8%. This was mainly due to the large scale of our road transportation vehicle business, which enabled us to achieve relatively stable growth in the operating income while maintaining efficient control on operation costs.

The gross profit margin of our energy, chemical and food equipment business started to increase from 2010 and reached 19.5% in the first half of 2012, reflecting our continuous efforts in improving our operational efficiency and cost control on raw materials and labor costs in this segment.

Business taxes and Surcharges

Our business taxes and surcharges primarily consist of (i) urban maintenance and construction tax; (ii) business tax; (iii) education fee and surcharges; and (iv) land appreciation tax. In 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our business taxes and surcharges were RMB51.7 million, RMB76.9 million, RMB344.7 million, RMB73.2 million and RMB162.4 million, representing approximately 0.3%, 0.1%, 0.5%, 0.2% and 0.6% of our operating income, respectively.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of: (i) transportation and distribution charges; (ii) employee benefit; (iii) warranty; (iv) external sales commission; (v) advertising expenses; (vi) insurance fee; (vii) depreciation and (viii) other miscellaneous selling and distribution expenses.

In 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our selling and distribution expenses were RMB727.7 million, RMB1,250.2 million, RMB1,867.9 million, RMB968.6 million and RMB863.8 million, representing approximately 3.6%, 2.4%, 2.9%, 2.7% and 3.2% of our operating income, respectively.

The following table sets out a breakdown of our selling and distribution expenses for the years/periods indicated:

	For the Year Ended 31 December			For the Six Months Ended 30 June	
	2009	2010	2011	2011	2012
	(RMB in thousands)				
				(unaudited)	(unaudited)
Selling and distribution expenses					
Transportation and distribution charges	243,913	623,084	944,824	462,321	361,064
Employee benefit	163,173	180,967	213,927	99,133	84,616
Warranty	18,656	41,405	164,388	59,117	84,221
External sales commission	74,422	64,320	83,486	38,707	21,791
Advertising expenses	15,039	25,862	22,379	6,193	4,945
Insurance fee	3,160	15,296	20,461	11,915	8,149
Depreciation	9,416	6,978	11,594	2,761	3,522
Others	199,914	292,331	406,841	288,444	295,448
Total	727,693	1,250,243	1,867,900	968,591	863,756

General and Administrative Expenses

Our general and administrative expenses primarily consist of: (i) office expenditure, entertainment fee and others; (ii) employee benefit; (iii) performance bonus and president bonus; (iv) amortization; (v) technology development costs; (vi) depreciation; (vii) taxes and surcharges; (viii) agency fee; (ix) Share-based payment expenses; (x) rental; and (xi) low-value consumables and materials consumed. In 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our general and administrative expenses were RMB1,976.1 million, RMB2,734.4 million, RMB3,767.2 million, RMB1,716.0 million and RMB1,655.7 million, representing approximately 9.7%, 5.3%, 5.9%, 4.7% and 6.1% of our operating income, respectively.

The following table sets out a breakdown of our general and administrative expenses for the years/periods indicated:

	For the Year Ended 31 December			For the Six Months Ended 30 June	
	2009	2010	2011	2011	2012
	(RMB in thousands)				
				(unaudited)	(unaudited)
General and administrative expenses					
Office expenditure, entertainment fee and others	587,601	479,769	673,569	422,484	535,184
Employee benefit	526,732	891,417	1,283,015	490,693	522,934
Performance bonus and president bonus	89,026	289,171	487,499	354,999	100,000
Amortization	209,105	249,010	233,689	85,459	96,842
Technology development costs	148,662	226,503	359,597	44,054	95,105
Depreciation	103,756	147,697	170,771	76,985	81,373
Taxes and surcharges	90,023	118,005	140,576	63,702	61,934
Agency fee	149,028	158,554	141,716	48,962	45,404
Share-based payment expenses	6,832	70,556	122,642	58,006	59,306
Rental	31,947	43,411	66,302	26,754	29,252
Low-value consumables and materials consumed	33,362	60,271	87,845	43,853	28,375
Total	1,976,074	2,734,364	3,767,221	1,715,951	1,655,709

Financial Expenses

Our finance costs primarily consist of: (i) interest expenses from loans and payables; (ii) net exchange losses; and (iii) other financial expenses, partially offset by borrowing costs capitalized and interest income from deposits and receivables. In 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our financial expenses were RMB131.0 million, RMB669.8 million, RMB783.7 million, RMB400.0 million and RMB236.4 million, representing approximately 0.6%, 1.3%, 1.2%, 1.1% and 0.9% of our operating income, respectively.

The following table sets out a breakdown of our financial expenses for the years/periods indicated:

	For the Year Ended 31 December			For the Six Months Ended 30 June	
	2009	2010	2011	2011	2012
	(RMB in thousands)				
				(unaudited)	(unaudited)
Financial expenses					
Interest expenses from loans and payables	190,308	472,312	903,749	423,058	530,173
Less: Borrowing costs capitalized	(10,668)	(12,717)	(240,988)	(28,943)	(204,032)
Interest income from deposits and receivables	(87,528)	(69,085)	(217,942)	(111,002)	(101,313)
Net exchange losses/(gains)	20,114	225,878	208,872	88,472	(11,768)
Others	18,811	53,395	130,008	28,377	23,379
Total	131,037	669,783	783,699	399,962	236,439

Impairment Losses

Our impairment losses represent the losses recognized for impaired assets mainly including (i) accounts receivable; (ii) prepayments; (iii) other receivables; (iv) inventories; (v) non-current assets due within one year; (vi) long-term receivables; (vii) long-term equity investments; (viii) fixed assets; (ix) intangible assets; and (x) goodwill. In 2009, 2010 and 2011 and the six months ended 30 June 2011, our impairment losses were RMB396.1 million, RMB274.6 million, RMB409.6 million and RMB73.7 million, representing approximately 1.9%, 0.5%, 0.6% and 0.2% of our operating income, respectively. We reversed our impairment losses of RMB25.0 million for the six months ended 30 June 2012. In the first half of 2012, the realizable value of our container inventories increased and became higher than their book value. As a result, we reversed RMB63.2 million in the impairment loss in our inventories, which was partially offset by an increase of RMB38.2 million in impairment loss in fixed assets and receivables.

(Losses)/Gains from Changes in Fair Value

The (losses)/gains from changes in fair value represent losses or gains from the fair value changes of financial assets or financial liabilities at fair value through profit or loss. During the Track Record Period, we invested in equity shares of various companies listed in the PRC and Hong Kong. We held RMB0.1 billion, RMB0.5 billion, RMB0.2 billion and RMB0.4 billion of financial assets held for trading during the three years ended 31 December 2011 and the six months ended 30 June 2012.

Please also see the discussion under the section headed "- Liquidity and Financial Resources — Financial Assets Held for Trading" in this listing document.

Investment Income

Our investment income includes share of profits less losses of associates, dividend income and disposal gains/losses from our equity investment. In 2009, 2010 and 2011 and the six months ended 30 June 2011, our investment income was RMB1,568.0 million, RMB38.6 million, RMB108.7 million and

RMB71.2 million, representing approximately 7.7%, 0.1%, 0.2% and 0.2% of our operating income, respectively. For the six months ended 30 June 2012, we incurred a loss from our investment of RMB3.5 million.

Operating Profit

Our operating profit represents the excess of operating income over operating costs, business taxes and surcharges, selling and distribution expenses, general and administrative expenses, financial expense and impairment loss with taking into account of changes in fair value and investment income.

Non-operating Income

Our non-operating income primarily consists of: (i) government grants; (ii) compensation income; (iii) gains on disposal of fixed assets; (iv) penalty income; (v) gains on disposal of intangible assets; (vi) gain from reversal of accrual for contingent considerations; and (vii) gain from acquisition of additional interests in CIMC Raffles. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our non-operating income amounted to RMB172.6 million, RMB292.0 million, RMB370.2 million, RMB103.0 million and RMB77.0 million, respectively, representing approximately 0.8%, 0.6%, 0.6%, 0.3% and 0.3% of our total operating income in the same period.

The following table sets out the major components of our non-operating income for the years/periods indicated:

	For the Year Ended 31 December			For the Six Months Ended 30 June	
	2009	2010	2011	2011	2012
	(RMB in thousands)				
				(unaudited)	(unaudited)
Non-operating income					
Government grants	142,583	93,685	267,349	83,625	36,027
Compensation income	2,029	24,607	14,757	6,899	21,608
Gains on disposal of fixed assets	2,398	1,452	9,150	704	11,056
Penalty income	2,159	8,307	4,265	2,658	835
Gains on disposal of intangible assets	—	1,315	18,646	610	15
Gain from reversal of accrual for contingent considerations	3,949	40,805	—	—	—
Gain from acquisition of additional interests in CIMC Raffles	—	84,166	—	—	—
Others	19,443	37,682	56,026	8,517	7,490
Total	172,561	292,019	370,193	103,013	77,031

The government grants mainly consist of financial subsidies and tax refund granted to us to encourage construction of our production bases, launch of new projects and development and adoption of new technologies. All of these grants were granted on a one-off basis and determined by the government at their discretion.

Non-operating Expenses

Non-operating expenses primarily consist of: (i) losses on disposal of intangible assets; (ii) losses on disposal of fixed assets; (iii) donation expenses; (iv) penalty expenses; and (v) compensation expenses. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, our non-operating expenses amounted to RMB27.6 million, RMB55.6 million, RMB82.8 million, RMB15.3 million and RMB23.1 million, respectively, representing approximately 0.1%, 0.1%, 0.1%, 0.04% and 0.1% of our total operating income in the same periods. Fluctuations in our non-operating expenses were mainly due to the changes in losses on disposal of intangible assets, provision for compensation and provision for guarantee loss on sales of vehicles.

The following table sets out a breakdown of our non-operating expenses for the years/periods indicated:

	For the Year Ended 31 December			For the Six Months Ended 30 June	
	2009	2010	2011	2011	2012
	(RMB in thousands)				
				(unaudited)	(unaudited)
Non-operating expenses					
Losses on disposal of intangible assets	—	—	—	11	3,232
Losses on disposal of fixed assets	6,790	23,318	28,082	8,344	3,134
Donation expenses	1,296	2,751	1,911	1,733	2,527
Penalty expenses	2,962	2,173	1,939	655	1,370
Compensation expenses	2,961	4,974	1,827	310	691
Others	13,637	22,364	49,021	4,223	12,150
Total	27,646	55,580	82,780	15,276	23,104

Income Tax Expense

Income tax expenses represent our current tax expenses and deferred taxation expenses. The following table sets out a breakdown of our income tax expenses for the years/periods indicated:

	For the Year Ended 31 December			For the Six Months Ended 30 June	
	2009	2010	2011	2011	2012
	(RMB in thousands)				
				(unaudited)	(unaudited)
Income tax expenses					
Current tax expense for the year/period	505,993	853,500	1,477,811	993,680	406,187
Deferred taxation	(121,319)	(29,752)	(114,043)	30,438	79,186
Total	384,674	823,748	1,363,768	1,024,118	485,373

We are subject to taxation on entity basis on profit arising in or derived from the tax jurisdictions where our subsidiaries are domiciled and operate, with tax rates as disclosed in the Note III to the Consolidated Financial Information for the years ended 31 December 2009, 2010 and 2011 in Appendices I, II and III as well as the Unaudited Consolidated Financial Information in Appendix IV to this listing document. Our effective tax rate for our continuing operation for the year ended 31 December 2009, 2010 and 2011 and the six months ended 2011 and 2012 was 26.3%, 22.4%, 27.2%, 26.8% and 32.5%, respectively.

Our effective tax rate decreased from 26.3% for the year ended 31 December 2009 to 22.4% for the year ended 31 December 2010 mainly due to the utilisation of carried forward tax losses of certain container subsidiaries incurred, for which the deferred tax assets were not recognised in 2009, and deducted from taxable income for the year ended 31 December 2010 upon recovery of their operating results. Our effective tax rate increased from 22.4% for the year ended 31 December 2010 to 27.2% for the year ended 31 December 2011 mainly due to: (i) the decrease of such tax loss benefit in 2011 following the substantial improvement in our operating results in 2010 and 2011; (ii) tax losses incurred by offshore engineering segment and were not recognised as deferred tax assets which were not allowed to be deducted from taxable income of other profit-making subsidiaries. Our effective tax rate increased from 26.8% for the six months ended 30 June 2011 to 32.5% for the six months ended 30 June 2012 mainly due to the tax losses incurred by certain subsidiaries under the global economic downturn since the second half of 2011 were not allowed to be deducted from taxable income of other profit-making subsidiaries which resulted in a higher amount of income tax relative to profits before tax upon consolidation.

Net Profit for the Year/Period

For the three years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, we had a net profit of RMB1,080.7 million, RMB2,850.9 million, RMB3,658.9 million, RMB2,793.4 million and RMB1,007.7 million, respectively.

Other Comprehensive Income for the Year/Period

Other comprehensive income for the year/period mainly represents gains or losses on available-for-sale financial assets, gain or losses on cash flow hedging financial instrument and effects of exchange differences on translation of financial statements denominated in foreign currencies.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Six months ended 30 June 2012 Compared to six months ended 30 June 2011

Operating income. Our operating income was RMB27,364.4 million for the six months ended 30 June 2012, representing a decrease of RMB9,113.7 million, or approximately 25.0%, from RMB36,478.1 million for the same period in 2011. The decrease was mainly due to the decrease in the operating income from our container manufacturing and service business, road transportation vehicle business and airport facilities equipment business, partially offset by an increase in the operating income from the energy, chemical and food equipment business and the offshore engineering business.

Operating income from container manufacturing and service business

Operating income from our container manufacturing and service business was RMB13,405.5 million for the six months ended 30 June 2012, representing a decrease of RMB8,250.2 million, or approximately 38.1%, from RMB21,655.7 million for the same period in 2011. The operating income from the container manufacturing and service business decreased mainly due to the decrease in the sales volumes of the dry containers, reefer containers and special-purpose containers. In the first half of 2011, we recorded a high sales volumes of containers due to the strong demand for new containers following the recovering international container shipping market in 2010. The demand for new containers had become weakened since the second half of 2011 and was carried on to the first half of 2012, hindered by global economic uncertainties such as the spread of the Eurozone debt crisis and the slowdown of the global economy recovery.

The following table sets out a breakdown for the sales volume and sales income of our major container products for the periods indicated:

	For the Six Months Ended 30 June					
	2011		2012			
	Sales income	Sales volume	Sales income	Sales volume	Decrease of Sales income	Decrease of sales volume
	RMB in million	TEU in thousands	RMB in million	TEU in thousands	%	%
Dry containers	15,569	977.2	7,383	557.8	52.6	42.9
Reefer containers	2,846	88.5	2,811	81.5	1.2	7.9
Special-purpose containers	3,032	42.6	3,014	33	0.6	22.5

Operating income from road transportation vehicle business

Operating income from our road transportation vehicle business was RMB6,520.9 million for the six months ended 30 June 2012, representing a decrease of RMB2,765.1 million, or approximately 29.8%, from RMB9,286.0 million for the same period in 2011. The decrease was mainly due to the decrease in sales volume of our vehicles from approximately 88,000 units for the six months ended 30 June 2011 to approximately 53,500 units for the same period of 2012 as a result of the decreasing demand for road transportation vehicles, particularly the demand for medium and heavy duty trucks, due to (i) further slowdown in economic growth and shrinking fixed assets investment in China resulting from the Chinese government's ongoing implementation of controlling measures on real estate industry, and (ii) sluggish global economy attributable to the global economic uncertainties such as the spread of the Eurozone debt crisis.

Operating income from energy, chemical and food equipment business

Operating income from our energy, chemical and food equipment business was RMB4,199.3 million for the six months ended 30 June 2012, representing an increase of RMB568.5 million, or approximately 15.7%, from RMB3,630.8 million for the same period in 2011, reflecting (i) the increased demand of natural gas and other energy and the increased production capacity of CIMC Enric during the first half of 2012; (ii) the increased sales of newly developed chemical equipment such as light tank containers in the first half of 2012; and (iii) the increased demand for our liquidity food equipment in China during the first half of 2012.

Operating income from offshore engineering business

Operating income from our offshore engineering business was RMB1,243.0 million for the six months ended 30 June 2012, representing an increase of RMB1,013.0 million, or approximately 440.4%, from RMB230.0 million for the same period in 2011. The increase was mainly attributed to the sale of SUPREME DRILLER, a self-built jack up platform, and the delivery of COSL PROMTER, a deep-water semi-submersible drilling platform during this period.

Operating income from airport facilities equipment business

Operating income from our airport facilities equipment business was RMB63.0 million for the six months ended 30 June 2012, representing a decrease of RMB68.3 million, or approximately 52.0%, from RMB131.3 million for the same period in 2011. The decrease was primarily due to the decrease in the sales volume of boarding bridges from 59 sets for the six months ended 30 June 2011 to 20 sets for the same period in 2012.

Operating income from logistics equipment and service business

Operating income from our logistics equipment and service business was RMB680.6 million for the six months ended 30 June 2012, representing an increase of RMB28.6 million, or 4.4%, from RMB652.0 million for the same period in 2011, reflecting the increased demand for our logistics equipment and service in China.

Operating income from other businesses

Operating income from our other businesses was RMB375.1 million for the six months ended 30 June 2012, representing an increase of RMB82.4 million, or approximately 28.2%, from RMB292.7 million for the same period in 2011, mainly reflecting the income contribution from our financial business, in particular contribution from financing rental business.

Operating income from our non-principal activities

Operating income from our non-principal activities was RMB877.1 million for the six months ended 30 June 2012, representing an increase of RMB277.4 million, or approximately 46.3%, from RMB599.7 million for the same period in 2011, due to the increase in scraps sales of reefer containers manufactured by us.

Operating costs. Our operating costs were RMB23,013.6 million for the six months ended 30 June 2012, representing a decrease of RMB6,486.3 million, or approximately 22.0%, from RMB29,499.9 million for the same period in 2011. This decrease was in line with the decrease of our operating income.

Operating costs for container manufacturing and service business

Operating costs for our container manufacturing and service business were RMB11,347.3 million for the six months ended 30 June 2012, representing a decrease of RMB5,692.7 million, or approximately 33.4%, from RMB17,040.0 million for the same period in 2011.

Operating costs for road transportation vehicle business

Operating costs for our road transportation vehicle business were RMB5,735.9 million for the six months ended 30 June 2012, representing a decrease of RMB2,479.7 million, or approximately 30.2%, from RMB8,215.6 million for the same period in 2011.

Operating costs for energy, chemical and food equipment business

Operating costs for our energy, chemical and food equipment business were RMB3,381.0 million for the six months ended 30 June 2012, representing an increase of RMB447.9 million, or approximately 15.3%, from RMB2,933.1 million for the same period in 2011.

Operating costs for offshore engineering business

Operating costs for our offshore engineering business were RMB1,099.6 million for the six months ended 30 June 2012, representing an increase of RMB683.9 million, or approximately 164.5%, from RMB415.7 million for the same period in 2011.

Operating costs for airport facilities equipment business

Operating costs for our airport facilities equipment business were RMB45.3 million for the six months ended 30 June 2012, representing a decrease of RMB46.5 million, or approximately 50.7%, from RMB91.8 million for the same period in 2011.

Operating costs for logistics equipment and service business

Operating costs for our logistics equipment and service business were RMB576.3 million for the six months ended 30 June 2012, representing an increase of RMB61.0 million, or approximately 11.8%, from RMB515.3 million for the same period in 2011.

Operating costs for other businesses

Operating costs for our other businesses were RMB209.4 million for the six months ended 30 June 2012, representing an increase of RMB85.2 million, or approximately 68.6%, from RMB124.2 million for the same period in 2011, which was mainly attributable to our real estate development business, financial business and railway equipment business.

Operating costs for our non-principal activities

Operating costs for our non-principal activities were RMB618.8 million for the six months ended 30 June 2012, representing an increase of RMB454.6 million, or approximately 276.9%, from RMB164.2 million for the same period in 2011.

Business taxes and surcharges. Our business taxes and surcharges were RMB162.4 million for the six months ended 30 June 2012, representing an increase of RMB89.2 million, or approximately 121.9%, from RMB73.2 million for the same period in 2011. The increase was primarily attributable to the increased amount of our intra-group loans provided by CIMC Finance to CIMC Enric and other our subsidiaries, for which CIMC Finance was obliged to pay business tax.

Selling and distribution expenses. Our selling and distribution expenses were RMB863.8 million for the six months ended 30 June 2012, representing a decrease of RMB104.8 million, or approximately 10.8%, from RMB968.6 million for the same period in 2011. The decrease was mainly due to the decrease in our transportation and distribution charges from RMB462.3 million for the six months ended 30 June 2011 to RMB361.1 million for the same period in 2012, which was in line with the decrease in our operating income.

General and administrative expenses. Our general and administrative expenses were RMB1,655.7 million for the six months ended 30 June 2012, representing a decrease of RMB60.3 million, or approximately 3.5%, from RMB1,716.0 million for the same period in 2011. This decrease was primarily due to the decreases in performance bonus from RMB355.0 million for the six months ended 30 June 2011 to RMB100.0 million for the six months ended 30 June 2012 as a result of the decrease in our operating income in the first half of 2012, partially offset by (i) the increase in employee benefit from RMB490.7 million for the six months ended 30 June 2011 to RMB522.9 million for the six months ended 30 June 2012, (ii) the increase in office expenditure, entertainment fee and others from RMB422.5 million for the six months ended 30 June 2011 to RMB535.2 million for the six months ended 30 June 2012.

Financial expenses. Our financial expenses were RMB236.4 million for the six months ended 30 June 2012, representing a decrease of RMB163.6 million, or approximately 40.9%, from RMB400.0 million for the same period in 2011. The decrease was primarily attributable to (i) the increase in our borrowing costs capitalized from RMB28.9 million for the six months ended 30 June 2011 to RMB204.0 million for the six months ended 30 June 2012, as we had more construction in progress in the first half of 2012 compared with the first half of 2011 and thus had more borrowing costs capitalized; (ii) a change from a net exchange loss of RMB88.5 million for the six months ended 30 June 2011 to a net exchange gain of RMB11.8 million for the six months ended 30 June 2012, as compared with the first half of 2011, RMB appreciation slowed down in the first half of 2012; (iii) partially offset by an increase in interest expenses from loans and payables from RMB423.1 million for the six months ended 30 June 2011 to RMB530.2 million for the six months ended 30 June 2012, due to the increase in banking loans and debenture payables from RMB23,022.8 million as of 30 June 2011 to RMB23,211.6 million as of 30 June 2012 and the increase in the interest rate in the first half of 2012. The PBOC benchmark interest rate for one-year loan increased from 6.06% since 9 February 2011 to 6.56% in the first half 2012.

Impairment loss. We reversed an impairment loss of RMB25.0 million for the six months ended 30 June 2012. As a result, our impairment loss decreased RMB98.7 million, or approximately 133.9%, from RMB73.7 million for the six months ended 30 June 2011. In the first half of 2012, the net realizable value of our container inventories increased and became higher than their book value due to the actual selling prices of containers during this period was slightly higher than our expected selling prices when we determined the net realizable value of containers as of 31 December 2011. As a result, we recorded a reversal of RMB63.2 million in the impairment loss for inventories for the six months ended 30 June 2012, compared with a reversal of RMB5.3 million in the impairment loss for inventories for the six months ended 30 June 2011. In addition, the impairment loss in intangible assets decreased from RMB45.7 million for the six months ended 30 June 2011 to nil for the same period in 2012 as we did not record any impairment loss in intangible assets in this period.

(Losses)/gains from changes in fair value. Our losses from changes in fair value were RMB14.9 million for the six months ended 30 June 2012, representing a decrease of RMB73.4 million in loss or approximately 83.1%, from RMB88.3 million for the same period in 2011. In the first half of 2011, the value of the financial assets held by us for trading decreased due to the significant volatility and price declines of the listed equity shares invested by us. In the first half of 2012, the value of financial assets held for trading increased and consequently our loss from changes in fair value also decreased significantly.

Investment income. We incurred a loss from investment of RMB3.5 million for the six months ended 30 June 2012. Our investment income decreased by RMB74.7 million, or approximately 104.9%, from RMB71.2 million for the same period in 2011. We recorded an investment income of RMB28.7 million in our associates and joint ventures in the first half of 2011, while we recorded an investment loss of RMB10.1 million in the first half of 2012. In addition, we recorded RMB29.1 million for the disposal of financial assets held for trading and long-term equity investment in the first half of 2011, while we had no such investment income recorded for the first half of 2012.

Operating profit. As a result of the foregoing, our operating profit was RMB1,439.1 million for the six months ended 30 June 2012, representing a decrease of RMB2,290.7 million, or approximately 61.4%, from RMB3,729.8 million for the same period in 2011.

Non-operating income. Our non-operating income was RMB77.0 million for the six months ended 30 June 2012, representing a decrease of RMB26.0 million, or approximately 25.2%, from RMB103.0 million for the same period in 2011. This decrease was primarily due to the decrease in our government grants from RMB83.6 million for the six months ended 30 June 2011 to RMB36.0 million for the same period in 2012. Such decrease was partially offset by an increase in compensation income from RMB6.9 million for the six months ended 30 June 2011 to RMB21.6 million for the same period in 2012, mainly reflecting the compensation of RMB20.5 million we received from a lawsuit against a third party.

Non-operating expenses. Our non-operating expenses were RMB23.1 million for the six months ended 30 June 2012, representing an increase of RMB7.8 million, or approximately 51.0%, from RMB15.3 million for the same period in 2011, primarily due to the increase of the expenses relating to the disposal of certain scrapped fixed assets.

Profit before income tax. As a result of the foregoing, our profit before tax was RMB1,493.1 million for the six months ended 30 June 2012, representing a decrease of RMB2,324.4 million, or approximately 60.9%, from RMB3,817.5 million for the same period in 2011.

Income tax expenses. Our income tax expenses were RMB485.4 million for the six months ended 30 June 2012, representing a decrease of RMB538.7 million, or approximately 52.6%, from RMB1,024.1 million for the same period in 2011. This decrease was primarily due to the decrease in our operating income.

Net profit for the period. Our net profit for the period was RMB1,007.7 million for the six months ended 30 June 2012, representing a decrease of RMB1,785.7 million, or approximately 63.9%, from RMB2,793.4 million for the same period in 2011.

Net profit for the period attributable to shareholders of the Company. The net profit for the period attributable to shareholders of the Company was RMB933.7 million for the six months ended 30 June 2012, representing a decrease of RMB1,873.9 million, or approximately 66.7%, from RMB2,807.6 million for the same period in 2011.

Net profit for the period attributable to minority shareholders of the Company. The net profit for the period attributable to minority shareholders of the Company was RMB74.0 million for the six months ended 30 June 2012.

Other comprehensive income for the period. The other comprehensive income for the period was RMB35.3 million for the six months ended 30 June 2012, representing a decrease of RMB13.9 million, or approximately 28.3%, from RMB49.2 million for the same period in 2011, mainly due to (i) a decrease in effect of foreign exchange rate changes from RMB52.7 million for the six months ended 30 June 2011 to RMB6.7 million for the six months ended 30 June 2012 as a result of RMB appreciation; (ii) a decrease in gains/(losses), after tax, on cash flow hedges financial instrument from a net gain of RMB7.2 million for the six months ended 30 June 2011 to a net loss of RMB8.2 million for the six months ended 30 June 2012, (iii) partially offset by an increase of gains/(losses), after tax, on available-for-sale financial assets from a net loss of RMB15.2 million for the six months ended 30 June 2011 to a net gain of RMB36.8 million for the six months ended 30 June 2012.

Total comprehensive income for the period. The total comprehensive income was RMB1,043.0 million for the six months ended 30 June 2012, representing a decrease of RMB1,799.6 million, or approximately 63.3%, from RMB2,842.6 million for the same period in 2011.

Total comprehensive income for the period attributable to shareholders of the Company. The total comprehensive income for the year/period attributable to shareholders of the Company was RMB980.7 million for the six months ended 30 June 2012, representing a decrease of RMB1,813.3 million, or approximately 64.9%, from RMB2,794.0 million for the same period in 2011.

Total comprehensive income for the period attributable to minority interests. The total comprehensive income for the period attributable to minority interests was RMB62.2 million for the six months ended 30 June 2012, representing an increase of RMB13.7 million, or approximately 28.2%, from RMB48.5 million for the same period in 2011.

Year ended 31 December 2011 Compared to year ended 31 December 2010

Operating income. Our operating income was RMB64,125.1 million in 2011, representing an increase of RMB12,356.8 million, or approximately 23.9%, from RMB51,768.3 million in 2010. The increase was mainly attributable to the increase in the operating income from our container manufacturing and service business and energy, chemical and food equipment business, partially offset by a decrease in the operating income from the offshore engineering business and the road transportation vehicle business.

Operating income from container manufacturing and service business

Operating income from our container manufacturing and service business was RMB34,531.3 million in 2011, representing an increase of RMB9,581.6 million, or approximately 38.4%, from RMB24,949.7 million in 2010. The operating income from the container manufacturing and service business increased mainly due to the increase in the sales volumes of the containers as a result of strong demand for new containers driven by the recovering international container shipping market along with the global economic recovery in the first half of 2011, with softening demand for new containers in the second half of the year due to global economic uncertainties such as the Eurozone debt crisis. The significant increase in the sales volume of reefer containers was mainly due to (i) the steadily increase of international transport of refrigerated cargo driven by the increasing global demand for chilled and frozen food, such as fruits and vegetables, and (ii) our sales strategy to lower the selling prices to increase our competitiveness and market share in the reefer containers market.

The following table sets out a breakdown for the sales volume and sales income of our major container products for the years indicated:

	2010		2011			
	Sales income	Sales volume	Sales income	Sales volume	Growth of Sales income	Growth of sales volume
	RMB in million	TEU in thousands	RMB in million	TEU in thousands	%	%
Dry containers	19,552	1,296	21,747	1,413	11.2	9.1
Reefer containers	3,658	85.8	6,276	177.5	71.6	106.9
Special-purpose containers	3,514	61.9	6,624	77.1	88.5	24.6

Operating income from road transportation vehicle business

Operating income from our road transportation vehicle business was RMB16,492.4 million in 2011, which was relatively stable as compared to RMB16,255.5 million in 2010. There was a slight decrease in sales volume of vehicles from approximately 155,300 units in 2010 to approximately 152,400 units in 2011 as a result of weakening demand for road transportation vehicles, particularly the demand for medium and heavy duty trucks, attributable to (i) the slowdown in economic growth and shrinking fixed assets investment in China resulting from the Chinese government's monetary tightening measures to cool down the economic growth by investment to engineer a shift from an investment-driven economy to a consumption-driven economy, and (ii) global economic uncertainties in the second half of 2011 such as the Eurozone debt crisis and downgrade of the U.S. sovereign credit rating.

Operating income from energy, chemical and food equipment business

Operating income from our energy, chemical and food equipment business was RMB8,087.6 million in 2011, representing an increase of RMB3,006.4 million, or approximately 59.2%, from RMB5,081.2 million in 2010, reflecting the increasing demand for energy, chemical and food equipment during this period.

Operating income from offshore engineering business

Operating income from our offshore engineering business was RMB540.9 million in 2011, representing a decrease of RMB1,850.2 million, or approximately 77.4%, from RMB2,391.1 million in 2010. Compared with eight projects constructed by us in 2010, we only constructed four projects in 2011.

Operating income from airport facilities equipment business

Operating income from our airport facilities equipment business was RMB544.3 million in 2011, representing an increase of RMB237.2 million, or approximately 77.2%, from RMB307.1million in 2010. The increase was primarily due to the increase in the sales volume of boarding bridges from 118 sets in 2010 to 208 sets in 2011.

Operating income from logistics equipment and service business

Operating income from our logistics equipment and service business was RMB1,646.2 million in 2011, representing an increase of RMB502.2 million, or approximately 43.9%, from RMB1,144.0 million in 2010. The increase was mainly attributed to the increasing demand for automobile spare parts in China in 2011.

Operating income from other businesses

Operating income from our other businesses was RMB956.8 million in 2011, representing an increase of RMB421.9 million, or approximately 78.9%, from RMB534.9 million in 2010. The increase in the operating income from our other businesses in 2011 was mainly due to the increase in the operating income from our financial business, in particular the growth of financial leasing business of CIMC Financial Leasing, as a result of its efforts to diversify its products and strengthen its customer base. For example, in 2011, CIMC Financial Leasing strengthened its financial leasing services on gas tankers to meet the increasing demand for such vehicles in China and expanded their business to small and medium enterprises.

Operating income from our non-principal activities

Operating income from our non-principal activities was RMB1,325.7 million in 2011, representing an increase of RMB220.8 million, or approximately 20.0%, from RMB1,104.9 million in 2010. The increase in the operating income from our non-principal activities was mainly due to the increase in scraps sales of containers and vehicles manufactured by us and the increase in the operating income from repair and maintenance of containers.

Operating costs. Our operating costs were RMB52,224.7 million in 2011, representing an increase of RMB8,626.9 million, or approximately 19.8%, from RMB43,597.8 million in 2010. This increase was in line with the increase of our operating income. In addition, labor costs, utilities and costs of raw materials such as steel, increased in 2011, which also resulted in an increase in our operating costs in 2011. Such increase was partially offset by the decrease in the operating costs for our offshore engineering business in 2011.

Operating costs for container manufacturing and service business

Operating costs for our container manufacturing and service business were RMB27,861.7 million in 2011, representing an increase of RMB7,651.3 million, or approximately 37.9%, from RMB20,210.4 million in 2010.

Operating costs for road transportation vehicle business

Operating costs for our road transportation vehicle business were RMB14,230.0 million in 2011, representing an increase of RMB210.5 million, or approximately 1.5%, from RMB14,019.5 million in 2010.

Operating costs for energy, chemical and food equipment business

Operating costs for our energy, chemical and food equipment business were RMB6,683.4 million in 2011, representing an increase of RMB2,457.6 million, or approximately 58.2%, from RMB4,225.8 million in 2010.

Operating costs for offshore engineering business

Compared with eight projects constructed by us in 2010, we only constructed four projects in 2011. As a result, our operating costs for our offshore engineering business were RMB918.8 million in 2011, representing a decrease of RMB2,300.1 million, or approximately 71.5%, from RMB3,218.9 million in 2010.

Operating costs for airport facilities equipment business

Operating costs for our airport facilities equipment business were RMB350.9 million in 2011, representing an increase of RMB121.6 million, or approximately 53.0%, from RMB229.3 million in 2010.

Operating costs for logistics equipment and service business

Operating costs for our logistics equipment and service business were RMB1,347.0 million in 2011, representing an increase of RMB426.9 million, or approximately 46.4%, from RMB920.1 million in 2010.

Operating costs for other businesses

Operating costs for our other businesses were RMB317.4 million in 2011, representing an increase of RMB75.6 million, or approximately 31.3%, from RMB241.8 million in 2010, due to the increase in operating costs for our real estate development business and financial business.

Operating costs for our non-principal activities

Operating costs for our non-principal activities were RMB515.5 million in 2011, representing a decrease of RMB16.6 million, or approximately 3.1%, from RMB532.1 million in 2010, due to the decrease in sales of spare parts of vehicles, which incurred less operating cost in 2011.

Business taxes and surcharges. Our business taxes and surcharges were RMB344.7 million in 2011, representing an increase of RMB267.8 million, or approximately 348.2%, from RMB76.9 million in 2010. The significant increase was primarily attributable to the increase in our urban maintenance and construction tax and education fee and surcharges from RMB23.5 million and RMB5.2 million in 2010 to RMB114.7 million and RMB84.1 million in 2011, respectively. Such urban maintenance and construction tax and education fee and surcharges were required to be paid by foreign invested enterprises since 1 December 2010 pursuant to "*Notice of the State Council on Extending the Urban Maintenance and Construction Tax and Educational Surcharges from Domestic to Foreign Invested Enterprises and Individuals*" (《國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》).

Selling and distribution expenses. Our selling and distribution expenses were RMB1,867.9 million in 2011, representing an increase of RMB617.7 million, or approximately 49.4%, from RMB1,250.2 million in 2010. This increase was mainly due to the increase in our transportation and distribution charges from RMB623.1 million in 2010 to RMB944.8 million in 2011 due to (i) the growth of our containers business which incurred more transportation and distribution charges in 2011 and (ii) the increase in fuel price and other transportation expenses.

General and administrative expenses. Our general and administrative expenses were RMB3,767.2 million in 2011, representing an increase of RMB1,032.8 million, or approximately 37.8%, from RMB2,734.4 million in 2010. This increase was primarily due to increases in employee benefit due to (i) an increase in performance bonus to award our employees for their performance, and (ii) an increase in the salaries of our employees as a result of an increase in headcount for our administrative staff to meet the need of the growth of our business operation.

Financial expenses. Our financial expenses were RMB783.7 million in 2011, representing an increase of RMB113.9 million, or approximately 17.0%, from RMB669.8 million in 2010. This increase was primarily attributable to the increase in our interest expenses from loans and payables. The interest expenses from loans and payables increased from RMB472.3 million in 2010 to RMB903.7 million in 2011, which was a result of (i) the issuance of bonds by us in 2011 with a par value of RMB4 billion, (ii) with the continuous growth of the sales, the demand for working capital in 2011 was higher than that for 2010, which has led to more borrowing and more financial expenses incurred, and (iii) an increase in the PBOC benchmark interest rate for one-year loans from 5.31% to 5.81% in 2010 to 6.06% to 6.56% in 2011.

Impairment loss. Our impairment loss was RMB409.6 million in 2011, representing an increase of RMB135.0 million, or approximately 49.2%, from RMB274.6 million in 2010. The increase was primarily due to the increase of RMB126.6 million in impairment loss in inventories, reflecting the impairment we assessed for the inventories of our containers when the costs for such container inventories were higher than their net realizable value, as the selling prices of containers decreased since the second half of 2011 due to the slowdown of the global economy recovery and the impact of European debt crisis.

(Losses)/gains from changes in fair value. Our losses/gains from changes in fair value changed from a net gain of RMB234.9 million in 2010 to a net loss of RMB100.6 million in 2011. The change was primarily attributed to the losses recorded in the value of equity shares invested by us in the PRC and Hong Kong stock markets. In 2011, the stock markets in both PRC and Hong Kong dropped due to the European debt crisis and the slowdown of the global economy recovery.

Investment income. Our investment income was RMB108.7 million in 2011, representing an increase of RMB70.1 million, or approximately 181.6%, from RMB38.6 million in 2010. The increase was primarily attributable to a change in the gains/losses on disposal of long-term equity investments from a loss of RMB144.2 million in 2010 to a gain of RMB13.3 million in 2011. The investment loss in 2010 primarily reflected our investment loss of approximately RMB144 million incurred in connection with the loss from disposal of previously held interests in CIMC Raffles as an associate as a result of the acquisition. See Note IV (6) of Appendix II to this listing document.

Operating profit. As a result of the foregoing, our operating profit was RMB4,735.3 million in 2011, representing an increase of RMB1,297.1 million, or approximately 37.7%, from RMB3,438.2 million in 2010.

Non-operating income. Our non-operating income was RMB370.2 million in 2011, representing an increase of RMB78.2 million, or approximately 26.8%, from RMB292.0 million in 2010. This increase was primarily due to the increase in government grants from RMB93.7 million in 2010 to RMB267.3 million in 2011, due to the additional government grants granted in 2011 such as an award for our investment. All of such government grants were granted on a one-off basis.

Non-operating expenses. Our non-operating expenses were RMB82.8 million in 2011, representing an increase of RMB27.2 million, or approximately 48.9%, from RMB55.6 million in 2010, primarily due to an increase of RMB21.9 million in provision for compensation, as CIMC Raffles suspended a few projects for which it had planned to construct and incurred some designing fees and other costs. Such fees and costs were recorded as provision for compensation when the projects were suspended.

Profit before income tax. As a result of the foregoing, our profit before tax was RMB5,022.7 million in 2011, representing an increase of RMB1,348.1 million, or approximately 36.7%, from RMB3,674.6 million in 2010.

Income tax expenses. Our income tax expenses were RMB1,363.8 million in 2011, representing an increase of RMB540.1 million, or approximately 65.6%, from RMB823.7 million in 2010.

Net profit for the year. Our net profit for the year was RMB3,658.9 million in 2011, representing an increase of RMB808.0 million, or approximately 28.3%, from RMB2,850.9 million in 2010.

Net profit for the year attributable to shareholders of the Company. The net profit for the year attributable to shareholders of the Company was RMB3,690.9 million in 2011, representing an increase of RMB689.0 million, or approximately 23.0%, from RMB3,001.9 million in 2010.

Net profit for the year attributable to minority shareholders of the Company. The net profit for the year attributable to minority shareholders of the Company was minus RMB32.0 million in 2011, reflecting the loss incurred by CIMC Raffles in 2011 that should be borne by the minority shareholders.

Other comprehensive income for the year. We recorded a loss of RMB486.4 million in the item of other comprehensive income in 2011, compared to a loss of RMB536.4 million in 2010, reflecting the loss incurred in connection with the decrease of fair value of interests in certain A share companies recognised as available-for-sale financial assets and the loss we suffered as a result of the translation of foreign currency financial statements of overseas subsidiaries of our Group due to the appreciation of RMB.

Total comprehensive income for the year. The total comprehensive income was RMB3,172.5 million in 2011, representing an increase of RMB858.0 million, or approximately 37.1%, from RMB2,314.5 million in 2010.

Total comprehensive income for the year attributable to shareholders of the Company. The total comprehensive income for the year attributable to shareholders of the Company was RMB3,302.9 million in 2011, representing an increase of RMB796.8 million, or approximately 31.8%, from RMB2,506.1 million in 2010.

Total comprehensive income for the year attributable to minority interests. The total comprehensive income for the year attributable to minority interests was minus RMB130.4 million in 2011, reflecting the loss incurred by CIMC Raffles in 2011 and the loss as a result of the translation of foreign currency financial statements of overseas subsidiaries due to the appreciation of RMB that should be borne by the minority shareholders.

Year ended 31 December 2010 Compared to year ended 31 December 2009

Operating income. Our operating income was RMB51,768.3 million in 2010, representing an increase of RMB31,292.8 million, or approximately 152.8%, from RMB20,475.5 million in 2009. This increase was primarily attributable to the increase in the operating income from the container manufacturing and service business and road transportation vehicle business.

Operating income from container manufacturing and service business

Operating income from our container manufacturing and service business was RMB24,949.7 million, representing a significant increase of RMB19,868.4 million, or approximately 391.0%, from RMB5,081.3 million in 2009. The significant increase in the operating income from the container manufacturing and service business was mainly due to the significant increases in the sales volumes of dry containers, reefer containers and special-purpose containers to meet the world-wide shortage of containers because (i) new container production had largely ceased under the global financial crisis in 2009, and (ii) the significant increase in demand for new containers to meet the recovering international container shipping market along with the global economic recovery in 2010.

The following table sets out a breakdown for the sales volume and sales income of our containers for years indicated:

	2009		2010			
	Sales income	Sales volume	Sales income	Sales volume	Growth of Sales income	Growth of sales volume
	RMB in million	TEU in thousands	RMB in million	TEU in thousands	%	%
Dry containers	1,165	60.4	19,552	1,296	1,578.3	2,045.7
Reefer containers	1,541	30.4	3,658	85.8	137.4	182.2
Special-purpose containers . . .	2,309	43.2	3,514	61.9	52.2	43.3

Operating income from road transportation vehicle business

Operating income from our road transportation vehicle business was RMB16,255.5 million, representing an increase of RMB5,557.1 million, or approximately 51.9%, from RMB10,698.4 million in 2009. The operating income from our road transportation vehicle business increased mainly due to the increase in the sales volume of our vehicles from approximately 97,400 units in 2009 to approximately 155,300 units in 2010 because of (i) the strong demand for road transportation vehicles in the China, as reflected in the increasing fixed assets investment and growth in logistics sector, stimulated by government policies which accelerated urbanisation of rural areas, economic development of western and central regions and social housing construction, and (ii) recovering logistics industry following economic recovery in American and European countries.

Operating income from energy, chemical and food equipment business

Operating income from our energy, chemical, food equipment business was RMB5,081.2 million, representing a significant increase of RMB1,681.2 million, or approximately 49.4%, from RMB3,400.0 million in 2009. The increase was mainly due to the increased operating income from our energy equipment and chemical equipment businesses due to the increased demand for such products during this period, partially offset by a decrease in the operating income from food equipment business due to the impact of European debt crisis in 2010.

Operating income from offshore engineering business

We recorded RMB2,391.1 million of operating income from offshore engineering business. We conducted our offshore engineering business mainly through our subsidiary, CIMC Raffles, which was acquired by us in January 2010. In 2010, CIMC Raffles delivered a jebsen of 30,000 tons and three semi-submersibles, namely COSL Pioneer 1#, SS Pantanal and Scarabeo 9, and thus recorded considerable amount of operating income.

Operating income from airport facilities equipment business

Operating income from our airport facilities equipment business was RMB307.1 million, representing a decrease of RMB84.7 million, or approximately 21.6%, from RMB391.8 million in 2009. The decrease was mainly due to the decrease in the sales volume of boarding bridges from 211 units in 2009 to 118 units in 2010, respectively, reflecting the delayed effect of economic crisis in 2008 on our airport facilities equipment business.

Operating income from logistics equipment and service business

Operating income from our logistics equipment and service business was RMB1,144.0 million in 2010, increased from nil in 2009. Before 2010, we had included the operating income from our logistics equipment and service business into the operating income from our container manufacturing and service business.

Operating income from other businesses

Operating income from our other businesses was RMB534.9 million in 2010, representing an increase of RMB287.0 million, or approximately 115.8%, from RMB247.9 million in 2009, mainly due to the increase in the operating income from our financial business and real estate business.

Operating income from non-principal activities

Operating income from our non-principal activities was RMB1,104.9 million in 2010, representing an increase of RMB448.9 million, or approximately 68.4%, from RMB656.0 million in 2009. The increase in the operating income from our non-principal activities was mainly due to the increase in scraps sales of containers and spare parts of vehicles manufactured by us.

Operating costs. Our operating costs were RMB43,597.8 million in 2010, representing an increase of RMB26,196.0 million, or approximately 150.5%, from RMB17,401.8 million in 2009. This increase was primarily attributable to an increase in the operating costs in container manufacturing and service business.

Operating costs for container manufacturing and service business

Operating costs for our container manufacturing and service business were RMB20,210.4 million in 2010, representing an increase of RMB15,801.4 million, or approximately 358.4%, from RMB4,409.0 million in 2009, which was in line with the increase in the operating income from the container manufacturing and service business.

Operating costs for road transportation vehicle business

Operating costs for our road transportation vehicle business were RMB14,019.5 million in 2010, representing an increase of RMB4,681.1 million, or approximately 50.1%, from RMB9,338.4 million in 2009.

Operating costs for energy, chemical and food equipment business

Operating costs for our energy, chemical and food equipment business were RMB4,225.8 million in 2010, representing an increase of RMB1,407.1 million, or approximately 49.9%, from RMB2,818.7 million in 2009.

Operating costs for offshore engineering business

Operating costs for our offshore engineering business were RMB3,218.9 million in 2010.

Operating costs for airport facilities equipment business

Operating costs for our airport facilities equipment business were RMB229.3 million in 2010, representing a decrease of RMB91.8 million, or approximately 28.6%, from RMB321.1 million in 2009.

Operating costs for logistics equipment and service business

Operating costs for our logistics equipment and service business were RMB920.1 million in 2010.

Operating costs for other businesses

Operating costs for our other businesses were RMB241.8 million in 2010, representing an increase of RMB154.5 million, or approximately 177.0%, from RMB87.3 million in 2009, due to the increase in operating costs for our real estate development business and financial business.

Operating costs for our non-principal activities

Operating costs for our non-principal activities were RMB532.1 million in 2010, representing an increase of RMB105.0 million, or approximately 24.6%, from RMB427.1 million in 2009, mainly due to the increase in scraps sales of containers and spare parts of vehicles manufactured by us.

Business taxes and surcharges. Our business taxes and surcharges were RMB76.9 million in 2010, representing an increase of RMB25.2 million, or approximately 48.7%, from RMB51.7 million in 2009. This increase was primarily attributable to the increase in our business tax and urban maintenance and construction tax from RMB28.6 million and RMB6.7 million in 2009 to RMB43.9 million and RMB23.5 million in 2010, respectively, due to the increase in such taxes paid in our road transportation vehicle business and real estate business as a result of the increased sales in these businesses.

Selling and distribution expenses. Our selling and distribution expenses were RMB1,250.2 million in 2010, representing an increase of RMB522.5 million, or approximately 71.8%, from RMB727.7 million in 2009. This increase was mainly attributable to the increase in our transportation and distribution charges, which were incurred in connection with the transportation and distribution of our containers and vehicles.

General and administrative expenses. Our general and administrative expenses were RMB2,734.4 million in 2010, representing an increase of RMB758.3 million, or approximately 38.4%, from RMB1,976.1 million in 2009. This increase was primarily due to increases in the employee benefits and performance bonus and president bonus respectively from RMB526.7 million and RMB89.0 million in 2009 to RMB891.4 million and RMB289.2 million in 2010, respectively, due to the increase in the salaries of our employees and the increase in the headcounts of our administrative staff as a result of the acquisition of CIMC Raffles in 2010.

Financial expenses. Our financial expenses were RMB669.8 million in 2010, representing an increase of RMB538.8 million, or approximately 411.3%, from RMB131.0 million in 2009. This increase was primarily due to the increase in our interest expenses from loans and payables and an increase in net exchange losses from RMB20.1 million in 2009 to RMB225.9 million in 2010 as a result of RMB appreciation. The increase in our interest expenses reflected the impact of the following factors: (i) we consolidated the interest expenses from loans and payables from CIMC Raffles as a result of the acquisition of CIMC Raffles in 2010; (ii) we used more bank acceptance bills and commercial acceptance bills in our business in 2010 and incurred more interest expenses in discounted bills; and (iii) PBOC increased the benchmark interest rate twice in 2010, which also resulted in an increase in our financial expenses.

Impairment loss. Our impairment loss was RMB274.6 million in 2010, representing a decrease of RMB121.5 million, or approximately 30.7%, from RMB396.1 million in 2009. The decrease was primarily attributable to the decrease in impairment loss in fixed assets from RMB184.5 million in 2009 to RMB17.7 million in 2010. The impairment loss made for fixed assets in 2009 reflected the impairment due to the impact of economic crisis in 2008. The decrease in impairment loss in fixed assets was partially offset by, among others, the increase of RMB76.7 million in the impairment loss in receivables as the sales of road transportation vehicles represent a significant increase compared to 2009 and the customers of the road transportation vehicle are mainly the agency and end customer whose collection risk are higher than the containers' customers.

(Losses)/gains from changes in fair value. Our losses/gains from changes in fair value changed from a net loss of RMB38.7 million in 2009 to a net gain of RMB234.9 million in 2010. The change was primarily due to the gains recorded in the value of the equity shares invested by us in the PRC and Hong Kong stock market.

Investment income. Our investment income was RMB38.6 million in 2010, representing a significant decrease of RMB1,529.4 million, or approximately 97.5%, from RMB1,568.0 million in 2009. The decrease was primarily due to the decrease in the gains on sale of available-for-sale financial assets from RMB1,457.3 million in 2009 to RMB40.6 million in 2010. In 2009, we disposed of 94,511,769 A shares we held in China Merchants' Bank and recorded a gain on sale of available-for-sale financial assets of RMB1,457 million. The investment loss in 2010 primarily reflected our investment loss of approximately RMB144 million incurred in connection with the remeasurement of the fair value of our equity interests held prior to the acquisition of additional 31.74% equity interests in CIMC Raffles. See Note IV.6 of Appendix II to this listing document.

Operating profit. As a result of the foregoing, our operating profit was RMB3,438.2 million in 2010, representing an increase of RMB2,117.7 million, or approximately 160.4%, from RMB1,320.5 million in 2009.

Non-operating income. Our non-operating income was RMB292.0 million in 2010, representing an increase of RMB119.4 million, or approximately 69.2%, from RMB172.6 million in 2009. This increase was primarily due to the increase in the gain from business combination from nil in 2009 to RMB84.2 million in 2010, reflecting the gain we recognized from the acquisition of CIMC Raffles, partially offset by the decrease in government grants from RMB142.6 million in 2009 to RMB93.7 million in 2010. See Note IV.6 of Appendix II in this listing document.

Non-operating expenses. Our non-operating expenses were RMB55.6 million in 2010, representing an increase of RMB28.0 million, or approximately 101.4%, from RMB27.6 million in 2009, primarily due to the increase in the loss of disposal of fixed assets, as some of our subsidiaries disposed of certain equipment in order to upgrade our production facilities.

Profit before income tax. As a result of the foregoing, our profit before tax was RMB3,674.6 million in 2010, representing an increase of RMB2,209.2 million, or approximately 150.8%, from RMB1,465.4 million in 2009.

Income tax expenses. Our income tax expenses were RMB823.7 million in 2010, representing an increase of RMB439.0 million, or approximately 114.1%, from RMB384.7 million in 2009.

Net profit for the year. Our net profit for the year was RMB2,850.9 million in 2010, representing an increase of RMB1,770.2 million, or approximately 163.8%, from RMB1,080.7 million in 2009.

Net profit for the year attributable to shareholders of the Company. The net profit for the year attributable to shareholders of the Company was RMB3,001.9 million in 2010, representing an increase of RMB2,042.9 million, or approximately 213.0%, from RMB959.0 million in 2009.

Net profit for the year attributable to minority shareholders of the Company. The net profit for the year attributable to minority shareholders of the Company was minus RMB151.0 million in 2010, reflecting the loss incurred by CIMC Raffles in 2010 that should be borne by the minority shareholders.

Other comprehensive income for the year. Our other comprehensive income for the year changed from a gain of RMB105.1 million in 2009 to a loss of RMB536.4 million in 2010, mainly attributable to the loss incurred as a result of the change of fair value of our available-for-sale financial assets and the loss we suffered as a result of the translation of foreign currency financial statements of overseas subsidiaries due to the appreciation of RMB in 2010.

Total comprehensive income for the year. Our total comprehensive income for the year was RMB2,314.5 million in 2010, representing an increase of RMB1,128.7 million, or approximately 95.2%, from RMB1,185.8 million in 2009.

Total comprehensive income for the year attributable to shareholders of the Company. The total comprehensive income for the year attributable to shareholders of the Company was RMB2,506.1 million in 2010, representing an increase of RMB1,539.9 million, or approximately 159.4%, from RMB966.2 million in 2009.

Total comprehensive income for the year attributable to minority interests of the Company. The total comprehensive income for the year attributable to minority interests was minus RMB191.6 million in 2010, reflecting the loss incurred by CIMC Raffles in 2011 that should be borne by the minority shareholders.

SEGMENT INFORMATION

The following table sets out the results of our reportable segments for the years/periods indicated:

	For the six months ended 30 June 2012 (unaudited)								
Item	Container manufacturing and service	Road transportation vehicle	Energy, chemical and food equipment	Offshore engineering	Airport facilities equipment	Others	Elimination between segments	Unallocated items	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External transaction	13,648,461	6,735,820	4,370,317	1,244,783	68,923	1,296,142	—	—	27,364,446
Inter segment transaction	22,830	85,474	150,632	—	—	138,723	(397,659)	—	—
Investment income/(losses) in joint ventures and associates	10,062	(36,855)	—	8,985	—	4,179	—	3,534	(10,095)
Impairment loss for the year	(75,072)	10,791	6,428	17,526	(6,143)	21,484	—	—	(24,986)
Depreciation and amortization expenses	179,715	137,698	116,620	88,697	3,229	23,382	—	—	549,341
Interest income	38,175	3,882	9,034	205	493	48,776	—	748	101,313
Interest expenses	8,634	30,021	15,098	55,183	51	27,368	—	189,786	326,141
Segment operating profit/(losses)	1,089,766	112,640	343,752	(144,799)	(30,727)	47,170	—	75,249	1,493,051
Income tax expenses	289,690	26,614	87,056	2,312	1,450	57,690	—	20,561	485,373
Net profit/(losses)	800,076	86,026	256,696	(147,111)	(32,177)	(10,520)	—	54,688	1,007,678
Segment total assets	13,673,547	11,105,480	9,647,435	14,883,323	719,107	11,440,923	—	3,761,932	65,231,747
Segment total liabilities	4,528,372	4,684,291	3,724,885	11,189,659	467,921	9,255,590	—	10,639,112	44,489,830
Supplementary information:									
– Segment expenditures other than depreciation and amortization	(35,796)	12,860	9,255	18,529	15,100	1,255	—	13,500	34,703
– Long-term equity investment of joint ventures and associates	594,425	445,670	—	211,689	—	169,270	—	130,859	1,551,913
– Segment expenditures raising from additions of non-current assets	450,187	121,817	222,124	285,064	6,760	74,412	—	1,248,847	2,409,211

Item	Container manufacturing and service	Road transportation vehicle	Energy, chemical and food equipment	Offshore engineering	Airport facilities equipment	Others	Elimination between segments	Unallocated items	Total
	For the six months ended 30 June 2011 (unaudited)								
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External transaction	21,903,545	9,557,672	3,638,502	230,120	141,072	1,007,187	—	—	36,478,098
Inter segment transaction	23,328	134,423	93,389	—	—	343,277	(594,417)	—	—
Investment income/(losses) in joint ventures and associates	20,587	(23,131)	—	—	—	24,710	—	6,573	28,739
Impairment loss for the year	241	11,392	311	45,731	527	15,507	—	—	73,709
Depreciation and amortization expenses	146,989	149,003	126,365	66,113	1,794	17,181	—	—	507,445
Interest income	13,095	5,165	9,357	3,284	85	57,387	—	22,629	111,002
Interest expenses	19,753	51,976	20,663	95,789	9	26,933	—	178,992	394,115
Segment operating profit/(losses)	3,643,847	440,521	301,589	(581,100)	(15,497)	529,101	—	(500,942)	3,817,519
Income tax expenses	727,365	96,017	54,132	1,544	(3,341)	207,763	—	(59,362)	1,024,118
Net profit/(losses)	2,916,482	344,504	247,457	(582,644)	(12,156)	321,338	—	(441,580)	2,793,401
Segment total assets	18,963,011	11,272,839	8,500,218	13,660,563	495,095	4,319,996	—	8,952,199	66,163,921
Segment total liabilities	8,080,833	5,311,366	3,650,183	11,237,046	265,417	2,743,654	—	13,721,252	45,009,751
Supplementary information:									
– Segment expenditures other than depreciation and amortization	31,789	4,534	(5,912)	(35,539)	(10,951)	38,608	—	(25,361)	(2,832)
– Long-term equity investment of joint ventures and associates	580,800	511,773	—	31,749	—	134,334	—	301,754	1,560,410
– Segment expenditures raising from additions of non-current assets	555,920	1,133,087	403,524	106,518	1,120	104,928	—	3,142	2,308,239

Item	Container manufacturing and service	Road transportation vehicle	Energy, chemical and food equipment	Offshore engineering	Airport facilities equipment	Others	Elimination between segments	Unallocated items	Total
	For the year ended 31 December 2011								
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External transaction	35,039,953	16,724,683	8,283,673	576,576	571,030	2,929,138	—	—	64,125,053
Inter segment transaction	31,597	473,993	244,800	—	—	415,459	(1,165,849)	—	—
Investment income/(losses) in joint ventures and associates	31,975	(49,745)	—	(262)	—	55,341	—	6,811	44,120
Impairment loss for the year	152,478	4,492	9,260	206,936	7,782	28,654	—	—	409,602
Depreciation and amortization expenses	341,017	252,195	288,143	146,325	3,556	64,544	—	—	1,095,780
Interest income	44,632	14,107	19,061	8,779	273	107,860	—	23,230	217,942
Interest expenses	30,955	84,680	21,917	154,440	16	79,425	—	291,328	662,761
Segment operating profit/(losses)	4,719,961	691,488	613,504	(1,174,147)	55,493	1,127,478	—	(1,011,071)	5,022,706
Income tax expenses	1,090,818	178,714	120,283	(57,762)	11,846	33,740	—	(13,871)	1,363,768
Net profit/(losses)	3,629,143	512,774	493,221	(1,116,385)	43,647	1,093,738	—	(997,200)	3,658,938
Segment total assets	13,662,205	10,982,265	9,087,139	15,184,945	563,804	11,465,921	—	3,415,435	64,361,714
Segment total liabilities	5,901,562	3,675,676	3,745,818	11,497,409	263,767	6,604,023	—	11,059,787	42,748,042
Supplementary information:									
– Segment expenditures other than depreciation and amortization	142,333	5,463	6,881	13,233	14,029	26,491	—	84,079	292,509
– Long-term equity investments of joint ventures and associates	622,096	480,254	—	201,528	—	134,411	—	129,665	1,567,954
– Segment expenditures raising from additions of non-current assets	1,401,736	488,759	803,762	1,146,280	26,753	260,025	—	—	4,127,315

Item	Container manufacturing and service	Road transportation vehicle	Energy, chemical and food equipment	Offshore engineering	Airport facilities equipment	Others	Elimination between segments	Unallocated items	Total
	For the year ended 31 December 2010								
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External transaction	25,342,782	16,628,173	5,229,401	2,444,034	342,614	1,781,312	—	—	51,768,316
Inter segment transaction	97,190	3,380	121,397	—	—	276,957	(498,924)	—	—
Investment income/(losses) in joint ventures and associates	92,744	(23,444)	—	4,770	—	20,091	—	8,777	102,938
Impairment loss for the year	21,245	104,638	(2,935)	104,658	4,122	42,882	—	—	274,610
Depreciation and amortization expenses	368,754	556,793	292,187	181,564	3,619	47,600	—	—	1,450,517
Interest income	19,740	15,335	14,707	8,575	142	2,713	—	7,873	69,085
Interest expenses	27,937	50,977	24,618	157,288	479	10,885	—	187,411	459,595
Segment operating profit/(losses)	3,893,013	708,565	159,096	(1,228,362)	30,515	130,811	—	(19,031)	3,674,607
Income tax expenses	551,978	151,533	92,400	(85,984)	5,249	106,831	—	1,741	823,748
Net profit/(losses)	3,341,035	557,032	66,696	(1,142,378)	25,266	23,980	—	(20,772)	2,850,859
Segment total assets	13,854,245	10,966,282	6,330,323	11,977,241	473,042	6,030,049	—	4,499,467	54,130,649
Segment total liabilities	6,825,058	5,304,438	2,550,273	9,526,301	210,660	1,826,904	—	8,680,315	34,923,949
Supplementary information:									
– Segment expenditures other than depreciation and amortization	—	—	39,683	4,790	—	—	—	86,126	130,599
– Long-term equity investments of joint ventures and associates	582,167	143,029	—	208,833	—	84,311	—	140,757	1,159,097
– Segment expenditures raising from additions of non-current assets	1,245,268	1,215,549	1,019,849	1,999,667	117,203	283,419	—	61,455	5,942,410

Item	For the year ended 31 December 2009								
	Container manufacturing and service	Road transportation vehicle	Energy, chemical and food equipment	Offshore[1] engineering	Airport facilities equipment	Others	Elimination between segments	Unallocated items	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External transaction	5,336,280	10,951,136	3,476,089	—	455,198	256,806	—	—	20,475,509
Inter segment transaction	237,298	61,413	124,151	—	76,105	132,519	(631,486)	—	—
Investment income/(losses) in joint ventures and associates	36,106	(1,646)	—	26,700	—	37,110	—	5,669	103,939
Impairment loss for the year	113,625	221,110	55,546	—	3,695	2,105	—	—	396,081
Depreciation and amortization expenses	346,245	256,574	213,344	—	1,974	9,815	—	21,496	849,448
Interest income	191,589	107,430	1,885	—	2,848	30,232	(461,940)	215,482	87,526
Interest expenses	220,461	232,818	32,274	—	—	13,483	(461,940)	142,539	179,635
Segment operating (losses)/profit	(232,230)	280,201	(18,634)	—	70,095	(71,830)	(114,814)	1,552,597	1,465,385
Income tax expenses	85,026	68,927	(12,220)	—	10,014	16,837	—	216,090	384,674
Net profit/(losses)	(317,256)	211,274	(6,414)	—	60,081	(88,667)	(114,814)	1,336,507	1,080,711
Segment total assets	11,537,173	11,486,022	6,731,274	799,937	497,236	4,432,738	(482,016)	2,356,029	37,358,393
Segment total liabilities	3,450,228	6,352,070	2,059,078	—	192,808	835,219	(482,016)	9,124,373	21,531,760
Supplementary information:									
– Segment (income)/expenditures other than depreciation and amortization	(168,987)	(389)	(7,596)	—	(492)	(786)	—	223,767	45,517
– Long-term equity investments of joint ventures and associates	531,814	158,633	—	676,217	—	101,385	—	59,446	1,527,495
– Segment expenditures raising from additions of non-current assets	344,974	472,684	1,253,602	—	2,008	52,711	(592,443)	29,610	1,563,146

Notes:

(1) We started offshore engineering business from January 2010.

We recorded a segment operating loss of RMB232.2 million for our container manufacturing and service business in 2009. This was mainly due to the impact of the economic crisis in 2008. As the demand for containers dropped significantly since the second half of 2008, we decided to reduce production volume of our containers in 2009 in response to such crisis. Our container manufacturing and service business started recording significant growth in segment profit since 2010 along with the global economy recovery.

We recorded RMB1,552.6 million in unallocated items for the year ended 31 December 2009, mainly representing the gains from the disposal of our Company's investments in equity shares of China Merchants Bank in 2009. As such gains from disposal of equity shares are only incidental to our business activities, we included such income in "unallocated items" in our segment report.

The operating gains/losses of "unallocated items" for the years ended 31 December 2009, 2010 and 2011 represented all incomes and expenses of the Company and CIMC Hong Kong, as the holding company and intermediate holding company of the Group, respectively, except for the general and administrative expenses and gains from changes in fair value with a total amount of RMB200.9 million which were included in other segment in the segment report for the year ended 31 December 2010. Had such general and administrative expenses and gains from changes in fair value been included in "unallocated items" for the year ended 31 December 2010:

- the operating losses and the net loss in "unallocated items" for the year ended 31 December 2010 would have been increased to RMB219.9 million and RMB221.7 million, respectively; and

- the operating profit and the net profit of other segment in the segment report for the year ended 31 December 2010 would have been increased to RMB331.7 million and RMB224.9 million. The increase in the operating profit and the net profit of other segment from RMB331.7 million and RMB224.9 million, respectively, for the year ended 31 December 2010 to RMB1,127.5 million and RMB1,093.7 million, respectively, for the year ended 31 December 2011 was mainly due to: (i) the profit contributed by our finance lease and real estate businesses due to the rapid development of container and vehicle leasing business and real estate market; and (ii) an increase in commission income recorded in other segments for the service provided to container manufacturing and service segment.

The operating losses of approximately RMB1,011.1 million in unallocated items for the year ended 31 December 2011 mainly represented the general and administrative expenses and financial expenses incurred by the Company during the year 2011. Acting as the headquarter of the Group, the Company's expenses as mentioned above are included in "unallocated items" in the segment report. The operating losses in unallocated items in 2011 mainly consisted of (i) the accrual for performance bonus of approximately RMB428.7 million to award our employees for their performance in 2011, (ii) recognition of staff compensation costs of approximately RMB105.2 million in connection with the share option scheme granted in September 2010, (iii) finance expenses of approximately RMB123.4 million arising from the issuance of medium term notes by the Company with a face value of RMB4.0 billion, and (iv) losses from equity shares invested by us in the PRC and Hong Kong stock markets of approximately RMB90.9 million due to decline in fair value of these investments.

For the years ended 31 December 2010 and 2011 and the six months ended 30 June 2011 and 2012, our offshore engineering business recorded segment operating losses of RMB1,228.4 million, RMB1,174.1 million, RMB581.1 million and RMB144.8 million. The segment loss in 2010 reflected the result of consolidating CIMC Raffles upon its acquisition in 2010. Since the acquisition, our offshore engineering business has managed to reduce significantly the operating loss by improving its management and operations. In the first half of 2012, we delivered SUPREME DRILLER, a self-built jack up platform, and COSL PROMTER, a deep-water semi-submersible drilling platform, and recorded a gross profit of RMB143.4 million.

We recorded a segment loss of RMB18.6 million in our energy, chemical and food equipment segment for the year ended 31 December 2009, mainly due to the impact of global economy crisis in 2008, which led to a decreased demand for our energy and chemical equipment.

We also recorded segment losses of RMB15.5 million and RMB30.7 million in our airport facilities equipment business in the first half of 2011 and 2012, respectively. According to our accounting policy, we recorded operating income from this segment only after the completion of the inspection by our customers. As we have not been able to recognise the operating income from the delivery of our products in the first half of 2011 and 2012, we recorded segment losses in this segment during these periods.

LIQUIDITY AND FINANCIAL RESOURCES

Summary of Cash Flows

The following table sets out selected cash flow data from our consolidated cash flow statements for the periods indicated:

	For the Year Ended 31 December			For the Six Months Ended 30 June	
	2009	2010	2011	2011	2012
	(RMB in thousands)				
				(unaudited)	(unaudited)
Net cash inflow/(outflow) from operating activities . . .	969,685	1,482,901	2,254,437	(4,161,444)	(2,107,043)
Net cash inflow/(outflow) from investing activities . . .	2,795	(2,730,302)	(3,576,060)	(1,328,665)	(1,785,683)
Net cash inflow from financing activities	520,840	477,409	4,507,951	6,801,807	1,335,284
Effect of foreign exchange rate changes on cash and cash equivalents	81,030	170,882	(420,490)	(4,728)	(101,374)
Net increase/(decrease) in cash and cash equivalents . .	1,574,350	(599,110)	2,765,838	1,306,970	(2,658,816)
Add: Cash and cash equivalents at the beginning of the year/period	2,822,175	4,396,525	3,797,415	3,797,415	6,563,253
Cash and cash equivalents at end of the year/period	4,396,525	3,797,415	6,563,253	5,104,385	3,904,437

Cash flows from operating activities

In the six months ended 30 June 2012, we had a net cash outflow from operating activities of RMB2,107.0 million, primarily due to (i) cash paid for goods and services of RMB24,935.9 million, (ii) cash paid to and for employees of RMB2,051.7 million, (iii) cash paid relating to other operating activities of RMB968.7 million and (iv) cash paid for all types of taxes of RMB1,343.6 million, partially offset by (i) cash received from sale of goods and rendering of services of RMB25,950.4 million, (ii) refund of value added taxes of RMB1,089.7 million for the products manufactured by us and exported to overseas, and (iii) cash received relating to other operating activities of RMB152.7 million.

In the six months ended 30 June 2011, we had a net cash outflow from operating activities of RMB4,161.4 million, primarily due to (i) cash paid for goods and services of RMB31,152.8 million, (ii) cash paid to and for employees of RMB2,195.2 million, (iii) cash paid relating to other operating activities of RMB2,605.4 million and (iv) cash paid for all types of taxes of RMB1,309.1 million, partially offset by (i) cash received from sale of goods and rendering of services of RMB30,785.2 million, (ii) refund of value added taxes of RMB2,088.7 million for the products manufactured by us and exported to overseas, and (iii) cash received relating to other operating activities of RMB227.2 million.

We had net cash outflow from operating activities for the six months ended 2011 and 2012, primarily because we increased our purchase amount of the raw material for the forthcoming sales peak season in the second and third quarter of those two years.

In 2011, our net cash from operating activities was RMB2,254.4 million. This net cash from operating activities was mainly attributable to (i) cash received from sale of goods and rendering of services of RMB66,772.5 million, (ii) refund of taxes of RMB3,606.9 million for the products manufactured by us and exported to overseas, and (iii) cash received relating to other operating activities of RMB363.7 million, partially offset by (i) cash paid for goods and services of RMB59,108.7 million, (ii) cash paid to and for employees of RMB4,454.2 million, (iii) cash paid relating to other operating activities of RMB3,288.6 million and (iv) cash paid for all types of taxes of RMB1,637.2 million.

In 2010, our net cash from operating activities was RMB1,482.9 million. This net cash from operating activities was mainly attributable to (i) cash received from sale of goods and rendering of services of RMB53,884.0 million, (ii) refund of taxes of RMB1,600.1 million and (iii) cash received relating to other operating activities of RMB199.7 million, partially offset by (i) cash paid for goods and services of RMB47,042.2 million, (ii) cash paid to and for employees of RMB3,525.5 million, (iii) cash paid relating to other operating activities of RMB2,541.8 million and (iv) cash paid for all types of taxes of RMB1,091.4 million.

In 2009, our net cash from operating activities was RMB969.7 million. This net cash from operating activities was mainly attributable to (i) cash received from sale of goods and rendering of services of RMB23,043.3 million, (ii) refund of taxes of RMB583.3 million and (iii) cash received relating to other operating activities of RMB302.3 million, partially offset by (i) cash paid for goods and services of RMB17,397.9 million, (ii) cash paid to and for employees of RMB1,951.0 million, (iii) cash paid relating to other operating activities of RMB2,585.7 million and (iv) cash paid for all types of taxes of RMB1,024.5 million.

Cash flows from investing activities

In the six months ended 30 June 2012, our net cash used in investing activities was RMB1,785.7 million. This net cash used in investing activities was mainly attributable to (i) cash paid for acquisition of fixed assets, intangible assets and other long-term assets of RMB870.3 million, (ii) cash paid for acquisition of investments of RMB244.5million and (iii) cash paid for acquisition of subsidiaries of RMB718.9 million, partially offset by (i) cash received from return on investments of RMB26.1 million and (ii) net cash received from disposal of fixed assets, intangible assets and other long-term assets of RMB21.9 million.

In the six months ended 30 June 2011, our net cash used in investing activities was RMB1,328.7 million. This net cash used in investing activities was mainly attributable to (i) cash paid for acquisition of fixed assets, intangible assets and other long-term assets of RMB1,083.5 million, (ii) cash paid for acquisition of investments of RMB295.5 million and (iii) cash paid for acquisition of subsidiaries of RMB49.9 million, partially offset by (i) cash received from disposal of investments of RMB68.4 million, (ii) cash received from return on investments of RMB24.6 million and (iii) net cash received from disposal of fixed assets, intangible assets and other long-term assets of RMB7.3 million.

In 2011, our net cash used in investing activities was RMB3,576.1 million. This net cash used in investing activities was mainly attributable to (i) cash paid for acquisition of fixed assets, intangible assets and other long-term assets of RMB2,998.4 million and (ii) cash paid for acquisition of investments of RMB1,179.8 million, partially offset by (i) cash received from disposal of investments of RMB342.9 million and (ii) cash received relating to other investing activities of RMB220.7 million.

In 2010, our net cash used in investing activities was RMB2,730.3 million. This net cash used in investing activities was mainly attributable to (i) cash paid for acquisition of fixed assets, intangible assets and other long-term assets of RMB2,116.8 million, (ii) cash paid for acquisition of investments of RMB582.3 million and (iii) cash paid for acquisition of subsidiaries of RMB336.8 million, partially offset by cash received from disposal of investments of RMB105.5 million.

In 2009, our net cash from investing activities was RMB2.8 million. The net cash from investing activities was mainly attributable to (i) cash received from disposal of investments of RMB1,630.3 million, (ii) cash received relating to other investing activities of RMB89.9 million and (iii) net cash received from disposal of fixed assets, intangible assets and other long-term assets of RMB56.3 million, partially offset by (i) cash paid for acquisition of fixed assets, intangible assets and other long-term assets of RMB1,370.5 million and (ii) cash paid for acquisition of investments of RMB392.5 million.

Cash flows from financing activities

In the six months ended 30 June 2012, our net cash from financing activities was RMB1,335.3 million. The net cash from financing activities was mainly attributable to (i) cash received from borrowings of RMB15,241.0 million, partially offset by (i) cash repayments of borrowings of RMB12,309.7 million, (ii) cash paid for dividends, profit distributions or interest of RMB1,581.6 million and (iii) other cash paid relating to financial activities of RMB14.5 million.

In the six months ended 30 June 2011, our net cash from financing activities was RMB6,801.8 million. The net cash from financing activities was mainly attributable to (i) cash received from borrowings of RMB20,968.2 million, partially offset by (i) cash repayments of borrowings of RMB12,913.9 million and (ii) cash paid for dividends, profit distributions or interest of RMB1,252.5 million.

In 2011, our net cash from financing activities was RMB4,508.0 million. The net cash from financing activities was mainly attributable to cash received from borrowings of RMB29,180.9 million, partially offset by (i) cash repayments of borrowings of RMB22,896.0 million and (ii) cash paid for dividends, profit distributions or interest of RMB1,797.3 million.

In 2010, our net cash from financing activities was RMB477.4 million. The net cash from financing activities was mainly attributable to (i) cash received from borrowings of RMB20,120.9 million and (ii) cash received relating to other financing activities of RMB216.7 million, partially offset by (i) cash repayments of borrowings of RMB19,119.0 million and (ii) cash paid for dividends, profit distributions or interest of RMB838.7 million.

In 2009, our net cash from financing activities was RMB520.8 million. The net cash from financing activities was mainly attributable to cash received from borrowings of RMB9,053.3 million, partially offset by (i) cash repayments of borrowings of RMB7,881.7 million and (ii) cash paid for dividends, profit distributions or interest of RMB662.1 million.

Financial Resources

Our liquidity requirements primarily relate to working capital needs, capital expenditures, debt services and business acquisitions. We have historically met our working capital and other liquidity requirements. Our principal sources of liquidity are cash generated from our operations, various short-term and long-term bank borrowings and lines of credit and advances from our customers. We also from time to time generate cash from various investing activities, including dividends from our investments and proceeds from the disposal of properties and investments.

For information about our banking facilities, please refer to "— Indebtedness" in this listing document.

Net Current Assets

The following table sets out the breakdown of our current assets and current liabilities as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
		(RMB in thousands)		(unaudited)
Current assets				
Cash at bank and on hand	5,269,217	4,655,696	7,788,126	4,931,305
Financial assets held for trading	113,337	525,661	186,134	378,440
Bills receivable	1,690,845	508,585	1,030,528	557,965
Accounts receivable	3,862,604	8,129,836	8,110,784	10,349,376
Prepayments	1,073,559	2,433,447	1,930,496	2,035,275
Interest receivable	—	4,732	2,020	5,141
Other receivables	1,123,489	2,236,272	2,709,665	2,298,503
Inventories	6,753,566	13,423,747	15,468,352	16,749,710
Non-current assets due within one year	394,036	1,185,502	2,635,287	3,142,843
Other current assets	254,677	688,030	865,633	948,263
Total current assets	20,535,330	33,791,508	40,727,025	41,396,821
Current liabilities				
Short-term loans	4,157,477	8,309,309	8,030,912	7,190,444
Financial liabilities held for trading	395	3,810	31,107	18,111
Bills payable	1,226,091	2,538,623	3,295,226	1,370,738
Accounts payable	4,462,255	9,117,500	7,328,966	8,041,510
Advances from customers	1,270,602	1,935,731	2,662,742	3,127,090
Employee benefits payable	813,425	1,365,532	2,012,608	1,913,019
Taxes payable	623,011	789,155	916,118	666,997
Interest payable	8,844	13,168	152,067	65,554
Dividends payable	31,434	16,046	116,253	297,409
Other payables	1,476,903	2,388,367	3,393,837	3,563,860
Provisions	516,801	649,573	736,179	830,677
Non-current liabilities due within one year	455,472	2,844,521	2,560,318	1,827,158
Total current liabilities	15,042,710	29,971,335	31,236,333	28,912,567
Net current assets	5,492,620	3,820,173	9,490,692	12,484,254

Please see the section headed "Recent Developments" in this listing document for our net current asset position as of 30 September 2012.

Working Capital

Taking into account financial resources available to our Group, including the internally generated funds and available banking facilities, our Directors are of opinion that we have sufficient available working capital for our present requirements for at least the next 12 months from the date of this listing document.

Financial assets held for trading

Our financial assets held for trading include mainly equity securities investment held for trading, derivative financial assets – forward contract and hedging instrument. The following table sets out our financial assets held for trading as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			(unaudited)
Equity securities investment held for trading	86,722	393,491	143,692	369,892
Derivative financial assets — forward contract	5,050	119,069	32,691	8,463
Hedging instrument	21,565	13,101	9,751	85
Total	113,337	525,661	186,134	378,440

Our financial assets held for trading were RMB378.4 million as of 30 June 2012, representing an increase of RMB192.3 million, or approximately 103.3%, from RMB186.1 million as of 31 December 2011, primarily due to the increase of RMB226.2 million, or approximately 157.4%, from RMB143.7 million as of 31 December 2011 to RMB369.9 million as of 30 June 2012 in the equity securities investment held for trading due to our investment in the equity shares of some A share companies in 2012.

Our financial assets held for trading were RMB186.1 million as of 31 December 2011, representing a decrease of RMB339.6 million, or approximately 64.6%, from RMB525.7 million as of 31 December 2010, primarily due to a decrease of RMB249.8 million in the equity securities investment held for trading as (i) we sold certain equity securities investment held for trading and realized an investment income of RMB32.5 million in 2011, and (ii) the fair value of the equity securities investment remained to be held by us for trading recorded a decrease in value of RMB51.9 million.

Our financial assets held for trading were RMB525.7 million as of 31 December 2010, representing an increase of RMB412.4 million, or approximately 364.0%, from RMB113.3 million as of 31 December 2009, primarily due to the increase in the fair value of the equity shares invested by us in the PRC and Hong Kong stock markets.

As of 30 June 2012, we had unsettled forward contracts denominated in U.S. dollars with a nominal value of US$862 million and unsettled forward contracts dominated in other currencies such as of Japanese Yen, Euro and Australian Dollar with a nominal value of JPY1,293 million, EUR5.69 million and AUD6.45 million, respectively. As of 30 June 2012, we recognised the aforesaid forwards contracts in their fair values of RMB8.5 million as held for trading financial assets and RMB17.8 million as held for trading financial liabilities. Transaction costs on realisation have not been considered when calculating the fair value.

Pursuant to these forward contracts, we are required to buy or sell, as the case maybe, foreign currencies of contracted nominal value at agreed rates in exchange of RMB upon the contract settlement dates. These forwards contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forwards contracts range from 6 July 2012 to 27 June 2013.

We invest in equity shares of securities companies, properties development companies and shipping companies which we believe have sound reputation and financial performance, such as CITIC Securities Co. Ltd (Shanghai stock code: 600030), Gemdale Corporation (Shanghai stock code: 600383) and Sinotrans Shipping Limited (Hong Kong stock code: 368), to seek investment returns from such investments. We have established a securities investment team consisting of our Chairman, members from our securities investment decision committee, finance department and the office of the secretary to the Board to make and review investment decisions and oversee the overall internal controls and risk management of our securities investment activities. In addition, we have made strict regulations regarding the investment amount, bodies of investment and scope of our securities investment. According to our internal securities investment measures, we may invest in equity shares, government and corporate bonds, convertible bonds and funds listed on Shanghai, Shenzhen and overseas stock markets. The finance department of our headquarters proposes the annual investment quota in the annual financial budgets for the consideration of our Board. The annual investment quota included in the annual financial budgets becomes effective upon the approval of our Board on the annual financial budgets. Only our headquarters and CIMC Hong Kong may make securities investment. None of our other subsidiaries is allowed to make securities investment unless its proposed investment is approved by the finance department of our headquarters and our President and subject to the risk management and regulation of our headquarters. We invest in stock markets in a prudent matter and when making investment decisions and judgments, we usually consider factors including our perception of the potential investment value of the equity shares, equity shares performance of comparable companies and our perception of existing and future market conditions. Our securities investment team closely monitors the securities markets, investment methods and our securities portfolio and adjusts our portfolio based on the market conditions and our internal risk management guidelines.

Bills receivable

Our bills receivable include bank acceptance bills and commercial acceptance bills. The following table sets out our bills receivables as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			(unaudited)
Bank acceptance bills	1,670,635	396,670	924,183	557,965
Commercial acceptance bills	20,210	111,915	106,345	–
Total	1,690,845	508,585	1,030,528	557,965

As of 30 June 2012, the balance of our bills receivable was RMB558.0 million, representing a decrease of RMB472.5 million, or approximately 45.9%, from RMB1,030.5 million as of 31 December 2011. The decrease was mainly attributable to a decrease in the balance of bank acceptance bills due to the decrease in our operating income in the first half of 2012.

As of 31 December 2011, the balance of our bills receivable was RMB1,030.5 million, representing an increase of RMB521.9 million, or approximately 102.6%, from RMB508.6 million as of 31 December 2010, primarily due to an increase of RMB527.5 million in bank acceptance bills, reflecting the increased amount of bills of vehicle companies since more customers used bills to settle during 2011.

As of 31 December 2010, the balance of our bills receivable was RMB508.6 million, representing a decrease of RMB1,182.2 million, or approximately 69.9%, from RMB1,690.8 million as of 31 December 2009. Before 2010, our management made a judgment that the risks of bank acceptance bills were not transferred after endorsement or discount. In 2010, our management changed this risk assessment and took a view that with respect to bank acceptance bills, as there is no immediate concern about the solvency of banks who issued such bills, the main risks of the bills were transferred to the endorsee upon the endorsement of the bills and derecognised the endorsed bank acceptance bills. As a result, the balance of our bills receivable decreased significantly in 2010.

All of our bills receivable are due within one year. The following table sets out a summary of the age of our bills receivable as of the dates indicated.

	As of 31 December			As of 30 June
	2009	**2010**	**2011**	**2012**
	(RMB in thousands)			(unaudited)
1 to 90 days	1,261,056	370,306	816,219	404,831
91 to 180 days	429,789	138,279	214,309	153,134
Total	1,690,845	508,585	1,030,528	557,965

Accounts receivable

Depending upon the types of our products and our past dealing history, we have different receivable terms and periods for different customers. The following table sets out the breakdown of our accounts receivable by business segments as of the dates indicated:

	As of 31 December			As of 30 June
	2009	**2010**	**2011**	**2012**
	(RMB in thousands)			(unaudited)
Customer type				
Containers group	1,480,841	3,604,026	3,418,813	4,453,127
Trailers group	1,414,117	1,934,155	1,754,595	2,419,324
Tank equipments group	954,442	1,175,611	1,497,937	1,692,639
Offshore engineering group	—	1,242,446	1,152,280	1,182,917
Airport ground facilities group	257,524	247,412	246,873	173,681
Others	29,714	158,669	359,836	749,832
Subtotal	4,136,638	8,362,319	8,430,334	10,671,520
Less: provision for bad and doubtful debts	(274,034)	(232,483)	(319,550)	(322,144)
Total	3,862,604	8,129,836	8,110,784	10,349,376

Our accounts receivable was RMB10,349.4 million as of 30 June 2012, representing an increase of RMB2,238.6 million, or approximately 27.6%, from RMB8,110.8 million as of 31 December 2011, primarily attributable to the increase in accounts receivable relating to our container manufacturing and service business and road transportation vehicle business, as the peak order period for these businesses normally starts from the second quarter.

Our accounts receivable was RMB8,129.8 million as of 31 December 2010, representing a significant increase of RMB4,267.2 million, or approximately 110.5%, from RMB3,862.6 million as of 31 December 2009, primarily attributable to the increase in accounts receivable relating to our container manufacturing and service business due to the increased sales of our container products and offshore equipments business due to our acquisition of CIMC Raffles in 2010.

The following table sets out an aging analysis (based on dates of recognition of accounts receivable) of our accounts receivable as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			
				(unaudited)
1 to 90 days	1,503,900	6,058,978	6,035,982	7,542,694
91 to 180 days	795,844	897,572	1,245,958	1,165,320
180 to 1 year	602,179	705,747	450,112	1,335,811
1 year to 2 years	1,112,324	542,292	433,462	472,696
Over 2 years	122,392	157,730	264,820	154,999
Less: provision for bad and doubtful debts	(274,034)	(232,483)	(319,550)	(322,144)
Total	3,862,604	8,129,836	8,110,784	10,349,376

The following table sets out our debtors' turnover days for the years/period indicated:

	For the Year Ended 31 December			For the Six Months Ended 30 June
	2009	2010	2011	2012
Debtors' turnover days[(1)]	98	52	52	68

Note:

(1) Debtors' turnover days as of 31 December 2009, 2010 and 2011 and 30 June 2012 were calculated based on our average accounts and bills receivables (sum of opening and closing balances of accounts and bills receivables of respective years/period and then divided by two) divided by our operating income of the respective years/period and multiplied by 365 days for a year, or 181 days for a six-month period.

Our debtors' turnover days decreased from 98 for the year ended 31 December 2009 to 52 for the year ended 31 December 2010, mainly due to the increase in our operating income from RMB20,475.5 million to RMB51,768.3 million, or 152.8%, being higher than the increase in the gross carrying amount of our bills and accounts receivable from RMB5,827.5 million to RMB8,870.9 million, or 52.2%. Our debtors' turnover days remained stable at 52 as of 31 December 2010 and 2011. Our debtors' turnover days increased from 52 as of 31 December 2011 to 68 as of 30 June 2012 mainly due to the decrease in our operating income, on an annualized basis, as compared to the year ended 31 December 2011.

As of 30 September 2012, over 90% of our accounts receivable as of 30 June 2012 had been settled.

Prepayments

The following table sets out the breakdown of our prepayments as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			
				(unaudited)
Raw materials	835,278	1,832,516	1,433,583	1,653,657
Construction cost	196,642	600,546	506,620	220,335
Other	92,037	97,472	87,033	258,047
Subtotal	1,123,957	2,530,534	2,027,236	2,132,039
Less: provision for bad and doubtful debts	(50,398)	(97,087)	(96,740)	(96,764)
Total	1,073,559	2,433,447	1,930,496	2,035,275

Our prepayments increased by RMB104.8 million, or approximately 5.4%, from RMB1,930.5 million as of 31 December 2011 to RMB2,035.3 million as of 30 June 2012, primarily due to increase in the prepayments for raw materials and others, reflecting the increase in production of our products as the peak order periods of our container and vehicles normally starts from the second quarter, partially offset by a decrease in the prepayments for construction cost.

Our prepayments decreased by RMB502.9 million, or approximately 20.7%, from RMB2,433.4 million as of 31 December 2010 to RMB1,930.5 million as of 31 December 2011, as we reduced the purchase of raw materials as the global market demand for containers dropped since the fourth quarter of 2011.

Our prepayments increased by RMB1,359.8 million, or approximately 126.7%, from RMB1,073.6 million as of 31 December 2009 to RMB2,433.4 million as of 31 December 2010, reflecting (i) the result of consolidating the prepayments recorded by CIMC Raffles; and (ii) our increased purchase of steel and other raw materials as reserves for our production in light of the continuing increase in raw material price in 2010.

Other receivables

The following table sets out the breakdown of our other receivables as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			(unaudited)
Amounts due from related parties	374,442	557,348	980,115	656,043
Loans	40,359	427,445	562,343	542,802
Tax refund receivable	21,411	786,039	312,888	282,968
Deposits	103,566	72,004	105,533	189,751
Prepayments for land and equipment	313,211	73,336	86,475	40,702
Fixed term and secured principle investment	—	—	415,000	143,000
Others	292,768	421,717	367,742	562,482
Subtotal	1,145,757	2,337,889	2,830,096	2,417,748
Less: provision for bad and doubtful debts	(22,268)	(101,617)	(120,431)	(119,245)
Total	1,123,489	2,236,272	2,709,665	2,298,503

Our other receivables decreased by RMB411.2 million, or approximately 15.2%, from RMB2,709.7 million as of 31 December 2011 to RMB2,298.5 million as of 30 June 2012, primarily due to (i) a decrease in the balance of amounts due from related parties which are non-trade in nature; (ii) a decrease in the balance of fixed term and secured principle investment due to the maturity of such investment products; and (iii) partially offset by an increase in the deposits of RMB84.2 million.

Our other receivables increased by RMB473.4 million, or approximately 21.2% from RMB2,236.3 million as of 31 December 2010 to RMB2,709.7 million as of 31 December 2011, primarily attributable to an increase of RMB422.8 million in amounts due from related parties in connection with the following transactions:

- an increase of RMB315.7 million in the amounts due from related parties, due to the share transfer agreement entered into by CIMC Hong Kong, Leung Kee Holdings Limited, Bright Touch Investment Limited and Yantai Shipyard Pte. Ltd for the purchase by CIMC Hong Kong of equity interests of 38.24% in CIMC Offshore on 16 December 2011, amongst which, the consideration of approximately RMB315.7 million of has been paid by CIMC Hong Kong to Leung Kee Holdings Limited but the share transfer has not completed as of 31 December 2011. Thus, the amount of RMB315.7 million has been recorded as other receivables as of 31 December 2011;

- an increase of RMB288.2 million in the amounts due from related parties, due to our acquisition on 31 January 2011 of Gadiadae AB, which had recorded an amount of RMB288.2 million due from its associate, Marine Subsea & Consafe, representing the loans (including interests incurred) and other advances to Marine Subsea & Consafe from 2007 to 2011; and

- partially offset by a decrease of RMB164.7 million in the amount due from the related parties as we converted our advance of RMB164.7 million to C & C Trucks Co., Ltd. (集瑞聯合重工有限公司), an associate of our Company, to long-term equity investment.

Our other receivables increased by RMB1,112.8 million, or approximately 99.0%, from RMB1,123.5 million as of 31 December 2009 to RMB2,236.3 million as of 31 December 2010, primarily attributable to (i) an increase of RMB764.6 million in tax refund receivable due to the increased export volume of our container products; and (ii) an increase of RMB387.1 million in loans.

Inventories

The following table sets out the breakdown of our inventories as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			(unaudited)
Raw materials	3,492,292	5,140,846	4,594,546	5,322,392
Work in progress	993,181	1,706,967	1,675,277	1,384,988
Finished goods	1,536,713	3,152,320	3,087,225	3,136,563
Vessels under construction	—	1,989,931	4,976,342	5,409,157
Properties under development	279,903	449,938	591,783	743,254
Consignments stocks	290,554	338,943	320,096	377,499
Offshore engineering equipment	—	541,350	79,468	75,770
Spare parts	97,016	43,434	57,526	59,140
Completed properties held for sale	29,409	25,835	38,072	100,962
Low-valued consumables	24,649	21,696	37,097	112,835
Materials in transit	9,849	12,487	10,920	27,150
Total	6,753,566	13,423,747	15,468,352	16,749,710

Our inventories increased by RMB2,044.7 million, from RMB13,423.7 million as of 31 December 2010 to RMB15,468.4 million as of 31 December 2011, and further increased by RMB1,281.3 million to RMB16,749.7 million as of 30 June 2012, reflecting the continuous growth and expansion of our business. In particular, inventories of vessels under construction increased from nil as of 31 December 2009 to RMB1,989.9 million as of 31 December 2010 to RMB4,976.3 million as of 31 December 2011 and RMB5,409.2 million as of 30 June 2012, mainly reflecting the construction costs of jack-up drilling platforms, semi-submersible drilling platforms and the related equipment being manufactured by CIMC Raffles during this period. As of 30 June 2012, our inventories of vessels under construction amounted to RMB5,409.2 million, representing three projects for which CIMC Raffles had entered into relevant contracts with its clients, and five projects built by CIMC Raffles for potential clients. The projects constructed pursuant to the contracts are expected to be delivered around December 2012, while the projects built for potential clients are expected to be delivered in 2013 to 2014.

Our inventories increased by RMB6,670.1 million, or approximately 98.8%, from RMB6,753.6 million as of 31 December 2009 to RMB13,423.7 million as of 31 December 2010 due to the increased balance of raw materials, work in progress and finished goods, reflecting the expansion of our business in response to the strong demand in market in 2010 as well as the result of consolidating CIMC Raffles upon the acquisition.

The following table sets out our inventory turnover days for the years/period indicated:

	Year Ended 31 December			Six Months Ended 30 June
	2009	2010	2011	2012
Inventory turnover days [(1)]	168	88	103	129

Note:

(1) Inventory turnover days as of 31 December 2009, 2010 and 2011 and 30 June 2012 were calculated based on our average inventory (sum of opening and closing balances of inventory of respective years and then divided by two) divided by our operating costs of the respective years/period and multiplied by 365 days for a year, or 181 days for a six-month period.

Our inventory turnover days decreased from 168 for the year ended 31 December 2009 to 88 for the year ended 31 December 2010, mainly due to the increase in our operating costs from RMB17,401.8 million to RMB43,597.8 million, or 150.5%, being higher than the increase in the cost amount of our inventories from RMB7,458.4 million to RMB13,683.4 million, or 83.5%. Our inventory turnover days increased from 88 for the year ended 31 December 2010 to 103 for the year ended 31 December 2011 and further increased to 129 for the six months ended 30 June 2012, which was in line with the increase in stock level in the same period.

As of 30 September 2012, over 50% of our inventories as of 30 June 2012 had been utilised, which was in line with our inventory turnover days.

We make provision for diminution in value of our inventories mainly for the price drop of certain product and obsolete raw materials. The provision made for diminution in value for the three years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 was RMB704.9 million, RMB259.7 million, RMB416.1 million and RMB263.6 million, respectively.

Bills payable

Our bills payable include bank acceptance bills and commercial acceptance bills. The following table sets out the breakdown of our bills payable as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			
				(unaudited)
Bank acceptance bills	1,200,122	2,435,043	1,184,861	1,101,288
Commercial acceptance bills	25,969	103,580	2,110,365	269,450
Total	1,226,091	2,538,623	3,295,226	1,370,738

Our bills payable decreased by RMB1,924.5 million, or approximately 58.4%, from RMB3,295.2 million as of 31 December 2011 to RMB1,370.7 million as of 30 June 2012. The decrease in bills payable was primarily because CIMC Raffles reduced the usage of bank and commercial acceptance bills and used more intra-group financing provided by CIMC Finance.

Our bills payable increased by RMB756.6 million, or approximately 29.8%, from RMB2,538.6 million as of 31 December 2010 to RMB3,295.2 million as 31 December 2011. The increase in bills payable was primarily due to the increased amount of letters of credit used by Yantai CIMC Raffles for the settlement of construction costs for its projects.

Our bills payable increased by RMB1,312.5 million, or approximately 107.0%, from RMB1,226.1 million as of 31 December 2009 to RMB2,538.6 million as of 31 December 2010, reflecting (i) the result of consolidating the financial results of CIMC Raffles upon the acquisition in 2010; and (ii) the increase in the purchase of raw materials in response to the increasing demand for our container and vehicle products in 2010.

All the bills are due within one year. The following table sets out a summary of the age of our bills payable as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			
				(unaudited)
1 to 90 days	976,805	1,828,700	2,327,045	1,115,621
91 to 180 days	249,286	709,923	968,181	255,117
Total	1,226,091	2,538,623	3,295,226	1,370,738

Accounts payable

Our accounts payable represents the accounts payable to raw material suppliers. Depending upon the types of raw material, parts, components and our past dealing history, we have different payable terms and periods for different suppliers.

The following table sets out our accounts payable as of the dates indicate:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			
				(unaudited)
Accounts payable	4,462,255	9,117,500	7,328,966	8,041,510

Our accounts payable increased by RMB712.5 million, or approximately 9.7%, from RMB7,329.0 million as of 31 December 2011 to RMB8,041.5 million as of 30 June 2012, primarily due to the increase in the payment made for raw materials, reflecting the increase in production of our products as the peak order periods of our container and vehicles normally starts from the second quarter.

Our accounts payable decreased by RMB1,788.5 million, or approximately 19.6%, from RMB9,117.5 million as of 31 December 2010 to RMB7,329.0 million as of 31 December 2011, primarily because we decreased purchase of steel and other raw materials as (i) most of the platforms for which construction contracts had been entered into before 2011 had been completed by CIMC Raffles; and (ii) the global economy started slowing down from the second half of 2011.

Our accounts payable increased byRMB4,655.2 million, or approximately 104.3%, from RMB4,462.3 million as of 31 December 2009 to RMB9,117.5 million as of 31 December 2010, primarily because we increased purchase of steel and other raw materials as reserves for our production in light of the continuing increase in raw material price in 2010 and the increasing demand for our containers and vehicles in 2010. The increase also reflected the result of consolidating CIMC Raffles upon the acquisition.

As of 30 June 2012, there was no significant amount of accounts payable aged over one year. The following table sets out a summary of the age of our accounts payable as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			
				(unaudited)
1 to 90 days	3,579,913	7,720,266	5,739,554	6,478,999
91 to 180 days	325,153	829,387	1,007,444	828,138
181 days to 1 year	381,693	495,722	462,229	605,323
Over 1 year	175,496	72,125	119,739	129,050
Total	4,462,255	9,117,500	7,328,966	8,041,510

The following table sets out the breakdown of our accounts payable by currencies as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			
				(unaudited)
Currency				
RMB	2,855,123	5,806,328	5,870,263	5,879,204
USD	1,454,578	2,924,606	951,496	1,726,255
EUR	60,113	156,227	353,209	90,886
AUD	361	55,350	120,946	315,555
HKD	91,544	169,893	16,189	23,472
JPY	346	3,551	574	3,588
Others	190	1,545	16,289	2,550
Total	4,462,255	9,117,500	7,328,966	8,041,510

The following table sets out our creditors' turnover days for the years/period indicated:

	For the Year Ended 31 December			For the Six Months Ended 30 June
	2009	2010	2011	2012
Creditors' turnover days[(1)]	116	73	78	79

Note:

(1) Creditors' turnover days for the years ended 31 December 2009, 2010 and 2011 and for the six months ended 30 June 2012 were calculated based on our average accounts and bills payable (sum of opening and closing balances of accounts and bills payable of respective years/period and then divided by two) divided by our operating costs of the respective years/period and multiplied by 365 days for a year, or 181 days for a six-month period.

Our creditors' turnover days decreased from 116 for the year ended 31 December 2009 to 73 for the year ended 31 December 2010, mainly due to the increase in our operating costs from RMB17,401.8 million to RMB43,597.8 million, or 150.5%, being higher than the increase in our bills and accounts payable from RMB5,688.3 million to RMB11,656.1 million, or 104.9%. Our creditors' turnover days remained stable at 73, 78 and 79 as of 31 December 2010 and 2011 and 30 June 2012.

Advances from customers

The following table sets out the breakdown of our advances from customers as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			
				(unaudited)
Advances for goods	507,028	811,674	1,310,878	2,041,276
Advances for construction	519,243	620,826	955,546	654,871
Advances for property	235,261	502,573	396,318	430,943
Others	9,070	658	—	—
Total	1,270,602	1,935,731	2,662,742	3,127,090

Our advances from customers increased by RMB464.4 million, or approximately 17.4%, from RMB2,662.7 million as of 31 December 2011 to RMB3,127.1 million as of 30 June 2012, primarily due to the increase in the advance payment made for the purchase of our products as the peak order periods of our container and vehicles normally starts from the second quarter.

Our advances from customers increased by RMB727.0 million, or approximately 37.6%, from RMB1,935.7 million as of 31 December 2010 to RMB2,662.7 million as of 31 December 2011, primarily due to (i) the increase in advances from our energy business, (ii) advances received in our offshore engineering business with respect to the advance payment for the construction projects H194, H196 and H209 pursuant to our strategic cooperation agreement with Reignwood International Investment (Group) Company Limited (華彬國際投資(集團)有限公司), and (iii) the advance payment from pre-sale of the real estates developed by us.

Our advances from customers increased by RMB665.1 million, or approximately 52.3%, from RMB1,270.6 million as of 31 December 2009 to RMB1,935.7 million as of 31 December 2010, primarily due to the increase in advances from our container manufacturing and service business, road transportation business, energy and chemical business as well as real estate development business due to the strong demand for our products and services in these businesses in 2010.

As of 30 June 2012, there was no significant advance aged over one year.

Other payables

Our other payables mainly include (i) advance received; (ii) accruals; (iii) advance received for vessel construction; (iv) retention fund; (v) transportation expenses; (vi) payables for equipment or land use rights; (vii) housing maintenance fees; (viii) current account with subsidiary's minority; (ix) professional and training fees; (x) royalties; (xi) insurances; and (xii) other miscellaneous payables.

The following table sets out the breakdown of our other payables as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			
				(unaudited)
Advance received	273,041	469,371	899,441	907,879
Accruals	229,330	532,578	656,916	963,103
Advance received for vessel construction	—	—	424,051	425,666
Retention fund	120,171	141,932	305,596	190,806
Transportation expenses	162,566	256,492	280,289	134,894
Payable for equipment or land use rights	226,817	395,583	160,047	129,041
Housing maintenance fees	8,887	11,096	34,933	46,953
Current account with subsidiary's minority	91,354	245,728	46,698	45,330
Professional and training fees	49,414	17,833	19,221	24,137
Royalties	26,247	4,187	1,614	23,349
Insurances	10,174	10,000	19,662	22,846
Others	278,902	303,567	545,369	649,856
Total	1,476,903	2,388,367	3,393,837	3,563,860

Our other payables increased by RMB170.1 million, or approximately 5.0%, from RMB3,393.8 million as of 31 December 2011 to RMB3,563.9 million as of 30 June 2012.

Our other payables significantly increased by RMB1,005.4 million, or approximately 42.1%, from RMB2,388.4 million as of 31 December 2010 to RMB3,393.8 million as of 31 December 2011. The increase was primarily due to the increase in advance received (mainly the increase in the advance payment received for the purchase of our vehicles or the acceptance of our financial leasing service), advance received for vessel construction and retention fund.

Our other payables increased by RMB911.5 million, or approximately 61.7%, from RMB1,476.9 million as of 31 December 2009 to RMB2,388.4 million as of 31 December 2010, primarily due to the increase in advance received, accruals and payables for equipment or land use rights, due to the growth of our business and reflecting the result of consolidating CIMC Raffles upon the acquisition.

Provisions

The following table sets out a breakdown of our provisions as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			(unaudited)
Warranties for product quality	491,246	555,341	663,834	707,352
Guarantees for third parties	10,133	12,478	18,057	9,776
Loss arising from project termination	—	35,584	—	—
Contingent consideration non-current	41,381	—	—	—
Others	15,422	46,170	54,288	113,549
Total	558,182	649,573	736,179	830,677

We provide after-sales warranty to our customers, ranging from two to seven years for containers, one year for trailers, one to three years for tank equipments, one and a half years for airport ground facilities and one year for offshore business after delivery of vessels. We will provide repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems.

Capital expenditure

The following table sets out our capital expenditures for our continued business as of the periods indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			(unaudited)
Capital expenditure in connection with:				
Fixed assets	74,722	685,339	234,931	63,417
Intangible assets	314,836	82,881	299,597	200,759
Construction in progress	874,219	1,583,859	1,974,370	692,482
Total	1,263,777	2,352,079	2,508,898	956,658

Capital and Operating Lease Commitments

Capital commitments

The table below sets out the breakdown of our capital commitments as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			(unaudited)
Capital expenditure in connection with:				
Significant fixed assets purchase contracts entered into under performance or preparation of performance	432,631	501,727	316,805	160,496
Investment contracts entered into but not performed or performed partially	405,000	—	401,516	236,220
Significant contracts entered into for vessels to be manufactured for sales or lease	—	1,281,930	1,602,307	798,633
External investment approved by the Board of Directors	—	—	546,888	—
Total	837,631	1,783,657	2,867,516	1,195,349

Operating lease commitments

The following table sets out our total future minimum lease payments under non-cancellable operating leases of properties, fixed assets and so on were payable as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	(RMB in thousands)			(unaudited)
Within one year (inclusive)	96,847	47,578	73,225	56,529
After one year but within two years (inclusive)	51,152	46,365	35,470	46,761
After two years but within three years (inclusive)	44,536	22,437	27,849	44,832
After three years	132,460	104,998	121,050	91,786
Total	324,995	221,378	257,594	239,908

INDEBTEDNESS

The following table sets out our Group's indebtedness as of the respective financial position dates below.

	As of 31 December			As of 30 June	As of 30 September
	2009	2010	2011	2012	2012
			(RMB in thousand)		
				(unaudited)	(unaudited)
Bank loans:					
Long-term loan					
Secured	—	605,192	776,745	778,547	608,238
Unsecured	5,608,560	3,306,956	5,795,840	7,507,448	7,721,175
Long-term loan due within one year					
Secured	—	—	649,072	—	3,274
Unsecured	455,472	2,746,937	1,844,352	1,745,577	1,874,135
Short-term loan					
Secured	316,947	1,066,391	—	109,042	—
Unsecured	3,840,530	7,242,918	8,030,912	7,081,402	8,205,059
Total	10,221,509	14,968,394	17,096,921	17,222,016	18,411,881
Medium-term notes:	—	—	3,988,438	5,989,610	5,990,222
Financial leasing payables:					
Long-term payables due within one year	—	97,584	66,894	81,581	41,497
Long-term payables	—	118,858	86,846	350,182	499,387
Loans and advance from related parties	21,692	232,453	529,054	529,301	532,247

As of 30 June 2012, we had outstanding bank loans of RMB17,222 million, out of which RMB6,599 million was denominated in Renminbi, RMB9,641 million was denominated in U.S. dollars and RMB982 million was denominated in other foreign currency. As of 30 September 2012, the latest practicable date for the purpose of this indebtedness statement, we had outstanding bank loans of RMB18,412 million. We had obtained banking facilities of approximately RMB73,902 million as of 30 September 2012 mainly from various commercial banks in the PRC, of which approximately RMB55,490 million was not utilized.

Our indebtedness increased from RMB10,243.2 million as of 31 December 2009 to RMB15,417.3 million as of 31 December 2010. The increase was mainly due to (i) the increase in bank loans during 2010 to finance the working capital; and (ii) the financial leasing payables in relation to the special equipment for marine engineering projects in 2010.

The indebtedness increased from RMB15,417.3 million as of 31 December 2010 to RMB21,768.2 million as of 31 December 2011 was mainly due to the issue of the first phase medium-term notes with a face value of RMB4 billion and a term of five years, in May 2011 for the purpose of working capital and repayment of bank loans.

The increase in the indebtedness from RMB21,768.2 million as of 31 December 2011 to RMB24,172.7 million as of 30 June 2012, and further increased to RMB25,475.2 million as of 30 September 2012 was primarily attributable to the issuance of the second phase of our medium-term notes on 22 May 2012 with a total amount of RMB2 billion and an increase of approximately RMB1.3 billion in the total bank loans. The reason for the increase in the indebtedness during this period was mainly to finance the acquisitions of certain equity interest, subsidiaries and assets during the period and to support the development of the offshore engineering business. Please refer to the section headed "— Recent Acquisitions" in this listing document for more information about these acquisitions.

As of 30 September 2012, we had unutilized banking facilities of approximately RMB55,490 million. Taking into consideration the banking facilities available to us and the net cash inflow of RMB932 million generated from our operating activities during the nine months ended 30 September 2012, we believe we have sufficient working capital to meet the repayment requirement of our outstanding indebtedness when they become due, and other working capital requirements.

Save as disclosed, we did not have, as of the date of this listing document, any outstanding mortgages, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or other similar indebtedness, hire purchase and finance lease commitments or any guarantees or other material contingent liabilities.

Our borrowing requirements are not subject to seasonality. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material difficulty in obtaining loans, breach of financial covenants, customer default or cancellation of customers' orders. We believe that granting guarantees in favour of our customers' banking facilities is a common market practice in industries in which we operate.

Contingent Liabilities

CIMC Raffles and its subsidiaries entered into shipbuilding and leasing contract with buyers for the construction, sale and lease of the vessel, of which the contract clauses involve compensation for delivery postponement and termination terms and conditions. While the actual amount of compensation for delivery postponement in future is subject to the actual delivery date in the future, the maximum amount of the compensation for delivery postponement from contracted delivery date to future estimated actual delivery date that CIMC Raffles may need to bear is US$22,540,000 as of 30 June 2012, equivalent to RMB142,563,000. We currently expect to complete the delivery in 2013. As of the Latest Practicable Date, we did not make any provision for this matter as we expect that compensation may not be claimed. Our Company believes that the aforesaid delivery postponement is not significant to our business operations and would not have any material adverse effect on our business, financial condition and results of operations.

As of the Latest Practicable Date, we had no other contingent liabilities other than those disclosed in this listing document.

Other than as disclosed above, there has been no material change in our indebtedness since 30 September 2012 to the date of this listing document.

Guarantees provided for other entities

During the Track Record Period, we entered into contracts with China Construction Bank, Bank of China, China Merchants Bank and China Everbright Bank to provide guarantees in respect of banking facilities granted to our customers who drew down loans under such banking facilities to settle outstanding payables arising from their purchases of trailers from our Group. As of 30 June 2012, the outstanding guarantees provided by our Group amounted to RMB652,072,000.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

MARKET RISKS

We are exposed to various types of market risks from its use of financial instruments, in the normal course of our operations, mainly including credit risk, liquidity risk, interest rate risk and foreign currency risk.

Credit Risk

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

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

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

Most of our customers have been transacting with us, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date. We have made the provision for the significant overdue receivables at 30 June 2012.

Our Group's exposure to credit risk is influenced mainly by the individual characteristics and industries of each customer rather than country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. As of 30 June 2012, 14.39% of the total accounts receivable and other receivables were due from the five largest customers of the Group.

Investments are normally made only in liquid securities quoted on a recognised stock exchange, except where entered into for long-term strategic purposes. Transactions involving derivative financial instruments are made with counterparties of sound credit standing and with whom the Group has a signed netting ISDA agreement (International Swap Derivative Association). Given their high credit standing, our management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. Except for the financial guarantees given by the Group as set out in Note VIII to the Consolidated Financial Information for the years ended 31 December 2009, 2010 and 2011 contained in Appendices I, II and III to this listing document, we do not provide any other guarantees which would expose us to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note VIII to the Consolidated Financial Information contained in Appendices I, II and III to this listing document.

Liquidity Risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. Our Company is responsible for the cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, for individual subsidiaries subject to approval by the board of directors of our Company board when the borrowings exceed certain predetermined levels of authority. Our Group's policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial assets and financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on prevailing interest rates at 30 June or 31 December) and the earliest date the Group can be required to pay:

	As of 30 June 2012 Contractual undiscounted cash flow (unaudited)					
Item	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000					
Financial assets						
Cash at bank and on hand	4,931,305	—	—	—	4,931,305	4,931,305
Accounts receivable and other receivables	12,647,879	—	—	—	12,647,879	12,647,879
Long-term receivables	3,331,414	1,011,317	2,044,568	1,305,927	7,693,226	5,139,174
Subtotal	20,910,598	1,011,317	2,044,568	1,305,927	25,272,410	22,718,358
Financial liabilities						
Short-term loans	(7,190,444)	—	—	—	(7,190,444)	(7,190,444)
Debentures payable	(297,800)	(297,800)	(6,793,867)	—	(7,389,467)	(5,989,610)
Accounts payable and other payables	(11,605,370)	—	—	—	(11,605,370)	(11,605,370)
Long-term loans	(1,850,311)	(965,497)	(7,390,893)	(459,909)	(10,666,610)	(10,031,572)
Long-term payables	(86,476)	(23,989)	(17,111)	(310,708)	(438,284)	(431,763)
Subtotal	(21,030,401)	(1,287,286)	(14,201,871)	(770,617)	(37,290,175)	(35,248,759)
Net total	(119,803)	(275,969)	(12,157,303)	535,310	(12,017,765)	(12,530,401)

Item	As of 31 December 2011 Contractual undiscounted cash flow Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000					
Financial assets						
Cash at bank and on hand	7,788,126	—	—	—	7,788,126	7,788,126
Accounts receivable and other receivables	10,820,449	—	—	—	10,820,449	10,820,449
Long-term receivables	3,002,110	1,330,588	889,346	631,378	5,853,422	4,946,522
Subtotal	21,610,685	1,330,588	889,346	631,378	24,461,997	23,555,097
Financial liabilities						
Short-term loans	(8,030,912)	—	—	—	(8,030,912)	(8,030,912)
Debentures payable	(209,200)	(209,200)	(4,627,600)	—	(5,046,000)	(3,988,438)
Accounts payable and other payables	(10,722,803)	—	—	—	(10,722,803)	(10,722,803)
Long-term loans	(2,556,258)	(1,295,764)	(5,147,355)	(453,339)	(9,452,716)	(9,066,009)
Long-term payables	(73,234)	(54,925)	—	(33,667)	(161,826)	(153,740)
Subtotal	(21,592,407)	(1,559,889)	(9,774,955)	(487,006)	(33,414,257)	(31,961,902)
Net total	18,278	(229,301)	(8,885,609)	144,372	(8,952,260)	(8,406,805)

Item	As of 31 December 2010 Contractual undiscounted cash flow Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000					
Financial assets						
Cash at bank and on hand	4,655,696	—	—	—	4,655,696	4,655,696
Accounts receivable and other receivables	10,366,108	—	—	—	10,366,108	10,366,108
Long-term receivables	1,319,429	765,552	583,136	91,122	2,759,239	2,521,759
Subtotal	16,341,233	765,552	583,136	91,122	17,781,043	17,543,563
Financial liabilities						
Short-term loans	(8,309,309)	—	—	—	(8,309,309)	(8,309,309)
Accounts payable and other payables	(11,505,867)	—	—	—	(11,505,867)	(11,505,867)
Long-term loans	(2,852,174)	(419,619)	(1,678,482)	(2,098,101)	(7,048,376)	(6,659,085)
Long-term payables	(107,499)	(71,161)	(53,746)	—	(232,406)	(216,442)
Subtotal	(22,774,849)	(490,780)	(1,732,228)	(2,098,101)	(27,095,958)	(26,690,703)
Net total	(6,433,616)	274,772	(1,149,092)	(2,006,979)	(9,314,915)	(9,147,140)

Item	As of 31 December 2009 Contractual undiscounted cash flow Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000					
Financial assets						
Cash at bank and on hand . .	5,269,217	—	—	—	5,269,217	5,269,217
Accounts receivable and other receivables	5,282,395	—	—	—	5,282,395	4,986,093
Long-term receivables	474,990	614,675	392,929	9,300	1,491,894	1,385,978
Subtotal	11,026,602	614,675	392,929	9,300	12,043,506	11,641,288
Financial liabilities						
Short-term loans	(4,157,477)	—	—	—	(4,157,477)	(4,157,477)
Accounts payable and other payables	(5,939,158)	—	—	—	(5,939,158)	(5,939,158)
Long-term loans	(521,711)	(2,611,182)	(3,029,254)	—	(6,162,147)	(6,064,032)
Subtotal	(10,618,346)	(2,611,182)	(3,029,254)	—	(16,258,782)	(16,160,667)
Net total	408,256	(1,996,507)	(2,636,325)	9,300	(4,215,276)	(4,519,379)

Interest Rate Risk

We are exposed to interest rate risk resulting from fluctuations in interest rate on our debt. Increases in interest rate could result in an increase in our cost of borrowing. If this occurs, it could adversely affect our finance costs, profit and our financial condition. The interest rate on bank loans and overdrafts in China depends on the benchmark lending rates published by the PBOC. We do not currently use any derivative instruments to manage our interest rate risk.

We determine the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and perform regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

As of 30 June 2012, the Group held the following interest-bearing financial instruments:

Item	As of 31 December 2009 Annual interest	2009 Amount	2010 Annual interest rate	2010 Amount	2011 Annual interest rate	2011 Amount	As of 30 June 2012 Annual interest rate	2012 Amount
				RMB'000				(unaudited)
Fixed rates interest-bearing financial instruments								
Financial assets								
— Long-term receivables . . .	5.50%—6.50%	991,942	6.63%—24.17%	1,336,257	4.20%—19.89%	2,311,235	4.20%—19.89%	1,996,331
— Long-term receivables due within one year	5.50%—6.50%	394,036	6.63%—24.17%	1,185,502	4.20%—19.89%	2,635,287	4.20%—19.89%	3,142,843
Financial liabilities								
— Short-term loans	1.53%—5.35%	(4,157,477)	2.34%—4.30%	(8,309,308)	3.28%—7.20%	(2,980,294)	3.28%—6%	(1,886,578)
— Long-term debenture payable	—	—	—	—	5.23%	(3,988,438)	4.43%—5.23%	(5,989,610)
Total		(2,771,499)		(5,787,549)		(2,022,210)		(2,737,014)

Item	As of 31 December 2009 Annual interest rate	2009 Amount	2010 Annual interest rate	2010 Amount	2011 Annual interest rate	2011 Amount	As of 30 June 2012 Annual interest rate	2012 Amount
		RMB'000		RMB'000		RMB'000		RMB'000 (unaudited)
Variable rates interest-bearing financial instruments								
Financial assets								
— Cash and cash equivalents	0.36%—3.87%	5,269,217	0.40%—3.90%	4,655,696	0.50%—4.40%	7,788,126	0.35%—4.25%	4,931,305
Financial liabilities								
— Long-term loans due within one year	Note V.33	(455,472)	Note V.33	(2,746,937)	Note V.34	(2,493,424)	Note V.34	(1,745,577)
— Long-term loans	Note V.34	(5,608,560)	Note V.34	(3,912,148)	Note V.35	(6,572,585)	Note V.35	(8,285,995)
— Short—term loans	—	—	—	—	LIBOR+0.33% — PBOC*'s Benchmark Rate + 10%	(5,050,618)	LIBOR+0.33% — PBOC*'s Benchmark+10% Rate	(5,303,866)
— Long-term payables	—	—	Note V.36	(118,858)	Note V.37	(86,846)	Note V.37	(350,182)
— Long-term payables within one year	—	—	Note V.33	(97,587)	Note V.34	(66,894)	Note V.34	(81,581)
Total		(794,815)		(2,219,834)		(6,482,241)		(10,835,896)

As of 30 June 2012, it is estimated that a general increase/decrease of 75 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by RMB60,952,000 (2011: RMB36,463,000) and equity by RMB60,952,000 (2011: RMB36,463,000).

As of 31 December 2011, it is estimated that a general increase/decrease of 75 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by RMB36,463,000 (2010: RMB12,487,000) and equity by RMB36,463,000 (2010: RMB12,487,000).

As of 31 December 2010, it is estimated that a general increase/decrease of 75 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by RMB12,487,000 (2009: RMB2,984,000) and equity by RMB12,487,000 (2009: RMB2,984,000).

As of 31 December 2009, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by RMB2,984,000 and equity by RMB2,984,000.

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rate had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the respective balance sheet dates. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis was performed on the same basis for the three years ended 31 December 2009, 2010 and 2011 and for the six months ended 30 June 2011 and 2012.

Foreign Exchange Risk

The major currency received by the Group is US$ and the major currency paid out is RMB. In order to avoid the risks resulting from the fluctuation of the exchange rate of RMB, in respect of accounts receivable and payables denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short- term imbalances.

Besides the exposure to currency risk arising from financial assets and financial liabilities disclosed in Note V.2 and V.23 to the Consolidated Financial Information for the years ended 31 December 2009 and 2010 contained in Appendices I and II, and Note V.2 and V.24 to the Consolidated Financial Information for the year ended 31 December 2011 contained in Appendix III, respectively to this listing document, the Group's exposure as of 30 June 2012 to currency risk arising from recognised assets or liabilities denominated in foreign currencies is follows. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	As of 30 June 2012 (unaudited)			
Item	**US$**	**EUR**	**HK$**	**JPY**
	RMB'000			
Cash at bank and on hand	1,610,086	136,184	314,042	37,485
Accounts receivable	7,231,480	188,817	47,504	49,030
Short-term loans	(3,665,110)	(193,090)	(470,288)	(1,701)
Long-term loans	(4,230,080)	—	(317,069)	—
Accounts payable	(1,726,255)	(90,886)	(23,472)	(3,588)
Provisions	(89,143)	(664)	(1,090)	—
Non-current liabilities due within one year	(1,753,924)	—	—	—
Gross balance sheet exposure	(2,622,946)	40,361	(450,373)	81,226

	As of 31 December 2011			
Item	**US$**	**EUR**	**HK$**	**JPY**
	RMB'000			
Cash at bank and on hand	2,490,443	360,276	240,075	11,522
Accounts receivable	5,024,086	443,299	1,702	12,624
Short-term loans	(3,788,474)	(203,957)	(682,994)	(1,733)
Long-term loans	(2,414,544)	—	(514,350)	—
Accounts payable	(951,496)	(353,209)	(16,189)	(574)
Provisions	(446,176)	(5,873)	—	—
Non-current liabilities due within one year	(1,565,774)	(32,650)	—	—
Gross balance sheet exposure	(1,651,935)	207,886	(971,756)	21,839

Item	As of 31 December 2010 US$	EUR	HK$	JPY
	RMB'000			
Cash at bank and on hand	1,521,592	396,971	128,125	34,616
Accounts receivable	5,327,812	401,879	17,057	4,323
Short-term loans	(3,035,638)	(287,944)	(423,878)	(10,021)
Long-term loans	(2,438,189)	(35,189)	—	—
Accounts payable	(2,924,606)	(156,227)	(169,893)	(3,551)
Provisions	(294,478)	(25,644)	(23,472)	—
Non-current liabilities due within one year	(658,970)	(70,383)	(17,584)	—
Gross balance sheet exposure	(2,502,477)	223,463	(489,645)	25,367

Item	As of 31 December 2009 US$	EUR	HK$	JPY
	RMB'000			
Cash at bank and on hand	2,618,973	570,726	32,560	24,942
Accounts receivable	1,796,322	323,664	6,971	70
Short-term loans	(1,553,020)	(607,232)	—	—
Long-term loans	(3,550,664)	(118,064)	(479,832)	—
Accounts payable	(1,454,578)	(60,113)	(91,544)	(346)
Provisions	(478,391)	(38,410)	(41,381)	—
Non-current liabilities due within one year	(273,128)	(78,708)	(61,618)	—
Gross balance sheet exposure	(2,894,486)	(8,137)	(634,844)	24,666

The following are the exchange rates for Renminbi against foreign currencies applied by the Group and the Company:

	Average exchange rate					Benchmark exchange rate				
Item	For the year ended 31 December			For the period ended 30 June		As of 31 December			As of 30 June	
	2009	2010	2011	2011	2012	2009	2010	2011	2011	2012
US$	6.8305	6.7465	6.4503	6.5242	6.3052	6.8282	6.5897	6.3009	6.4716	6.3249
EUR	9.6055	8.8378	9.0377	9.2896	8.1633	9.8388	8.7979	8.1625	9.3612	7.8710
HK$	0.8813	0.8682	0.8287	0.8384	0.8126	0.8805	0.8477	0.8107	0.8316	0.8152
JPY	0.1326	0.0777	0.0810	0.1252	0.0788	0.1322	0.0810	0.0811	0.1246	0.0796

We usually determine the forecast of annual currency exchange rate changes by considering data published by Bloomberg, reports from a few major international banks concerning the forecast trend of main currencies exchange rates and our foreign exchange risk management team's analysis on domestic and foreign countries' macro-economic situation. Assuming all other risk variables remained constant, 2.33%, 2.00%, 2.40% and 1.00% strengthening of the RMB against the US$, EUR, HK$ and Japanese Yen respectively at 30 June 2012, 2.33%, 2.00%, 2.40% and 1.00% strengthening of the RMB against the US$, EUR, HK$ and Japanese Yen respectively at 31 December 2011, 4%, 3%, 4% and 10%

strengthening of the RMB against the US$, EUR, HK$, and Japanese Yen respectively at 31 December 2010 and 1%, 3%, 1% and 1% strengthening of the RMB against the US$, EUR, HK$, and Japanese Yen respectively at 31 December 2009, respectively, would have increased (decreased) equity and net profit by the amount shown below; whose effect is in RMB and translated using the spot rate at the balance sheet date:

Item	Equity	Net profit
	RMB'000	
30 June 2012 (unaudited)		
US$	45,836	45,836
EUR	(605)	(605)
HK$	8,107	8,107
JPY	(609)	(609)
Total	52,729	52,729
31 December 2011		
US$	28,868	28,868
EUR	(3,118)	(3,118)
HK$	17,492	17,492
JPY	(164)	(164)
Total	43,078	43,078
31 December 2010		
US$	75,074	75,074
EUR	(5,028)	(5,028)
HK$	14,689	14,689
JPY	(1,903)	(1,903)
Total	82,832	82,832
31 December 2009		
US$	21,709	21,709
EUR	183	183
HK$	4,761	4,761
JPY	(185)	(185)
Total	26,468	26,468

2.33%, 2.00%, 2.40% and 1.00% weakening of the RMB against US$, EUR, HK$ and Japanese Yen respectively at 30 June 2012, 2.33%, 2.00%, 2.40% and 1.00% weakening of the RMB against US$, EUR, HK$ and Japanese Yen respectively at 31 December 2011, 4%, 3%, 4% and 10% weakening of the RMB against the US$, EUR, HK$, and Japanese Yen respectively at 31 December 2010, and 1%, 3%, 1% and 1% weakening of the RMB against the US$, EUR, HK$, and Japanese Yen respectively at 31 December 2009 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at respective the balance sheet dates, the analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the three years ended 31 December 2009, 2010 and 2011 and for the six months ended 30 June 2011 and 2012.

The above sensitive analysis does not include exposure to currency risk arising from foreign future contracts, Japanese Yen exchange option and swap contact for interest rate disclosed in Note V.2 and V.23 to the Consolidated Financial Information for the years ended 31 December 2009 and 2010 contained in Appendices I and II, and Note V.2 and V.24 to the Consolidated Financial Information for the year ended 31 December 2011 contained in Appendix III, respectively to this listing document about financial assets and financial liabilities, but the change in exchange rate may have effect on shareholders' equity and net profit.

Other Price Risks

Other price risks are stock price risk. As of 30 June 2012, the Group held 41,978,498 tradable shares of China Merchants Securities Co., Ltd. and 11,526,000 tradable shares of China Merchants Bank.

It is estimated that a general increase/decrease of composite index of Shanghai A-share by 20% as of 30 June 2012, 21.69% as of 31 December 2011, 14.31% as of 31 December 2010 and 58.46% as of 31 December 2009, or 445 points as of 30 June 2012, 609 point as of 31 December 2011, 469 point as of 31 December 2010 and 2,562 point as of 31 December 2009, with all other variables held constant, would increase/decrease the Group's shareholders' equity by RMB95,287,000 as of 30 June 2012, RMB93,043,000 as of 31 December 2011, RMB81,501,000 as of 31 December 2010 and RMB461,279,000 as of 31 December 2009, respectively.

The sensitivity analysis above arise assuming that the change in composite index of Shanghai A-share occurred at the balance sheet date is reasonable and had been applied to re-measure those investments in securities held by the Group. The sensitivity analysis is also based on another assumption, namely, the fair value of the investments in securities held by the Group is relevant to composite index of stock market, and available-for-sales securities investment has same risk factor as trading securities investment, and all other variables held constant. 20% change in composite index of Shanghai A-share is a reasonable expectation of the Group for the period from the balance date to the next balance sheet date. The analysis was performed on the same basis for 2009, 2010 and 2011.

SENSITIVITY ANALYSIS

Our net profit is subject to, amongst others, selling price of the products and cost of sales which in turn is affected by, among others, the purchase and purchase prices of major production material used by our Group.

The following table illustrates the sensitivity analysis of the combined net profit attributable to the owners of our Company for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively, with reference to movements in average purchase price of major production materials used by our Group, assuming all other variables held constant and that we were no longer able to continue to pass on such increase in costs of materials to our customers. The movement of average purchase prices of major production materials for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 used in the below analysis represents the mean absolute difference and the maximum range in the fluctuation of the average purchase prices during the Track Record Period, respectively.

For the year ended 31 December 2009

Major production materials	Mean absolute difference in fluctuation		Maximum range in fluctuation	
	Increase/decrease in the average purchase prices	Approximate decrease/increase in combined net profit for the year attributable to owners of our Company	Increase/decrease in the average purchase prices	Approximate decrease/increase in combined net profit for the year attributable to owners of our Company
		RMB million		RMB million
Steel	+/–10.8%	–/+317	+/–19.1%	–/+561
Wooden floor Board	+/–9.5%	–/+10	+/–20.4%	–/+21
Paint	+/–9.0%	–/+12	+/–15.0%	–/+21
Combined impact		–/+339		–/+603

For the year ended 31 December 2010

Major production materials	Mean absolute difference in fluctuation		Maximum range in fluctuation	
	Increase/decrease in the average purchase prices	Approximate decrease/increase in combined net profit for the year attributable to owners of our Company	Increase/decrease in the average purchase prices	Approximate decrease/increase in combined net profit for the year attributable to owners of our Company
		RMB million		RMB million
Steel	+/–10.8%	–/+1,114	+/–19.1%	–/+1,970
Wooden floor Board	+/–9.5%	–/+121	+/–20.4%	–/+260
Paint	+/–9.0%	–/+113	+/–15.0%	–/+187
Combined impact		–/+1,348		–/+2,417

For the year ended 31 December 2011

Major production materials	Mean absolute difference in fluctuation		Maximum range in fluctuation	
	Increase/decrease in the average purchase prices	Approximate decrease/increase in combined net profit for the year attributable to owners of our Company	Increase/decrease in the average purchase prices	Approximate decrease/increase in combined net profit for the year attributable to owners of our Company
		RMB million		RMB million
Steel	+/–10.8%	–/+1,360	+/–19.1%	–/+2,403
Wooden floor Board	+/–9.5%	–/+153	+/–20.4%	–/+328
Paint	+/–9.0%	–/+137	+/–15.0%	–/+227
Combined impact		–/+1,650		–/+2,958

For the six months ended 30 June 2012

Major production materials	Mean absolute difference in fluctuation		Maximum range in fluctuation	
	Increase/decrease in the average purchase prices	Approximate decrease/increase in combined net profit for the year attributable to owners of our Company	Increase/decrease in the average purchase prices	Approximate decrease/increase in combined net profit for the year attributable to owners of our Company
		RMB million		RMB million
Steel	+/–10.8%	–/+513	+/–19.1%	–/+906
Wooden floor Board	+/–9.5%	–/+60	+/–20.4%	–/+129
Paint	+/–9.0%	–/+52	+/–15.0%	–/+85
Combined impact		–/+625		–/+1,120

DISTRIBUTABLE RESERVES

As of 30 June 2012, our distributable reserves determined on this basis were the retained earnings of our Company under PRC GAAP, which were RMB38.54 million.

DIVIDEND AND DIVIDEND POLICY

Our Board is responsible for submitting proposals in respect of dividend payments, if any, to the shareholders' general meeting for approval. The determination of whether to pay a dividend and in what amount is based on our results of operations, cash flow, financial condition, future business prospects, statutory and regulatory restrictions on the payment of dividends by us and other factors that our Board deems relevant. Under the Company Law and our Articles of Association, all of our shareholders holding the same class of shares have equal rights to dividends and other distributions proportionate to their shareholding.

We paid cash dividends in the amount of RMB319.5 million, RMB931.8 million and RMB1,224.7 million in respect of the years ended 31 December 2009, 2010 and 2011, respectively, representing RMB0.12, RMB0.35 and RMB0.46 per Share. They will also have an equal right to distributable profit in respect of the year ending 31 December 2012 and thereafter. Pursuant to our Articles of Association, the total profit distributed in the form of cash dividends for the last three years shall not be less than 30% of the average annual distributable profit of the Company of the last three years. Dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form dividends will be paid in the future. Since 1 January 2012 and up to the Latest Practicable Date, we have not declared any interim or quarterly dividends.

According to the *Regulation on the Implementation of the Income Tax Law of the People's Republic of China* effective from 1 January 2008, dividends distributed to Hong Kong or other overseas investors by our foreign invested PRC subsidiaries are subject to a withholding tax with a tax rate of 5% or 10%, respectively, while dividends distributed by our other non-foreign invested PRC subsidiaries are not subject to any withholding tax.

MAJOR FINANCIAL RATIOS

		As of 31 December			As of 30 June
	Note	2009	2010	2011	2012
Turnover growth (%)	1	N/A	152.8%	23.9%	-25.0%
Net profit growth (%)	2	N/A	163.8%	28.3%	-63.9%
Gross profit margin (%)	3	15.0%	15.8%	18.6%	15.9%
Net profit margin before interest and tax (%)	4	8.0%	8.0%	8.9%	6.6%
Net profit margin (%)	5	5.3%	5.5%	5.7%	3.7%
Return on equity (%)	6	6.8%	18.5%	19.8%	10.1%
Return on total assets (%)	7	2.9%	5.3%	5.7%	3.1%
Current ratio	8	1.4	1.1	1.3	1.4
Quick ratio	9	0.9	0.7	0.8	0.8
Inventory turnover (days)	10	168	88	103	129
Debtors' turnover (days)	11	98	52	52	68
Creditors' turnover (days)	12	116	73	78	79
Gearing ratio	13	0.7	0.9	1.1	1.3
Debt to equity ratio	14	0.3	0.6	0.7	1.0
Interest coverage ratio	15	9.2	9.0	8.6	5.6

Notes:

1. Turnover growth for the year ended 31 December 2010 and 2011 and the six months ended 30 June 2012 were calculated based on the increase/decrease in our revenue of respective years/period divided by our operating income of previous year/period and multiplied by 100%.

2. Net profit growth for the year ended 31 December 2010 and 2011 and the six months ended 30 June 2012 were calculated based on the increase/decrease in our net profit of respective years/period divided by our net profit of previous year/period and multiplied by 100%.

3. Gross profit margin for the year ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 were calculated based on our gross profit of respective years/period divided by our operating income of respective years/period and multiplied by 100%.

4. Net profit margin before interest & tax for the year ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 were calculated based on our net profit before interest & tax of respective years/period divided by our operating income of respective years/period and multiplied by 100%.

5. Net profit margin for the year ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 were calculated based on our net profit of respective years/period divided by our operating income of respective years/period and multiplied by 100%.

6. Return on equity for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 were calculated based on our net profit attributable to our shareholders of the respective years/period divided by the equity attributable to our shareholders of the respective years/period and multiplied by 100%. Return on equity for the six months ended 30 June 2012 was annualized.

7. Return on total assets for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 were calculated based on our net profit of the respective years/period divided by our total assets of the respective years/period and multiplied by 100%. Return on total assets for the six months ended 30 June 2012 was annualized.

8. Current ratios as of 31 December 2009, 2010 and 2011 and 30 June 2012 were calculated based on our total current assets as of the respective dates divided by our total current liabilities as of the respective dates.

9. Quick ratios as of 31 December 2009, 2010 and 2011 and 30 June 2012 were calculated based on our current assets minus inventories (net of specific provision of inventories) as of the respective dates divided by our total current liabilities as of the respective dates.

10. Inventory turnover days as of 31 December 2009, 2010 and 2011 and 30 June 2012 were calculated based on our average inventory (sum of opening and closing balances of inventory of respective years and then divided by two) divided by our operating costs of the respective years/period and multiplied by 365 days for a year, or 181 days for a six-month period.

11. Debtors' turnover days as of 31 December 2009, 2010 and 2011 and 30 June 2012 were calculated based on our average accounts and bills receivables (sum of opening and closing balances of bills and accounts receivables of respective years/period and then divided by two) divided by our operating income of the respective years and multiplied by 365 days for a year, or 181 days for a six-month period.

12. Creditors' turnover days as of 31 December 2009, 2010 and 2011 and 30 June 2012 were calculated based on our average accounts and bills payable (sum of opening and closing balances of bills and accounts payable of respective years and then divided by two) divided by our operating costs of the respective years/period and multiplied by 365 days for a year, or 181 days for a six-month period.

13. Gearing ratios as of 31 December 2009, 2010 and 2011 and 30 June 2012 were calculated based on our total debt (including bank borrowings and issued notes) as of the respective dates divided by equity attributable to our shareholders as of the respective years/period.

14. Debt to equity ratios as of 31 December 2009, 2010 and 2011 and 30 June 2012 were calculated based on our net debts (being total debt net of cash and cash equivalents) as of the respective dates divided by equity attributable to our shareholders as of the respective years/period.

15. Interest coverage for the years/period ended 31 December 2009, 2010 and 2011 and 30 June 2012 were calculated based on our profit before interest expense and tax expense of the respective years/period divided by our interest expense, being net of borrowing costs capitalised of the same year/period.

Turnover growth

Please refer to the paragraph headed "Management's Discussion and Analysis of Results of Operations" above for the reasons of the fluctuations in the turnover.

Net profit growth

Please refer to the paragraph headed "Management's Discussion and Analysis of Results of Operations" above for the reasons of the fluctuations in the net profit.

Gross profit margin

Please refer to the paragraph headed "Management's Discussion and Analysis of Results of Operations" above for the reasons of the fluctuations in the gross profit margin.

Net profit margin before interest and tax

Our net profit margin before interest and tax remained stable at 8.0% and 8.0% for the two years ended 31 December 2009 and 2010, respectively. The increase in our net profit margin before interest and tax from 8.0% for the year ended 31 December 2010 to 8.9% for the year ended 31 December 2011 was due to the improvement in gross profit margin in the same period, partially offset by the increase in selling and distribution expenses and general and administrative expenses. The decrease in our net profit margin before interest and tax from 8.9% for the year ended 31 December 2011 to 6.6% for the six months ended 30 June 2012 was in line with the decrease in gross profit margin in the same period.

Net profit margin

Our net profit margin was 5.3%, 5.5%, 5.7% and 3.7% for the three years ended 31 December 2011 and the six months ended 30 June 2012, respectively. The movement of our net profit margin was in line with the movement of our net profit margin before interest and tax.

Return on equity

Our return on equity increased from 6.8% for the year ended 31 December 2009 to 18.5% for the year ended 31 December 2010 and further increased to 19.8% for the year ended 31 December 2011. The substantial increase from the year ended 31 December 2009 to 2010 was mainly due to the global economy recovery in 2010 and the increase in market demand for our products, especially in our container manufacturing business, which led to an increase in our net profit attributable to our shareholders by 213.0%, which was greater than the growth of our equity attributable to our shareholders. The further increase from year ended 31 December 2010 to 2011 was mainly due to the further increase in market demand for our products and improvement in gross profit margin in 2011. Our return on equity decreased to 10.1% at annualized rate for the six months ended 30 June 2012 primarily due to the decrease in market demand for containers and vehicles due to slowdown of global economy recovery, which led to the decrease in our gross profit margin and net profit margin.

Return on total assets

Our return on total assets increased from 2.9% for the year ended 31 December 2009 to 5.3% for the year ended 31 December 2010 and further increased to 5.7% for the year ended 31 December 2011. Our return on total assets decreased to 3.1% at annualized rate for the six months ended 30 June 2012. Such movements were primarily due to the same reasons as above for our return on equity ratio for the same period.

Current ratio

Our current ratio decreased from 1.4 as of 31 December 2009 to 1.1 as of 31 December 2010, mainly due to the increase in our current liabilities from RMB15,042.7 million to RMB29,971.3 million, or 99.2%, being higher than the increase in our current assets from RMB20,535.3 million to RMB33,791.5 million, or 64.6%, in percentage terms. The increase in our current liabilities was mainly due to i) the increase in short-term loans for the purpose of working capital, and ii) the increase in bills and accounts payable due to increased purchase of raw materials. The increase in our current assets was mainly due to i) the increase in accounts receivable along with increased amount of sales, and ii) the increase in inventory to cope with the higher market demand for our products along with global economy recovery.

Our current ratio increased from 1.1 as of 31 December 2010 to 1.3 as of 31 December 2011 mainly due to the increase in our current assets from RMB33,791.5 million to RMB40,727.0 million, or 20.5%, being higher than the increase in our current liabilities from RMB29,971.3 million to RMB31,236.3 million, or 4.2%, in percentage terms. The increase in our current assets was mainly due to the increase in cash at bank and on hand due to improved operating results.

Our current ratio remained stable at 1.3 and 1.4 as of 31 December 2011 and 30 June 2012, respectively.

Quick ratio

Consistently with the changes in our current ratio, our quick ratio was approximately 0.9, 0.7, 0.8 and 0.8 as of 31 December 2009, 2010 and 2011 and as of the six months ended 30 June 2012, respectively.

Inventory turnover days

Please refer to the paragraph headed "Inventories" above for the reasons of the fluctuations in the inventory turnover days.

Debtors' turnover days

Please refer to the paragraph headed "Accounts receivable" above for the reasons of the fluctuations in the debtors' turnover days.

Creditors' turnover days

Please refer to the paragraph headed "Accounts payable" above for the reasons of the fluctuations in the creditors' turnover days.

Gearing ratio

Our gearing ratio increased from 0.7 as of 31 December 2009 to 0.9 as of 31 December 2010 due to the increase in our short-term loans from RMB4,157.5 million as of 31 December 2009 to RMB8,309.3 million as of 31 December 2010, partially offset by the decrease in our long-term loans from RMB5,608.6 million as of 31 December 2009 to RMB3,912.1 million as of 31 December 2010. Our gearing ratio increased from 0.9 as of 31 December 2010 to 1.1 as of 31 December 2011 mainly due to the issue of the first phase medium-term notes, with a face value of RMB4 billion and a term of five years, in May 2011. Our gearing ratio further increased to 1.3 as of 30 June 2012 mainly due to the issue of the second phase medium-term notes, with a face value of RMB2 billion and a term of three years, in May 2012.

Debt to equity ratio

Our debt to equity ratio was 0.3, 0.6, 0.7 and 1.0 for the three years ended 31 December 2011 and the six months ended 30 June 2012, respectively. The movement of our debt to equity ratio was in line with the movement of our gearing ratio.

Interest coverage ratio

Our interest coverage ratio remained relatively stable at 9.2, 9.0 and 8.6 for the year ended 31 December 2009, 2010 and 2011, respectively. Our interest coverage ratio decreased to 5.6 for the six months ended 30 June 2012 due to the decrease in profit before interest expense and tax expense for the six months ended 30 June 2012, on an annualized basis, as compared to the year ended 31 December 2011.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had the Shares been listed on the Hong Kong Stock Exchange on that date.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, since 30 June 2012 and up to the date of this document, there had been no material adverse change in our financial position or prospects and no event had occurred that would materially and adversely affect the information shown in the Consolidated Financial Information in Appendices I, II, III and IV to this listing document.

RECENT ACQUISITIONS

Our Company acquired shareholding in nine companies in 2012.

The following table sets out the basic information about these acquisitions.

Name of the Acquired Company	Business Scope of the Acquired Company	Date of the Acquisition Agreement	Shareholding before the Acquisition	Shareholding after the Acquisition	Consideration	Basis of the Consideration	Reasons for the Acquisition
Nanjing Yangzi Petrochemical Design Engineering Company Ltd. (南京揚子石化設計工程有限責任公司)	Consulting and engineering service in connection with petrochemical engineering projects	19 September 2011	0%	100%	RMB165.0 million	Determined through arm's length negotiations between the parties having regard to the financial and operational track record of the acquired company, the industry prospects in which the acquired company operates in, and the benefits to the Group following the acquisition and shall be adjusted in accordance with the share transfer agreement	Strengthening our project engineering and service capability
Xinfa Airport Equipment Ltd. (民航協發機場設備有限公司)	Sales of the airport vehicles and provision of related technical services	23 December 2011	0%	70%	RMB18.9 million	Determined on normal commercial terms through arm's length negotiations between the parties	Expanding our airport facilities equipment business
Pteris Global Limited (德利國際有限公司)	Airport baggage handling system, logistics management system, airline catering handling system	28 August 2012	0%	14.99%	SGD10.7 million (equivalent to approximately RMB54.3 million)	Determined on normal commercial terms through arm's length negotiations between the parties	Strengthening our capability in the design, production and sale of passenger boarding bridges, air cargo handling system and baggage handling system.
Yangjiang Shangdong Furi Property Development Company Limited (陽江市上東富日房地產開發有限公司)	Development business	5 January 2012	0%	60%	RMB36.0 million	Determined with reference to third party valuation	Expanding our real estate business
Ziemann Group Ziemann Consulting Pty. Ltd.	Providing comprehensive equipment and services for the brewing and beverage industry	16 August 2012	0%	100%	€502,000 (equivalent to approximately RMB3.9 million)	The difference between (i) the bank deposits and receivables and (ii) liabilities of each respective company on second date of the asset purchase agreement	Expanding our liquid food equipment business
Ziemann Australia & Oceania Pty. Ltd.			0%	100%			
Ziemann USA Inc.			0%	100%			
Ziemann Asia-Holding Co. Ltd.			0%	49%			
Ziemann Asia-Pacific Co. Ltd.			0%	49%			

As of the Latest Practicable Date, all of the above acquisitions were completed. Given that our Company's interests in the above acquired companies were immaterial to our Group and our Company had no control over the management of the above acquired companies to access to the accounting books and records of these acquired companies before the acquisition, our Company has applied to the Hong Kong Stock Exchange and the Hong Kong Stock Exchange has granted a waiver from strict compliance with the requirements of Rule 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules in relation to our acquisition of the shareholding in these companies. As an alternative disclosure, the key financial figures of these acquired companies for the relevant years/periods are set out below.

Nanjing Yangzi Petrochemical Design Engineering Company Ltd.

	Year ended 31 December	
	2010	2011
	RMB'000	RMB'000
Operating income	143,285	201,085
Operating profit	11,687	12,766
Net profit for the year	8,919	8,801
Total assets	235,987	125,504

Xinfa Airport Equipment Ltd.

	Year ended 31 December	
	2010	2011
	RMB'000	RMB'000
Operating income	40,109	48,338
Operating (loss)/profit	(5,731)	2,358
Net (loss)/profit for the year	(5,560)	2,196
Total assets	29,346	26,805

Pteris Global Limited

	Year ended 31 December	
	2010	2011
	RMB'000	RMB'000
Operating income	560,020	660,715
Operating (loss)/profit	(175)	7,615
Net profit for the year	4,631	2,112
Total assets	790,148	795,021

Yangjiang Shangdong Furi Property Development Co., Ltd.

	Year ended 31 December	
	2010	2011
	RMB'000	RMB'000
Operating income	271,554	179,095
Operating profit	43,804	18,220
Net profit for the year	40,025	8,692
Total assets	516,667	606,757

Ziemann Consulting Pty. Ltd.

	Year ended 28 February		As of 30 June
	2011	2012	2012
	€ (approx. RMB)		
Net profit (loss) before taxation and extraordinary items	(15,000) (RMB116,441)	(15,000) (RMB116,441)	N/A
Net profit (loss) before taxation and extraordinary items	(15,000) (RMB116,441)	(15,000) (RMB116,441)	N/A
Net assets	N/A	N/A	51,000 (RMB395,898)

Ziemann Australia & Oceania Pty. Ltd.

	Year ended 31 December		As of 30 June
	2010	2011	2012
	€ (approx. RMB)		
Net profit (loss) before taxation and extraordinary items	11,000 (RMB85,390)	(18,000) (RMB139,729)	N/A
Net profit (loss) before taxation and extraordinary items	5,000 (RMB38,814)	(18,000) (RMB139,729)	N/A
Net assets	N/A	N/A	191,000 (RMB1,482,676)

Ziemann USA Inc.

	Year ended 31 December		As of 30 June
	2010	2011	2012
	€ (approx. RMB)		
Net profit (loss) before taxation and extraordinary items	19,000 (RMB147,491)	(48,000) (RMB372,610)	N/A
Net profit (loss) before taxation and extraordinary items	19,000 (RMB147,191)	(48,000) (RMB372,610)	N/A
Net assets	N/A	N/A	61,000 (RMB473,525)

Ziemann Asia-Holding Co. Ltd.

	Year ended 31 December		As of 30 June
	2010	2011	2012
	€ (approx. RMB)		
Net profit (loss) before taxation and extraordinary items	(1,000) (RMB7,763)	(1,000) (RMB7,763)	N/A
Net profit (loss) before taxation and extraordinary items	(1,000) (RMB7,763)	(1,000) (RMB7,763)	N/A
Net assets	N/A	N/A	7,000 (RMB54,339)

Ziemann Asia-Pacific Co. Ltd.

	Year ended 31 December		As of 30 June
	2010	2011	2012
	€ (approx. RMB)		
Net profit (loss) before taxation and extraordinary items	(71,000) (RMB551,152)	(34,000) (RMB263,932)	N/A
Net profit (loss) before taxation and extraordinary items	(81,000) (RMB628,779)	(81,000) (RMB628,779)	N/A
Net assets	N/A	N/A	322,000 (RMB2,499,589)

Our reporting accountant has not audited or reviewed the above mentioned statutory financial statements of the acquired companies. Adjustments may arise if these financial statements had been audited or reviewed by our reporting accountant.

The following discussion and analysis should be read in conjunction with our Unaudited Condensed Consolidated Financial Information set out in Appendix V to this listing document, together with the accompanying notes, and the "Financial Information" in this listing document and our Consolidated Financial Information for the years ended 31 December 2009, 2010 and 2011 set out in Appendices I, II and III and Unaudited Consolidated Financial Information included in Appendix IV to this listing document, together with the accompanying notes. Our unaudited condensed consolidated financial information set out in Appendix V to this listing document has been prepared in accordance with the CASBE.

Our historical results of operations and financial condition as of and for the nine months ended 30 September 2012 do not necessarily indicate our results of operations or financial condition expected for any future periods, nor do they necessarily indicate our expected annual results of operations or year-end financial condition for 2012.

The following discussions and analysis contain certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as factors that we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Factors that could cause or contribute to such differences include those described in the section entitled "Risk Factors" in this listing document.

As required by the Shenzhen Listing Rules, we published our third quarterly report on 30 October 2012, containing our unaudited condensed consolidated financial information as of and for the nine months ended 30 September 2012 prepared in accordance with the CASBE. As a result, we have included our unaudited consolidated financial information as of and for the nine months ended 30 September 2012, in condensed form, in the unaudited financial report set out in Appendix V to this listing document. Our unaudited condensed consolidated financial information has not been reviewed by our reporting accountant.

Upon the Listing, we intend to disclose our quarterly results in Hong Kong in accordance with Rule 13.09(2) of the Hong Kong Listing Rules.

SUMMARY OF RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012 COMPARED TO THE NINE MONTHS ENDED 30 SEPTEMBER 2011

	For the Nine Months Ended 30 September			
	2011		2012	
	Amount (RMB in thousands)	% of Operating income (%)	Amount (RMB in thousands)	% of Operating income (%)
Operating income	50,994,566	100.0	40,701,249	100.0
Less: Operating costs	41,608,809	81.6	33,688,776	82.8
Gross profit	9,385,757	18.4	7,012,473	17.2
Business taxes and surcharges	193,661	0.4	254,958	0.6
Selling and distribution expenses	1,455,511	2.9	1,320,711	3.2
General and administrative expenses	2,555,864	5.0	2,587,038	6.4
Financial expenses	544,762	1.1	368,398	0.9
Impairment loss	79,270	0.2	123,519	0.3
Add: (Losses) / gains from changes in fair value	-157,761	-0.3	-9,766	-0.02
Add: Investment income (loss)	94,922	0.2	-16,632	-0.04
Operating profit	4,493,850	8.8	2,331,451	5.7
Add: Non-operating income	199,851	0.4	181,582	0.4
Less: Non-operating expenses	29,960	0.1	30,263	0.1
Profit before income tax	4,663,741	9.1	2,482,770	6.1
Less: Income tax expenses	1,283,642	2.5	825,112	2.0
Net Profit for the period	3,380,099	6.6	1,657,658	4.1
Attributable to:				
Shareholders of the Company	3,321,407	6.5	1,584,334	3.9
Minority interests	58,692	0.1	73,324	0.2
Earnings per share:				
Basic earnings per share in RMB	1.2475	—	0.5951	—
Diluted earnings per share in RMB	1.2475	—	0.5937	—
Other comprehensive income for the period	-124,309	-0.2	11,230	0.03
Total comprehensive income for the period	3,255,790	6.4	1,668,888	4.1
Attributable to:				
Shareholders of the Company	3,160,854	6.2	1,610,487	4.0
Minority interests	94,936	0.2	58,401	0.1

The following discussion compares the major components of our operating results for the nine months ended 30 September 2011 and 2012.

Operating income. Our operating income was RMB40,701.2 million for the nine months ended 30 September 2012, representing a decrease of RMB10,293.4 million, or approximately 20.2%, from RMB50,994.6 million for the same period in 2011. The decrease was mainly due to the decrease in the operating income from our container manufacturing and service business, road transportation vehicle business and airport facilities equipment business, partially offset by an increase in the operating income from the energy, chemical and food equipment business and the offshore engineering business for the nine months ended 30 September 2012.

The operating income from our container manufacturing and service business decreased mainly due to the decrease in the sales volumes of the dry containers, reefers containers and special-purpose containers in the nine months ended 30 September 2012, by approximately 26.2%, 27.3% and 6.3% respectively, as compared to the sales volume of the corresponding containers in the nine months ended 30 September 2011. In the first half of 2011, we recorded a high sales volume of containers due to the strong demand for new containers following the recovering international container shipping market in 2010. The demand for new containers had become weakened since the second half of 2011 and was carried on to the first nine months of 2012, hindered by global economic uncertainties such as the spread of the Eurozone debt crisis and the slowdown of the global economy recovery.

The operating income from our road transportation vehicles business decreased mainly due to the decrease in the sales volume of our vehicles in the nine months ended 30 September 2012 by approximately 37.7%, as compared to the sales volume of the same in the nine months ended 30 September 2011, as a result of the decreasing demand for road transportation vehicles, particularly the demand for medium and heavy duty trucks, due to (i) further slowdown in economic growth and shrinking fixed assets investment in China resulting from the Chinese government's ongoing implementation of controlling measures on real estate industry, and (ii) sluggish global economy attributable to the global economic uncertainties such as the spread of the Eurozone debt crisis.

The operating income from our airport facilities equipment business decreased mainly due to the decrease in the sales volume of boarding bridges.

The operating income from our energy, chemical and food equipment business increased mainly due to (i) the increased demand of natural gas and other energy and the increased production capacity of CIMC Enric during the first nine months of 2012; (ii) the increased sales of newly developed chemical equipment such as light tank containers in the first nine months of 2012; and (iii) the increased demand for our liquidity food equipment in China during the first nine months of 2012.

The operating income from our offshore engineering business increased mainly due to the sale of SUPREME DRILLER, a self-built jack up platform, and the delivery of COSL PROMTER, a deep-water semi-submersible drilling platform during this period.

Operating costs. Our operating costs were RMB33,688.8 million for the nine months ended 30 September 2012, representing a decrease of RMB7,920.0 million, or approximately 19.0%, from RMB41,608.8 million for the same period in 2011. This decrease was in line with the decrease of our operating income during this period.

Gross profit margin. Our gross profit margin decreased from 18.4% for the nine months ended 30 September 2011 to 17.2% for the same period in 2012. The decrease of our gross profit margin was mainly due to the decrease of our gross profit margin for our container manufacturing and service business. Both the demand and the selling prices for containers started to drop in the fourth quarter of 2011 and the first half of 2012. Meanwhile, as the costs for raw materials such as steel and labor costs maintained at a relatively high level during the first nine months of 2012, the gross profit margin for our container manufacturing and service business dropped in the first nine months of 2012.

Business taxes and surcharges. Our business taxes and surcharges were RMB255.0 million for the nine months ended 30 September 2012, representing an increase of RMB61.3 million, or approximately 31.7%, from RMB193.7 million for the same period in 2011. The increase was primarily attributable to the increased amount of our intra-group loans provided by CIMC Finance to CIMC Enric and other subsidiaries of our Group, for which CIMC Finance was obliged to pay business tax.

Selling and distribution expenses. Our selling and distribution expenses were RMB1,320.7 million for the nine months ended 30 September 2012, representing a decrease of RMB134.8 million, or approximately 9.3%, from RMB1,455.5 million for the same period in 2011. The decrease was mainly due to the decrease of transportation and distribution charges and employ benefit, which was in line with the decrease of our operating income during this period.

General and administrative expenses. Our general and administrative expenses were RMB2,587.0 million for the nine months ended 30 September 2012, representing a slight increase of RMB31.1 million, or approximately 1.2%, from RMB2,555.9 million for the same period in 2011.

Financial expenses. Our financial expenses were RMB368.4 million for the nine months ended 30 September 2012, representing a decrease of RMB176.4 million, or approximately 32.4%, from RMB544.8 million for the same period in 2011. The decrease was primarily attributable to (i) a change from a net exchange loss for the nine months ended 30 September 2011 to a net exchange gain for the nine months ended 30 September 2012, as compared with the first nine months of 2011, RMB appreciation slowed down in the first nine months of 2012; (ii) partially offset by an increase in interest expenses from loans and payables, due to the increase in banking loans, financial leasing payable and debenture payables from RMB24,258.9 million as of 30 September 2011 to RMB24,943.0 million as of 30 September 2012, especially the increase of long-term loans from RMB5,617.5 million as of 30 September 2011 to RMB8,329.4 million as of 30 September 2012, and the increase in the interest rate in the first half of 2012. The PBOC benchmark interest rate for one-year loan increased from 6.06% on 9 February 2011 to 6.56% in the first half 2012.

Impairment loss. Our impairment loss was RMB123.5 million for the nine months ended 30 September 2012, representing an increase of RMB44.2 million, or approximately 55.7%, from RMB79.3 million for the same period in 2011. The increase was primarily due to the termination of a raw material purchase agreement by CIMC Raffles in the third quarter of 2012 and consequently, we recorded an impairment loss of RMB90 million for the prepayment paid by CIMC Raffles pursuant to that purchase agreement. Such an increase in the impairment loss was partially offset by a reversal of RMB25.0 million in impairment loss.

(Losses)/gains from changes in fair value. Our losses from changes in fair value were RMB9.8 million for the nine months ended 30 September 2012, representing a decrease of RMB148.0 million in loss, or approximately 93.8%, from RMB157.8 million for the nine months ended 30 September 2011 as the value of the financial assets held by us for trading increased, reflecting the increase in the prices of the listed equity shares invested by us during this period.

Investment income. We incurred a loss from investment of RMB16.6 million for the nine months ended 30 September 2012, while we recorded an investment income of RMB94.9 million for the same period in 2011. We recorded an investment income in our associates and joint ventures in the nine months of 2011, while we recorded an investment loss in the same period of 2012. In addition, we recorded the gain of disposal of financial assets held for trading and long-term equity investment for the nine months ended 30 September 2011, while we had no such investment income recorded for the nine months ended 30 September 2012.

Operating profit. As a result of the foregoing, our operating profit was RMB2,331.5 million for the nine months ended 30 September 2012, representing a decrease of RMB2,162.4 million, or approximately 48.1%, from RMB4,493.9 million for the same period in 2011.

Non-operating income. Our non-operating income was RMB181.6 million for the nine months ended 30 September 2012, representing a decrease of RMB18.3 million, or approximately 9.2%, from RMB199.9 million for the same period in 2011. This decrease was primarily due to the decrease in our government grants, partially offset by an increase in compensation income reflecting the compensation of RMB20.5 million we received from a lawsuit against a third party.

Non-operating expenses. Our non-operating expenses were RMB30.3 million for the nine months ended 30 September 2012, representing an increase of RMB0.3 million, or approximately 1.0%, from RMB30.0 million for the same period in 2011, primarily due to the increase of the expenses relating to the disposal of certain scrapped fixed assets.

Profit before income tax. As a result of the foregoing, our profit before tax was RMB2,482.8 million for the nine months ended 30 September 2012, representing a decrease of RMB2,180.9 million, or approximately 46.8%, from RMB4,663.7 million for the same period in 2011.

Income tax expenses. Our income tax expenses were RMB825.1 million for the nine months ended 30 September 2012, representing a decrease of RMB458.5 million, or approximately 35.7%, from RMB1,283.6 million for the same period in 2011. This decrease was primarily due to the decrease in our operating income for the nine months ended 30 September 2012.

Net profit for the period. Our net profit for the period was RMB1,657.7 million for the nine months ended 30 September 2012, representing a decrease of RMB1,722.4 million, or approximately 51.0%, from RMB3,380.1 million for the same period in 2011.

Net profit for the period attributable to shareholders of the Company. The net profit for the period attributable to shareholders of the Company was RMB1,584.3 million for the nine months ended 30 September 2012, representing a decrease of RMB1,737.1 million, or approximately 52.3%, from RMB3,321.4 million for the same period in 2011.

Net profit for the period attributable to minority shareholders of the Company. The net profit for the period attributable to minority shareholders of the Company was RMB73.3 million for the nine months ended 30 September 2012.

Other comprehensive income for the period. We recorded a gain of RMB11.2 million in the item of other comprehensive income for the nine months ended 30 September 2012, compared to a loss of RMB124.3 million for the same period in 2011, reflecting an increase of gain on available-for-sale financial assets from a net loss for the nine months ended 30 September 2011 to a net gain for the nine months ended 30 September 2012, partially offset by (i) a decrease in effect of foreign exchange rate changes; and (ii) a decrease in gains on cash flow hedges financial instruments.

Total comprehensive income for the period. The total comprehensive income was RMB1,668.9 million for the nine months ended 30 September 2012, representing a decrease of RMB1,586.9 million, or approximately 48.7%, from RMB3,255.8 million for the same period in 2011.

Total comprehensive income for the period attributable to shareholders of the Company. The total comprehensive income for the period attributable to shareholders of the Company was RMB1,610.5 million for the nine months ended 30 September 2012, representing a decrease of RMB1,550.4 million, or approximately 49.0%, from RMB3,160.9 million for the same period in 2011.

Total comprehensive income for the period attributable to minority interests. The total comprehensive income for the period attributable to minority interests was RMB58.4 million for the nine months ended 30 September 2012, representing a decrease of RMB36.5 million, or approximately 38.5%, from RMB94.9 million for the same period in 2011.

ASSETS AND LIABILITIES

The following table sets out the breakdown of our current assets and liabilities as of the dates indicated. For a detailed discussion of our current assets and liabilities as of 31 December 2009, 2010 and 2011 and 30 June 2012, please refer to "Financial Information — Liquidity and Financial Resources — Net Current Assets" in this listing document.

Current Assets	As of 31 December 2011	As of 30 September 2012
	(RMB in thousands)	
Current assets		
Cash at bank and on hand	7,788,126	7,304,535
Financial assets held for trading	186,134	282,770
Bills receivable	1,030,528	551,734
Accounts receivable	8,110,784	8,115,505
Prepayment	1,930,496	1,984,989
Interest receivable	2,020	8,679
Other receivables	2,709,665	2,854,331
Inventories	15,468,352	16,104,039
Non-current assets due within one year	2,635,287	3,348,803
Other current assets	865,633	945,491
Total current assets	40,727,025	41,500,876
Current liabilities		
Short-term loans	8,030,912	8,205,059
Financial liabilities held for trading	31,107	22,324
Bills payable	3,295,226	1,145,361
Accounts payable	7,328,966	6,178,295
Advances from customers	2,662,742	3,104,908
Employee benefits payable	2,012,608	1,919,039
Taxes payable	916,118	979,515
Interest payable	152,067	176,918
Dividends payable	116,253	872
Other payables	3,393,837	3,800,741
Provisions	736,179	844,924
Non-current liabilities due within one year	2,560,318	1,918,906
Total current liabilities	31,236,333	28,296,862
Net current assets	9,490,692	13,204,014

Financial assets held for trading. The balance of our financial assets held for trading was RMB282.8 million as of 30 September 2012, representing an increase of RMB96.7 million, or approximately 52.0%, from RMB186.1 million as of 31 December 2011, reflecting the increase in our investment in the equity shares of some A share companies in 2012.

Bills receivable. The balance of our bills receivable was RMB551.7 million as of 30 September 2012, representing a decrease of RMB478.8 million, or approximately 46.5%, from RMB1,030.5 million as of 31 December 2011. The decrease was mainly attributable to a decrease in the balance of bank acceptance bills due to the decrease in our operating income for the nine months ended 30 September 2012.

Accounts receivable. The balance of our accounts receivable was RMB8,115.5 million as of 30 September 2012, representing an increase of RMB4.7 million, or approximately 0.1%, from RMB8,110.8 million as of 31 December 2011, primarily attributable to the increase in accounts receivable relating to our container manufacturing and service business and road transportation vehicle business, as the peak order period for these businesses normally starts from the second quarter.

Prepayments. The balance of our prepayments was RMB1,985.0 million as of 30 September 2012, representing an increase of RMB54.5 million, or approximately 2.8%, from RMB1,930.5 million as of 31 December 2011, primarily due to the increase in the amount of raw materials and others, reflecting the increase in production of our products as the peak order periods of our container and vehicles normally starts from the second quarter, partially offset by a decrease in the amount of construction cost.

Other receivables. The balance of our other receivables was RMB2,854.3 million as of 30 September 2012, representing an increase of RMB144.6 million, or approximately 5.3%, from RMB2,709.7 million as of 31 December 2011, primarily due to an increase in the balance of amounts due from related parties, partially offset by a decrease in the balance of fixed term and secured principle investment due to the maturity of such investment products.

Inventories. The balance of our inventories was RMB16,104.0 million as of 30 September 2012, representing an increase of RMB635.6 million, or approximately 4.1%, from RMB15,468.4 million as of 31 December 2011, primarily due to the continuous growth and expansion of our business, and reflecting the construction costs of jack-up drilling platforms, semi-submersible drilling platforms and the related equipment being manufactured by CIMC Raffles during this period.

Bills payable. The balance of our bills payable was RMB1,145.4 million as of 30 September 2012, representing a decrease of RMB2,149.8 million, or approximately 65.2%, from RMB3,295.2 million as of 31 December 2011. The decrease in bills payable was primarily because CIMC Raffles reduced the usage of bank and commercial acceptance bills and used more intra-group financing provided by CIMC Finance.

Accounts payable. The balance of our accounts payable was RMB6,178.3 million as of 30 September 2012, representing a decrease of RMB1,150.7 million, or approximately 15.7%, from RMB7,329.0 million as of 31 December 2011, primarily because we started reducing purchase of raw materials for the production of containers from the third quarter.

Advances from customers. The balance of our advances from customers was RMB3,104.9 million as of 30 September 2012, representing an increase of RMB442.2 million, or approximately 16.6%, from RMB2,662.7 million as of 31 December 2011, primarily due to the increase in the advance payment made for the purchase of our products as the peak order periods of our containers and vehicles normally start from the second quarter.

Dividends payable. The balance of our dividends payable was RMB0.9 million as of 30 September 2012, representing a decrease of RMB115.4 million, or approximately 99.2%, from RMB116.3 million as of 31 December 2011, primarily due to the payment of the dividends during the nine months ended 30 September 2012.

Other payables. The balance of our other payables was RMB3,800.7 million as of 30 September 2012, representing an increase of RMB406.9 million, or approximately 12.0%, from RMB3,393.8 million as of 31 December 2011, primarily due to the increase in advance received (mainly the increase in the advance payment received for the purchase of our vehicles or the acceptance of our financial leasing service), advance received for vessel construction and quality guarantees.

Provisions. The balance of our provisions was RMB844.9 million as of 30 September 2012, representing an increase of RMB108.7 million, or approximately 14.8%, from RMB736.2 million as of 31 December 2011, primarily due to the increase of warranties for product quality.

CONNECTED PERSONS

The table below sets forth the connected persons of our Company who conduct or will conduct connected transactions with our Group upon Listing and the nature of their connection with our Group:

Name	Connected relationship
Gasfin Investment S.A. ("**Gasfin**").	Gasfin is a substantial shareholder of our subsidiary, CIMC TGE Gasinvestments S.A. ("**TGE**"), of which it holds 40% interests. Thus, it is our connected person pursuant to Rule 14A.11(1) of the Hong Kong Listing Rules
P.G.M. Holding B.V. ("**PGM**")	PGM is a substantial shareholder of our subsidiary, CIMC Burg B.V. ("**CIMC Burg**"), of which it holds 20% interests. Thus, it is our connected person pursuant to Rule 14A.11(1) of the Hong Kong Listing Rules
Shanghai Fengyang Real Estate Development Co., Ltd (上海豐揚房地產開發有限公司) ("**Shanghai Fengyang**")	Shanghai Fengyang is an associated company of our Company, of which CIMC Shenfa Development Co., Ltd. ("**CIMC Shenfa**"), a subsidiary of our Company, holds 40% equity interests. In addition, it is a subsidiary of China Merchants Group, the ultimate holding company of China Merchants (CIMC), a substantial shareholder of the Company. Thus, it is also our connected person pursuant to Rule 14A.11(4) of the Hong Kong Listing Rules
Sumitomo Corporation and/or its subsidiaries or associated companies . . .	Sumitomo Corporation is a substantial shareholder of our subsidiary, CIMC Vehicle (Thailand) Co., Ltd., of which it holds 18% equity interests. Thus, each of its subsidiaries, its associated companies and itself is our connected person pursuant to Rule 14A.11(1) of the Hong Kong Listing Rules
Shaanxi Heavy-duty Automobile Co., Ltd (陝西重型汽車有限公司) ("**Shaanxi Heavy-duty Automobile**") and/or its subsidiaries or associated companies	Shaanxi Heavy-duty Automobile is a substantial shareholder of our subsidiary, CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd. (中集陝汽重卡(西安)專用車有限公司), of which it holds 25% equity interests. Thus, each of its subsidiaries, its associated companies and itself is our connected person pursuant to Rule 14A.11(1) of the Hong Kong Listing Rules
COSCO Pacific and/or its subsidiaries	COSCO Pacific is the holding company of COSCO Container, a substantial shareholder of the Company. Thus, each of its subsidiaries (including COSCO Container) and itself is our connected person pursuant to Rule 14A.11(4) of the Hong Kong Listing Rules

Accordingly, the following transactions between each of the above connected persons of our Company, on one hand, and us, on the other hand, will constitute connected transactions of our Group under Chapter 14A of the Hong Kong Listing Rules.

TYPES OF CONNECTED TRANSACTIONS

Exempt Continuing Connected Transactions

- Provision of Loans by Gasfin
- Provision of Loan to PGM
- Provision of Loan to Shanghai Fengyang
- Mutual Supply of Commodities with Sumitomo Corporation
- Mutual Supply of Commodities with Shaanxi Heavy-duty Automobile

Non-exempt Continuing Connected Transaction

- Provision of Commodities Framework Agreement with COSCO Pacific

EXEMPT CONTINUING CONNECTED TRANSACTIONS

As of the Latest Practicable Date, the following connected transactions were entered into between our Group and the relevant connected persons and/or their subsidiaries or associated companies. Such transactions will constitute exempt continuing connected transactions of our Group under Chapter 14A of the Hong Kong Listing Rules upon and after the Listing.

Provision of Loans by Gasfin

Parties: Gasfin (as the lender); and

TGE (as the borrower)

Particulars of the transaction: Gasfin has provided TGE or its subsidiaries with certain loans to fund its acquisition and working capital requirements. The table below sets forth the relevant information in respect of certain loans provided by Gasfin to TGE during the Track Record Period:

Borrower	Lender	Date of initial loan	Purpose	Duration	Amount	Security	Interest rates
TGE Gas Engineering GmbH[(1)]	Gasfin	19 September 2008	For the working capital requirements of TGE	Initially 24 months maturing on 18 September 2010 (Gasfin agreed to extend the duration and as of Latest Practicable Date, there was no fixed repayment date)	Euro 2 million	Nil	8% p.a.
TGE	Gasfin	7 Jan 2011	For (1) acquisition of the entire issued share capital of Technodyne International Limited; and (2) the working capital requirements of TGE	Initially 6 months maturing on 7 July 2011 (Gasfin agreed to extend the duration and as of the Latest Practicable Date, there was no fixed repayment date)	Euro 1,220,000	Nil	3 months Euro Libor +150 bps
TGE	Gasfin	7 Jan 2011	For (1) acquisition of the entire issued share capital of Technodyne International Limited; and (2) the working capital requirements of TGE	Initially 12 months maturing on 7 January 2012 (Gasfin agreed to extend the duration and as of the Latest Practicable Date, there was no fixed repayment date)	Euro 900,000	Nil	3 months Euro Libor+150 bps

Note:

(1) TGE Gas Engineering GmbH is a wholly-owned subsidiary of TGE.

Outstanding loan amounts: for the three financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, the aggregate outstanding amounts of loans due to Gasfin from TGE were approximately RMB21.7 million, RMB20.8 million, RMB38.7 million and RMB37.3 million, respectively.

Our Directors are of the view that the above loans, being a form of financial assistance (as defined under the Hong Kong Listing Rules) provided by Gasfin to TGE for our benefit, were on normal commercial terms where no security over our Company's assets was granted in respect of such financial assistance. As such, the above loans provided by Gasfin to TGE are exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Hong Kong Listing Rules.

Provision of Loan to PGM

Parties: CIMC Hong Kong (as the lender); and

PGM (as the borrower)

Particulars of the transaction: CIMC Hong Kong has provided PGM with a loan to fund the restructuring of CIMC Enric and CIMC Burg. The table below sets forth the relevant information in respect of the loan provided by CIMC Hong Kong to PGM during the Track Record Period:

Borrower	Lender	Date of initial loan	Purpose	Duration	Amount	Security	Interest rates
PGM . . .	CIMC Hong Kong	14 August 2009	To fund the restructuring carried out by CIMC Enric and CIMC Burg	Initially maturing on 13 August 2010, to be extended for one year at a time for so long as PGM is a shareholder of CIMC Burg subject to certain provisions in relation to repayment	Euro 15 million	Shares of CIMC Enric held by PGM are rendered into a custodian account for the benefit of CIMC Hong Kong, where the cash from sales of such shares of CIMC Enric held by PGM is used for repayment of the loan	Annual interest rate of 6 months Euro Libor+210 bps

Outstanding loan amounts: for the three financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, the aggregate outstanding amounts of the loan due to CIMC Hong Kong from PGM were approximately RMB147.6 million, RMB132.0 million, RMB122.4 million and RMB118.1 million, respectively.

Our Directors are of the view that the above loan, being a form of financial assistance (as defined under the Hong Kong Listing Rules) provided by CIMC Hong Kong to PGM for its benefit, were on normal commercial terms where each of the relevant percentage ratios (except the profits ratio) calculated according to Rule 14.07 of the Hong Kong Listing Rules, will, as the Directors currently expect, less than 1% and the transaction is a connected transaction only because it involves PGM who is a connected person of our Company by virtue of its relationship with our subsidiary, CIMC Burg. As such, the above loan provided by CIMC Hong Kong to PGM is exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(2)(b) of the Hong Kong Listing Rules.

Provision of Loan to Shanghai Fengyang

Parties: CIMC Shenfa (as the lender); and

Shanghai Fengyang (as the borrower)

Particulars of the transaction: CIMC Shenfa has provided Shanghai Fengyang with a loan to fund its working capital requirements. The table below sets forth the relevant information in respect of the loan provided by CIMC Shenfa to Shanghai Fengyang during the Track Record Period:

Borrower	Lender	Date of initial loan	Purpose	Duration	Amount	Security	Interest rates
Shanghai Fengyang	CIMC Shenfa	25 December 2007	For the working capital requirements of Shanghai Fengyang	No fixed repayment date for such shareholder's loan	US$25.9 million	Nil	One-year benchmark lending rate announced by the People's Bank of China at the time of loan, to be adjusted annually at the beginning of each year

Outstanding loan amounts: for the three financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, the aggregate outstanding amounts of the loan due to CIMC Shenfa from Shanghai Fengyang were approximately RMB151.1 million, RMB159.0 million, RMB167.7 million and RMB172.6 million, respectively.

Our Directors are of the view that the above loan, being a form of financial assistance (as defined under the Hong Kong Listing Rules) provided by CIMC Shenfa to Shanghai Fengyang for its benefit, were on normal commercial terms where such financial assistance is provided as a shareholder's loan in proportion to CIMC Shenfa's equity interests in Shanghai Fengyang. As such, the above loan provided by CIMC Shenfa to Shanghai Fengyang are exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(3) of the Hong Kong Listing Rules.

Mutual Supply of Commodities with Sumitomo Corporation

Provision of commodities by our Group to Sumitomo Corporation

Parties: Sumitomo Corporation (as the purchaser); and

Our Group (as the supplier)

Particulars of the transaction: it is expected that after completion of the Listing, Sumitomo Corporation and/or its subsidiaries or associated companies may from time to time purchase from our Group certain commodities, such as special vehicles. Sumitomo Corporation and/or its relevant subsidiaries or associated companies will enter into separate agreements with relevant members of the Group which shall set out the specific terms and conditions in respect of such continuing connected transaction.

Historical figures: for the financial year ended 31 December 2011 and the ten months ended 31 October 2012, the revenues generated in connection with our provision of commodities to Sumitomo Corporation and/or its subsidiaries or associated companies were approximately RMB55.5 million and RMB45.6 million, respectively.

Annual revenues: our Directors estimate that the maximum aggregate annual amount of revenues for the years ending 31 December 2012, 2013 and 2014 shall not exceed RMB65.6 million, RMB68.9 million and RMB72.3 million, respectively.

Basis of annual revenues: in arriving at the estimate of the above annual revenues, our Directors have taken into account (i) the historical figures for the financial year ended 31 December 2011 and the ten months ended 31 October 2012; and (ii) the estimated growth in the demand of Sumitomo Corporation and/or its subsidiaries or associated companies for the relevant commodities provided by us in future due to the expected accelerated global economy recovery in future such as 3.6% forecast for the global GDP growth rate in 2013 made by International Monetary Fund, in particular, the provision of our commodities to Sumitomo Corporation and/or its subsidiaries or associated companies amounting to RMB10.4 million in October 2012.

Provision of commodities by Sumitomo Corporation to our Group

Parties: Sumitomo Corporation (as the supplier); and

Our Group (as the purchaser)

Particulars of the transaction: it is expected that after completion of the Listing, our Group may from time to time purchase from Sumitomo Corporation and/or its subsidiaries or associated companies certain commodities, such as parts and accessories for special vehicles. Sumitomo Corporation and/or its relevant subsidiaries or associated companies will enter into separate agreements with relevant members of the Group which shall set out the specific terms and conditions in respect of such continuing connected transaction.

Historical figures: for the six months ended 30 June 2012, the costs incurred by us in connection with purchase of commodities from Sumitomo Corporation and/or its subsidiaries or associated companies were approximately RMB4.52 million.

Annual costs: our Directors estimate that the maximum aggregate annual amount of costs for the years ending 31 December 2012, 2013 and 2014 shall not exceed RMB4.75 million, RMB4.99 million and RMB5.24 million, respectively.

Basis of annual costs: in arriving at the estimate of the above annual costs, our Directors have taken into account (i) the historical figures for the purchase of commodities for the six months ended 30 June 2012; and (ii) the estimated growth in our demand for parts and accessories for special vehicles provided by Sumitomo Corporation and/or its subsidiaries or associated companies in future due to the estimated growth in the demand of our special vehicles as a result of the expected global economy recovery in future such as 3.6% forecast for the global GDP growth rate in 2013 made by International Monetary Fund.

Our Directors are of the view that this transaction of mutual supply is made in the ordinary and usual course of business and on normal commercial terms where each of the relevant percentage ratios (except the profits ratio) calculated according to Rule 14.07 of the Hong Kong Listing Rules will, as the Directors currently expect, be more than 0.1% but less than 5% on an annual basis. By virtue of Rule 14A.34 of the Hong Kong Listing Rules, this transaction is subject to the reporting, annual review and announcement requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

However, due to the fact that: (i) this transaction is a connected transaction only because it involves Sumitomo Corporation which is a connected person of our Company by virtue of its relationship with our subsidiary, CIMC Vehicle (Thailand) Co., Ltd.; and (ii) the total assets, profits and revenue of CIMC Vehicle (Thailand) Co., Ltd. are either less than 10% under the relevant percentage ratios as defined under Rule 14.04(9) of the Hong Kong Listing Rules for each of the past three financial years ended 31 December 2009, 2010 and 2011 or less than 5% under the relevant percentage ratios as defined under Rule 14.04(9) of the Hong Kong Listing Rules for the past financial year ended 31 December 2011, this transaction meets the requirements under Rules 14A.31(9) and 14A.33(4) of the Hong Kong Listing Rules. Accordingly, this continuing connected transaction is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Mutual Supply of Commodities with Shaanxi Heavy-duty Automobile

Provision of commodities by our Group to Shaanxi Heavy-duty Automobile

Parties: Shaanxi Heavy-duty Automobile (as the purchaser); and

Our Group (as the supplier)

Particulars of the transaction: it is expected that after completion of the Listing, Shaanxi Heavy-duty Automobile and/or its subsidiaries or associated companies may from time to time purchase from our Group certain commodities, such as special vehicles. Shaanxi Heavy-duty Automobile and/or its relevant subsidiaries or associated companies will enter into separate agreements with relevant members of the Group which shall set out the specific terms and conditions in respect of such continuing connected transaction.

Historical figures: for the two financial years ended 31 December 2010 and 2011 and the ten months ended 31 October 2012, the revenues generated in connection with our provision of commodities to Shaanxi Heavy-duty Automobile and/or its subsidiaries or associated companies were approximately RMB430.1 million, RMB635.3 million and RMB207.0 million, respectively.

Annual revenues: our Directors estimate that the maximum aggregate annual amount of revenues for the years ending 31 December 2012, 2013 and 2014 shall not exceed RMB240.6 million, RMB252.7 million and RMB265.3 million, respectively.

Basis of annual revenues: in arriving at the estimate of the above annual revenues, our Directors have taken into account (i) the historical figures for the provision of commodities for the financial years ended 31 December 2010 and 2011 and the ten months ended 31 October 2012; and (ii) the estimated growth in the demand of Shaanxi Heavy-duty Automobile and/or its subsidiaries or associated companies for the relevant commodities provided by us in future due to the expected accelerated global economy recovery in future such as 3.6% forecast for the global GDP growth rate in 2013 made by International Monetary Fund.

Provision of commodities by Shaanxi Heavy-duty Automobile to our Group

Parties: Shaanxi Heavy-duty Automobile (as the supplier); and

Our Group (as the purchaser)

Particulars of the transaction: it is expected that after completion of the Listing, our Group may from time to time purchase from Shaanxi Heavy-duty Automobile and/or its subsidiaries or associated companies certain commodities, such as chassis. Shaanxi Heavy-duty Automobile and/or its relevant subsidiaries or associated companies will enter into separate agreements with relevant members of the Group which shall set out the specific terms and conditions in respect of such continuing connected transaction.

Historical figures: for the financial year ended 31 December 2010, the costs incurred by us in connection with purchase of commodities from Shaanxi Heavy-duty Automobile and/or its subsidiaries or associated companies were approximately RMB0.31 million. For the financial year ended 31 December 2011 and the ten months ended 31 October 2012, there was no purchase of commodities from Shaanxi Heavy-duty Automobile and/or its subsidiaries or associated companies.

Annual costs: our Directors estimate that the maximum aggregate annual amount of costs for the years ending 31 December 2012, 2013 and 2014 shall not exceed RMB0.32 million, RMB0.34 million and RMB0.36 million, respectively.

Basis of annual costs: in arriving at the estimate of the above annual costs, our Directors have taken into account (i) the historical figures for the purchase of commodities for the financial year ended 31 December 2010; and (ii) the estimated growth in our demand for the commodities provided by Shaanxi Heavy-duty Automobile and/or its subsidiaries or associated companies in future due to the expected accelerated global economy recovery in future such as 3.6% forecast for the global GDP growth rate in 2013 made by International Monetary Fund.

Our Directors are of the view that this transaction of mutual supply is made in the ordinary and usual course of business and on normal commercial terms where each of the relevant percentage ratios (except the profits ratio) calculated according to Rule 14.07 of the Hong Kong Listing Rules will, as the Directors currently expect, be more than 0.1% but less than 5% on an annual basis. By virtue of Rule 14A.34 of the Hong Kong Listing Rules, this transaction is subject to the reporting, annual review and announcement requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

However, due to the fact that: (i) this transaction is a connected transaction only because it involves Shaanxi Heavy-duty Automobile which is a connected person of our Company by virtue of its relationship with our subsidiary, CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd.; and (ii) the total assets, profits and revenue of CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd. are either less than 10% under the relevant percentage ratios as defined under Rule 14.04(9) of the Hong Kong Listing Rules for each of the three financial years ended 31 December 2009, 2010 and 2011 or less than 5% under the relevant percentage ratios as defined under Rule 14.04(9) of the Hong Kong Listing Rules for the past financial year ended 31 December 2011, this transaction meets the requirements under Rules 14A.31(9) and 14A.33(4) of the Hong Kong Listing Rules. Accordingly, this continuing connected transaction is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

As of the Latest Practicable Date, the following connected transaction has been entered into between our Group and COSCO Pacific and/or its subsidiaries which will constitute non-exempt continuing connected transaction of our Group under Chapter 14A of the Hong Kong Listing Rules upon and after the Listing.

Provision of Commodities Framework Agreement with COSCO Pacific

Parties: COSCO Pacific (as the purchaser); and

Our Group (as the supplier)

Principal terms: it is expected that after completion of the Listing, our Group will continue to provide certain commodities to COSCO Pacific and/or its subsidiaries in our ordinary and usual course of business. In this connection, on 12 December 2012, we entered into a comprehensive provision of commodities framework agreement with COSCO Pacific (the "**Framework Agreement**"), pursuant to which COSCO Pacific and/or its subsidiaries may from time to time purchase from our Group certain commodities, such as containers.

Pursuant to the Framework Agreement, each of our Group and COSCO Pacific and/or its subsidiaries is entitled to select the terms and conditions which are most favorable to it after considering and comparing the relevant terms and conditions offered by each of our Group and COSCO Pacific and/or its subsidiaries or the independent third parties.

COSCO Pacific and/or its relevant subsidiaries will enter into separate agreements with relevant members of the Group which shall set out the specific terms and conditions according to the principles provided under this Framework Agreement.

The term of this agreement shall come into effect on the Listing Date and shall expire on 31 December 2014. During the term of this agreement, each of the parties can serve not less than three months prior written notice to the other party to terminate any specific agreement under the Framework Agreement and the Framework Agreement itself.

Pricing policy: please refer to the sub-section headed "Principal Terms of the Framework Agreement" in this section.

Historical figures: For the three financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, the revenues generated in connection with our provision of commodities to COSCO Pacific and/or its subsidiaries were approximately RMB138.3 million, RMB967.4 million, RMB1,536.7 million and RMB375.3 million, respectively.

Annual Caps: Our Directors estimate that the maximum aggregate annual amount of revenues for the years ending 31 December 2012, 2013 and 2014 generated from provision of commodities to COSCO Pacific and/or its subsidiaries shall not exceed the caps of RMB675.3 million, RMB1,694.2 million and RMB1,778.9 million, respectively.

Basis of Caps: in arriving at the above annual caps, our Directors have taken into account (i) the historical figures for the past three financial years ended 31 December 2009, 2010 and 2011 and the revenues in connection with the provision of our commodities, such as containers, to COSCO Pacific and/or its subsidiaries in 2010 and 2011 increased approximately 599.3% and 58.9%, respectively; (ii) the global economy growth may have an amplification effect on the growth of our container manufacturing and service business such that the operating income of our container manufacturing and service business in 2010 and 2011 increased approximately 391.0% and 38.4%, respectively which are substantially larger than the global GDP growth rate in 2010 and 2011 which recorded approximately 4.34% and 2.73%, respectively; (iii) the decrease of global market demand for our containers due to the slowdown of the global economy recovery in 2012; and (iv) the estimated growth in the demand for our containers in 2013 and 2014 due to the potential amplification effect from the expected accelerated global economy recovery in future such as 3.6% forecast for the global GDP growth rate in 2013 made by International Monetary Fund together with the corresponding expected accelerated growth in the international trade as well as the global container shipping business in future. While the above caps are in an increasing trend, the increase is expected to be moderate as our Group plans to expand its customer base, and accordingly, the extent of reliance on COSCO Pacific and/or its subsidiaries will be decreased.

Our Directors are of the view that this transaction is made in the ordinary and usual course of business and on normal commercial terms where, upon completion of the Listing, (a) each of the relevant percentage ratios (except the profits ratio) calculated according to Rule 14.07 of the Hong Kong Listing Rules will, as the Directors currently expect, be more than 0.1% but less than 5% in 2012 and (b) one of the relevant percentage ratios (except the profits ratio) calculated according to Rule 14.07 of the Hong Kong Listing Rules will, as the Directors currently expect, be more than 5% in 2013 and 2014. By virtue of Rules 14A.34 and 14A.35 of the Hong Kong Listing Rules, this transaction is subject to the reporting, annual review, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

The above Framework Agreement contains the uniform principles, guidelines and terms and conditions, in accordance with which the commodities contemplated therein are to be provided by the relevant provider to the relevant recipient.

The general terms of the Framework Agreement are set out below:

General Terms

- the quality of commodities to be provided by our Group should meet the requirements as agreed by both parties;
- the price at which such commodities are to be provided must be fair and reasonable; and
- the terms and conditions (including but not limited to price) on which such commodities are to be provided should be on normal commercial terms.

Price Determination

- the bidding pricing where the bidding process is required;
- government-prescribed price;

- where there is no government-prescribed price, then the government-guidance price;
- where there is neither government-prescribed price nor government-guidance price, then the market price; or
- where none of the above prices is applicable or where it is not practicable to apply the above pricing policies, then according to the price to be agreed following arm's length negotiation between the parties.

Termination

During the term of the Framework Agreement, each of the parties can serve not less than three months prior written notice to the other party to terminate any specific agreement under the Framework Agreement and the Framework Agreement itself.

WRITTEN AGREEMENTS

Our Company, our relevant subsidiaries and relevant connected person(s) will enter into written agreements in respect of each individual continuing connected transaction between the parties in relation to the non-exempt continuing connected transaction as disclosed above.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTION

By virtue of Rules 14A.34 and 14A.35 of the Hong Kong Listing Rules, the transaction under the sub-section "Non-exempt Continuing Connected Transaction" will constitute a continuing connected transaction which is subject to the reporting, annual review, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the above non-exempt continuing connected transaction is expected to continue on a recurring continuing basis in the ordinary and usual course of business of our Group, the Directors consider that such announcement and/or independent shareholders' approval would be impractical and would add unnecessary administrative costs to our Company.

Accordingly, the Sole Sponsor has applied, on behalf of our Company, to the Hong Kong Stock Exchange to grant, and the Hong Kong Stock Exchange has granted, a waiver under Rule 14A.42(3) of the Hong Kong Listing Rules from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules subject to the following conditions:

(i) in respect of the continuing connected transaction under the sub-section "Non-exempt Continuing Connected Transaction" above, the aggregate value of such non-exempt continuing connected transaction for each financial year not exceeding the relevant annual cap amount as stated above; and

(ii) in respect of the continuing connected transaction under the sub-section "Non-exempt Continuing Connected Transaction" above, as required under Rule14A.42(3) of the Hong Kong Listing Rules, our Company will comply with the applicable provisions under Rules 14.35(1), 14.35(2), 14A.36, 14A.37, 14A.38, 14.39 and 14A.40 of the Hong Kong Listing Rules. In addition, our Company will fully comply with the requirements under Chapter 14A of the Hong Kong Listing Rules for the non-exempt continuing connected transaction conducted after December 31, 2014 and before the expiry of the various agreements referred to under the sub-section "Non-exempt Continuing Connected Transaction" above unless a further waiver from strict compliance with the relevant requirements under the Hong Kong Listing Rules in respect of such non-exempt continuing connected transaction is granted to our Company.

In the event of any future amendments to the Hong Kong Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the relevant continuing connected transactions referred to in this listing document, our Company will take appropriate steps to ensure compliance with such new requirements within a reasonable time.

CONFIRMATION FROM THE DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions as set out above have been and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms, and the terms of the above continuing connected transactions are fair and reasonable and in the interest of our Company and the Shareholders as a whole, and that the proposed annual caps for the above non-exempt continuing connected transaction are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor is of the view that the continuing connected transaction described under the sub-section "Non-exempt Continuing Connected Transaction" is in the ordinary and usual course of business of our Group, on normal commercial terms, and the terms of the non-exempt continuing connected transaction as set out in the Framework Agreement are fair and reasonable and in the interest of our Company and its Shareholders as a whole, and that the proposed annual caps for such non-exempt continuing connected transaction referred to above are fair and reasonable.

GENERAL

The Board of Directors shall consist of 8 members, of whom three are independent non-executive Directors. According to our Articles of Association, the functions and powers of our Board of Directors include:

- convening Shareholders' general meetings and to report on its work to the Shareholders' general meetings;
- implementing resolutions of Shareholders' general meetings;
- determining the operating plans and investment proposals of our Company;
- formulating the annual financial budgets and final accounts;
- formulating our profit distribution plans and plans for recovery of losses;
- formulating proposals for increase or reduction of our registered share capital and the issue of bonds or other securities or the listing of the Company;
- formulating plans of substantial acquisition by our Company, acquisition of the shares of our Company or merger, division, dissolution and changes of the form of our Company;
- within the scope of authorization by the Shareholders' general meetings, determining matters concerning external investments, acquisition and sales of assets, pledge of assets, external guarantees, entrustment of wealth management and connected transactions;
- deciding on the establishment of our internal management structure;
- appointing and removing our Company's president, secretary of the Board of Directors and under the nominations of the president, appointing and removing senior management such as the vice presidents and financial officers and deciding on their remuneration, reward and punishment;
- formulating the Company's basic management system;
- formulating proposals for any amendment to our Articles of Association;
- managing the disclosure of the Company's information;
- proposing to the Shareholders' general meetings engagement or replacement of the accountant's firm conducting auditing for the Company;
- reviewing the work report of the president and assessing the work of the president; and
- exercising such other functions and powers as conferred by laws, administrative regulations, department rules or our Articles of Association.

As required by the Company Law, a joint stock company with limited liability should establish a supervisory committee, which is responsible for monitoring the financial matters and supervising the acts of its board of directors and members of its management. Our Supervisory Committee consists of three members, of whom one is an employee representative elected by our employees and two members appointed by Shareholders at Shareholders' general meetings for a term of three years. Members of the Supervisory Committee shall not include Directors, president or members of our senior management.

According to our Articles of Association, the functions and powers of our Supervisory Committee include:

- reviewing our Company's regular reports prepared by the Board of Directors and issuing written verification opinions;
- examining our Company's financial affairs;
- supervising the Directors and members of senior management in the performance of their duties and proposing removal of Directors and members of senior management who violated applicable laws and regulations, the Articles of Association and resolutions of Shareholders' general meetings;
- demanding rectification from Directors and members of senior management when the acts of such persons are harmful to the interest of our Company;
- verifying financial information such as the financial report, business operation report and plans for distribution of profits to be submitted by the Board of Directors to Shareholders' general meetings and, should any queries arise, authorizing, on behalf of our Company, a re-examination by certified public accountants or practicing auditors;
- proposing to convene Shareholders' extraordinary general meetings and convening and presiding over Shareholders' general meetings when the Board of Directors fails to perform its duties of convening and presiding over Shareholders' general meetings under the Company Law;
- making proposals at Shareholders' general meetings;
- bringing an action against Directors or members of senior management according to s152 of the Company Law;
- investigating when our Company's operations show abnormal signs and engaging accounting firms, law firms or other professional organizations to assist if necessary with the relevant expenses being paid by our Company;
- exercising other functions and powers conferred by our Articles of Association.

BOARD OF DIRECTORS

Our Board of Directors is responsible for, and has general power over, the management and conduct of the business of our Company. Our Board of Directors currently consists of eight Directors, three of whom are independent non-executive Directors. The table below sets out certain information in respect of the members of our Board of Directors:

Name	Age	Position	Appointment Date	Responsibilities in our Group
Mr. LI Jianhong	56	– Non-executive Director – Chairman	2 March 1995 25 October 2010	Responsible for the strategic development; chairman of strategic development committee
Mr. XU Minjie	54	– Non-executive Director – Vice Chairman	1 March 2012 6 March 2012	Responsible for the strategic development; member of strategic development committee
Mr. WANG Hong	50	– Non-executive Director	23 April 2007	Responsible for the strategic development; member of remuneration and appraisal committee
Mr. WANG Xingru	47	– Non-executive Director	11 August 2011	Responsible for the strategic development; member of audit committee and remuneration and appraisal committee
Mr. MAI Boliang	53	– Executive Director – President	8 March 1994 7 March 1994	Responsible for the overall corporate strategies, management and business development of our Group
Dr. Ding Huiping	56	– Independent non-executive Director	26 April 2010	Chairman of audit committee and member of remuneration and appraisal committee; supervising and providing independent judgment to our Board
Mr. JIN Qingjun	55	– Independent non-executive Director	23 April 2007	Chairman of remuneration and appraisal committee; supervising and providing independent judgment to our Board
Mr. XU Jingan	70	– Independent non-executive Director	23 April 2007	Member of audit committee and remuneration and appraisal committee; supervising and providing independent judgment to our Board

Directors

Mr. LI Jianhong (李建紅), aged 56, has been a Director of our Company since 2 March 1995 and was elected as the Chairman of our Company on 25 October 2010. Mr. Li has been the chairman of China Merchants Energy Shipping Co., Ltd. (招商局能源運輸股份有限公司) (Shanghai stock code: 601872) since November 2010 and the vice-chairman and an executive director of China Merchants International (Hong Kong stock code: 144) since October 2010. Mr. Li also holds the position of director and president of China Merchants Group. He had worked for COSCO and held various positions, including factory director of COSCO Nantong Shipyard (中遠南通船廠), general manager of COSCO Industry Company (中遠工業公司), assistant to the president, chief economist and executive vice president of COSCO, chairman of COSCO Corporation (Singapore) Limited (中遠投資(新加坡)有限公司), a company listed in Singapore, Sino-Ocean Land Holdings Limited (遠洋地產控股有限公司) (Hong Kong stock code: 3377), COSCO Shipyard Group Co., Ltd. (中遠船務工程集團有限公司) and Nantong COSCO KHI Ship Engineering Co., Ltd. (南通中遠川崎船舶工程有限公司), a director of COSCO Holdings (Hong Kong stock code: 1919, Shanghai stock code: 601919), COSCO Pacific (Hong Kong stock code: 1199) and COSCO International Holdings Limited (Hong Kong stock code: 517). Mr. Li was also the vice chairman of Chinese Society of Naval Architecture and Marine Engineering (the "**CSNAME**") and the vice president of China Association of Naval Shipping Industry (the "**CANSI**"). He was awarded the third session of National Outstanding Young Entrepreneur in 1993, the Model Worker of National Transportation System in 1994 and the National Model Worker in 1995. Mr. Li obtained his MBA degree from University of East London in October 2000 and a master degree in economic administration from Jilin University in 1998. He is a senior economist.

Mr. XU Minjie (徐敏杰), aged 54, has been a Director of our Company since 23 April 2007. He resigned as a Director in July 2011 and was re-appointed as our Director on 1 March 2012 and the vice Chairman of our Company on 6 March 2012. Mr. Xu has 30 years of experience in shipping industry and has extensive experience in corporate operation and management. Mr. Xu has been the chairman of the board of directors of COSCO Container Lines Company Limited (中遠集裝箱運輸有限公司), COSCO Logistics Co., Ltd. (中國遠洋物流有限公司) and COSCO Korea Co., Ltd. (中遠韓國有限公司) since January 2012. Mr. Xu is also the deputy general manager and member of the party committee of COSCO and an executive director of COSCO Holdings (Hong Kong stock code: 1919, Shanghai stock code: 601919). He joined COSCO in 1980 and had been a marine captain, manager of the department of container division, operation division and export division of COSCO Shanghai (上海遠洋運輸有限公司) and its deputy general manager, the deputy general manager, general manager, member of the party committee and then vice secretary of the party committee of Shanghai Ocean International Freight Company, the general manager and vice secretary of the party committee of COSFRE Shanghai (中遠集運亞太部上海分部), the manager of transportation department of COSCO and vice chairman, director and general manager of COSCO Pacific (Hong Kong stock code: 1199). He served as a director of China Communications and Transportation Association from June 2005 to January 2007 and as vice chairman of Shanghai International Freight Forwarders Association from December 1998 to September 2003. Mr. Xu graduated from the marine navigation Qingdao Ocean Shipping Mariners College in 1980 and obtained a master degree in business administration from Shanghai Maritime University and Maastricht School of Management in Netherlands in June 1999. He is a senior engineer.

Mr. WANG Hong (王宏), aged 50, has been a Director of our Company since 23 April 2007. He has been a director of China Merchants Property Development Co., Ltd. (Shenzhen stock code: 000024), also a company listed in Singapore, since April 2011, a director of China Merchants Energy Shipping Co., Ltd. (Shanghai stock code: 601872) since May 2010 and the general manager of strategic planning department of China Merchants Group since February 2011 and its chief economist since February 2012. Mr. Wang has also been an executive director of China Merchants International (Hong Kong stock code: 144) since May 2005. He worked as vice chairman of Shanghai International Port (Group) Co., Ltd. (Shanghai stock code: 600018) from June 2005 to July 2009, chairman of China Merchants Holdings (Pacific) Limited, a company listed in Singapore, from May 2005 to February 2009, deputy managing director of China Merchants International (Hong Kong stock code: 144) from 2005 to 2009 and its chief operational officer from 2007 to 2009. Prior to that, Mr. Wang worked as general manager of performance appraisal department, human resources department and strategic research department of China Merchants Group. He also served as general manager of Hoi Tung Marine Machinery Suppliers Limited, general manager of financial department, shipping department and vice manager of China Communications Import & Export Corporation and the marine engineer of COSCO Guangzhou Ocean Shipping Company (中遠廣州遠洋運輸公司). Mr. Wang graduated from turbine management in Dalian Maritime University in 1982 and obtained a MBA degree from Graduate School of University of Science and Technology Beijing in 1991 and Ph.D in management from Gradual School of Chinese Academy of Social Sciences in July 1999.

Mr. WANG Xingru (王興如), aged 47, has been a Director of our Company since 11 August 2011. Mr. Wang is currently the deputy general manager of COSCO Holdings (Hong Kong stock code: 1919, Shanghai stock code: 601919). Mr. Wang has been a director of COSCO Pacific Investment and a director of COSCO (Hong Kong) Investment Co., Ltd. (中遠(香港)投資有限公司) since August 2011. He has also been an executive director, vice chairman of the board of directors and managing director, chairman of investment and strategic planning committee and a member of executive committee, remuneration committee and nomination committee of COSCO Pacific (Hong Kong stock code: 1199) since July 2011. In addition, he has been director or chairman of 34 subsidiaries of COSCO Pacific (Hong Kong stock code: 1199) and director or chairman or vice chairman of 8 jointly-controlled and associated companies of COSCO Pacific (Hong Kong stock code: 1199) since July 2011. He has over 20 years of operation and management experience in shipping related industries and has demonstrated excellent experience in enterprise operation and management and assets operation. Mr. Wang joined COSCO group in 1991 and had held important and senior positions including the deputy managing director of COSCO Co-Development (Tianjin) Co., Ltd, the deputy general manager of COSCO Industry Company, the managing director of COSCO Shipyard Group Co., Ltd. and a non-independent and non-executive director of COSCO Corporation (Singapore) Limited (中遠投資(新加坡)有限公司), a company listed in Singapore. Mr. Wang is the vice president of the Marine Engineering Equipment Branch of China Association of the National Shipbuilding Industry and was previously the president of the Ship Repair Branch of China Association of the National Shipbuilding Industry and the vice president of China Association of the National Shipbuilding Industry. Mr. Wang graduated from Shandong University of Technology with a master degree in engineering in July 1994 and obtained a doctor degree in engineering from Dalian Maritime University in 2010. He is also a senior engineer with outstanding results.

Mr. MAI Boliang (麥伯良), aged 53, has been the president of our Company since 7 March 1994 and an executive Director of our Company since 8 March 1994. Mr. Mai joined our Company in 1982 and served as manager of Product Technical Department and the deputy manager. Mr. Mai graduated from mechanical engineering of South China University of Technology in July 1982 with a bachelor degree.

Independent Non-Executive Directors

Dr. DING Huiping (丁慧平), aged 56, has been an independent non-executive Director of our Company since 26 April 2010. He is a professor and Ph.D supervisor in accounting at the School of Economics and Management of Beijing Jiaotong University since August 1999 and also the director of the Centre for China Business Competitiveness Research of Beijing Jiaotong University since June 2007. Dr. Ding has more than 9 years of experience working as an independent non-executive director and a member/chairman of the audit committee of listed companies in the PRC and Hong Kong. He once acted as an independent non-executive director and chairman of the audit committee of Road and Bridge International Co., Ltd. from February 2009 to March 2012, which was listed on Shanghai Stock Exchange on 25 July 2000 and delisted on 1 March 2012, an independent non-executive director and a member of the audit committee of Huadian Power International Corporation Limited (Hong Kong stock code: 1071 and Shanghai stock code: 600027) from October 2003 to June 2009 and from March 2004 to June 2009, respectively, an independent non-executive director and a member of the strategic development committee of Shandong Xinneng Taishan Power Generation Co., Ltd. (Shenzhen stock code: 000720) from August 2003 to November 2009 and chairman of its remuneration and appraisal committee from August 2003 to May 2008 and an independent non-executive director and a member of the audit and connected transactions control committee of China Merchants Bank Co., Ltd. (Shanghai stock code:

600036 and Hong Kong stock code: 3968) from May 2003 to May 2006 and from August 2003 to May 2006, respectively and chairman of its audit and connected transactions control committee from June 2004 to May 2006. When acting as an independent non-executive director and a member or chairman of the audit committee of these listed companies, he was responsible for handling certain accounting or financial matters, including but not limited to reviewing and monitoring the completeness and integrity of annual reports, interim reports and quarterly reports, if any, and related financial statements and accounts and any material opinion contained therein, monitoring financial reporting system and internal control procedures, checking and assessing matters relating to the financial operations, internal control and risk management, reviewing and scrutinizing the work conducted by the internal audit department and reviewing and supervising engagement of external auditors and their performance and reporting regularly to the board of directors on the annual reports, interim reports and quarterly reports and any other significant matters which may affect the financial positions and operations of these listed companies. He graduated from Northeastern University with a bachelor degree in engineering in 1982, and obtained the degree of licentiate of engineering in production economics in 1991 and the Ph.D degree in production economics in 1992 from Lingkoping University, Sweden. He then did postdoctoral research in 1993. His research interests include corporate finance, investment and financing decision-making, business performance evaluation and business economy and innovation. Accordingly, taking into account Dr. Ding Huiping's past experiences and qualifications, the Company takes the view that he is experienced in handling accounting or financial works of the Company, familiar with the financial statements, internal control and risk management system of listed companies and has appropriate accounting or related financial management expertise.

Mr. JIN Qingjun (靳慶軍), aged 55, has been an independent non-executive Director of our Company since 23 April 2007. Mr. Jin is a partner of King & Wood Mallesons and practises in finance, securities, foreign direct investments, mergers and acquisitions, private equity investment and real estate. He is an adjunct professor at China University of Political Science and Law and Tsinghua University. Mr. Jin has been an independent non-executive director of Gemdale Corporation (Shanghai stock code: 600383) since November 2010 and Invesco Great Wall Fund Management Co. Ltd. since June 2003. He once acted as an independent director of China United Travel Company Limited (國旅聯合股份有限公司) (Shanghai stock code: 600358) from September 2005 to June 2012. Mr. Jin was an independent non-executive director of SYSCAN Technology Holdings Ltd (now known as China Innovationpay Group Ltd) (Hong Kong stock code: 8083) from September 2004 to April 2010. Prior to joining King & Wood Mallesons, he worked with Clyde & Co. Johnson Stokes & Master, C&C Law office and founded Xin Da Law Firm in Shenzhen. Mr. Jin also holds such positions as an arbitrator of China International Economic and Trade Arbitration Commission, a member of the Appeal Review Committee of Shenzhen Stock Exchange, legal counsel of Washington Court of Appeals regarding PRC laws and legal counsel of many financial institutions, securities companies and listed companies. He currently holds memberships with China Law Society, Chinese Society of International Law, China Maritime Law Association and Inter-Pacific Bar Association. Mr. Jin obtained his bachelor degree in English from Anhui University in 1982 and master degree in law from China University of Political Science and Law in July 1987.

Mr. XU Jing'an (徐景安), aged 70, has been an independent non-executive Director of our Company since 23 April 2007. He is the chairman of Shenzhen Jing'an Culture Communications Company (深圳市景安文化傳播公司). Mr. Xu has been an independent non-executive director of Eternal Asia Supply Chain Management Ltd. (Shenzhen stock code: 002183) since May 2010. Mr. Xu was once an independent director of Shenzhen Nanshan Power Co., Ltd. (Shenzhen stock code: 000037 for A shares and 200037 for B shares) from 2004 to 2011 and worked as chairman and research fellow of Shenzhen New Century Civilization Research Institute (深圳市新世紀文明研究會). Mr. Xu had previously worked for Shenzhen Economic Reform Commission (深圳體改委) and acted as vice director of Shenzhen Stock Exchange. He served as vice director of China Society of Economic Reform. Prior to that, he once worked in Central Marxist-Leninist Research Institute, Central Policy Research Institute, State Planning Commission, Office of Economic Policy Reform under State Council and State System Reform Commission. He graduated from News Department of Fudan University and obtained his bachelor degree in 1964.

SUPERVISORS

Our Supervisory Committee mainly exercises the supervisory function, examining and monitoring financial matters and supervising the Board of Directors and members of our senior management in the performance of their duties. Our Supervisory Committee currently consists of three supervisors, two representatives of Shareholders and one representative of employees. The table below sets out certain information in respect of the members of our Supervisory Committee:

Name	Age	Position	Appointment Date	Responsibilities in our Group
Mr. LUI, Sai Kit Eddie. . . .	48	Chairman of the Supervisory Committee	22 June 2009	Examining and monitoring financial matters and supervising the Board of Directors and members of our senior management
Ms. WONG, Sin Yue Cynthia.	60	Supervisor	22 June 2009	Examining and monitoring financial matters and supervising the Board of Directors and members of our senior management
Mr. FENG Wanguang	65	Supervisor	29 May 2002	Examining and monitoring financial matters and supervising the Board of Directors and members of our senior management

Supervisors

Mr. LUI, Sai Kit Eddie (呂世傑), aged 48, is the Chairman of our Supervisory Committee and has been a Supervisor of our Company since 22 June 2009. He has also been a director of Suez Canal Container Terminal S.A.E. since May 2009, a director of Antwerp Gateway NV since September 2008, the financial controller of COSCO Pacific (Hong Kong stock code: 1199) since January 2008 and a director or chairman of the board of directors of Florens Container Holdings Limited (佛羅貨箱控股有限公司) since December 2011, COSCO Ports (Antwerp) NV since June 2010, COSCO Ports Services (Guangzhou) Limited (中遠碼頭服務(廣州)有限公司) since February 2009, COSCO Ports (Services) Limited (中遠碼頭(服務)有限公司) since February 2009, COSCO Ports (Greece) S.à r.l. since December 2008, Xiamen Ocean Gate Container Terminal Co., Ltd. (廈門遠海集裝箱碼頭有限公司) since December 2008, Piraeus Container Terminal S.A. since November 2008 and COSCO Ports (Panama) Limited (中遠碼頭(巴拿馬)有限公司) since May 2008. Prior to joining COSCO Pacific in January 2008, Mr. Lui had held chief financial officer and general management positions for companies listed on the Hong Kong Stock Exchange and US multinational companies, such as New World TMT, Wang On Group Limited and Hong Kong Plastics Division of General Electric Company. Mr. Lui currently holds the memberships of Hong Kong Institute of Certified Public Accountants, American Institute of Certified Public Accountants, the Chartered Institute of Management Accountants of the United Kingdom and Certified Management Accountants of Canada. He obtained his bachelor degree in administration from York University in 1987 and a master degree business management from University of Ottawa in 1997.

Ms. WONG, Sin Yue Cynthia (黃倩如), aged 60, has been a Supervisor of our Company since 22 June 2009. Ms. Wong has been working for China Merchants International (Hong Kong stock code: 144) since November 2003, first holding the position of general manager of its project development department and since July 2004, she has been its deputy general manager, responsible for its financial affairs. She has been an independent non-executive director of China Gas Holdings Ltd. (Hong Kong stock code: 384) since October 2003 and has been appointed as chairperson of its board of directors (independent and non-executive) in March 2011. Before that, Ms. Wong has over 15 years' working experience as a top executive in a number of internationally reputable investment banks, including

Societe Generale, Deutsche, Morgan Grenfell, Samuel Montague and Bear Stearns Asia and has provided financial advisory and corporate finance services for not less than 50 companies in the Greater China Region and Asia. Ms. Wong received her MBA degree from University of East Asia, Macau in 1989.

Mr. FENG Wanguang (馮萬廣), aged 65, has been an employee Supervisor since 29 May 2002 and the vice secretary of the Party Committee of our Company since April 1999. From September 1996 to April 1999, Mr. Feng worked for China Merchants & Bank of China Zhangzhou Economic Development Zone Company Ltd. (招商局中銀漳州經濟開發區有限公司) as vice general manager and vice secretary of the Party Committee. Between January 1987 and September 1996, he worked in the Human and Resources Department and the office of the board of directors of China Merchants Group, serving as vice general manager. He graduated from the Mechanical Engineering Department of South China University of Technology in 1982.

Save as disclosed above, there is no information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Hong Kong Listing Rules or any other matters concerning any Director or Supervisor that need to be brought to the attention of the shareholders of the Company.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth certain information concerning our senior management personnel.

Name	Age	Position	Term of Office
Mr. MAI Boliang	53	President	April 2010 – April 2013
Mr. ZHAO Qingsheng . . .	60	Vice President	April 2010 – April 2015
Mr. WU Fapei.	54	Vice President	April 2010 – April 2013
Mr. LI Yinhui	45	Vice President	April 2010 – April 2013
Mr. LIU Xuebin	53	Vice President	April 2010 – April 2013
Mr. YU Ya	57	Vice President	April 2010 – April 2013
Mr. ZHANG Baoqing . . .	56	Vice President	March 2012 – March 2015
Mr. YU Yuqun.	47	Secretary to the Board of Directors	April 2010 – April 2013
Mr. JIN Jianlong.	59	General Manager of Financial Department	April 2010 – April 2013
Ms. ZENG Beihua	58	General Manager of Capital Management Department	April 2010 – April 2013

Mr. Mai Boliang, is a Director and the president of the Company. For details of Mr. Mai Boliang, please refer to the sub-section headed "Board of Directors — Directors" in this section above.

Mr. ZHAO Qingsheng (趙慶生), aged 60, was the vice Chairman of our Company from 1997 to 1999 and appointed as our vice president in 1999. He has been the chairman or director of 52 subsidiaries of our Company and the chairman of board of directors of CIMC Enric (Hong Kong stock code: 3899) since September 2007. Mr. Zhao joined China Merchants Group in 1983 and served as general manager of the enterprise department in China Merchants Group from 1991 to 1995. He worked in China Merchants International (Hong Kong stock code: 1199) as the vice general manager from 1995 to 1999. He graduated from Wuhan University of Technology (formerly known as Wuhan University of Water Transportation Engineering), majoring in vessel gas engineering in 1982.

Mr. WU Fapei (吳發沛), aged 54, has been a vice president of our Company since March 2004. He joined our Company in 1996, was appointed as the manager of Information Management Department in December 1996, then the assistant to the president in December 1998 and further promoted to the Board secretary in December 1999. Before that, he used to be a teacher and associate professor of School of Business Administration in South China University of Technology and the deputy general manager of Zhaoqing Nanhua Bicycle Ronghui Co., Ltd. in Guangdong. Mr. Wu graduated from South China University of Technology with a bachelor degree in mechanical manufacturing in July 1982 and a master degree in engineering in July 1989.

Mr. LI Yinhui (李胤輝), aged 45, has been a vice president of the Company since March 2004. He has been the chairman or director of 7 subsidiaries of our Company since 2004. He worked with us as part-time vice president from October 2002 to October 2003. Mr. Li worked in Ministry of Commerce from March 2003. Between May 1993 and March 2003, he worked in State Commission of Foreign Trade and Economic Cooperation. Prior to that, Mr. Li worked in Central Committee of Chinese Communist Youth League. He received his bachelor degree in history from Jilin University in July 1991, a MBA degree from School of Business in Nanjing University in December 1997 and Ph.D in economics from Jilin University in June 2001.

Mr. LIU Xuebin (劉學斌), aged 53, has been a vice president of the Company since March 2004. He joined our Group in 1982, and once worked in the Company's Procurement Department from 1982 to 1990, deputy general manager of Nantong Shunda Container Co., Ltd. (南通順達集裝箱有限公司) from 1990 to 1994, deputy general manager of the Container Branch of our Company from 1994 to 1995, and general manager of Xinhui CIMC Container Co., Ltd. (新會中集集裝箱有限公司) from 1995 to 1997. Since 1997, he was appointed as general manager of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司) and in December 1998, he held the positions of the assistant to the president of the Company and chairman of Xinhui CIMC Container Co., Ltd. (新會中集集裝箱有限公司). Mr. Liu graduated from Shenzhen University with a bachelor degree in business administration in August 1990.

Mr. YU Ya (于亞), aged 57, has been a vice president of the Company since March 2010. Mr. Yu has been working with our Company since August 2007, serving as vice secretary of the Party Committee and general manager of Public affairs department. He has also been the chairman or a director of 10 subsidiaries of our Company since October 2009. He once worked for the Ministry of Light Industry (now known as China Light Industry Association) as vice director of office department, for China Light Industry Corporation as vice president and for Capgemini as executive director and executive vice president in Greater China Region. Mr. Yu graduated from the Mechanical Engineering Department of Tianjin Light Industry Vocational Technical College in July 1984 and obtained a MBA degree from Nanjing University in June 1997.

Mr. ZHANG Baoqing (張寶清), aged 56, was appointed as a vice president of our Company in March 2012. Mr. Zhang has been the general manager of Guangdong Xinhui CIMC Containers Wood Flooring Co., Ltd. (廣東新會中集集裝箱木地板有限公司) from March 2004 to March 2012, the vice general manager and then general manager of Guangdong Xinhui CIMC Containers Co., Ltd. (廣東新會中集集裝箱有限公司) since June 1995, the general manager of Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd. (廣東新會中集特種運輸設備有限公司) since January 2003, the general manager of Guangdong Xinhui CIMC Wood Co., Ltd. (廣東新會中集木業發展有限公司) since February 2009 and the vice general manager of dry containers business segment of our Company since June 2011. Mr. Zhang once acted as the assistant to the president of our Company from March 2004 to March 2012. Before that, he once worked as the general manager of department of technical quality control and assistant to the general manager of Nantong Shunda Containers Co., Ltd. (南通順達集裝箱有限公司). Mr. Zhang is a senior engineer. He graduated from South China University of Technology with a bachelor degree in mechanical design and automation science in July 1982.

Mr. YU Yuqun (于玉群), aged 47, has been the secretary to the Board of the Company since March 2004. He joined the Company in 1992 and firstly worked as deputy manager, subsequently appointed as manager of Financial Affairs Department and then manager of the office of secretary to the Board, responsible for securities affairs and fund management. Mr. Yu became the representative for securities affairs of the Company since its listing on the Shenzhen Stock Exchange in 1994. In September 1999, Mr. Yu has attended a training course for secretaries to the board of directors jointly organised by the Shenzhen Stock Exchange and the Hong Kong Institute of Chartered Secretaries and obtained a training certificate. He has been appointed as the secretary to the Board since March 2004 and has been appointed as an executive director of CIMC Enric (Hong Kong stock code: 3899) since September 2007 and a director of 25 subsidiaries of our Company since 2004. From 2008 to 2009, Mr. Yu was in charge of a very substantial acquisition and connected transaction of CIMC Enric. As this transaction also constituted a reverse takeover under the Hong Kong Listing Rules, CIMC Enric was treated as a new listing applicant by the Hong Kong Stock Exchange and complied with relevant requirements for a new listing applicant under the Hong Kong Listing Rules. Accordingly, Mr. Yu has obtained relevant knowledge and experiences in respect of notifiable transactions, connected transactions and relevant requirements for a new listing applicant under the Hong Kong Listing Rules. Mr. Yu has attended the follow-up trainings organised by the Shenzhen Stock Exchange for secretaries to the board of directors in 2009 and 2011, respectively. He has been appointed as a non-executive director of TSC Group Holdings Limited (Hong Kong stock code: 206) since March 2011. In 2012, he has been appointed as a non-executive director of Pteris Global Limited, a company listed on the main board of the Singapore Stock Exchange. Due to his excellent performance and professional services over the years, Mr. Yu was awarded the "Gold Medal Prize of Secretary to the Board of Directors" by the New Fortune Magazine in 2006, 2007, 2008, 2009 and 2011 and was praised by the Shenzhen Securities Regulatory Bureau for his excellent contributions to the compliance works of listed companies in 2009 and 2010, respectively. In 2011, Mr. Yu was appointed as a member of the second session of the Appellate Review Committee of the Shenzhen Stock Exchange and his term of office is from 1 April 2011 to 31 March 2014. Before joining us, he graduated with a bachelor's degree in economics from Beijing University in July 1987. From July 1987 to October 1989, he worked in the State Price Control Bureau. From October 1989 to July 1992, he studied at Beijing University for postgraduate studies in economics and obtained a master's degree in economics. Accordingly, taking into account Mr. Yu's past professional qualifications and experiences, the Company takes the view that Mr. Yu is experienced in handling administrative and management work and preparing meeting materials for the Board, familiar with relevant listing rules in respect of relevant compliance matters, securities affairs, and information disclosure work of both the Company and its subsidiaries (including but not limited to CIMC Enric (Hong Kong stock code:3899) of which he has been appointed as an executive director since September 2007) and has a thorough understanding of the operation of the Company and the Board.

Mr. JIN Jianlong (金建隆), aged 59, has been the general manager of Financial Department since October 2001. Mr. Jin has been an executive director of CIMC Enric (Hong Kong stock code: 3899) since September 2007 and 92 subsidiaries of our Company since 2001. He joined the Group in 1989, appointed as manager of the Financial Management Department of the Company and then of the Financial Management Department of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司). From August 1975 to April 1989, he worked in Hangzhou Iron & Steel Works as manager of its financial department. He graduated from Maanshan Institute of Iron and Steel Technology in July 1985, majoring in accounting. He is a certified accountant in the PRC.

Ms. ZENG Beihua (曾北華), aged 58, has been the general manager of Capital Management Department of our Company since December 2009. She has been the executive director of CIMC Financial Leasing and CIMC Finance since 2007 and 2010, respectively. Ms. Zhen joined the Company in 1989, and once took the positions of the general manager of Financial Department, deputy general manager of CIMC Vehicle and general manager of CIMC Financial Leasing from August 2007 to August 2012 and general manager of CIMC Finance from February 2010 to August 2012. Ms. Zhen graduated from Wuhan University, majoring in accounting in July 1989, studied accounting at Shanghai University of Finance and Economics from 1996 to 1997. She studied in the diploma in management program in China Europe International Business School and graduated in 2002.

COMPANY SECRETARY

Our company secretary is Mr. Yu Yuqun, whom was appointed in October 2012. Mr. Yu is our secretary to the Board. Please refer to his biographical details in the sub-section "— Senior Management".

Our Company has appointed Mr. Cheong Siu Fai as an assistant company secretary of our Company to assist Mr. Yu Yuqun in the compliance matters for the Listing as well as other Hong Kong regulatory requirements for a period of three years commencing from the Listing Date.

Mr. Cheong Siu Fai (張紹輝), aged 40, was appointed as the assistant company secretary of our Company in October 2012. He has over 18 years of experience in audit, accounting, financial management and corporate finance matters. Mr. Cheong has been the financial controller of CIMC Enric since December 2004 and its company secretary since February 2005. He had been an executive director of CIMC Enric (Hong Kong stock code: 3899) from January 2007 to October 2007. Prior to joining us, Mr. Cheong worked for an international certified public accountants firm for more than 10 years. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Association of International Accountants in the United Kingdom. Mr. Cheong obtained a bachelor degree in business administration from Thames Valley University in 2001.

BOARD COMMITTEES

Strategic Development Committee

We have established a strategic development committee pursuant to a resolution of our Shareholders' meeting. Its primary duties are reviewing the long term development strategy and material investment plan of our Company and making recommendations to the Board in this respect. The strategic development committee consists of Mr. Li Jianhong, Mr. Mai Boliang and Mr. Xu Minjie.

Audit Committee

We have established an audit committee of our Board pursuant to a resolution of our Shareholders' meeting. The primary duties of the audit committee include:

- making proposals to the Board of appointing and replacing external audit institutions;
- supervising our internal auditing system as well as its implementation;
- coordinating the communication between our internal audit department and external auditors;
- reviewing our financial information and its disclosures;
- reviewing our internal control system;
- other duties conferred by the Board.

The members of our audit committee are Dr. Ding Huiping as chairman, Mr. Wang Xingru and Mr. Xu Jingan.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee. The primary duties of the remuneration and appraisal committee are mainly to:

- study and formulate evaluation criteria of senior management and perform evaluation and propose remuneration policies and plans;

- make recommendations to the Board regarding the evaluation criteria and remuneration policies of Directors;

- other duties conferred by the Board.

The remuneration and appraisal committee consists of Mr. Jin Qinjun as chairman, Dr. Ding Huiping, Mr. Wang Hong, Mr. Wang Xingru and Mr. Xu Jingan.

REMUNERATION POLICY

Our Directors (other than independent non-executive Directors) and Supervisors do not receive any remuneration from our Company. Our independent non-executive Directors and our senior management receive compensation in the form of fees, salaries, bonuses, allowances, benefits in kind and/or discretionary bonus relating to the performance of our Company. We also reimburse them for expenses which are necessary and reasonably incurred for providing services to us or discharging their duties in relation to our operations. When reviewing and determining the specific remuneration packages for our Directors, Supervisors and Senior Management, our remuneration committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of them, employment elsewhere in our Group and desirability of performance-based remuneration. As required by the PRC laws and regulations, we also participate in various defined contribution plan organised by the provincial and municipal government and welfare schemes for our employees, including mainly medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

COMPENSATION OF DIRECTORS AND SUPERVISORS

During the years ended 31 December, 2009, 2010 and 2011 and 30 June 2012, the aggregate amount of remuneration, including fees, salaries, discretionary bonus, defined contribution plans, housing and other allowances, and other benefits in kind, paid to our Directors and Supervisors in their capacities as Directors and Supervisors were approximately RMB0.36 million, RMB0.36 million, RMB0.36 million and RMB0.18 million, respectively.

During the years ended 31 December, 2009, 2010 and 2011 and 30 June 2012, the aggregate amount of remuneration, including fees, salaries, discretionary bonus, defined contribution plans, housing and other allowances, and other benefits in kind, paid to the five highest paid individuals, were approximately RMB1.6 million, RMB12.8 million, RMB19.9 million and RMB18.6 million, respectively.

We have not paid any remuneration to our Directors and Supervisors or the five highest individuals as an inducement to join or upon joining us or as compensation for loss of office in respect of the years ended 31 December, 2009, 2010 and 2011 and 30 June 2012. Further, none of our Directors and Supervisor has waived any remuneration during the same period.

Except as disclosed above, no other payments have been made or are payable, in respect of the years ended 31 December 2009, 2010 and 2011 and 30 June 2012, by any of our Company to any of the Directors or Supervisors.

Under the arrangements currently in force, we estimate the aggregate compensation, excluding discretionary bonus, of the Directors and Supervisors in their capacities as Directors and Supervisors payable for the year ending 31 December 2012 to be approximately RMB0.36 million.

THE SOLE SPONSOR

The Sole Sponsor, namely Guotai Junan Capital Limited, has declared its independence pursuant to Rule 3A.07 of the Hong Kong Listing Rules. The Sole Sponsor has made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for a listing of, and permission to deal in the H Shares as mentioned in this listing document.

THE PRC FINANCIAL ADVISER

The PRC Financial Adviser, namely Guotai Junan Securities Co., Ltd., has issued a financial adviser report in relation to the Implementation Plan as published on the Shenzhen Stock Exchange on 15 August 2012.

HONG KONG FINANCIAL ADVISER

In connection with the Listing, our Company has engaged China Merchants Securities (HK) as our Hong Kong financial adviser. As our Hong Kong financial adviser, China Merchants Securities (HK) mainly provides advisory services regarding the Listing, including but not limited to analysis of equity and shareholding structure of the Company, communication with existing Shareholders and potential overseas investors, analysis on the recommendations given by the Sole Sponsor, assisting the Company in reviewing certain documents in relation to the Listing and consultation on the market response in Hong Kong capital market of the Listing.

COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser in compliance with Rules 3A.19 and 19A.05 of the Hong Kong Listing Rules. Pursuant to Rule 3A.23 of the Hong Kong Listing Rules, as our compliance adviser, Guotai Junan Capital Limited will advise us on the following matters:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction under the Hong Kong Listing Rules, is contemplated including share issues and share repurchases;
- where our business activities, developments or results deviate from any forecast, estimate, or other information in this listing document; and
- where the Hong Kong Stock Exchange makes an inquiry of us under Rule 13.10.

The term of the appointment will commence on the Listing Date and end on the date on which we distribute our annual report containing our financial results for the financial year ending 31 December 2013.

REASONS FOR THE LISTING

The Company has noted that the trading of B Shares has historically been rather inactive in the PRC securities market. The B Shares market lacks liquidity and the B Shareholders have found it difficult to fully realize the value of their investment in the Company. As of the date of this listing document, the total number of the issued Shares of the company was 2,662,396,051 shares, comprising 1,231,915,542 A Shares and 1,430,480,509 B Shares, respectively. Although the total number of the B Shares is more than the total number of the A Shares, the trading of the B Shares is far less active compared to that of the A Shares. As a result, the B Share price has been substantially lower than the A Share price during the Track Record Period. As of the Latest Practicable Date, the average closing price for the A Shares for the past five latest trading days was RMB10.062 and the average closing price for the B Shares for the past five latest trading days up to 29 November 2012 (being the last trading day of B Shares) was HK$9.714. The current status of the B Shares affects the valuation and market capitalisation of the Company adversely which is not in line with the interests of the Shareholders as a whole. The Company believes that the Listing may provide its Shareholders with more liquidity of its Shares and more opportunities to realize the value of their investment.

The Company currently has business operations in 16 jurisdictions including China, Hong Kong, British Virgin Islands, Republiek Suriname (South America), Cambodia, the United States of America, Germany, United Kingdom, Australia, Netherlands, Belgium, Denmark, Finland, Poland, Thailand and Singapore. The Company believes that seeking the Listing will enable it to promote its international presence, develop its international business, establish and improve its international sales and marketing system so as to accelerate the process of internationalization of the Company. In addition, upon the completion of the Listing, the Company will have direct access to the international capital markets which it hopes to increase its financing capacity and improve its competitiveness in the international market. The Company also takes the view that the Listing will also provide the investors in Hong Kong with an opportunity to trade in the H Shares.

As of the Latest Practicable Date, the followings, directly controlled, or were entitled to exercise, or control the exercise of, more than 5% of our issued shares:

	No. of Shares Held	Approximate percentage of share capital
China Merchants (CIMC)[(1)]	679,927,917 B Shares	25.54%
COSCO Container[(2)]	432,171,843 A Shares	16.23%
	148,320,037 B Shares	5.57%
Broad Ride[(3)]	137,255,434 B Shares	5.16%

Notes:

(1) China Merchants (CIMC) was the wholly owned subsidiary of China Merchants Holdings (International) Company Limited, 54.77% of whose equity interest was held by China Merchants Group.

(2) COSCO Container was a limited company established in the British Virgin Islands, a wholly owned subsidiary of COSCO Pacific Limited, 43.21% of whose equity interest was held by COSCO Pacific Investments Holdings Limited. China COSCO Holdings Company Limited held the entire total issued share capital of COSCO Pacific Investments Holdings Limited. COSCO held 52.80% of the issued share capital of China COSCO Holdings Company Limited. Long Honour Investments Limited was wholly owned by COSCO (Hong Kong) Group Limited, which in turn is wholly owned by COSCO.

(3) Broad Ride acquired 137,255,434 B Shares pursuant to the exercise of the Cash Option by the B Shareholders during the period from 5 December 2012 to 11 December 2012.

(4) Please also refer to the section headed "History and Development — Our Shareholding and Group Structure" in this listing document for more shareholding information about our Company.

SHARE STRUCTURE

As of the Latest Practicable Date, our authorised share capital was RMB2,662,396,051 and our issued share capital, which comprised 1,231,915,542 A Shares and 1,430,480,509 B Shares, was categorised as follows:

	Number of Shares	Approximate percentage of share capital
A Shares	1,231,915,542	46.27%
B Shares	1,430,480,509	53.73%
Total	2,662,396,051	100.00%

Immediately after the completion of the Listing, our total share capital would be as follows:

	Number of Shares	Approximate percentage of share capital
A Shares	1,231,915,542	46.27%
H Shares	1,430,480,509	53.73%
Total	2,662,396,051	100.00%

After the exercise of the Cash Option, as of 13 December 2012, there were 18,923 public B Shareholders holding in aggregate 576,910,449 B Shares, representing approximately 21.67% of the total number of issued Shares, and the three largest public B Shareholders (of which one is Broad Ride who acquired 137,255,434 B Shares pursuant to the exercise of the Cash Option by the B Shareholders during the period from 5 December 2012 to 11 December 2012) in aggregate hold approximately 9.06% of the total number of B Shares in the public hands. Accordingly, the Company is able to meet the minimum public float and market capitalisation requirement under Rule 8.08 and 8.09 of the Hong Kong Listing Rules, respectively.

Upon the approval of the securities regulatory authority of the State Council, our domestic shares can be transferred to overseas investors and such shares can be listed and traded on overseas stock exchanges. The listing and trading of the transferred shares on the overseas stock exchanges shall also in all respects comply with the regulatory procedures, regulations and requirements prescribed by the relevant overseas stock exchanges. No class shareholder voting is required for the listing and trading of the transferred shares on an overseas stock exchange.

The Company has no plan to conduct any equity fund raising activities in the foreseeable future.

Ranking

A Shares and H Shares are ordinary shares in the share capital of our Company. However, unless otherwise approved by relevant authorities, H Shares could not be subscribed for by, or traded between legal or natural persons of the PRC. Domestic investors (who are not Qualified Domestic Institutional Investors) holding H Shares of our Company due to the conversion of our B Shares to H Shares can only hold or sell the H Shares but can not purchase H Shares on the Hong Kong Stock Exchange. A Shares, on the other hand, can only be subscribed for by, and traded between, legal or natural persons of the PRC or qualified foreign institutional investors or eligible foreign strategic investors, and must be traded in Renminbi. All dividends or distributions declared, paid or made in respect of the A Shares and H Shares after the date of this listing document will rank pari passu with each other. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of A Shares are to be paid by us in Renminbi.

Our A Shares have been listed on the Shenzhen Stock Exchange since 8 April 1994. The market prices of our A Shares and H Shares may be different. See the section headed "Risk Factors" in this listing document.

Except as described above and in relation to the dispatch of notices and financial reports to shareholders, dispute resolution, registration of shares on different registers of shareholders, the method of share transfer and the appointment of dividend receiving agents, are all provided for in our Articles of Association and summarized in Appendix VII to this listing document.

Dealing in Shares Prior to the Listing

According to Rule 9.09(b) of the Hong Kong Listing Rules, there must be no dealing in the securities of a new applicant for which listing is sought by any connected person of the issuer from the date which is four clear business days before the listing hearing date until listing is granted. Our Company has no control over the investment decision of its shareholders. Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Hong Kong Listing Rules which restricts such dealings in the Shares prior to the Listing. Please refer to the section headed "Waivers — dealings in Shares prior to Listing" in this listing document for details of the waiver.

LISTINGS

Our Company intends to convert the B Shares into H Shares which will be listed by way of introduction on the Main Board of the Hong Kong Stock Exchange. The Listing is conditional upon the Listing Committee granting the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange. Upon the completion of the Listing, all B Shares in issue will be, due to the change of the listing venue, converted into H Shares and the H Shares will be listed on the Main Board of the Hong Kong Stock Exchange by way of introduction. The Company also has A Shares which are traded on the Shenzhen Stock Exchange. As of 13 December 2012, the Company also being the latest practicable date for inclusion of B Shareholders information in this listing document before its publication, the total number of Shareholders was 179,944, of which 161,021 were A Shareholders and 18,923 were B Shareholders.

THE ARRANGEMENT

Based on the closing price of B Shares on 29 November 2012 (being the last trading day of the B Shares) of HK$9.70, the market capitalisation of the 576,910,449 H Shares to be held by public H Shareholders (including the H Shares held by Broad Ride) is expected to be approximately HK$5.60 billion. Based on the closing price of B Shares on 29 November 2012 (being the last trading day of the B Shares) of HK$9.70, the closing price of A Shares of RMB10.84 on 14 December 2012 and the translation of Renminbi into HK dollars at the rate of RMB0.81190 to HK$1.00, the market capitalisation of our total issued Shares of 2,662,396,051 Shares is expected to be approximately HK$30.32 billion. The market capitalisation of our total issued H Shares of 1,430,480,509 H Shares is expected to be approximately HK$13.88 billion. Accordingly, the Company expects to be able to meet the market capitalisation requirement under Rule 8.09(1), (2) and (3) of the Hong Kong Listing Rules.

As of 14 December 2012, there were at least 409 public B Shareholders with securities accounts opened in Hong Kong with Guotai Junan Hong Kong or other eligible Hong Kong securities corporations holding in aggregate 234,982,326 B Shares, representing approximately 16.43% of the total number of issued B Shares and approximately 8.83% of the total number of issued Shares, who are ready to trade their H Shares on the Hong Kong Stock Exchange upon the commencement of trading of H Shares on the Listing Date. Based on the closing price of B Shares on 29 November 2012 (being the last trading day of the B Shares) of HK$9.70, the market capitalisation of the 234,982,326 B Shares held by such 409 public B Shareholders is approximately HK$2.28 billion, which is already larger than the entire market capitalisation of a substantial number of Hong Kong-listed companies. Therefore, the Company expects that there will be adequate liquidity of H Shares upon the Listing.

In addition, our Company intends to make the following announcements:

- an announcement on the websites of the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company on Monday, 17 December 2012 on (i) the closing price of A Shares on 14 December 2012 and 17 December 2012 and the closing price of B Shares on 29 November 2012, being the last trading day of B Shares, and (ii) the price per B Share payable by Broad Ride to B Shareholders pursuant to the Cash Option; and

- an announcement on the websites of the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company on Tuesday, 18 December 2012 on (i) obtaining the final listing approval in writing from the Hong Kong Stock Exchange, (ii) the closing price of A Share on 18 December 2012 and the closing price of B Shares on 29 November 2012, being the last trading day of B Shares, and (iii) the price per B Share payable by Broad Ride to B Shareholders pursuant to the Cash Option.

REGISTRATION

Our Company has established a register of members for H Shares in Hong Kong (the "**H Share Register**") which is maintained by Computershare Hong Kong Investor Services Limited (the "**H Share Registrar**") whose address is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

All the then existing issued H Shares will be registered in the name of Guotai Junan Hong Kong one day before the Listing Date.

Certificates in respect of the H Shares registered on the H Share Register will, as far as practicable, and unless otherwise requested, be issued to represent the total number of H Shares held by each H Shareholder.

SHARE CERTIFICATES

Share certificates for the H Shares will be issued by the H Share Registrar.

TYPES OF INVESTORS

Investors of the H Shares are classified into three types, namely, domestic investors, domestically trading overseas investors and non-domestically trading overseas investors according to the following basis:

Type of investors	Basis for classification
Domestic investors	PRC investors who did not (i) dispose of their B Shares before the last trading day on the Shenzhen Stock Exchange and (ii) take up the Cash Option. Their B Shares will be converted, due to the change of the listing venue, into H Shares upon the Listing, and the PRC investors can either continue to hold their H Shares or sell their H Shares via trading systems of the PRC securities companies only. Such trading systems are the same as the trading systems of the B Shares currently adopted except for (i) "purchase" orders cannot be placed and (ii) all "sell" orders will be placed through SSSCC to Guotai Junan Hong Kong.
Domestically trading — overseas investors	Overseas investors who did not (i) dispose of their B Shares before the last trading day on the Shenzhen Stock Exchange, (ii) take up the Cash Option and (iii) transfer their H Shares from Guotai Junan nominee account to their individual Hong Kong accounts such that their H Shares will be traded on the Main Board of the Hong Kong Stock Exchange through Guotai Junan Hong Kong or other eligible Hong Kong securities corporations. Such overseas investor can either continue to hold their H Shares or sell their H Shares via the trading systems of the PRC securities companies only. Such trading systems are the same as the trading systems of the B Shares currently adopted except for (i) "purchase" orders cannot be placed; and (ii) all "sell" orders will be placed through SSSCC to Guotai Junan Hong Kong.

Type of investors	Basis for classification
Non-domestically trading — overseas investors	Overseas investors who did not (i) dispose of their B Shares before the last trading day on the Shenzhen Stock Exchange and (ii) take up the Cash Option, and they agree to transfer their H Shares from Guotai Junan nominee account to their individual Hong Kong accounts with Guotai Junan Hong Kong or other Hong Kong or overseas securities corporations such that their H Shares will be traded on the Main Board of the Hong Kong Stock Exchange through Guotai Junan Hong Kong or other eligible Hong Kong or overseas securities corporations upon the commencement of trading of the H Shares on the date of the Listing. Such overseas investors can place both "purchase" and "sell" orders through such Hong Kong or overseas securities corporations.

Domestic investors and domestically trading overseas investors will be collectively referred to as investors trading through PRC securities companies. Such investors cannot buy the H Shares but can either continue to hold their H Shares or sell their H Shares.

Non-domestically trading overseas investors will be regarded as investors trading through Hong Kong or overseas securities companies, such investors can place both "purchase" and "sell" orders through Hong Kong or overseas securities corporations.

There are no differences between investors trading through the trading system of PRC securities companies and investors trading through Hong Kong or overseas securities companies in respect of their shareholder rights, entitlements and obligations except as described below:

- Under the current regulatory system of the PRC, except otherwise explicitly permitted by the relevant PRC laws and regulations and in accordance with the respective procedures, regulations and requirements, PRC individuals or enterprises are not allowed to directly invest in overseas listed securities, including but not limited to investment through purchase, subscription, participating in placement or rights issue, etc.. Since the H Shares of investors trading through PRC securities companies will be held by Guotai Junan, which is a company incorporated in the PRC, as the nominee upon the Listing, those investors therefore can only either continue to hold the H Shares or sell the H Shares, but cannot invest in any additional H Shares, such as by participating in a rights issue of the Company. No such restrictions are applied to investors trading through Hong Kong or overseas securities companies. The Company confirms that it will not conduct rights issue until (i) the domestic investors are allowed to subscribe for or purchase the H Shares under relevant PRC laws and regulations, or (ii) it does not have any domestic investor holding its H Shares.

- For other differences in rights, entitlement and obligations such as the trading hours and trading fee between the investors trading through Hong Kong or overseas securities corporations and the investors trading through the PRC securities companies, please refer to the paragraph headed "— Investors awareness — Comparison of trading restrictions and differences between domestic investors, domestically trading overseas investors and non-domestically trading overseas investors upon Listing" of this section in the listing document.

DEALINGS

Dealings in the H Shares on the Hong Kong Stock Exchange will be conducted in Hong Kong dollars. The H Shares will be traded on the Hong Kong Stock Exchange in board lots of 100 H Shares.

Trading Mechanism

Investors trading through PRC securities companies can only place trading instructions in the form of "sell" orders to their relevant PRC securities companies and are not allowed to place the trading instructions in the form of "purchase" orders. Only non-domestically trading overseas investors can place the trading instruction in the form of both "sell" and "purchase" orders. The trading instruction of the investor will be sent to SSSCC through the trading system of the relevant PRC securities companies of such investor and the corresponding trading instruction will then be forwarded to Guotai Junan Hong Kong. Once Guotai Junan Hong Kong receives the trading instruction, it will check the shareholding status of the relevant investors and handle the trading instruction in the following manner:

(i) H Shares with odd lot size ("**Odd Lot H Shares**") will be fully disposed of in one single transaction. The available balance of the Odd Lot H Shares held by the investor after such single transaction shall be zero. The trading instruction for the Odd Lot H Shares may be given independently for execution or together with the trading instruction of the board lots of H Shares for execution. Guotai Junan Hong Kong will coordinate with the disposal of the Odd Lot H Shares to ensure that the Odd Lot H Shares will be given assured trading at a trading price equivalent to 90% of the then prevailing trading price of H Shares upon the execution of Odd Lot H Shares' order.

(ii) If the number of H Shares under the trading instruction exceeds one board lot, H Shares with board lot size ("**Board Lot H Shares**") under the trading instruction will be transferred to the Hong Kong Stock Exchange for execution. After the execution of the trading instruction of the Board Lot H Shares, Guotai Junan Hong Kong will coordinate with the disposal of the Odd Lot H Shares to ensure that the Odd Lot H Shares will be given assured trading at a trading price equivalent to 90% of the average executed trading price of the Board Lot H Shares.

(iii) All Odd Lot H Shares will be reported to the Hong Kong Stock Exchange after execution.

After the trading instruction has been executed, the executed information of H Shares held by Guotai Junan nominee account will be sent to SD&C via SSSCC and then forwarded to the relevant investors' PRC securities companies. There is no material timing difference in relation to the placing of "sell" order of H Shares through the trading systems of the PRC securities companies when compared with the placing of "sell" orders of H Shares through Hong Kong or overseas securities corporations.

The trading mechanism for investors trading through Hong Kong or overseas securities corporations will be the same as those investors of H shares of other companies listed on the Hong Kong Stock Exchange.

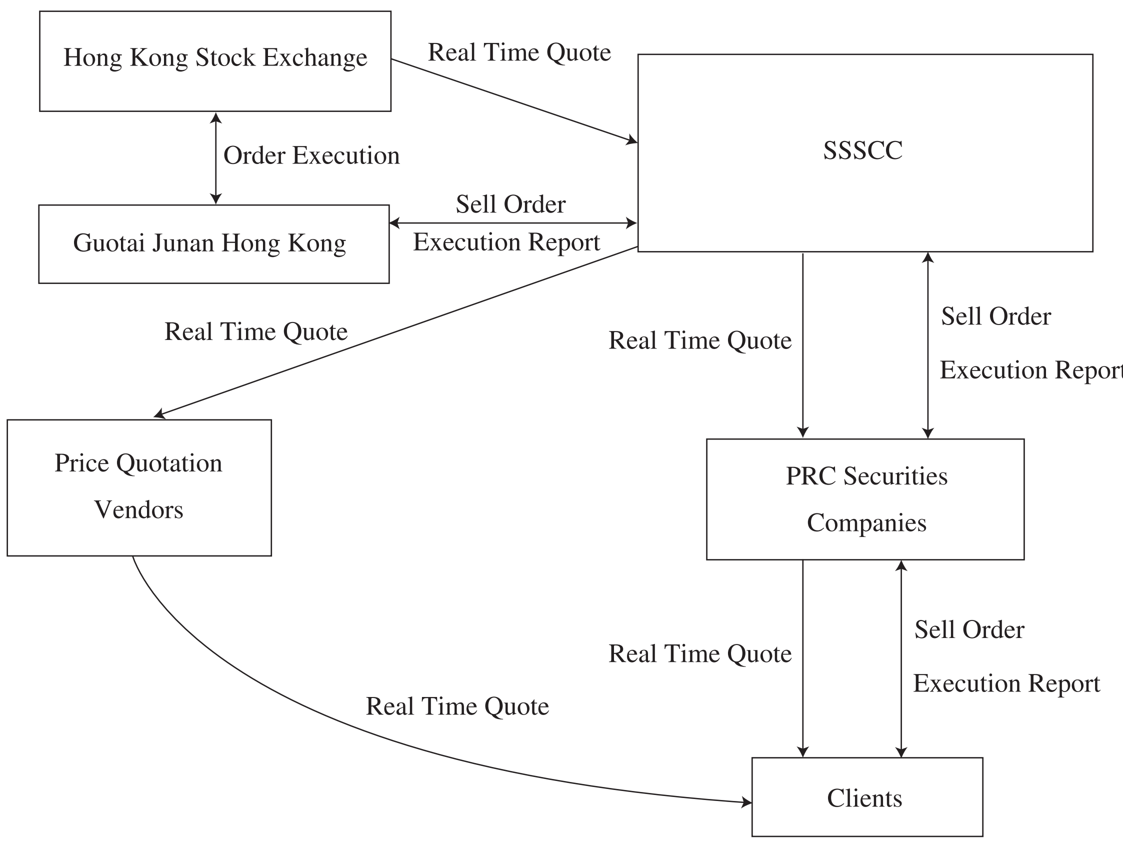
Real-time trading information

Real-time trading information in respect of the H Shares can be obtained from the following sources:

- through the PRC securities companies with upgraded system which the investors have securities accounts at no cost; or

- through service providers that provide such facilities at the investors' own expense. Such service will be provided on and subject to the terms and conditions of the relevant service provider.

We set out below a flow chart illustrating the trading mechanism and the provision of real-time trading information for the investors trading through PRC securities companies:



Transaction Costs

The transaction costs of dealings in H Shares on the Hong Kong Stock Exchange will include a trading fee of 0.005% charged per side of the consideration of a transaction, an SFC transaction levy of 0.003% charged per side of the consideration of a transaction and ad valorem stamp duty on both the buyer and the seller charged at the rate of 0.1% each of the consideration of the H Shares transferred.

Immediately upon the Listing, the investors trading through PRC securities companies will need to pay more fees, charges and costs than they need to pay for their holding of B Shares. Please refer to the paragraph headed "Risks relating to this Listing — Certain risks that our B Shareholders should be aware of — Risk regarding increasing transaction costs." under the section headed "Risk Factors" of this listing document for details.

Investors trading through Hong Kong or overseas securities corporations

In addition to the H Share Transaction Cost, the brokerage commission charged by the Hong Kong or overseas securities corporations in respect of trading of H Shares on the Hong Kong Stock Exchange is freely negotiable.

Investors trading through PRC securities companies

In addition to the H Share Transaction Cost, the brokerage commission charged by Guotai Junan Hong Kong in respect of the trading of H Shares of such kind of investors on the Hong Kong Stock Exchange is 0.1%. In addition to such brokerage commission, the brokerage commission charged by the PRC securities companies on the relevant investors is freely negotiable. For the investors who place "sell" orders through the Hong Kong branch of the PRC securities companies, the additional brokerage commission charged by such Hong Kong branch on the relevant investors is freely negotiable.

SETTLEMENT

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in H Shares on the Hong Kong Stock Exchange or any other date that HKSCC chooses.

The CCASS stock settlement fee payable by each counterparty to a trade in the Hong Kong Stock Exchange is currently 0.002% of the gross transaction value, subject to a minimum fee of HK$2 and a maximum fee of HK$100 per trade.

Investors trading through Hong Kong or overseas securities corporations

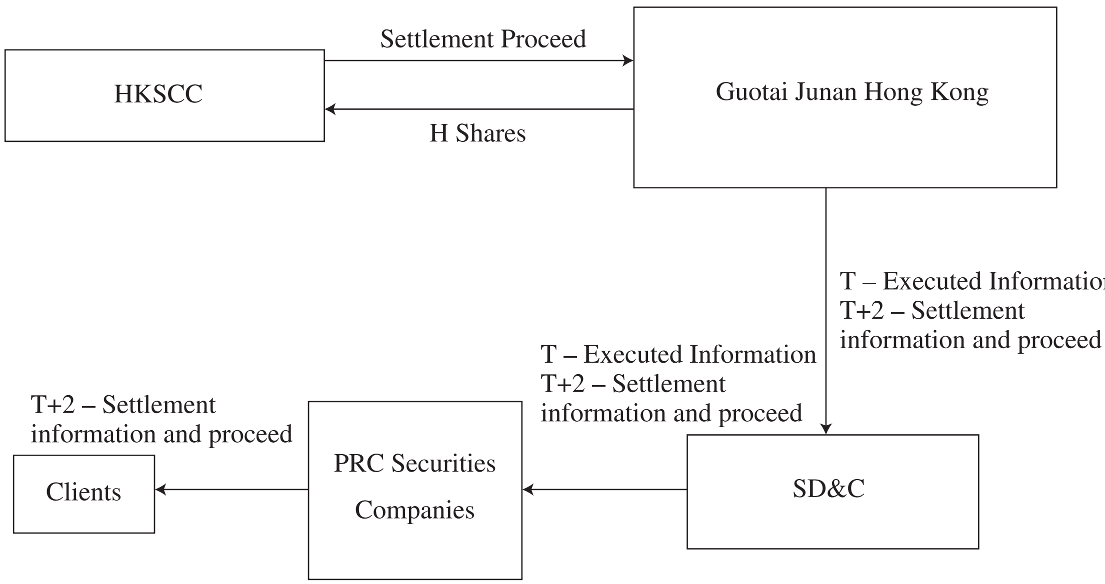
Investors trading through Hong Kong or overseas securities corporations must settle their trades executed on the Hong Kong Stock Exchange through their brokers directly or through custodians. For investors who have deposited their H Shares in their stock accounts in Hong Kong or in their designated CCASS Participant's stock accounts maintained with CCASS, settlement will be effected in CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. For an investor who holds physical share certificates, such certificates and the duly executed transfer form(s) must be delivered to his broker or custodian before the settlement date.

An investor may arrange with his broker or custodian on a settlement date in respect of his trades executed on the Hong Kong Stock Exchange. Under the General Rules of CCASS and CCASS Operational Procedures in effect from time to time, the date of settlement must not be later than the second business day following the trade date ("**T**") on which the settlement services of CCASS are open for use by CCASS Participants (T+2). For trades settled under CCASS, the General Rules of CCASS and CCASS Operational Procedures currently in effect provide that the defaulting broker may be compelled to compulsorily buy-in by HKSCC the day after the date of settlement (T+3), or if it is not practicable to do so on T+3, at any time thereafter. HKSCC may also impose fines from T+2 onwards.

Investors trading through PRC securities companies

As mentioned above, under the General Rules of CCASS and CCASS Operational Procedures in effect from time to time, the date of settlement must not be later than the second business day following the trade date on which the settlement services of CCASS are open for use by CCASS Participants.

On T, information on the executed transaction will be provided by Guotai Junan Hong Kong to SD&C and SD&C will forward such information to the PRC securities companies to update their respective clients' record on the same day. In the morning of T+2, Guotai Junan Hong Kong will remit the settlement amount to the bank accounts in the PRC as designated by SD&C and Guotai Junan Hong Kong will provide the settlement documents of the executed transaction to SD&C on the same day. SD&C will forward the settlement documents of the executed transaction and transfer the settlement amount to the relevant PRC securities companies of the investors according to the information of executed transaction. Settlement information and such amount will be transferred to the investors on T+2. Set out below is a flowchart illustrating the settlement mechanism for the investors trading through PRC securities companies:



Dividends

Dividends in respect of the H Shares will be declared in Renminbi and will be converted into Hong Kong dollars before being paid to the H Shareholders that carried out the trading activities on the Hong Kong Stock Exchange via the trading systems of PRC or Hong Kong or overseas securities companies.

As for the investors trading through PRC securities companies, since dividends in respect of the H Shares will be converted into Hong Kong dollars from Renminbi and be paid to the H Shareholders that carried out the trading activities on the Hong Kong Stock Exchange via the trading systems of PRC securities companies, before paying the dividends to Guotai Junan which holds the H Shares on behalf of the investors as a nominee, the Company shall withhold 10% of the dividend according to the relevant PRC tax laws and regulations. For the investors trading through Hong Kong or overseas securities companies, as disclosed in the paragraph headed "You may be subject to PRC taxation." in the section headed "Risk Factors" of this listing document, non-PRC resident enterprise holders of our H Shares may be subject to PRC withholding tax on dividends.

General Meetings

In addition to the arrangement as stipulated in the Articles of Association of the Company, the PRC securities companies will be responsible for collecting the reply slips in respect of general meetings from their clients and forwarding the same to Guotai Junan after the closure of register of members of the Company. Guotai Junan will forward all the reply slips in respect of general meetings received to Guotai Junan Hong Kong and Guotai Junan Hong Kong will follow the instruction as given by the investors in such reply slips.

INVESTOR AWARENESS

Arrangement involving the Company and the PRC securities companies

Prior to the Listing, our Company and the PRC securities companies will cooperate to inform the investor community in the PRC of general information about our Company. Further, an announcement on the recent closing prices of A Shares and B Shares will be posted on the websites of the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company on each trading day during the period from the date of this listing document to the day before the Listing Date. After the Listing, our Company and the PRC securities companies may continue to take measures to educate the investors. The following measures have been or will be taken to enhance transparency of our Company:

- the Transaction Guide has been published on the websites of the Shenzhen Stock Exchange and the Company so that the investors may have free access to it;
- an announcement has been published in major financial newspapers in the PRC to inform investors of the publication of the Transaction Guide;
- information, where applicable, including among others, the closing price and trading volume of (i) the A Shares as of 14 December 2012, 17 December 2012 and 18 December 2012; and (ii) B Shares as of 29 November 2012 will be disclosed on the website of the Hong Kong Stock Exchange on 17 December 2012 and 18 December 2012, respectively;
- information brochures based on the Transaction Guide have been published and, together with the Transaction Guide, will be made available at various branches of the relevant PRC securities companies;
- the relevant PRC securities companies' branch offices have contacted their clients who trade H Shares through the PRC securities companies via Short Message Service (SMS), telephone or face-to-face meetings to strive to provide such investors with a copy of the Transaction Guide each ; and
- copies of this listing document will be made available during normal business hours from 17 December 2012 to 19 December 2012 (both days inclusive) at the office of Guotai Junan Capital Limited at 27th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong and the office of the Company's Hong Kong legal advisers, Paul Hastings, 21-22/F, Bank of China Tower, 1 Garden Road, Hong Kong. In addition, electronic copies of this listing document will be disseminated through the websites of our Company, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange from 17 December 2012.

Change of custodians of investors trading through PRC securities companies

The change of custodian by domestic investors may only be made among the PRC securities companies ("**Change of Domestic Custodian**") while the change of custodian by domestically trading overseas investors may be made among the PRC securities companies or from PRC securities companies to Hong Kong or overseas securities companies ("**Change of Overseas Custodian**").

Change of Domestic Custodian

Prior to applying for the Change of Domestic Custodian, the domestic investor should open a cash account with the business department of a PRC securities company which the investor intends to transfer his/her H Shares to and ascertain the code number of that business department, so as to fill in the application form for the Change of Domestic Custodian.

The operational flow for the Change of Domestic Custodian is as follows:

(I) On the first business day ("**X**"), the domestic investor should bring along his/her identification documents and fill in the application form for the Change of Domestic Custodian for H Shares in person at the business department of the PRC securities company with which he/she maintains an account.

(II) After the business department of the PRC securities company with which the domestic investor maintains an account has verified his/her identification documents and the application form for the Change of Domestic Custodian, the application shall be processed in accordance with the method of trade offer applicable to general B shares companies listed on the Shenzhen Stock Exchange and such application will be forwarded to Guotai Junan Hong Kong.

(III) On the first business day following X, the domestic investor may enquire the balance of his/her transferred H Shares in the corresponding account opened with the business department of the new PRC securities company.

(IV) In the event that the trading system of the PRC securities company with which the domestic investor maintains an account has not been updated and is not able to process the Change of Domestic Custodian by way of trade offer applicable to general B shares companies listed on the Shenzhen Stock Exchange, Guotai Junan will forward the application for the Change of Domestic Custodian to Guotai Junan Hong Kong, who will process the application by reference to the process flow for Change of Overseas Custodian.

Change of Overseas Custodian

Prior to applying for the Change of Overseas Custodian, domestically trading overseas investors should open a securities trading account with a securities corporation or custodian bank in Hong Kong or overseas at his/her choice and provide details of such securities account when applying for the Change of Overseas Custodian.

The process flow for the Change of Overseas Custodian is as follows:

(I) On X day, the domestically trading overseas investor should bring along his/her identification documents and fill in the application form for the Change of Overseas Custodian for H Shares in person at the business department of the PRC securities company with which he/she maintains an account.

(II) After the business department of the PRC securities company with which the domestically trading overseas investor maintains an account has verified his/her identification documents and the application form for Change of Overseas Custodian, the form shall be signed under the seal of the business department of such PRC securities company and H Shares of the domestically trading overseas investor in relation to the Change of Overseas Custodian shall be frozen, while the application for the Change of Overseas Custodian shall be submitted to Guotai Junan.

(III) Guotai Junan shall collect all applications for the Change of Overseas Custodian from various PRC securities companies and forward the same to Guotai Junan Hong Kong for processing.

The Change of Overseas Custodian cannot be processed in the same manner as the change of custodian by way of trade offer applicable to general B shares companies listed on the Shenzhen Stock Exchange.

Time for application for change of custodian

(I) An investor should submit his/her application to the business department of the PRC securities company with which he/she maintains an account before 11:00 a.m. on each common trading day of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange.

(II) PRC securities companies should submit their applications to Guotai Junan before 2:00 p.m. on each common trading day of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange.

(III) Guotai Junan should forward the applications to Guotai Junan Hong Kong before 3:00 p.m. on each common trading day of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange.

Cancellation and adjustment of change of custodian

(I) The change of custodian may be cancelled on the same day of its application. The investor and the business department of the PRC securities company with which he/she maintains an account shall sign and seal on the original application forms for the change of custodian to confirm cancellation. The process for cancellation of application is identical with that for the application of change of custodian, and the timing shall be the same as the timing requirements for the application for change of custodian.

(II) Where errors are identified after a Change of Domestic Custodian, the investor should fill in an application form for rectification of errors and the matter will be forwarded by Guotai Junan to Guotai Junan Hong Kong, who will carry out the rectification.

(III) No rectification of account may be applied for after the completion of a Change of Overseas Custodian.

Fees for change of custodian

The Change of Domestic Custodian is free of charge.

The Change of Overseas Custodian is subject to a handling fee of HK$50 per application and 0.002% of the aggregate closing value of the H Shares that are subject to such Change of Overseas Custodian on the previous trading day (subject to a minimum charge of HK$2), to be charged by Guotai Junan Hong Kong to the new custodian via CCASS on a delivery-versus-payment (DVP) basis. A domestically trading overseas investor who submits an application form for the change between the PRC securities companies with which he / she maintains an account is not subject to any fees or charges.

Comparison of major differences regarding the trading of B Shares and H Shares

To facilitate investors' understanding on the differences regarding the trading of B Shares and H Shares, the following table sets out certain major differences regarding the trading of B Shares and H Shares:

Item for comparison	B Shares	H Shares
Trading dates	From Monday to Friday; market closed on Saturdays, Sundays and statutory national holidays of the PRC	From Monday to Friday; market closed on Saturdays, Sundays and public holidays of Hong Kong
Method of placing orders and prices	Orders at market price: quotations may only be made during consecutive trading hours	At-auction order: an order with no specified price and such order may only be submitted during the pre-opening session
	Limit orders: to be made according to designated prices	Limit orders: an order with specified price
Processing of trade submissions by the stock exchange trading system in the pre-trading period	9:15-9:20: trade submissions are admissible and also cancellable 9:20-9:25: trade submissions are admissible but no cancellations may be made 9:25-9:30: trade submissions and cancellations are admitted but not processed	9:00-9:15: submission, modification and cancellation of limit orders and at-auction orders acceptable 9:15-9:20: only at-auction orders are acceptable; limit orders and at-auction order already put in queue cannot be modified or cancelled 9:20-9:28: no input, modification and cancellation of orders are allowed. Orders will be matched in order type (at-auction order first) 9:28-9:30: No terminal activities are allowed
Continuous trading hours.	Morning: 9:30 a.m.-11:30 a.m. Afternoon: 1:00 p.m.- 2:57 p.m.	Morning: 9:30 a.m.-12:00 p.m. Afternoon: 1:00 p.m.-4:00 p.m. No afternoon sessions on Christmas Eve, New Year's Eve and Chinese New Year's Eve.
Minimum trading volume for each order	100 B Shares	100 H Shares

Item for comparison	B Shares	H Shares
Trading volumes below the minimum requirement for each order	B Shares with odd lot size, to be sold on a one-off basis	Odd Lot H Shares to be acquired by specialized agencies at trading prices equivalent to 85%-90% of the then prevailing market price of H Shares or the average executed trading price of the Board Lot H Shares, where applicable, and must be sold in full in one single transaction.
Minimum price fluctuation.	HK$0.01	HK$0.001
Price movement limits	10%	Nil
Day trade	Not permissible	Permissible
Settlement	T+3	T+2
Margin financing and securities lending	Nil	Yes

The differences stated above are arrived at solely by comparison between the trading of the B Shares and the H Shares, and may not be relevant to all investors of H Shares converted from B Shares. Different trading rules apply to different types of investors. For details please refer to the paragraphs headed "Types of Investors", "Comparison of trading restrictions and differences between domestic investors, domestically-trading overseas investors and non-domestically trading overseas investors upon Listing" in this section.

Comparison of trading restrictions and differences between domestic investors, domestically trading overseas investors and non-domestically trading overseas investors upon Listing

Comparison among domestic investors, domestically trading overseas investors and non-domestically trading overseas investors indicates certain trading restrictions and differences upon Listing. Investors should find out which type of investors they belong to and fully inform themselves of the relevant restrictions and differences before dealings in the H Shares. The following table sets out certain trading restrictions differences:

	Domestic Investors	Domestically-trading Overseas Investors	Non-domestically trading overseas investors
Stock code	299901	299901	2039

	Domestic Investors	Domestically-trading Overseas Investors	Non-domestically trading overseas investors
Short name of stock	中集H代	中集H代	中集集團 in Chinese and CIMC in English
Trading authorisation	Selling only; restriction on purchase		Buying and selling permissible
Trading day.	Common trading day of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange		Trading day of the Hong Kong Stock Exchange
Types of buy/sell orders permitted . .	Limit orders		At-auction orders and limit orders
Trading hours	Morning: 9:15 a.m.-11:30 a.m. Afternoon: 1:00 p.m.-3:00 p.m. Afternoon: 3:00 p.m.-4:00 p.m.: No new trading instructions may be submitted and all pending trading instructions submitted cannot be cancelled or amended but are still valid		Morning: 9:00 a.m. -12:00 noon Afternoon: 1:00 p.m. -4:00 p.m.
Settlement time . . .	T+2 (if T+2 is not a trading day of the Shenzhen Stock Exchange, settlement will be postponed to the next common trading day)		T+2
Day trade	Not permissible	Not permissible	Permissible
Margin financing trade.	Not permissible	Not permissible	Permissible
Trading fee	The brokerage commission charged by Guotai Junan Hong Kong in respect of the trading of H Shares is 0.1% + B Share trading commission charged by the domestic securities company with which the investor maintained an account (at the same rate as that charged for the B Shares) + the transaction cost for the H Shares (Please also refer to the paragraph headed "Certain risks that our B Shareholders should be aware of — risk regarding increasing transaction costs." under the section headed "Risk Factors" of this listing document for details of the risk regarding the increasing transaction costs)		The brokerage commission charged by Hong Kong or overseas securities companies in respect of the trading of H Shares + the transaction cost for the H Shares
Change of custodian	Change of Domestic Custodian permitted	Change of Domestic Custodian and Change of Overseas Custodian are permitted	Change of custodian among the Hong Kong or overseas securities companies permitted

Historical trading information in respect of B Shares on the Shenzhen Stock Exchange

For the information purposes only, please see the table below in relation to high, low, period closing and period averages of our Company's trading information on the Shenzhen Stock Exchange since January 2007 and up to 29 November 2012, being the last trading day of the B Shares:

	Historical price			
	High	Low	Average close	Period End
	(HK$)	(HK$)	(HK$)	(HK$)
2007				
January	19.95	15.81	17.79	16.25
February	19.32	15.01	17.67	16.81
March	17.67	15.62	16.80	17.13
April	19.89	16.30	17.94	19.74
May	23.88	19.21	21.17	21.20
June	19.78	15.20	18.38	19.35
July	21.14	17.78	19.30	19.12
August	21.10	15.73	17.81	17.00
September	17.68	15.90	16.67	16.70
October	17.25	15.01	16.00	15.99
November	16.09	12.02	13.84	13.50
December	14.72	13.20	14.05	14.47
2008				
January	15.69	13.5	14.81	14.64
February	15.34	12.59	14.17	14.00
March	14.27	11.62	13.35	13.30
April	13.74	11.50	12.58	11.94
May	12.29	10.43	11.24	11.05
June	11.44	8.45	10.07	9.30
July	9.27	7.62	8.35	8.05
August	8.05	6.18	6.67	6.49
September	6.47	4.71	5.67	5.31
October	5.33	3.78	4.35	3.90
November	4.33	3.83	4.10	4.18
December	4.86	4.07	4.40	4.20
2009				
January	4.36	4.05	4.19	4.12
February	4.86	4.08	4.49	4.37
March	4.97	4.21	4.59	4.90
April	5.24	4.66	4.95	4.91
May	6.28	4.92	5.52	6.20
June	7.66	6.26	7.20	7.39
July	9.22	7.02	7.99	9.21
August	10.10	7.32	8.73	7.50
September	8.76	7.30	8.29	7.94
October	8.36	7.61	8.09	7.78
November	9.66	7.63	8.63	8.91
December	10.09	8.88	9.28	9.76

	Historical price			
	High	Low	Average close	Period End
	(HK$)	(HK$)	(HK$)	(HK$)
2010				
January	11.18	9.7	10.55	10.69
February	10.98	9.67	10.22	10.9
March	11.95	10.5	11.17	10.89
April	11.09	9.52	10.31	9.88
May	10.05	8.01	9.07	8.8
June	9.84	8.53	9.05	9.83
July	11.46	9.12	10.50	11.31
August	11.70	10.68	11.09	11.25
September	13.26	11.20	12.16	13.24
October	15.70	13.50	14.51	15.70
November	17.10	15.14	16.37	16.38
December	19.40	16.00	17.88	18.00
2011				
January	18.94	16.00	17.84	18.48
February	18.83	16.60	17.94	16.98
March	18.19	16.15	17.21	17.47
April	18.40	15.80	17.42	16.61
May	16.72	13.12	15.30	13.50
June	13.43	11.41	12.38	12.67
July	14.18	12.24	13.17	12.52
August	12.68	10.04	10.93	10.79
September	10.91	7.60	9.44	7.95
October	9.50	7.87	8.86	9.44
November	10.06	8.26	9.27	8.40
December	8.90	7.66	8.37	8.90
2012				
January	9.68	8.55	9.17	9.44
February	11.19	9.02	10.03	11.10
March	12.30	10.51	11.43	10.68
April	11.57	9.78	10.83	11.38
May	11.58	9.78	10.63	10.20
June	10.32	9.22	9.72	9.86
July	10.19	9.22	9.73	9.36
August	9.99	9.36	9.81	9.79
September	9.82	9.35	9.62	9.66
October	9.73	9.33	9.56	9.56
November (up to 29 November, being the last trading day of B Shares)	9.75	9.50	9.64	9.70

For the information purposes only, please see the table below in relation to the average daily trading volume and turnover for each month of our Company's trading information on the Shenzhen Stock Exchange since January 2007 and up to 29 November 2012, being the last trading day of the B Shares:

	Average Daily Trading Volume		Average Daily Turnover
	(B Shares)	(as % of total issued B Shares)	(HK$)
2007			
January	5,545,370.00	0.47%	99,988,500.00
February	4,078,906.67	0.34%	71,011,333.33
March	2,268,022.73	0.19%	38,202,727.27
April	3,445,055.00	0.29%	62,019,500.00
May	8,869,338.89	0.74%	189,297,222.22
June	5,475,642.86	0.38%	100,387,142.86
July	4,487,195.24	0.31%	87,265,238.10
August	7,318,555.00	0.51%	129,802,500.00
September	5,189,500.00	0.36%	87,123,500.00
October	6,611,723.53	0.46%	105,608,823.53
November	4,139,572.73	0.29%	57,780,454.55
December	2,788,480.00	0.19%	39,127,000.00
2008			
January	5,734,845.45	0.40%	85,301,818.18
February	3,040,175.00	0.21%	42,976,250.00
March	3,812,004.76	0.27%	50,768,571.43
April	1,773,375.00	0.12%	22,431,000.00
May	1,104,885.00	0.08%	12,512,500.00
June	1,186,755.00	0.08%	11,863,500.00
July	1,080,939.13	0.08%	9,178,695.65
August	1,137,652.38	0.08%	7,665,238.10
September	2,148,883.33	0.15%	12,038,888.89
October	1,362,045.00	0.10%	5,981,000.00
November	2,156,080.00	0.15%	8,883,500.00
December	2,272,827.27	0.16%	10,221,818.18
2009			
January	1,455,280.00	0.10%	6,100,000.00
February	4,329,990.00	0.30%	19,495,500.00
March	2,834,022.73	0.20%	13,076,363.64
April	3,671,075.00	0.26%	18,284,500.00
May	4,277,605.56	0.30%	23,595,555.56
June	3,807,900.00	0.27%	27,138,571.43
July	3,012,978.26	0.21%	24,466,956.52
August	2,852,600.00	0.20%	25,319,523.81
September	1,678,827.27	0.12%	13,864,090.91
October	1,610,037.50	0.11%	13,022,500.00
November	4,548,604.76	0.32%	40,343,809.52
December	2,117,581.82	0.15%	19,688,181.82

	Average Daily Trading Volume		Average Daily Turnover
	(B Shares)	(as % of total issued B Shares)	(HK$)
2010			
January	3,304,885.00	0.23%	34,937,500.00
February	1,681,846.67	0.12%	17,301,333.33
March	1,983,947.83	0.14%	22,231,739.13
April	1,843,685.00	0.13%	18,884,500.00
May	1,256,260.00	0.09%	11,376,000.00
June	1,832,731.58	0.13%	16,757,894.74
July	1,719,736.36	0.12%	17,735,000.00
August	1,696,550.00	0.12%	18,900,000.00
September	2,229,561.11	0.16%	27,183,333.33
October	2,804,387.50	0.20%	40,401,875.00
November	2,621,676.19	0.18%	42,750,000.00
December	2,115,386.96	0.15%	37,905,217.39
2011			
January	1,828,105.00	0.13%	32,741,000.00
February	2,689,720.00	0.19%	48,309,333.33
March	1,894,982.61	0.13%	32,710,434.78
April	1,385,761.11	0.10%	24,072,222.22
May	1,801,290.48	0.13%	26,520,952.38
June	3,096,276.19	0.22%	38,442,857.14
July	3,086,257.14	0.22%	40,776,190.48
August	2,810,700.00	0.20%	31,087,727.27
September	2,386,835.00	0.17%	21,686,500.00
October	2,813,731.25	0.20%	25,046,250.00
November	1,856,845.45	0.13%	17,301,363.64
December	1,467,450.00	0.10%	12,160,454.55
2012			
January	1,359,466.67	0.10%	12,528,000.00
February	2,228,966.67	0.16%	22,465,714.29
March	2,698,728.57	0.19%	30,928,095.24
April	1,759,558.82	0.12%	18,763,529.41
May	1,436,119.05	0.10%	15,251,428.57
June	1,188,570.00	0.08%	11,569,000.00
July	1,042,690.00	0.07%	10,194,000.00
August	3,303,992.31	0.23%	32,287,692.31
September	1,147,775.00	0.08%	11,034,000.00
October	1,058,864.71	0.07%	10,091,764.71
November (up to 29 November, being the last trading day of B Shares)	1,994,938.10	0.14%	19,301,904.76

Historical share prices of B Shares may not be indicative of the share price at which the H Shares will trade following the completion of the Listing. Please refer to the paragraph headed "Risk relating to this Listing — Certain risks that our B Shareholders should be aware of" in the section headed "Risk Factors" in this listing document.

INVESTOR COMPENSATION

The Securities and Futures Ordinance, which became effective from 1 April 2003, provides for the establishment of the Investor Compensation Fund ("**Fund**"). The Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation exchange-traded products in Hong Kong.

The objective of the Fund is to provide certain level of security to retail investors. The client of a defaulting intermediary is eligible to claim. However, the following investors ("**Unqualified Investors**") cannot claim against the Fund:

(a) A licensed corporation

(b) An authorised financial institution

(c) A recognized exchange company, a recognized exchange controller, or a recognized clearing house

(d) An authorised automated trading services provider

(e) An authorised insurer

(f) A manager or operator of an authorised collective investment scheme

(g) A person who is authorised, licensed or exempt by a competent authority in a jurisdiction outside Hong Kong for any activity that is the same as or similar to any of the activities carried on by a person referred to in (a) to (f) above

(h) An associate of the defaulting intermediary which is a corporation

(i) An employee of the defaulting intermediary who has committed breach of trust, defalcation, fraud or misfeasance

(j) The Government or an overseas government

(k) A person acting as a trustee or custodian of the above persons, schemes or arrangement.

Investors trading through Hong Kong or overseas securities corporations

The investors which are not classified as Unqualified Investors are eligible to claim against the Fund.

Investors trading through PRC securities companies

Given that Guotai Junan acts as a nominee to hold the H Shares on behalf of such investors and Guotai Junan is a person who is licensed by a competent authority in the PRC for activities that are the same as or similar to the activities carried on by a licensed corporation, Guotai Junan is regarded as an Unqualified Investor and is not eligible to claim against the Fund and the investors trading through PRC securities companies who Guotai Junan acts as nominee to hold the H Shares are also not able to claim against the Fund.

Based on Measures for the Administration of Securities Investor Protection Fund (the "**Administrative Measures**") issued by the CSRC effective from 1 July 2005, in the PRC, The Securities Investors Protection Fund (the "**PRC Protection Fund**") is raised, managed and used by China Securities Investors Protection Fund Corporation Limited, a wholly state-owned company (the "**Fund Company**"), to protect the interests of securities investors by preventing and disposing the risks of PRC securities companies. According to the Administrative Measures and other relevant regulations, only when securities companies are dissolved, closed or declared bankrupt, or compulsory supervision measures are taken such as administrative takeover and trustee operation (託管經營) by the CSRC, can the PRC Protection Fund be applied by the Fund Company to indemnify the creditors of the PRC securities companies in accordance with the relevant procedures, regulations and requirements. Investors trading through PRC securities companies can only claim against the PRC Protection Fund under the abovementioned circumstances, but cannot be compensated for other pecuniary losses as a result of default of the PRC securities companies.

The following Company's financial information for the year ended 31 December 2009 is reproduced from the English version of the Company's 2009 annual report dated 19 March 2010.

KPMG

KPMG-C (2010) AR No. 0034

AUDITORS' REPORT

All shareholders of China International Marine Containers (Group) Co., Ltd.:

We have audited the accompanying financial statements of China International Marine Containers (Group) Co., Ltd. ("the Company"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2009, the consolidated income statement and income statement, the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity, the consolidated cash flow statement and cash flow statement for the year then ended, and notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's management is responsible for the preparation of these financial statements in accordance with China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

AUDITORS' REPORT (Continued)

KPMG-C (2010) AR No. 0034

OPINION

In our opinion, the financial statements comply with the requirements of China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and present fairly, in all material respects, the consolidated financial position and financial position of the Company as at 31 December 2009, and the consolidated results of operations and results of operations and the consolidated cash flows and cash flows of the Company for the year then ended.

KPMG Huazhen

Certified Public Accountants
Registered in the People's Republic of China

Lei Iun Mei

Beijing, the People's Republic of China

Liang Jiebing

19 March 2010

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009

Item	Note	2009		2008	
		USD	RMB equivalent	USD	RMB equivalent
		'000	'000	'000	'000
Current assets					
Cash at bank and on hand	V.1	771,685	5,269,217	454,451	3,101,353
Financial assets held for trading	V.2	13,440	91,772	56,643	386,553
Bills receivable	V.3	247,627	1,690,845	125,052	853,406
Accounts receivable	V.4	565,684	3,862,604	614,520	4,193,731
Prepayments	V.6	157,224	1,073,559	148,642	1,014,391
Interest receivable		—	—	353	2,412
Dividends receivable		—	—	1,581	10,792
Other receivables	V.5	164,537	1,123,489	129,552	884,116
Inventories	V.7	989,070	6,753,566	1,147,849	7,833,378
Non-current assets due within one year	V.8	57,707	394,036	18,766	128,064
Other current assets	V.9	40,456	276,242	60,105	410,183
Total current assets		3,007,430	20,535,330	2,757,514	18,818,379
Non-current assets					
Available-for-sale financial assets	V.10	172,196	1,175,785	185,308	1,264,613
Long-term receivables	V.11	145,271	991,942	73,545	501,903
Long-term equity investments	V.12	282,770	1,930,811	234,834	1,602,598
Investment property	V.13	11,073	75,606	11,612	79,244
Fixed assets	V.14	1,126,949	7,695,033	1,048,265	7,153,777
Construction in progress	V.15	83,956	573,269	138,263	943,560
Intangible assets	V.16	406,788	2,777,626	387,647	2,645,457
Goodwill	V.17	176,697	1,206,522	168,550	1,150,251
Long-term deferred expenses	V.18	4,469	30,513	5,746	39,210
Deferred tax assets	V.19	53,593	365,946	52,586	358,871
Total non-current assets		2,463,762	16,823,053	2,306,356	15,739,484
Total assets		5,471,192	37,358,383	5,063,870	34,557,863
Current liabilities					
Short-term loans	V.22	608,869	4,157,477	323,352	2,206,688
Financial liabilities held for trading	V.23	22,705	155,036	59,997	409,443
Bills payable	V.24	179,563	1,226,091	148,504	1,013,448
Accounts payable	V.25	653,504	4,462,255	643,466	4,391,266
Advances from customers	V.26	186,082	1,270,602	100,810	687,964
Employee benefits payable	V.27	119,127	813,425	110,970	757,307
Taxes payable	V.28	91,241	623,011	61,810	421,815
Interest payable	V.29	1,295	8,844	7,598	51,852
Dividends payable	V.30	4,604	31,434	4,756	32,456
Other payables	V.31	216,294	1,476,903	232,034	1,583,477
Provisions	V.32	75,687	516,801	83,970	573,046
Non-current liabilities due within one year	V.33	66,705	455,472	39,616	270,358
Total current liabilities		2,225,676	15,197,351	1,816,883	12,399,120

The notes on pages I–17 to I–167 form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009 (Continued)

Item	Note	2009 USD '000	2009 RMB equivalent '000	2008 USD '000	2008 RMB equivalent '000
Non-current liabilities					
Long-term loans	V.34	821,382	5,608,560	959,530	6,548,215
Special payables	V.35	1,997	13,639	1,265	8,633
Provisions	V.32	6,060	41,381	6,064	41,383
Deferred tax liabilities	V.19	79,190	540,722	88,708	605,379
Other non-current liabilities	V.36	19,053	130,099	3,031	20,685
Total non-current liabilities		927,682	6,334,401	1,058,598	7,224,295
Total liabilities		3,153,358	21,531,752	2,875,481	19,623,415
Shareholders' equity					
Share capital	V.37	328,872	2,662,396	328,872	2,662,396
Capital reserve	V.38	216,389	1,557,703	186,386	1,352,772
Surplus reserve	V.39	434,170	3,577,588	434,170	3,577,588
Retained earnings	V.40	1,047,547	8,229,532	965,638	7,669,924
Translation differences of financial statements denominated in foreign currency		52,371	(1,829,011)	52,711	(1,833,779)
Total equity attributable to shareholders of the Company		2,079,349	14,198,208	1,967,777	13,428,901
Minority interests		238,485	1,628,423	220,612	1,505,547
Total equity		2,317,834	15,826,631	2,188,389	14,934,448
Total liabilities and Shareholders' equity		5,471,192	37,358,383	5,063,870	34,557,863

These financial statements have been approved by the Board of Directors of the Company on 19 March 2010.

Mai Boliang	**Mai Boliang**	**Jin Jianlong**	
Legal Representative's Authorized Person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages I–17 to I–167 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2009

Item	Note	2009		2008	
		USD	RMB equivalent	USD	RMB equivalent
		'000	'000	'000	'000
Current assets					
Cash at bank and on hand	XII.1	93,398	637,738	63,031	430,150
Dividends receivable	XII.2	693,576	4,735,874	727,166	4,962,468
Other receivables	XII.3	771,156	5,265,606	723,136	4,934,969
Total current assets		1,558,130	10,639,218	1,513,333	10,327,587
Non-current assets					
Available-for-sale financial assets	XII.4	154,077	1,052,070	181,694	1,239,956
Long-term equity Investments	XII.5	436,147	2,978,100	372,446	2,541,719
Fixed assets		19,469	132,936	19,190	130,957
Construction in progress		3,208	21,906	976	6,662
Intangible assets		4,576	31,249	4,834	32,990
Long-term deferred expenses		1,138	7,770	1,492	10,184
Total non-current assets		618,615	4,224,031	580,632	3,962,468
Total assets		2,176,745	14,863,249	2,093,965	14,290,055
Current liabilities					
Short-term loans	XII.6	94,690	646,564	14,653	100,000
Financial liabilities held for trading	XII.7	21,268	145,224	30,055	205,109
Employee benefits payable	XII.8	34,019	232,286	35,360	241,309
Taxes payable	XII.9	36,439	248,814	20,787	141,860
Interest payable		538	3,673	1,082	7,385
Other payables	XII.10	3,843	26,234	20,669	141,048
Non-current liabilities due within one year	XII.11	57,678	393,839	25,578	174,557
Total current liabilities		248,475	1,696,634	148,184	1,011,268

The notes on pages I–17 to I–167 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2009 (Continued)

Item	Note	2009		2008	
		USD	RMB equivalent	USD	RMB equivalent
		'000	'000	'000	'000
Non-current liabilities					
Long-term loans	XII.12	743,787	5,078,728	879,629	6,002,938
Deferred tax liabilities	XII.13	19,936	136,128	18,035	123,081
Total non-current liabilities		763,723	5,214,856	897,664	6,126,019
Total liabilities		1,012,198	6,911,490	1,045,848	7,137,287
Shareholders' equity					
Share capital		328,872	2,662,396	328,872	2,662,396
Capital reserve	XII.14	141,809	1,045,202	152,476	1,118,064
Surplus reserve		434,170	3,577,588	434,170	3,577,588
Retained earnings		259,696	1,932,874	132,599	1,064,613
Translation differences of financial statements denominated in foreign currency		—	(1,266,301)	—	(1,269,893)
Total equity		1,164,547	7,951,759	1,048,117	7,152,768
Total liabilities and Shareholders' equity		2,176,745	14,863,249	2,093,965	14,290,055

These financial statements have been approved by the Board of Directors of the Company on 19 March 2010.

Mai Boliang	**Mai Boliang**	**Jin Jianlong**	
Legal Representative's Authorized Person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages I–17 to I–167 form part of these financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

Item		Note	2009		2008	
			USD	RMB equivalent	USD	RMB equivalent
			'000	'000	'000	'000
I.	Operating income	V.41	2,997,659	20,475,507	6,830,023	47,327,281
II.	Operating costs	V.41	2,547,655	17,401,760	6,043,005	41,873,791
	Business taxes and surcharges	V.42	7,563	51,658	4,039	27,989
	Selling and distribution expenses		106,536	727,693	155,813	1,079,678
	General and administrative expenses		289,303	1,976,074	239,777	1,661,486
	Financial expenses	V.43	19,184	131,037	28,247	195,734
	Impairment loss	V.46	57,987	396,081	101,331	702,151
	Less: Losses from changes in fair value	V.44	5,664	38,689	63,171	437,729
	Add: Investment income	V.45	229,552	1,567,955	60,361	418,256
	Including: Income from investment in associates and jointly controlled enterprises		15,217	103,938	9,063	62,799
III.	Operating profit		193,319	1,320,470	255,001	1,766,979
	Add: Non-operating Income	V.47	25,263	172,561	29,617	205,224
	Less: Non-operating Expenses	V.48	4,047	27,646	6,519	45,174
	Including: Losses from disposal of non-current assets		643	4,392	2,746	19,027
IV.	Profit before income tax		214,535	1,465,385	278,099	1,927,029
	Less: Income tax expenses	V.49	56,317	384,674	34,899	241,824
V.	Net profit for the year		158,218	1,080,711	243,200	1,685,205
	Attributable to:					
	Shareholders of the Company		140,394	958,967	203,038	1,406,908
	Minority shareholders		17,824	121,744	40,162	278,297
VI.	Earnings per share:					
	Basic earnings per share (USD/RMB)	V.50	0.05	0.36	0.08	0.53
	Diluted earnings per share (USD/RMB)	V.50	0.05	0.36	0.08	0.53
VII.	Other comprehensive income for the year	V.51	14,226	105,051	(237,466)	(2,771,830)
VIII.	Total comprehensive income for the year		172,444	1,185,762	5,734	(1,086,625)
	Attributable to:					
	Shareholders of the Company		140,412	966,171	(44,594)	(1,211,314)
	Minority interests		32,032	219,591	50,328	124,689

These financial statements have been approved by the Board of Directors of the Company on 19 March 2010.

Mai Boliang	**Mai Boliang**	**Jin Jianlong**	
Legal Representative's Authorized Person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages I–17 to I–167 form part of these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

Item	Note	2009		2008	
		USD	RMB equivalent	USD	RMB equivalent
		’000	’000	’000	’000
I. Operating income		188	1,284	19	129
II. Operating costs		40	272	2	16
General and administrative expenses		18,622	127,203	12,706	88,037
Financial expenses/(income)	XII.15	1,157	7,902	(41,825)	(289,818)
Add: Gains/(losses) from changes in fair value	XII.16	8,787	60,020	(38,332)	(265,612)
Investment income	XII.17	248,305	1,696,049	143,996	997,790
III. Operating profit		237,461	1,621,976	134,800	934,072
Add: Non-operating Income		1,961	13,397	15,674	108,610
Less: Non-operating Expenses	XII.18	15,392	105,137	1,829	12,677
Including: Losses from disposal of non-current assets		73	500	7	46
IV. Profit before income tax		224,030	1,530,236	148,645	1,030,005
Less: Income tax expenses	XII.19	38,448	262,616	6,739	46,695
V. Net profit for the Year		185,582	1,267,620	141,906	983,310
VI. Other comprehensive income for the year	XII.20	(10,667)	(69,270)	(278,657)	(2,554,246)
VII. Total comprehensive income for the year		174,915	1,198,350	(136,751)	(1,570,936)

These financial statements have been approved by the Board of Directors of the Company on 19 March 2010.

Mai Boliang	**Mai Boliang**	**Jin Jianlong**	
Legal Representative’s Authorized Person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages I–17 to I–167 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

Item	Note	2009		2008	
		USD	RMB equivalent	USD	RMB equivalent
		'000	'000	'000	'000
I. Cash flows from operating activities					
Cash received from sale of goods and rendering of services		3,373,596	23,043,347	8,691,639	60,226,974
Refund of taxes		85,391	583,263	276,815	1,918,134
Cash received relating to other operating activities	V.52(1)	44,256	302,291	64,387	446,157
Sub-total of cash inflows		3,503,243	23,928,901	9,032,841	62,591,265
Cash paid for goods and services		2,547,097	17,397,946	7,768,947	53,833,364
Cash paid to and for employees		285,634	1,951,023	438,069	3,035,883
Cash paid for all types of taxes		149,994	1,024,534	86,276	597,832
Other cash paid relating to operating activities	V.52(2)	378,554	2,585,713	253,654	1,757,648
Sub-total of cash outflows		3,361,279	22,959,216	8,546,946	59,224,727
Net cash inflow from operating activities	V.53(1)	141,964	969,685	485,895	3,366,538
II. Cash flows from investing activities					
Cash received from disposal of investments		238,675	1,630,270	154,347	1,069,517
Cash received from return on investments		3,885	26,536	13,248	91,799
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		8,246	56,324	18,281	126,675
Cash received from disposal of Subsidiaries		—	—	14,431	100,000
Cash received relating to other investing activities	V.52(3)	13,167	89,937	19,551	135,475
Sub-total of cash inflows		263,973	1,803,067	219,858	1,523,466
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		200,640	1,370,472	343,839	2,382,564
Cash paid for acquisition of investments		57,466	392,522	221,194	1,532,720
Cash paid for acquisition of subsidiaries	V.53(2)	5,456	37,278	19,815	135,309
Sub-total of cash outflows		263,562	1,800,272	584,848	4,050,593
Net cash inflow/(outflow) from investing activities		411	2,795	(364,990)	(2,527,127)

The notes on pages I–17 to I–167 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)

Item	Note	2009		2008	
		USD	RMB equivalent	USD	RMB equivalent
		’000	’000	’000	’000
III. Cash flows from financing activities					
Cash received from investors		1,659	11,332	2,525	17,496
Including: Cash received from minority shareholders of subsidiaries		1,659	11,332	2,525	17,496
Cash received from borrowings		1,325,424	9,053,309	2,422,348	16,785,176
Sub-total of cash inflows		1,327,083	9,064,641	2,424,873	16,802,672
Cash repayments of borrowings		1,153,893	7,881,666	2,270,106	15,730,246
Cash paid for dividends, profits distribution or interest		96,938	662,135	293,114	2,031,075
Including: Dividends and profits paid to minority shareholders of subsidiaries		4,288	29,279	6,525	45,214
Sub-total of cash outflows		1,250,831	8,543,801	2,563,220	17,761,321
Net cash inflow/(outflow) from financing activities		76,252	520,840	(138,347)	(958,649)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		11,709	81,030	18,160	(73,935)
V. Net increase/(decrease) in cash and cash equivalents	V.53(1)	230,336	1,574,350	718	(193,173)
Add: Cash and cash equivalents at the beginning of the year		413,542	2,822,175	412,824	3,015,348
VI. Cash and cash equivalents at the end of the year		643,878	4,396,525	413,542	2,822,175

These financial statements have been approved by the Board of Directors of the Company on 19 March 2010.

Mai Boliang	**Mai Boliang**	**Jin Jianlong**	
Legal Representative’s Authorized Person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages I–17 to I–167 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

Item	Note	2009		2008	
		USD	RMB equivalent	USD	RMB equivalent
		'000	'000	'000	'000
I. Cash flows from operating activities					
Cash received relating to operating activities		1,040,621	7,107,962	7,197,743	49,875,314
Cash paid to and for employees		9,444	64,504	11,724	80,948
Cash paid for all types of taxes		24,962	170,503	7,624	52,829
Cash paid relating to other operating activities		1,114,255	7,610,919	7,461,972	51,706,248
Sub-total of cash outflows		1,148,661	7,845,926	7,481,320	51,840,025
Net cash outflow from operating activities	XII.21	(108,040)	(737,964)	(283,577)	(1,964,711)
II. Cash flows from investing activities					
Cash received from disposal of investments		236,773	1,617,278	145,422	1,007,673
Cash received from return on investments		72,750	496,919	23,008	159,429
Net cash received from disposal of fixed assets		11	75	7	51
Cash received relating to other investing activities		30,413	207,737	60,909	422,060
Sub-total of cash inflows		339,947	2,322,009	229,346	1,589,213
Cash paid for acquisition of fixed assets and other long-term assets		4,345	29,679	8,086	56,030
Cash paid for acquisition of investments		168,431	1,150,468	81,113	562,056
Sub-total of cash outflows		172,776	1,180,147	89,199	618,086
Net cash inflow from investing activities		167,171	1,141,862	140,147	971,127

The notes on pages I–17 to I–167 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)

Item	Note	2009 USD '000	2009 RMB equivalent '000	2008 USD '000	2008 RMB equivalent '000
III. Cash flows from financing activities					
Cash received from borrowings and subtotal of cash inflows		360,272	2,460,838	573,472	3,973,760
Cash repayments of borrowings		383,977	2,622,755	261,993	1,815,428
Cash paid for dividends, profits distribution or interest		78,293	534,654	231,949	1,607,244
Sub-total of cash outflows		462,270	3,157,409	493,942	3,422,672
Net cash (outflow)/inflow from financing activities		(101,998)	(696,571)	79,530	551,088
IV. Effect of foreign exchange rate changes on cash and cash equivalents		—	203	—	(54,485)
V. Net decrease in cash and cash equivalents	XII.21	(42,867)	(292,470)	(63,900)	(496,981)
Add: cash and cash equivalents at the beginning of the year		63,031	430,150	126,931	927,131
VI. Cash and cash equivalents at the end of the year	XII.21	20,164	137,680	63,031	430,150

These financial statements have been approved by the Board of Directors of the Company on 19 March 2010.

Mai Boliang	**Mai Boliang**	**Jin Jianlong**	
Legal Representative's Authorized Person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages I-17 to I-167 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

		2009							2008						
		Attributable to shareholders of the Company							Attributable to shareholders of the Company						
Item	Note	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
I. Balance at 1 January		328,872	186,386	434,170	965,638	52,711	220,612	2,188,389	328,872	455,603	422,695	965,799	22,677	206,028	2,401,674
II. Changes in equity for the year															
(I) Net profit for the year		—	—	—	140,394	—	17,824	158,218	—	—	—	203,038	—	40,162	243,200
(II) Other comprehensive income for the year	V.51	—	358	—	—	(340)	14,208	14,226	—	(277,666)	—	—	30,034	10,166	(237,466)
Sub-total of (I)&(II)		—	358	—	140,394	(340)	32,032	172,444	—	(277,666)	—	203,038	30,034	50,328	5,734
(III) Shareholders' contributions and decrease of capital															
1. Contributions by minority Shareholders		—	—	—	—	—	16,009	16,009	—	—	—	—	—	2,525	2,525
2. Acquisition of minority interests of subsidiary		—	28,862	—	—	—	(27,283)	1,579	—	8,449	—	—	—	(56,867)	(48,418)
3. Increase in minority interests resulted from acquisition of subsidiary		—	—	—	—	—	1,034	1,034	—	—	—	—	—	14,994	14,994
4. Increase in minority interests resulted from the transform of jointly controlled entity to subsidiary		—	—	—	—	—	—	—	—	—	—	—	—	13,477	13,477
5. Increase in shareholders' equity resulted from share-based payments		—	783	—	—	—	217	1,000	—	—	—	—	—	—	—
(IV) Appropriation of profits															
1. Appropriation for surplus reserve	V.39	—	—	—	—	—	—	—	—	—	11,475	(11,475)	—	—	—
2. Distributions to shareholders	V.40	—	—	—	(58,485)	—	(4,136)	(62,621)	—	—	—	(191,724)	—	(9,873)	(201,597)
III. Balance at 31 December		328,872	216,389	434,170	1,047,547	52,371	238,485	2,317,834	328,872	186,386	434,170	965,638	52,711	220,612	2,188,389

These financial statements have been approved by the Board of Directors of the Company on 19 March 2010.

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Legal Representative's Authorized Person	The person in charge of accounting affairs	The head of the accounting department	Company stamp

The notes on pages I-17 to I-167 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)

		2009							2008						
		Attributable to shareholders of the Company							Attributable to shareholders of the Company						
Item	Note	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
I. Balance at 1 January		2,662,396	1,352,772	3,577,588	7,669,924	(1,833,779)	1,505,547	14,934,448	2,662,396	3,553,473	3,497,045	7,674,757	(1,473,914)	1,628,544	17,542,301
II. Changes in equity for the Year															
(I) Net profit for the year		—	—	—	958,967	—	121,744	1,080,711	—	—	—	1,406,908	—	278,297	1,685,205
(II) Other comprehensive income for the year	V.51	—	2,436	—	—	4,768	97,847	105,051	—	(2,258,357)	—	—	(359,865)	(153,608)	(2,771,830)
Sub-total of (I)&(II)		—	2,436	—	958,967	4,768	219,591	1,185,762	—	(2,258,357)	—	1,406,908	(359,865)	124,689	(1,086,625)
(III) Shareholders' contributions and decrease of capital															
1. Contributions by minority Shareholders		—	—	—	—	—	109,353	109,353	—	—	—	—	—	17,496	17,496
2. Acquisition of minority interests of subsidiary		—	197,148	—	—	—	(186,367)	10,781	—	57,656	—	—	—	(394,046)	(336,390)
3. Increase in minority interests resulted from acquisition of subsidiary		—	—	—	—	—	7,063	7,063	—	—	—	—	—	103,890	103,890
4. Increase in minority interests resulted from the transform of jointly controlled entity to subsidiary		—	—	—	—	—	—	—	—	—	—	—	—	93,387	93,387
5. Increase in shareholders' equity resulted from share-based payments		—	5,347	—	—	—	1,485	6,832	—	—	—	—	—	—	—
(IV) Appropriation of profits															
1. Appropriation for surplus reserve	V.39	—	—	—	—	—	—	—	—	—	80,543	(80,543)	—	—	—
2. Distributions to shareholders	V.40	—	—	—	(399,359)	—	(28,249)	(427,608)	—	—	—	(1,331,198)	—	(68,413)	(1,399,611)
III. Balance at 31 December		2,662,396	1,557,703	3,577,588	8,229,532	(1,829,011)	1,628,423	15,826,631	2,662,396	1,352,772	3,577,588	7,669,924	(1,833,779)	1,505,547	14,934,448

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The notes on pages I-17 to I-167 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

		2009					2008				
Item	Note	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
I. Balance at 1 January		328,872	152,476	434,170	132,599	1,048,117	328,872	431,133	422,695	193,892	1,376,592
II. Changes in equity for the year											
(I) Net profit for the year		—	—	—	185,582	185,582	—	—	—	141,906	141,906
(II) Other comprehensive income for the year	XII.20	—	(10,667)	—	—	(10,667)	—	(278,657)	—	—	(278,657)
Sub-total of (I)&(II)		—	(10,667)	—	185,582	174,915	—	(278,657)	—	141,906	(136,751)
(III) Appropriation of profits											
1. Appropriation for surplus reserve		—	—	—	—	—	—	—	11,475	(11,475)	—
2. Distribution to shareholders	V.40	—	—	—	(58,485)	(58,485)	—	—	—	(191,724)	(191,724)
III. Balance at 31 December		328,872	141,809	434,170	259,696	1,164,547	328,872	152,476	434,170	132,599	1,048,117

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The notes on pages I-17 to I-167 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)

		2009						2008					
Item	Note	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Total	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
I. Balance at 1 January		2,662,396	1,118,064	3,577,588	1,064,613	(1,269,893)	7,152,768	2,662,396	3,376,580	3,497,045	1,493,044	(974,163)	10,054,902
II. Changes in equity for the year													
(I) Net profit for the year		—	—	—	1,267,620	—	1,267,620	—	—	—	983,310	—	983,310
(II) Other comprehensive income for the year	XII.20	—	(72,862)	—	—	3,592	(69,270)	—	(2,258,516)	—	—	(295,730)	(2,554,246)
Sub-total of (I)&(II)		—	(72,862)	—	1,267,620	3,592	1,198,350	—	(2,258,516)	—	983,310	(295,730)	(1,570,936)
(III) Appropriation of profits													
1. Appropriation for surplus reserve		—	—	—	—	—	—	—	—	80,543	(80,543)	—	—
2. Distribution to shareholders	V.40	—	—	—	(399,359)	—	(399,359)	—	—	—	(1,331,198)	—	(1,331,198)
III. Balance at 31 December		2,662,396	1,045,202	3,577,588	1,932,874	(1,266,301)	7,951,759	2,662,396	1,118,064	3,577,588	1,064,613	(1,269,893)	7,152,768

These financial statements have been approved by the Board of Directors of the Company on 19 March 2010.

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NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of USD or RMB)

I COMPANY STATUS

China International Marine Containers (Group) Co., Ltd. (the "Company"), formerly "China International Marine Containers Co., Ltd.", was a Sino-foreign joint venture set up by China Merchants Group, the East Asiatic Company (Denmark) and Ocean Containers Inc. (USA). In December 1992, as approved by "Shen Fu Ban Fu [1992] 1736" issued by the General Office of the People's Government of Shenzhen and "Shen Ren Yin Fu Zi (1992) 261" issued by Shenzhen Special Economic Zone Branch of People's Bank of China, the Company was restructured as an incorporated company set up by directional subscription and was renamed as "China International Marine Containers Co., Ltd." by the original corporate shareholders of the Company. On 31 December 1993 and 17 January 1994 respectively, the Company issued ordinary shares denominated in Renminbi for domestic investors (A Shares) and for foreign shares issued domestically (B Shares), and commenced trading on Shenzhen Stock Exchange. Pursuant to "Shen Fu Ban Fu [1993] 925" issued by the General Office of the People's Government of Shenzhen and "Shen Zheng Ban Fu [1994] 22" issued by Shenzhen Securities Administration Office.

On 1 December 1995, as approved by the State Administration of Industry and Commerce, the Company changed its name to "China International Marine Containers (Group) Co., Ltd". Up to 31 December 2009, the share capital of the Company amounted to 2,662,396,051 shares. Please refer to Note V.37 for details of the share capital.

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are the manufacturing of modern transportation facilities, facilities for energy, food, chemistry and rendering of relative services. Detailed activities are the manufacturing and repairing of containers and other relevant business; utilizing the Group's equipment to process and manufacture various parts, structure components and relevant machines; providing cutting, punching, moulding, riveting surface treatment (including sand/paint spraying, welding and assembly) and other processing services; developing, manufacturing and selling of various high-tech and high performance special vehicles and semi-trailers; leasing of containers; developing, production and sales of high-end fuel gas equipments such as pressure container and compressor; providing integrated services for natural gas distribution; production of static container and pot-type wharf equipments and providing EP+CS (engineering procurement and construction supervision) technical service for the storage and processing of LNG, LPG and other petrochemical gases. Apart from the above, the Group is also engaged in manufacturing of logistic equipment and related services, marine projects, railway trucks production and property development, etc.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of financial reporting

The financial statements have been prepared on the basis of going concern.

2. Statement of compliance

The financial statements have been prepared in accordance with the requirements of "Accounting Standards for Business Enterprises — Basic Standard" and 38 Specific Standards issued by the Ministry of Finance (MOF) on 15 February 2006, and application guidance, bulletins and other relevant accounting regulations issued subsequently (collectively referred to as "Accounting Standards for Business Enterprises" or "CAS"). These financial statements present truly and completely the consolidated financial position and financial position, the consolidated results of operations and results of operations and the consolidated cash flows and cash flows of the Company.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission (CSRC) in 2010.

3. Accounting period

The accounting year of the Group is from 1 January to 31 December.

4. Functional currency

The Company's functional currency is U.S dollars, while certain domestic subsidiaries use Renminbi ("RMB") and Hong Kong and overseas subsidiaries use local currencies as their functional currencies. Foreign currencies are defined as currency other than functional currency. The Group determines its functional currency based on its major currency in business transactions. The financial statements are prepared using U.S dollars and presented in RMB. For subsidiaries using currencies other than U.S dollars as their functional currencies, the Company translates the financial statements of these subsidiaries into U.S dollars (see Note II.8).

5. Accounting treatments for a business combination involving entities under and those not under common control

(1) Business combination involving entities under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, any excess is adjusted to retained earnings. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The cost of a business combination paid by the acquirer is the aggregate of the fair value at the acquisition date of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree plus any cost directly attributable to the business combination. The difference between the fair value and the carrying amount of the assets given is recognised in profit or loss. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquirer, at the acquisition date, allocates the cost of the business combination by recognising the acquiree's identifiable asset, liabilities and contingent liabilities at their fair value at that date.

Any excess of the cost of a business combination over the acquirer's interest in the fair value of the acquiree's identifiable net assets is recognised as goodwill (see Note II.18).

Any excess of the acquirer's interest in the fair value of the acquiree's identifiable net assets over the cost of a business combination is recognised in profit or loss.

6. Preparation of consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its operating activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that common control was established. Therefore the opening balances and the comparative figures of the consolidated financial statements are restated. In the preparation of the consolidated financial statements, the subsidiary's assets, liabilities and results of operations are included in the consolidated balance sheet and the consolidated income statement, respectively, based on their carrying amount from the date that common control was established.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets, liabilities and results of operations of the subsidiaries are consolidated into consolidated financial statements from the date that control commences, base on the fair value of those identifiable assets and liabilities at the acquisition date.

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the minority interests are adjusted and the amount of the consideration paid or received is adjusted to the capital reserve in the consolidated balance sheet. If the credit balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

Where the Company acquired a minority interest from a subsidiary's minority shareholders before 7 August 2008, any excess of the investment cost for acquiring the minority interest over the Group's interest in the fair value of the identifiable net assets of the minority interest acquired is recognised as goodwill. Where the Company acquired a minority interest from a subsidiary's minority shareholders, the difference between the investment cost for acquiring the minority interest and the corresponding reduction of minority interest in the consolidated financial statements, is adjusted to the capital reserve in the consolidated balance sheet except for the portion that has been recognised as goodwill. If the credit balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

Minority interest is presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to minority shareholders is presented separately in the consolidated income statement below the net profit line item.

Where losses attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' interest in of the equity of the subsidiary, the excess, and any further losses attributable to the minority shareholders, are allocated against the equity attributable to the Company except to the extent that the minority shareholders have a binding obligation under the articles of association or an agreement and are able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the equity attributable to the Company until the minority shareholders' share of losses previously absorbed by the Company has been recovered.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated 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.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8. Foreign currency transactions and translation of financial statements denominated in foreign currency

When the Group receives capital in foreign currencies from investors, the capital is translated to functional currency at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to functional currency at the rates that approximate the spot exchange rates at the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period or the weighted average exchange rate.

Monetary items denominated in foreign currencies are translated to functional currency at the spot exchange rate at the balance sheet date. The resulting exchange differences are recognised in profit or loss, except those arising from the principals and interests on foreign currency borrowings specifically for the purpose of acquisition, construction or production of qualifying assets (see Note II.16). Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to functional currency using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which is recognised in capital reserve.

The assets and liabilities of foreign operation are translated to functional currency at the spot exchange rates at the balance sheet date. The equity items, excluding "Retained earnings", are translated to functional currency at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to functional currency at the rates that approximate the spot exchange rates at the transaction dates. The resulting exchange differences are recognised in a separate component of equity. Upon disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

9. Financial instruments

Financial instruments comprise cash at bank and on hand, derivatives, investments in debt and equity securities other than long-term equity investments (see Note II.12), receivables, payables, loans and borrowings and share capital, etc.

(1) Classification, recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any attributable transaction costs are included in their initial costs. Subsequent to initial recognition financial assets and liabilities are measured as follows:

— Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

A financial asset or financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is a derivative, unless the derivative is a designated and effective hedging instrument, or a financial guarantee contract or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

— Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, receivables are subsequently stated at amortised cost using the effective interest method.

— Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sales and other financial assets which do not fall into any of the above categories.

An investment in equity instrument which does not have a quoted market price in an active market and whose fair value cannot be reliably measured is measured at cost subsequent to initial recognition.

Other than investments in equity instruments whose fair value cannot be measured reliably as described above, subsequent to initial recognition, other available-for-sale financial assets are measured at fair value and changes therein, except for impairment losses and foreign exchange gains and losses from monetary financial assets, which are recognised directly in profit or loss, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is removed from equity and recognised in profit or loss. Dividend income from these equity instruments is recognised in profit or loss when the investee declares the dividends.

— Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

Other financial liabilities include the liabilities arising from financial guarantee contracts. 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, subsequent to initial recognition, the guarantee is measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles of contingent liabilities (see Note II.21).

Except for the liabilities arising from financial guarantee contracts described above, subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

(2) Determination of fair values

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price and, for a financial asset to be acquired or a financial liability assumed, it is the current asking price.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties; reference to the current fair value of another instrument that is substantially the same. The Group calibrates the valuation technique and tests it for validity periodically.

(3) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria of the derecognition, the difference between the two amounts below is recognised in profit or loss:

— Carrying amount of the financial asset transferred.

— The sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged.

(4) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. For the calculation method of impairment of receivables, refer to Note II.10, The impairment of other financial assets are measured as follows:

— Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis.

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in equity is removed from equity and recognised in profit or loss even though the financial asset has not been derecognised.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

(5) Equity investments

An equity instrument is a contract that proves the ownership interest of the assets after deducting all liabilities in the Company.

The consideration received from the issuance of equity instruments net of transaction costs is recognised in share capital and capital reserve.

Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

10. Impairment of receivables

Receivables are assessed for impairment both on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable figures reflecting present economic conditions.

If, after an impairment loss has been recognised on receivables, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(a) Criteria and method of provision for accounts receivable that are individually significant:

Criteria of provision for accounts receivable that are individually significant	Future cash flows of accounts receivable are estimated based on the credit ratings and repayment history of the major customers from whom the individually significant receivables are due. An impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

Method of provision for accounts receivable that are individually significant	Impairment is assessed on an individual basis. The receivables with no provision made on an individual basis should be included in a group based on their credit risk characteristics to assess the impairment (see below note (c)).

(b) Criteria and method of provision for accounts receivable that are individually insignificant:

Within the receivables whose amounts are individually insignificant, impairment is assessed on an individual basis for the overdue receivables unpaid after collection efforts or with unique characteristics. Then the receivables with no provision made on an individual basis shall be included in a group with other accounts receivable (including receivables mentioned in above note (a) which will be brought into a group for assessment) based on their credit risk characteristics to assess the impairment (see below note (c)).

(c) Method of provision for accounts receivable that are grouped based on their credit risk characteristics:

Method of provision for accounts receivable that are grouped based on their credit risk characteristics mentioned in above note (a) and (b) is as follows:

Determination method of the group based on credit risk characteristics	Accounts receivable are divided into four groups of containers, vehicles, energy and chemistry equipment and others according to the industry and business nature of customers and the characteristics of the receivables. As to the containers group, the relevant receivables within credit period has lower credit risk after the grouping based on credit risk characteristics according to credit risk assessment and historical data, no provision is provided accordingly. Other groups are subdivided into several sub-groups with similar credit risk characteristics based on ageing analysis.

Method of provision for receivables that are grouped based on credit risk characteristics.

The proportions of provision for the three groups of vehicles, energy and chemistry equipment and others based on their respective ageing analysis are as follows:

	Percentage of total accounts receivable (%)		
Ageing	**Vehicles**	**Energy and chemistry equipment**	**Others**
Within 1 year (inclusive)	1.5–5%	1.5–5%	0%
1 to 2 years (inclusive)	1.5–10%	1.5–10%	5%
2 to 3 years (inclusive)	1.5–30%	1.5–30%	30%
Over 3 years	100%	100%	100%

11. Inventories

(1) Classification

Inventories include raw materials, work in progress, semi-finished goods, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

(2) Cost of inventories

Cost of inventories is calculated using the weighted average method.

(3) The underlying factors in the determination of net realisable value of inventories and the basis of provision for decline in value of inventories

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

Cost of inventories comprises all costs of purchase, costs of conversion and other costs. Inventories are initially measured at their actual cost. Borrowing costs directly related to the production of qualifying inventories are also included in the cost of inventories (see Note II.16). In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. The net realisable value of materials held for use in the production of inventories is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the quantity of inventory held to satisfy sales or service contracts is based on the contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Group, the net realisable value of the excess portion of inventories shall be based on general selling prices.

Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories.

(4) Inventory system

The Group maintains a perpetual inventory system.

(5) Amortisation of reusable material including low-value consumables and packaging materials

Reusable materials including low-value consumables and packaging materials are amortised in full when received for use. The amounts of the amortisation are included in the cost of the related assets or profit or loss.

12. Long-term equity investments

(1) Initial investment cost

(a) Long-term equity investments acquired through a business combination

— The initial investment cost of a long-term equity investment obtained through a business combination involving entities under common control is the Company's share of the subsidiary's equity at the combination date. The difference between the initial investment cost and the carrying amounts of the consideration given is adjusted to share premium in capital reserve. If the balance of the share premium is insufficient, any excess is adjusted to retained earnings.

— The initial investment cost of a long-term equity investment obtained through a business combination involving entities not under common control is the cost of acquisition determined at the acquisition date.

(b) Long-term equity investments acquired otherwise than through a business combination

— An investment in a subsidiary acquired otherwise than through a business combination is initially recognised at actual payment cost if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities, or at the value stipulated in the investment contract or agreement if an investment is contributed by shareholders.

(2) Subsequent measurement

(a) Investments in subsidiaries

In the Company's financial statements, investments in subsidiaries are accounted for using the cost method. Cash dividends or profit distributions declared by subsidiaries and attributed to the Company shall be recognised as investment income, except those that have been declared but unpaid at the time of acquisition and therefore included in the price paid or consideration. The investments are stated at cost less impairment losses in the balance sheet.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note II. 6.

(b) Investment in jointly controlled enterprises and associates

A jointly controlled enterprise is an enterprise which operates under joint control in accordance with a contractual agreement between the Group and other parties (see NoteII.12(3)).

An associate is an enterprise over which the Group has significant influence (see NoteII.12(3)).

An investment in a jointly controlled enterprise or an associate is accounted for using the equity method, unless the investment is classified as held for sale (see Note II.28).

The Group makes the following accounting treatments when using the equity method:

— Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

— After the acquisition of the investment, the Group recognises its share of the investee's net profits or losses after deducting the amortisation of the debit balance of equity investment difference, which was recognised by the Group before the first-time adoption of CAS, as investment income or losses, and adjusts the carrying amount of the investment accordingly. The debit balance of the equity investment difference is amortised using the straight-line method over the period of 10 years in accordance with previous accounting standards. Once the investee declares any cash dividends or profits distributions, the carrying amount of the investment is reduced by that attributable to the Group.

  The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair values of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated to the extent of the Group's interest in the associates or jointly controlled enterprises. Unrealised losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

— The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate or the jointly controlled enterprise is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. Where net profits are subsequently made by the associate or jointly controlled enterprise, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

(c) Other long-term equity investments

Other long-term equity investments refer to investments where the Group does not have control, joint control or significant influence over the investees, and the investments are not quoted in an active market and their fair value cannot be reliably measured.

Such investments are initially recognised at the cost determined in accordance with the same principles as those for jointly controlled enterprises and associates, and then accounted for using the cost method. Cash dividends or profit distributions declared by subsidiaries and attributed to the Company shall be recognised as investment income, except those that have been declared but unpaid at the time of acquisition and therefore included in the price paid or the consideration.

(3) Basis for determining the existence of joint control or significant influence over an investee

Joint control is the contractual agreed sharing of control over an investee's economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control. The following evidences shall be considered when determining whether the Group can exercise joint control over an investee:

- no single venturer is in a position to control the operating activities unilaterally;
- operating decisions relating to the investee's economic activity require the unanimous consent of the parties sharing the control;
- if the parties sharing the control appoint one venturer as the operator or manager of the joint venture through the contractual arrangement, the operator must act within the financial and operating policies that have been agreed by the venturers in accordance with the contractual arrangement.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not control or joint control over those policies. The following one or more evidences shall be considered when determining whether the Group can exercise significant influence over an investee:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes;
- material transactions between the investor and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

(4) Method of impairment testing and measuring

For the method of impairment testing and measuring for subsidiaries, jointly controlled enterprises and associates, refer to Note II.20.

For other long-term equity investments, the carrying amount is required to be tested for impairment at the balance sheet date. If there is objective evidence that the investments may be impaired, the impairment shall be assessed on an individual basis. The impairment loss is measured as the amount by which the carrying amount of the investment exceeds the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed. The other long-term equity investments are stated at cost less impairment losses in the balance sheet.

13. Investment property

Investment property is a property held either to earn rental income or for capital appreciation or for both. Investment property is accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment. Investment property is depreciated or amortised using the straight line method over its estimated useful life, unless the investment property is classified as held for sale (see Note II.28). For the method of impairment testing and measuring, refer to Note II.20.

The useful lives and estimated residual values of each class of investment property are as follows:

Item	Useful life	Residual value rate	Depreciation/ Amortisation rate
Land use rights	29–50 years	—	2%–3.4%
Plant and buildings	20–30 years	10%	3–4.5%

14. Fixed assets

(1) Recognition

Fixed assets represent the tangible assets held by the Group for use in the production of goods or supply of services, for rental to others or for operation and administrative purposes with useful lives over one year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note II.15.

Where parts of an item of fixed asset have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

The subsequent costs including the cost of replacing part of an item of fixed assets are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation

Fixed assets are depreciated using the straight-line method over their estimated useful lives, unless the fixed asset is classified as held for sale (see Note II.28). The depreciation period and estimated residual value of each class of fixed assets are as follows:

Classes	Depreciation period (years)	Residual value rate	Depreciation rate
Plants and buildings	20–30 years	10%	3–4.5%
Machinery and equipment	10–12 years	10%	7.5–9%
Office and other equipment	5 years	10%	18%
Motor vehicles	5 years	10%	18%

Useful lives, residual values and depreciation methods are reviewed at least each year-end.

(3) For the method of impairment testing and measuring, refer to Note II.20.

(4) Disposal

The carrying amount of a fixed asset shall be derecognised:

- on disposal; or
- when no future economic benefits are expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset 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.

15. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note II.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is included in construction in progress before it is transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the balance sheet at cost less impairment losses (see Note II.20).

16. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset.

Except for the above, other borrowing costs are recognised as financial expenses in the income statement when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

— Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

— Where funds are borrowed generally and used for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense in the period in which they are incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Capitalisation of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally and the interruption lasts over three months.

17. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II.20). For an intangible asset with finite useful life, its cost less residual value and impairment loss is amortised on the straight-line method or other more appropriate methods that can reflect the pattern in which the asset's economic benefits are expected to be realised over its estimated useful life, unless the intangible asset is classified as held for sale (see Note II.28).

The respective amortisation periods for such intangible assets are as follows:

Item	Amortisation periods (years)
Land use rights	29–50
Technological know-how and trademarks	5–10
Timber concession rights	20
Customer base	8
Customer contracts	4

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

Expenditures on an internal research and development project are classified into expenditures on the research phase and expenditures on the development phase. Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products or processes before the start of commercial production or use.

Expenditures on research phase are recognised in profit or loss when incurred. Expenditures on development phase are capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete development. Capitalised development costs are stated at cost less impairment losses (see Note II.20). Other development expenditures are recognised as expenses in the period in which they are incurred.

18. Goodwill

Goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination involving entities not under common control.

Goodwill is not amortised and is stated at cost less accumulated impairment losses (see Note II.20). On disposal of an asset group or a set of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

19. Long-term deferred expense

Long-term deferred expenses are amortised on a straight-line method within the beneficial period:

Item	Amortisation period
Water and electricity capacity enlargement expenses	5–10years
Rental	2–10years
Others	5–10years

20. Impairment of assets other than inventories, financial assets and other long-term investments

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

— fixed assets

— construction in progress

— intangible assets

— investment property measured using a cost model

— long-term equity investments in subsidiaries, associates and jointly controlled entities

— goodwill

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at no later than each year-end, irrespective of whether there is any indication of impairment or not. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset, asset group or set of asset groups is the higher of its fair value less costs to sell and its present value of expected future cash flows.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the result of the recoverable amount calculating indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current period. A provision for impairment loss of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, that the carrying amount of an impaired asset will not be reduced below the highest of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

21. Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

22. Share-based payments

(1) Classification

Share-based payments transactions in the Group are equity-settled share-based payments.

(2) Method to determine the fair value of equity instruments

Fair value of stock option is estimated based on binomial lattice model. Contract term of the stock option is used as the input variable of this model. And the binomial lattice model includes estimation of early execution of the option. The following factors are taken into account when using the binomial lattice model: (1) exercise price of the option; (2) vesting period; (3) current price of basic stocks; (4) expected fluctuation of stocks; (5) expected dividends of stocks; (6) risk-free rate within the option term.

(3) Basis of the best estimate of the number of equity instruments expected to vest

At each balance sheet date during the vesting period, the Group makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the estimate shall be equal to the number of equity instruments that ultimately vested.

(4) Accounting treatment for share-based payment

— equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. Based on the best estimation, the Group recognises the services received for the current period as related costs or expenses, with a corresponding increase in capital reserve, at an amount equal to the fair value of the equity instruments at the grant date.

23. Revenue recognition

Revenue is the gross inflow of economic benefit in the periods arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met:

(1) Sale of goods

Revenue from sale of goods is recognised when all of the general conditions stated above and following conditions are satisfied:

— The significant risks and rewards of ownership of goods have been transferred to the buyer

— The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the considerations received or receivable under the sales contract or agreement.

(2) Rendering of services

Revenue from rendering of services is measured at the fair value of the considerations received or receivable under the contract or agreement.

At the balance sheet date, where outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised in the income statement by reference to the stage of completion of the transaction based on the progress of work performed.

Where outcome of rendering of services cannot be estimated reliably, if the costs incurred are expected to be recoverable, revenues are recognised to the extent that the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; if the costs incurred are not expected to be recoverable, the costs incurred are recognised in profit or loss and no service revenue is recognised.

(3) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognised at the balance sheet date using the percentage of completion method.

The stage of completion of a contract is determined based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably:

— If the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred;

— If the contract costs can not be recovered, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

(4) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

24. Employee benefits

Employee benefits are all forms of considerations given and other relevant expenditures incurred in exchange for services rendered by employees. Except for termination benefits, employee benefits are recognised as a liability in the period in which the associated services are rendered by employees, with a corresponding increase in cost of relevant assets or expenses in the current period.

(1) Pension benefits

Pursuant to the relevant laws and regulations of the PRC, the Group has joined a basic pension insurance for the employees arranged by local Labour and Social Security Bureaus. The Group makes contributions to the pension insurance at the applicable rates based on the amounts stipulated by the government organisation. The contributions are capitalised as part of the cost of assets or charged to profit or loss on an accrual basis. When employees retire, the local Labour and Social Security Bureaus are responsible for the payment of the basic pension benefits to the retired employees. The Group does not have any other obligations in this respect.

(2) Housing fund and other social insurances

Besides the pension benefits, pursuant to the relevant laws and regulations of the PRC, the Group has joined defined social security contributions for employees, such as a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes contributions to the housing fund and other social insurances mentioned above at the applicable rate(s) based on the employees' salaries. The contributions are recognised as cost of assets or charged to profit or loss on an accrual basis.

(3) Termination benefits

When the Group terminates the employment relationship with employees before the employment contracts have expired, or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision for the termination benefits provided, is recognised in profit or loss when both of the following conditions have been satisfied:

— The Group has a formal plan for the termination of employment or has made an offer to employees for voluntary redundancy, which will be implemented shortly

— The Group is not allowed to withdraw from termination plan or redundancy offer unilaterally.

25. Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at no consideration except for the capital contribution from the government as an investor in the Group. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital contributions, and not regarded as government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the subsequent periods is recognised initially as deferred income and recognised in profit or loss in the same periods in which the expenses are recognised. A grant that compensates the Group for expenses incurred is recognised in profit or loss immediately.

26. Deferred taxed assets and liabilities

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, which include the deductible losses and tax credits carry forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is recovered or the liability is settled in accordance with tax laws.

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

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

— the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities, and

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

27. Operating and finance leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred or not. An operating lease is a lease other than a finance lease.

(1) Operating lease charges

Rental payments under operating leases are recognised as costs or expenses on a straight-line basis over the lease term.

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment property (see Note II.13) are depreciated in accordance with the Group's depreciation policies described in Note II.14(2). Impairment losses are provided for in accordance with the accounting policy described in Note II.20. Other leased out assets under operating leases are amortised using the straight-line method. Income derived from operating leases is recognised in the income statement using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(3) Assets leased out under finance leases

The Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable. The difference between the aggregate of the minimum lease receipts, the initial direct costs, and the aggregate of their present values is recognised as unearned finance income.

Unearned finance income is allocated to each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivables, net of unearned finance income, are presented as long-term receivables or non-current assets due within one year, respectively in the balance sheet.

The Group makes provision for impairment losses of finance lease receivables (see Note II.10).

The unguaranteed residual values are reviewed at least each year-end. Any excess of the carrying amount of the unguaranteed residual values over their estimated recoverable amounts is recognised as impairment loss. If there is an indication that there has been a change in the factors used to determine the provision for impairment and as a result the estimated recoverable amount of the unguaranteed residual values is greater than its carrying amount, the impairment loss recognised in prior years is reversed. Reversals of impairment losses are recognised in the income statement.

28. Assets held for sale

A held-for-sale asset is classified as held for sale when the Group has made a decision and signed a non-cancellable agreement on the transfer of the asset with the transferee, and the transfer is expected to be completed within one year. Such non-current assets may be fixed assets, intangible assets, and investment property subsequently measured using the cost model, long-term equity investment etc. but not include deferred tax assets. Non-current assets held for sale are stated at the lower of carrying amount and net realisable value. Any excess of the carrying amount over the net realisable value is recognised as impairment loss. At balance sheet date, non-current assets held for sale are still presented under corresponding asset classification as they were.

29. Hedge accounting

Hedge accounting is a method which recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item in the same accounting period(s).

Hedged items are the items that expose the Group to risks of changes in fair value or future cash flows and that are designated as being hedged. The Group's hedged item include a forecast transaction that is settled with a fixed amount of foreign currency and expose the Group to foreign currency risk.

A hedging instrument is a designated derivative whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item.

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it has been highly effective throughout the accounting periods for which the hedging relationship was designated. A hedge is regarded as highly effective if both of the following conditions are satisfied:

— *Cash flow hedges*

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholders' equity as a separate component. That effective portion is adjusted to the lesser of the following in absolute amounts:

— the cumulative gain or loss on the hedging instrument from inception of the hedge

— the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge

The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge is recognised in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is removed from equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, the Group will discontinue the hedge accounting treatments prospectively. In this case, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall not be reclassified into profit or loss and is recognised in accordance with the above policy when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall be reclassified into profit or loss immediately.

30. Dividends appropriated to investors

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date, are not recognised as a liability at the balance sheet date but disclosed in the notes separately.

31. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control, jointly control, or significant influence from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

(a) the Company's parent;

(b) the Company's subsidiaries;

(c) enterprises that are controlled by the Company's parent;

(d) investors that have joint control or exercise significant influence over the Group;

(e) enterprises or individuals if a party has control, joint control or significant influence over both the enterprises or individuals and the Group;

(f) joint ventures of the Group;

(g) associates of the Group;

(h) principal individual investors and close family members of such individuals;

(i) key management personnel of the Group and close family members of such individuals;

(j) key management personnel of the Company's parent;

(k) close family members of key management personnel of the Company's parent; and

(l) other enterprises that are controlled, jointly controlled or significantly influenced by principal individual investors, key management personnel of the Group, and close family members of such individuals.

Besides the related parties stated above determined in accordance with the requirements of CAS, the following enterprises and individuals are considered as (but not restricted to) related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC:

(m) enterprises or persons that act in concert that hold 5% or more of the Company's shares;

(n) individuals and close family members of such individuals who directly or indirectly hold 5% or more of the Company's shares, supervisors for listed companies and their close family members;

(o) enterprises that satisfy any of the aforesaid conditions in (a), (c) and (m) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement;

(p) individuals who satisfy any of the aforesaid conditions in (i), (j) and (n) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement; and

(q) enterprises, other than the Company and subsidiaries controlled by the Company, which are controlled directly or indirectly by an individual defined in (i), (j), (n) or (p), or in which such an individual assumes the position of a director or senior executive.

32. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following conditions:

— It engages in business activities from which it may earn revenues and incur expenses;

— Its operating results are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance;

— The Group is able to obtain its financial information regarding financial position, results of operations and cash flows, etc.

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and are similar in respect of the following aspects:

— the nature of products and services;

— the nature of production processes;

— the type or class of customers for the products and services;

— the methods used to distribute the products or provide the services;

— the legal and regulatory impact on manufacturing of products and rendering of services.

33. Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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.

Notes V.17, VII and XI.3 contain information about the assumptions and their risk factors relating to impairment of goodwill, share-based payments and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(1) Impairment of receivables

As described in Note II.10, receivables that are measured at amortisation cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is an indication that there has been a change in the factors used to determine the provision for impairment, the impairment loss recognised in prior years is reversed.

(2) Impairment of other assets excluding inventories, financial assets and other long-term equity investments

As described in Note II.20, other assets excluding inventories, financial assets and other long-term equity investments are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, impairment loss is provided.

The recoverable amount of an asset (asset group) is the greater of its net selling price and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumption.

(3) Depreciation and amortisation

As described in Note II.13, 14 and 17, investment property, fixed assets and intangible assets are depreciated and amortised using the straight-line method over their useful lives after taking into account residual value. The useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation is revised.

(4) Warranty provisions

As described in V.32, the Group makes provisions under the warranties it gives on sale of its products taking into account the group's recent claim experience. Any increase or decrease in the provision will affect profit or loss in future years.

(5) Impairment of inventories

As described in Note II.11, inventories are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. For inventories with committed sales orders or active market, the Group estimates the new realisable value with reference to the selling prices set out in the committed sales orders or in the active market. For inventories without committed sales orders or active market, the Group carefully estimates the new realisable value based on available information and reasonable and supportive assumptions on expected selling prices, manufacturing costs, selling expenses, sales tax and etc.

(6) Functional currency

As described in the Note II.4, the Group determines its functional currencies based on the major currencies in business transactions. Since most revenue of the Group's subsidiaries within the container segment is denominated in US dollars, these subsidiaries choose US dollars as their functional currencies. The subsidiaries in the road transportation segment choose RMB as their functional currencies. If there is an indication that there has been a change in the factors used to determine the functional currency, the functional currency will be changed accordingly.

(7) Construction contract

As described in Note II.23, contract revenue and contract profit are recognised based on the stage of completion of a contract which is determined with reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Where a contract is completed substantially and its contract revenue and contract expenses to completion can be reliably measured, the Group estimates contract revenue and contract expenses with reference to its recent construction experience and the nature of the construction contracts. For a contract that is not completed substantially, contract revenue that should be recognised based on its stage of completion, is not recognised and disclosed in the financial statements. Therefore, at the balance sheet date, actual total contract revenue and total contract cost may be higher or lower than the estimated total contract revenue and total contract cost and any change of estimated total contract revenue and total contract cost may have financial impact on future profit or loss.

(8) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

34. Changes in accounting policies and their effects

(1) Changes in accounting policies

In accordance with CAS Bulletin No.3 and the Notice on preparing 2009 annual reports of listed and unlisted companies adopting China Accounting Standards (Caikuai [2009] No.16), which were newly issued by the Ministry of Finance in 2009, the Group changed the following significant accounting policies:

Description of and reasons for changes in accounting policies	Note	Affected items in the financial statements	Amounts of adjustments
For long-term equity investment accounted for using the cost method, the change of accounting treatment by the investor when cash dividends or profit distribution are declared by the investee	(a)	Long-term equity investment and investment income	The effect of this change in accounting policy does not have any material impact on the Group's financial statements for the year ended 31 December 2009.
Change in presentation of the income statement and statement of changes in shareholders' equity	(b)	Other comprehensive income for the year	Not applicable
Change in disclosure of segment reporting	(c)	Not applicable	Not applicable

Note:

(a) For long-term equity investment accounted for using the cost method, the change of accounting treatment made by the investor when the cash dividends or profit distribution are declared by the investee.

Before 1 January 2009, for cash dividends or profit distribution declared from a long-term equity investment that is accounted for using the cost method, only the post-acquisition portion of the cash dividends or profit distribution was recognised as investment income. Starting from 1 January

2009, in accordance with CAS Bulletin No.3, except for declared but undistributed cash dividends or profits distribution that have been included in the price or consideration paid in obtaining the investments, the Group recognises its share of the cash dividends or profit distribution declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment. After investment income is recognised according to the above policy, the carrying amount of the investment is reviewed by the Group to identify whether it exceeds the Group's interest in the carrying amount of the investee's net assets (including associated goodwill). If such surplus exists, an impairment test for the long-term equity investment is performed in accordance with the accounting policy described in note II.20. If the recoverable amount of the long-term equity investment is less than its carrying amount, an impairment loss is recognised.

In accordance with CAS Bulletin No. 3, no retrospective adjustment is made by the Group for the above change of accounting policy.

(b) Change in presentation of the income statement and statement of changes in shareholders' equity

"Other comprehensive income for the year" and "Total comprehensive income for the year" are added under the line item of "Earnings per share" in the income statement. "Other comprehensive income for the year" comprises items of gains or losses net of related tax effects that are not recognised in profit or loss under CAS. "Total comprehensive income for the year" represents the total amount of net profit and other comprehensive income. The consolidated income statement is adjusted accordingly, and the total comprehensive income for the year attributable to shareholders of the Company and minority shareholders are presented separately under the total comprehensive income for the year.

In the statement of changes in shareholders' equity, the line item "Gains and losses recognised directly in equity" together with its breakdown were replaced by the line item "Other comprehensive income".

The relevant comparative items have been adjusted accordingly for the above change in the presentation of income statement and statement of changes in shareholders' equity (see related items in the income statement and statement of changes shareholders' equity).

(c) Change in disclosure of segment reporting

Before 1 January 2009, segment information was presented in respect of the Group's business and geographical segments, and the Group chose business segment information as the primary reporting format and geographical segment information as the secondary reporting format. Starting 1 January 2009, reportable segments are identified and disclosed based on operating segments, which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system in accordance with CAS Bulletin No.3. No retrospective adjustment is made by the Group for the above change of accounting policy.

III. TAXATION

1. Main taxes and taxes rates

Types of tax	Taxable base	Tax rate
Value added tax (VAT)	The output VAT calculated based on taxable income from sales of goods and rendering of service, after subtracting the deductable input VAT of the period, is VAT payable	17%
Business tax	Taxable operating income	3%–5%
Urban maintenance and construction tax	Business tax payable and VAT payable	5%–7%
Income tax	Taxable income	Note 1
The Netherlands/Australia service tax rate	Calculated based on revenue arising from sales of goods and rendering of service, less deductible or refundable taxes for purchase of goods	10–19%

Note 1:

The income tax rates applicable to the Group for the year are as follows:

	2009	2008
The Company	20%	18%
Domestic subsidiaries	0–25%	0–25%
Subsidiaries registered in Hong Kong	16.5%	16.5%
Subsidiaries registered in British Virgin Islands	—	—
Subsidiary registered in Suriname	36%	36%
Subsidiary registered in Cambodia	20%	20%
Subsidiary registered in US	15–35%	15–35%
Subsidiary registered in Germany	31.6%	31.6%
Subsidiary registered in Britain	28%	28%
Subsidiary registered in Australia	30%	30%
Subsidiary registered in the Netherlands	25.5%	20%–25.5%
Subsidiary registered in Belgium	34%	34%
Subsidiary registered in Denmark	28%	28%
Subsidiary registered in Finland	26%	26%
Subsidiary registered in Poland	19%	19%
Subsidiary registered in Thailand	30%	30%

2. Tax preference

The Group's subsidiaries that are entitled to preferential tax treatments are as follows:

	Name of enterprises	Local statutory tax rate	Preferential rate	Reasons
1	Shenzhen CIMC — Tianda Airport Support Co., Ltd	20%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate
2	Qingdao CIMC Special Reefer Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the fifth profit making year
3	Shenzhen CIMC Special Vehicle Co., Ltd.	20%	10%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the fifth profit making year
4	Shanghai CIMC Yangshan Logistics Equipment Co., Ltd	25%	—	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the second profit making year
5	Dalian CIMC Logistics Equipments Co., Ltd	20%	10%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the fifth profit making year
6	Tianjin CIMC Special Vehicle Co., Ltd	20%	—	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the second profit making year
7	CIMC SHAC (Xi'An) Special Vehicle Co., Ltd	25%	—	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the second profit making year
8	Gansu CIMC Huajun Vehicle Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the third profit making year
9	Yangzhou Runyang Logistics Equipments Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the fifth profit making year

Name of enterprises		Local statutory tax rate	Preferential rate	Reasons
10	Jiaxing CIMC Wood Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the fourth profit making year
11	Ianermongolia Holonbuir CIMC Wood Co., Ltd	25%	—	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the second profit making year
12	Tianjin CIMC Logistics Equipments Co., Ltd.	20%	10%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the fourth profit making year
13	Tianjin CIMC Containers Co., Ltd	25%	—	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the second profit making year
14	Taicang CIMC Containers Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the fourth profit making year
15	Shanghai CIMC Yangshan Container Service Co., Ltd	25%	—	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the second profit making year
16	Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the fourth profit making year
17	Zhumadian CIMC Huajun Vehicle Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the fifth profit making year
18	Yangzhou Tonglee Reefer Equipment Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2009 is the third profit making year

	Name of enterprises	Local statutory tax rate	Preferential rate	Reasons
19	Yangzhou Tonglee Reefer Container Co., Ltd	25%	—	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2009 is the second tax exemption year
20	Yangzhou CIMC Tonghua Tank Equipment Co., Ltd	25%	—	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2009 is the second tax exemption year
21	Enric (Bengbu) Compressor Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
22	Shanghai CIMC Reefer Containers Co., Ltd.	20%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
23	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
24	Wuhu CIMC RuiJiang Automobile Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
25	CIMC Vehicle (Liaoning) Co., Ltd.	20%	—	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the second tax exemption year
26	Chongqing CIMC Logistics Equipments Co., Ltd.	25%	—	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the second tax exemption year
27	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd	20%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
28	Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
29	Enric (Lang fang) Energy Equipment integration Co., Ltd..	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the fifth profit making year

	Name of enterprises	Local statutory tax rate	Preferential rate	Reasons
30	Qingdao CIMC Special Vehicles Co., Ltd.	25%	—	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the second tax exemption year
31	Dalian CIMC Heavy Logistics Equipments Co., Ltd.	20%	10%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2009 is the fifth profit making year
32	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate

Corporate income tax law of the PRC ("New Tax Law") became effective on 1 January 2008. The statutory income tax rate for the Company and its domestic subsidiaries will be 25%. According to the Notice for Transitional Preferential Tax Policies of Enterprise, Income Tax Law (Guo Fa [2007] No. 39) issued by the State Council, the tax rate for the companies which were previously entitled to preferential tax rates will gradually transition to the statutory tax rate of 25% within 5 years. The tax rate for the enterprises which are entitled to preferential tax rate of 15% will be 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012; the tax rate for the enterprises whose applicable tax rates were 24% and above or equal to 25% will be 25% starting from 2008.

Effective from 1 January 2008, the companies which are previously entitled to tax holidays of "two-year exemption and three-year reduction" and "one-year exemption and two-year reduction" will continue to enjoy the tax holidays until their expirations. The reduced tax rates will be based on the applicable tax rate in the transitional period. The applicable tax rate will be the statutory tax rate after the expirations of tax holidays.

On 6 December 2007, State Council of People's Republic of China promulgated detailed implementation rules of the New Tax Law. According to the implementation rules started from 1 January 2008, a withholding tax is applied on dividends distributed by foreign-invested enterprises to Hong Kong or other overseas investors with a tax rate of 5% or 10%, respectively. Therefore, at 31 December 2009, temporary difference caused by the Group's subsidiaries' undistributed profits amounted to USD206,080,000 (RMB1,407,153,000). Accordingly, deferred tax liabilities amounting to USD12,966,000 (RMB88,534,000) were recognised by the Group at year end.

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

1. Company status of investment in subsidiaries

All subsidiaries of the Group were established or acquired through combination not under common control. There is no acquisition of subsidiaries through combination under common control.

In the reporting period, the number of companies included in the scope of consolidation added up to 210. Except for the subsidiaries listed as below, the number of other subsidiaries held by the Group was 88, with paid-in capital amounting to USD118,657,000. Other subsidiaries mainly included those engaged in manufacturing or service provision, which have relatively small scale of operation and the paid-in capital was below RMB20 million or USD3 million. Other subsidiaries also included those investment holding companies with no operating activities registered in Hong Kong, British Virgin Islands or other overseas countries.

(1) Subsidiaries obtained through establishment or business combination

(i) Domestic subsidiaries:

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount in current year's minority interests used to reduce the profit/(loss) attributable to minority shareholders	Balance in shareholders of the company reduces loss attributable to minority shareholders of the subsidiary which is more than the opening shareholders' equity of by the subsidiary possessed by the minority shareholders
			Currency	Amount of original currency		Currency	Amount of original currency						
								%	%		USD'000	USD'000	USD'000
1 Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (SCIMC)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture, repair and sale of container, container stockpiling business	USD	16,600,000.00	100.00%	100.00%	Yes	—	—	—
2 Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd. (SCIMCEL) . .	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture and repair of container design and manufacture of new-style special road and port mechanical equipment	USD	16,600,000.00	100.00%	100.00%	Yes	—	—	—
3 Xinhui CIMC Container Co., Ltd. (XHCIMC)	Corporation	Guangdong, China	USD	24,000,000.00	Manufacture, repair and sale of containers	USD	16,800,000.00	70.00%	70.00%	Yes	7,045	—	—
4 Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	Corporation	Jiangsu, China	USD	7,700,000.00	Manufacture, repair and sale of containers	USD	5,467,000.00	71.00%	71.00%	Yes	—	—	2,052
5 Tianjin CIMC Containers Co., Ltd. (TJCIMCn) . . .	Corporation	Tianjin, China	USD	23,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	23,000,000.00	100.00%	100.00%	Yes	—	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount in current year's minority interests used to reduce the profit/(loss) attributable to minority shareholders	Balance in shareholders of the company reduces loss attributable to minority shareholders of the subsidiary which is more than the opening shareholders' equity of by the subsidiary possessed by the minority shareholders
				Currency	Amount of original currency		Currency	Amount of original currency						
									%	%		USD'000	USD'000	USD'000
6	Dalian CIMC Containers Co., Ltd. (DLCIMC) . . .	Corporation	Dalian, China	USD	17,400,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	17,400,000.00	100.00%	100.00%	Yes	—	—	—
7	Ningbo CIMC Logistics Equipment Co., Ltd. (NBCIMC).	Corporation	Ningbo, China	USD	15,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	15,000,000.00	100.00%	100.00%	Yes	—	—	—
8	Taicang CIMC Containers Co., Ltd. (TCCIMC) . . .	Corporation	Jiangsu, China	USD	40,000,000.00	Manufacture and repair of container	USD	40,000,000.00	100.00%	100.00%	Yes	—	—	—
9	Yangzhou Runyang Logistics Equipments Co., Ltd. (YZRYL)	Corporation	Jiangsu, China	USD	5,000,000.00	Manufacture, repair and sale of container	USD	5,000,000.00	100.00%	100.00%	Yes	—	—	—
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. (SHYSLE)	Corporation	Shanghai, China	USD	20,000,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	20,000,000.00	100.00%	100.00%	Yes	—	—	—
11	Shanghai CIMC Reefer Containers Co., Ltd. (SCRC)	Corporation	Shanghai, China	USD	31,000,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat Preservation car	USD	28,520,000.00	92.00%	92.00%	Yes	6,486	—	—

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								%	%		USD'000	USD'000	USD'000
12 Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	Corporation	Jiangsu, China	USD	10,000,000.00	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	USD	7,100,000.00	71.00%	71.00%	Yes	1,463	—	—
13 Xinhui CIMC Special Transportation Equipment Co., Ltd. (XHCIMCS) . .	Corporation	Guangdong, China	USD	9,000,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts; providing leasing and maintenance service	USD	9,000,000.00	100.00%	100.00%	Yes	—	—	—
14 Nantong CIMC Tank Equipment Co., Ltd (NTCIMCT)	Corporation	Jiangsu, China	USD	25,000,000.00	Manufacture and sale of various container, semi-finished container relevant components and parts	USD	19,555,000.00	78.22%	100.00%	Yes	Note 1	—	—
15 Dalian CIMC Railway Equipment Co., Ltd (DLCIMCS)	Corporation	Liaoning, China	USD	20,000,000.00	Design, manufacture and sale of various railway freight equipment products such as railway container flat car, open wagon and hopper wagon	USD	20,000,000.00	100.00%	100.00%	Yes	—	—	—

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									%	%		USD'000	USD'000	USD'000
16	Nantong CIMC Large-sized Tank Co., Ltd.	Corporation	Jiangsu, China	USD	33,000,000.00	Design, production and sale of tank relevant parts; undertaking tank-related general contracting projects	USD	29,370,000.00	100.00%	100.00%	Yes	—	—	—
17	Shenzhen CIMC Special Vehicle Co., Ltd. (CIMCSV)	Corporation	Guangdong, China	RMB	200,000,000.00	Development, production and sales of various special-use vehicles, as well as relevant components and parts	RMB	160,000,000.00	80.00%	100.00%	Yes	8,922	—	—
18	Qingdao CIMC Special Vehicle Co., Ltd. (QDSV)	Corporation	Shandong, China	RMB	35,000,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	RMB	28,000,000.00	80.00%	100.00%	Yes	530	—	—
19	Yangzhou CIMC Tonghua Tank Equipment Co., Ltd. (YZTHT)	Corporation	Jiangsu, China	USD	17,500,000.00	Development and production of various trailer, special-use vehicles and tank equipment as well as components and parts	USD	14,000,000.00	80.00%	100.00%	Yes	4,226	—	—

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									%	%		USD'000	USD'000	USD'000
20	Shanghai CIMC Vehicle Logistics Equipments Co., Ltd. (SHL)	Corporation	Shanghai, China	RMB	90,204,082.00	Development, construction, operation leasing, sales of warehousing and auxiliary facilities; property	RMB	72,163,265.60	80.00%	100.00%	Yes	2,646	—	—
21	Beijing CIMC Vehicle Logistics Equipments Co., Ltd. (BJVL)	Corporation	Beijing, China	RMB	20,000,000.00	Construction and operation of auxiliary warehousing equipments	RMB	16,000,000.00	80.00%	100.00%	Yes	582	—	—
22	CIMC Vehicle (Liaoning) Co., Ltd. (LNVS)	Corporation	Liaoning, China	RMB	40,000,000.00	Development and production of various trailer, special-use vehicles as well as components and parts and relevant service	RMB	32,000,000.00	80.00%	100.00%	Yes	1,342	—	—
23	Tianjin CIMC Special Vehicles Co., Ltd. (TJXV).	Corporation	Tianjin, China	RMB	30,000,000.00	Production and sales of box car, mechanical products, metal structure member; relevant service	RMB	24,000,000.00	80.00%	100.00%	Yes	556	—	—

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								%	%		USD'000	USD'000	USD'000
24 CIMC -SHAC (Xi'An) Special Vehicle Co., Ltd. (XASV)	Corporation	Xi'An, China	RMB	50,000,000.00	Development and production of various trailer, special vehicle and the components and parts; providing relevant technical service	RMB	30,000,000.00	60.00%	75.00%	Yes	2,151	—	—
25 Gansu CIMC Huajun Vehicle Co., Ltd. (GSHJ)	Corporation	Gansu, China	RMB	25,000,000.00	Refitting of special vehicles, manufacture of trailer and fittings as well automobile fittings; sales of relevant materials	RMB	15,000,000.00	80.00%	100.00%	Yes	879	—	—
26 Xinhui CIMC Composite Material Manufacture CO., LTD (XHCM).	Corporation	Guangdong, China	USD	16,000,000.00	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	USD	12,800,000.00	80.00%	100.00%	Yes	2,439	—	—
27 Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)	Corporation	Shandong, China	RMB	137,930,000.00	Development, manufacture, sales and service for garbage treatment truck and the components and parts	RMB	56,275,440.00	40.80%	51.00%	Yes	7,701	—	—

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								%	%		USD'000	USD'000	USD'000
28 Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	Corporation	Shanghai, China	RMB	30,000,000.00	Development and production of box trailer, box car as well as relevant mechanical products	RMB	24,663,000.00	82.21%	100.00%	Yes	674	—	—
29 CIMC Financing and Leasing Co., Ltd. (CIMCVL) . . .	Corporation	Guangdong, China	USD	10,000,000.00	Finance lease business; disposal and maintenance for residual value of leased property; advisory and warranty for leasing transaction	RMB	8,000,000.00	80.00%	100.00%	Yes	3,512	—	—
30 Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV)	Corporation	Shandong, China	USD	25,000,000.00	Manufacture and sales of various refrigeration, heat preservation and other transport equipments and spare parts	USD	20,000,000.00	80.00%	100.00%	Yes	4,816	—	—
31 Nantong CIMC Tank Equipment Co., Ltd. (NTCY)	Corporation	Jiangsu, China	USD	10,000,000.00	Manufacture and repair of large-sized tank, production of various pressurization tank car, special pressurization trough, tank and parts	USD	8,000,000.00	85.00%	100.00%	Yes	948	—	—

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									%	%		USD'000	USD'000	USD'000
32	Shenzhen CIMC — Tianda Airport Support Ltd. (TAS)	Corporation	Guangdong, China	USD	13,500,000.00	Production and operation of various airport-purpose electromechanical equipment products	USD	9,450,000.00	70.00%	70.00%	Yes	11,243	—	—
33	Xinhui CIMC Container Flooring Co., Ltd. (XHCIMCF)	Corporation	Guangdong, China	USD	15,500,000.00	Production of container-purpose wood floor and relevant products of various specifications; providing relevant service	USD	15,500,000.00	100.00%	100.00%	Yes	—	—	—
34	Inner Mongolia Holonbuir CIMC Wood Co., Ltd. (NMGW)	Corporation	Inner Mongolia, China	USD	12,000,000.00	Production and sales of various container wood floors and wood products for transport equipments	USD	12,000,000.00	100.00%	100.00%	Yes	—	—	—
35	Jiaxing CIMC Wood Co., Ltd. (JXW)	Corporation	Zhejiang, China	USD	5,000,000.00	Production and sales of container wood floors, wood products for transport equipments	USD	5,000,000.00	100.00%	100.00%	Yes	—	—	—
36	Xuzhou CIMC Wood Co., Ltd (XZW)	Corporation	Jiangsu, China	RMB	50,000,000.00	Production and sales of container wood floor; purchasing and sales of timber	RMB	50,000,000.00	100.00%	100.00%	Yes	—	—	—

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								%	%		USD'000	USD'000	USD'000
37 Shenzhen Southern CIMC Containers Service Co., Ltd. (SCIMCL)	Corporation	Guangdong, China	USD	5,000,000.00	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance	USD	5,000,000.00	100.00%	100.00%	Yes	—	—	—
38 Qingdao CIMC-Dragon Container Services Co., Ltd. (QDYLL)	Corporation	Shandong, China	RMB	48,780,000.00	Container transshipment, stockpiling, devanning, vanning, load and unload, sorting, allotment, refitting maintenance	RMB	28,780,200.00	59.00%	59.00%	Yes	2,069	—	—
39 Ningbo CIMC Container Service Co., Ltd. (NBCIMCL)	Corporation	Ningbo, China	RMB	30,000,000.00	Goods traffic; goods package, sorting, examination and logistics advisory service	RMB	30,000,000.00	100.00%	100.00%	Yes	—	—	—
40 Shanghai CIMC Yangshan Container Service Co., Ltd. (SHYLE)	Corporation	Shanghai, China	USD	7,000,000.00	Container transshipment, stockpiling, devanning, vanning, and warehousing; container maintenance, try-off and technical service	USD	5,600,000.00	80.00%	80.00%	Yes	1,177	—	—

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									%	%		USD'000	USD'000	USD'000
41	CIMC Shenfa Development Co., Ltd. (CIMCSD)	Corporation	Shanghai, China	RMB	204,122,966.00	Investment, construction and operation for infrastructure; real estate development and operation	RMB	204,122,966.00	100.00%	100.00%	Yes	—	—	—
42	CIMC Vehicle (Xinjiang) Co., Ltd. (SJ4S)	Corporation	Xinjiang, China	RMB	80,000,000.00	Production and sales of mechanical equipments as well as relevant technical development	RMB	64,000,000.00	80.00%	100.00%	Yes	77	—	—
43	CIMC Vehicle (Group) Co., Ltd. (HI)	Corporation	Guangdong, China	USD	75,000,000.00	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	USD	60,000,000.00	80.00%	80.00%	Yes	31,371	—	—
44	Qingdao CIMC Special Reefer Co., Ltd. (QDCSR)	Corporation	Shandong, China	USD	11,500,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts	USD	11,500,000.00	100.00%	100.00%	Yes	—	—	—

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								%	%		USD'000	USD'000	USD'000
45 Tianjin CIMC Logistics Equipments Co., Ltd. (TJCIMCLE)	Corporation	Tianjin, China	USD	5,000,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	USD	5,000,000.00	100.00%	100.00%	Yes	—	—	—
46 Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Corporation	Dalian, China	USD	17,700,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	USD	17,700,000.00	100.00%	100.00%	Yes	—	—	—
47 Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Corporation	Chongqing, China	USD	8,000,000.00	Design, manufacture, lease, maintenance of container, special container, other logistic equipment and relevant components and parts	USD	8,000,000.00	100.00%	100.00%	Yes	—	—	—

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								%	%		USD'000	USD'000	USD'000
48 Dalian CIMC Heavy Logistics Equipments Co., Ltd. (DLZH)	Corporation	Liaoning, China	USD	3,700,000.00	International trade, entrepot trade, design, manufacture, sale, and relevant technical advisory of pressure vessel; manufacture and installation, other service of relevant components and parts of pressure vessel	USD	3,700,000.00	100.00%	100.00%	Yes	—	—	—
49 Shenzhen CIMC Intelligent Technology Co., Ltd. (CIMC Tech)	Corporation	Guangdong, China	RMB	20,000,000.00	Design, development, sale, surrogate of electron production, software and system	RMB	20,000,000.00	100.00%	100.00%	Yes	—	—	—
50 Yangzhou Actaris Refrigeration Equipment Co., Ltd. (YTLRC) . . .	Corporation	Jiangsu, China	USD	15,000,000.00	Production, sale of mobile home, components, refrigeration equipment	USD	15,000,000.00	100.00%	100.00%	Yes	—	—	—
51 CIMC Taicang refrigeration equipment logistics Co., Ltd. (TCCRC)	Corporation	Jiangsu, China	RMB	450,000,000.00	Research and development, production and sale of reefer container and special container	RMB	450,000,000.00	100.00%	100.00%	Yes	—	—	—

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									%	%		USD'000	USD'000	USD'000
52	Hunan CIMC Bamboo Industry Development Co., Ltd. (HNW)	Corporation	Hunan, China	RMB	50,000,000.00	Manufacturing and sale of bamboo and wood product	RMB	50,000,000.00	100.00%	100.00%	Yes	—	—	—
53	CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd. (QHDV)	Corporation	Hebei, China	RMB	70,000,000.00	Sale of car and car components and parts	RMB	52,500,000.00	75.00%	75.00%	Yes	2,420	—	—
54	CIMC Energy Chemical Engineering technology Co., Ltd.	Corporation	Guangdong, China	RMB	5,000,000.00	Design and development projects for energy, chemical food related equipment; contractor techniques transfer	RMB	5,000,000.00	100.00%	100.00%	Yes	—	—	—
55	CIMC Management and Training (Shenzhen) Co., Ltd.	Corporation	Guangdong, China	RMB	5,000,000.00	Design of marketing activities scheme organization of academic and commercial conference and exhibition	RMB	5,000,000.00	100.00%	100.00%	Yes	—	—	—
56	Yangzhou Lijun Industry and Trade Co., Ltd. ("Yangzhou Lijun")	Corporation	Jiangsu, China	RMB	10,000,000.00	Production and sales of mechanical equipments and relevant components and parts; technical advisory and other service	RMB	10,000,000.00	100.00%	100.00%	Yes	—	—	—

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								%	%		USD'000	USD'000	USD'000
57 Yangzhou Taili Special Equipment Co., Ltd. ("Yangzhou Taili"). . . .	Corporation	Jiangsu, China	RMB	10,000,000.00	Design, manufacturing and maintenance of containers, board square cabin and relevant components and parts; relevant advisory and service	RMB	10,000,000.00	100.00%	100.00%	Yes	—	—	—
58 Yantai CIMC Marine Engineering Academe Co., Ltd. ("MEA").	Corporation	Shandong, China	RMB	150,000,000.00	Research and development of marine operation platform and other marine engineering service	RMB	30,000,000.00	100.00%	100.00%	Yes	—	—	—
59 Shanghai Lifan Container Service Co., Ltd. ("Shanghai Lifan") . . .	Corporation	Shanghai, China	RMB	1,000,000.00	Refitting and maintenance of containers; providing containers information system management and advisory service	RMB	600,000.00	60.00%	60.00%	Yes	—	—	—
60 CIMC Wood Development Co., Ltd. ("CIMCWD"). .	Corporation	Guangdong, China	RMB	150,000,000.00	Development, production and sales of wood products for various modern transportation equipment	RMB	150,000,000.00	100.00%	100.00%	Yes	—	—	—

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61 Shenzhen CIMC Skyspace Real Estate Development Co., Ltd (CIMC Tianyu) Note IV. 1(4)(i)	Corporation	Shenzhen, China	RMB	154,634,066.00	Real estate development	RMB	77,317,033.00	50%	60.00%	Yes	Note 2	—	—
62 Yangzhou CIMC grand space Real Estate Development Co., Ltd (CIMC Haoyu)	Corporation	Jiangsu, China	RMB	25,000,000.00	Real Estate Development, sales and leasing	RMB	12,500,000.00	50%	100.00%	Yes	Note 2	—	—
63 Jiangmen CIMC skyspace Real Estate Co., Ltd. ("Jiangmen Dichan")	Corporation	Guangdong, China	RMB	30,000,000.00	Real estate development, projects sale of decoration and building materials	RMB	15,000,000.00	50%	100.00%	Yes	Note 2	—	—
64 CIMC Holdings (B.V.I.) Limited (CIMC BVI)		British Virgin Islands	USD	34,001.00	Investment	USD	34,001.00	100.00%	100.00%	Yes	—	—	—
65 CIMC Tank Equipment Investment Holdings Co., Ltd.		Hong Kong	HKD	4,680,000.00	Investment	HKD	4,680,000.00	100.00%	100.00%	Yes	—	—	—
66 CIMC-SMM Vehicle (Thailand) CO., LTD. (Thailand V)		Thailand	Baht	260,000,000.00	Production and operation of various special vehicles	Baht	213,200,000.00	82.00%	82.00%	Yes	1,344	—	—
67 CIMC Vehicle Investment Holding Co., Ltd. (CIMC Vehicle)		Hong Kong	USD	50,000.00	Investment	USD	40,000.00	80.00%	100.00%	Yes	4,079	—	—
68 CIMC Europe BVBA ("BVBA")		Belgium	EUR	18,550.00	Investment	EUR	18,550.00	100.00%	100.00%	Yes	—	—	—

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69 China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong")		Hong Kong	HKD	2,000,000.00	Investment	HKD	2,000,000.00	100.00%	100.00%	Yes	—	—	—
70 CIMC Burg B.V. (Burg)		Holland	EUR	60,000,000.00	Investment	EUR	48,000,000.00	80.00%	80.00%	Yes	Note 3	—	—
71 Tacoba Consultant N.V ("Tacoba")		Suriname	SF	3,000,000.00	Sale of wood	SF	3,000,000.00	100.00%	100.00%	Yes	—	—	—
72 Charm Wise Limited ("Charm Wise")		Hong Kong	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	—	—	—
73 Gold Terrain Assets Limited ("GTA")		British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	—	—	—
74 Full Medal Holdings Ltd. ("Full Medal") Note IV. 1(4)		British Virgin Islands	USD	50,000.00	Investment	USD	78.22	78.22%	100.00%	Yes	Note 1	—	—
75 Charm Ray Holdings Limited ("Charm Ray") NoteIV.1(4)		Hong Kong	HKD	1.00	Investment	HKD	0.78	78.22%	100.00%	Yes	Note 1	—	—
76 Charm Beat Enterprises Limited ("Charm Beat")		British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	—	—	—
77 Sharp Vision Holdings Limited ("Sharp Vision")		Hong Kong	HKD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes	—	—	—
78 Sound Winner Holdings Limited ("Sound Winner")		British Virgin Islands	USD	10,000.00	Investment	USD	7,822.00	78.22%	100.00%	Yes	Note 1	—	—

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			Currency	Amount of original currency		Currency	Amount of original currency						
								%	%		USD'000	USD'000	USD'000
79 Grow Rapid Limited ("Grow Rapid")		Hong Kong	USD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes	—	—	—
80 Powerlead Holding Ltd. ("Powerlead")		British Virgin Islands	USD	10.00	Investment	USD	10.00	100.00%	100.00%	Yes	—	—	—
81 Cooperatie Vela U.A.. . . .		Holland	EUR	18,000	Investment	EUR	14,080.00	78.22%	100.00%	Yes	Note 1	—	—
82 Vela Holding B.V.		Holland	EUR	18,000	Investment	EUR	14,080.00	78.22%	100.00%	Yes	Note 1	—	—

(2) The Group does not have subsidiaries obtained through combination under common control.

(3) Subsidiaries acquired through combinations under non-common control:

(i) Domestics Subsidiaries

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount in current year's minority interests used to reduce the profit/(loss) attributable to minority shareholders	Balance in shareholders of the company reduces loss attributable to minority shareholders of the subsidiary which is more than the opening shareholders' equity of by the subsidiary possessed by the minority shareholders
			Currency	Amount of original currency		Currency	Amount of original currency						
								%	%		USD'000	USD'000	USD'000
1 Luoyang CIMC Lingyu Automobile CO., LTD. (LYV)	Corporation	Henan, China	RMB	60,000,000.00	Production and sales of passenger car, tank car; machining; operation of import and export business	RMB	36,000,000.00	60.00%	75.00%	Yes	3,240	—	—
2 Wuhu CIMC RuiJiang Automobile CO LTD (WHVS)	Corporation	Anhui, China	RMB	70,000,000.00	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB	42,000,000.00	60.00%	75.00%	Yes	6,485	—	—
3 Liangshan Dongyue CIMC Vehicle Co., Ltd. (LSDYV)	Corporation	Shandong, China	RMB	90,000,000.00	Production and sales of mixing truck, special vehicle and components and parts	RMB	54,000,000.00	60.00%	75.00%	Yes	6,593	—	—
4 Qingdao CIMC Container Manufacture Co., Ltd. (QDCC)	Corporation	Shandong, China	USD	27,840,000.00	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipment	USD	27,840,000.00	100.00%	100.00%	Yes	—	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount in current year's minority interests used to reduce the profit/(loss) attributable to minority shareholders	Balance in shareholders of the company reduces loss attributable to minority shareholders of the subsidiary which is more than the opening shareholders' equity of by the subsidiary possessed by the minority shareholders
				Currency	Amount of original currency		Currency	Amount of original currency						
									%	%		USD'000	USD'000	USD'000
5	Qingdao CIMC Reefer Container Manufacture Co., Ltd. (QDCRC) . . .	Corporation	Shandong, China	USD	39,060,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing relevant maintenance service	USD	34,880,580.00	89.30%	89.30%	Yes	4,480	—	—
6	Tianjin CIMC North Ocean Container Co., Ltd. (TJCIMC)	Corporation	Tianjin, China	USD	16,682,000.00	Manufacture and sale of container as well as vehicle, ship, equipment and steel structure specially used for container; warehousing and after sales service for container	USD	16,682,000.00	100.00%	100.00%	Yes	—	—	—
7	Shanghai CIMC Baowell Industries Co. Ltd. (SBWI)	Corporation	Shanghai, China	USD	28,500,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	27,000,900.00	94.74%	100.00%	Yes	596	—	—
8	CIMC Vehicle (Shandong) Co. Ltd. (KGR)	Corporation	Shandong, China	USD	18,930,100.00	Development and manufacture of special vehicles and various series products	RMB	15,144,080.00	69.61%	87.01%	Yes	4,590	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount in current year's minority interests used to reduce the profit/(loss) attributable to minority shareholders	Balance in shareholders of the company reduces loss attributable to minority shareholders of the subsidiary which is more than the opening shareholders' equity of by the subsidiary possessed by the minority shareholders
				Currency	Amount of original currency		Currency	Amount of original currency						
									%	%		USD'000	USD'000	USD'000
9	Zhangzhou CIMC Container Co., Ltd. (ZZCIMC)	Corporation	Fujian, China	USD	23,000,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	23,000,000.00	100.00%	100.00%	Yes	—	—	—
10	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH)	Corporation	Jiangsu, China	RMB	815,704,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series	RMB	723,121,596.00	80.00%	100.00%	Yes	10,727	—	—
11	Zhumadian CIMC Huajun Vehicle Co. Ltd. (HJCIMC)	Corporation	Henan, China	RMB	105,340,000.00	Refitting of special vehicles, sales of trailer and fittings; sales of vehicle-related materials	RMB	84,272,000.00	80.00%	100.00%	Yes	10,001	—	—
12	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY)	Corporation	Jiangsu, China	RMB	144,862,042.01	Development, manufacture and installation of deep freezing unit, petrochemical mechanical equipment, tank container, pressure vessel	RMB	115,889,633.61	78.22%	100.00%	Yes	Note 1	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount in current year's minority interests used to reduce the profit/(loss) attributable to minority shareholders	Balance in shareholders of the company reduces loss attributable to minority shareholders of the subsidiary which is more than the opening shareholders' equity of by the subsidiary possessed by the minority shareholders
				Currency	Amount of original currency		Currency	Amount of original currency						
									%	%		USD'000	USD'000	USD'000
13	Donghwa Container Transportation service Co., Ltd. (DHCTS)	Corporation	Shanghai, China	USD	4,500,000.00	Container cargo devanning, vanning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components and parts	USD	3,150,000.00	70.00%	70.00%	Yes	3,700	—	—
14	Yangzhou Tonglee Reefer Container Co., Ltd. (TLC).	Corporation	Jiangsu, China	USD	8,000,000.00	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	USD	8,000,000.00	100.00%	100.00%	Yes	—	—	—
15	Qingdao Kooll Logistics Co., Ltd (QDHFL).	Corporation	Shandong, China	RMB	20,000,000.00	Container warehousing, stockpiling, devanning, vanning, load and unload, cleaning, maintenance; goods processing	RMB	16,000,000.00	80.00%	80.00%	Yes	168	—	—
16	Enric (Bengbu) Compressor Co., Ltd. (Enric Bengbu) .	Corporation	Anhui, China	HKD	21,320,000.00	Manufacturing base of NG compressor and related products	HKD	16,676,504.00	78.22%	100.00%	Yes	Note 1	—	—
17	Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Enric") . .	Corporation	Hebei, China	USD	7,000,000.00	Manufacturing pressure vessel	USD	5,475,400.00	78.22%	100.00%	Yes	Note 1	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount in current year's minority interests used to reduce the profit/(loss) attributable to minority shareholders	Balance in shareholders of the company reduces loss attributable to minority shareholders of the subsidiary which is more than the opening shareholders' equity of by the subsidiary possessed by the minority shareholders
				Currency	Amount of original currency		Currency	Amount of original currency						
									%	%		USD'000	USD'000	USD'000
18	Enric (Lang fang) Energy Equipment integration Co., Ltd. (Langfang Enric)	Corporation	Hebei, China	HKD	50,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	39,110,000.00	78.22%	100.00%	Yes	Note 1	—	—
19	Enric (Beijing) Energy Technology Co., Ltd (Beijing Enric)	Corporation	Beijing, China	HKD	40,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	31,288,000.00	78.22%	100.00%	Yes	Note 1	—	—
20	CIMC Enric (Jingmen) Energy Equipment Co., Ltd	Corporation	Hubei, China	HKD	50,000,000.00	Sales of chemical and gas machineries and equipments as well as after sales services; research and development of energy conservation techniques	HKD	39,110,000.00	78.22%	100.00%	Yes	Note 1	—	—
21	Jingmen Hongtu Special Aircraft manufacturing Co., Ltd Note IV.1(4).	Corporation	Hubei, China	RMB	20,000,000.00	Development and sales of flight vehicle manufacturing techniques, design, production and sales of specialized motor vehicles, tanks and pressure vessel	RMB	12,516,000.00	62.58%	80.00%	Yes	Note 1	—	—

(ii) Overseas Subsidiaries

Name	Business nature	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount in current year's minority interests used to reduce the profit/(loss) attributable to minority shareholders	Balance in shareholders of the company reduces loss attributable to minority shareholders of the subsidiary which is more than the opening shareholders' equity of by the subsidiary possessed by the minority shareholders
			Currency	Amount of original currency		Currency	Amount of original currency						
								%	%		USD'000	USD'000	USD'000
22 CIMC Rolling Stock Australia Pty Ltd. (CIMC Aus)		Australia	AUD	50,000.00	Sales of vehiches	AUD	50,000.00	100.00%	100.00%	—	—	—	—
23 Enric Energy Equipment Holdings Limited (Enric) Note IV.1(4) (ii)		Cayman Islands	HKD	120,000,000.00	Investment holding	HKD	14,651,337.53	78.22%	56.59%	Yes	Note 1	—	—'
24 Burg Industries B.V.		Holland	EUR	3,403,351.62	Investment	EUR	2,722,681.30	80.00%	100.00%	Yes	Note 3	—	—
25 Holvrieka Holding B.V.		Holland	EUR	12,000,000.00	Investment	EUR	9,386,400.00	78.22%	100.00%	Yes	Note 1	—	—
26 Holvrieka Ido B.V.		Holland	EUR	136,200.00	Sales of tank equipment	EUR	106,535.64	78.22%	100.00%	Yes	Note 1	—	—
27 Holvrieka Nirota B.V.		Holland	EUR	680,670.32	Production, assembly and sale of tank equipment	EUR	532,420.32	78.22%	100.00%	Yes	Note 1	—	—
28 Noordkoel B.V. Note IV.1(4)		Holland	EUR	500,000.00	Sales of tank equipment	EUR	391,100.00	78.22%	100.00%	Yes	Note 1	—	—
29 Beheermaatschappij Burg B.V.		Holland	EUR	453,780.22	Investment	EUR	453,780.22	80.00%	100.00%	Yes	Note 3	—	—
30 Burg Carrosserie B.V.		Holland	EUR	90,756.04	Production of road transport vehicle	EUR	72,604.83	80%	100.00%	Yes	Note 3	—	—
31 Exploitatiemaatschappij Intraprogres B.V		Holland	EUR	79,411.54	Trade, financing and leasing of road transport vehicle	EUR	63,529.63	80.00%	100.00%	Yes	Note 3	—	—

Name	Business nature	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount in current year's minority interests used to reduce the profit/(loss) attributable to minority shareholders	Balance in shareholders of the company reduces loss attributable to minority shareholders of the subsidiary which is more than the opening shareholders' equity of by the subsidiary possessed by the minority shareholders
			Currency	Amount of original currency		Currency	Amount of original currency						
								%	%		USD'000	USD'000	USD'000
32 Hobur Twente B.V.		Holland	EUR	226,890.11	Production and repair of vehicle and components and parts	EUR	181,512.09	80.00%	100.00%	Yes	Note 3	—	—
33 Burg Service B.V.		Holland	EUR	250,000.00	Assembly and repair of road transport vehicle and tank equipment	EUR	200,000.00	80.00%	100.00%	Yes	Note 3	—	—
34 LAG Trailers N.V.		Belgium	BEF	30,000,000.00	Manufacturing trailer	BEF	24,000,000.00	80.00%	100.00%	Yes	Note 3	—	—
35 Holvrieka N.V.		Belgium	BEF	40,000,000.00	Manufacturing tank equipment	BEF	31,288,000.00	78.22%	100.00%	Yes	Note 1	—	—
36 Immoburg N.V.		Belgium	BEF	10,000,000.00	Manufacturing road transport vehicle	BEF	8,000,000.00	80.00%	100.00%	Yes	Note 3	—	—
37 Holvrieka Danmark A/S . .		Denmark	DKr	1,000,000.00	Manufacturing tank equipment	DKr	782,200.00	78.22%	100.00%	Yes	Note 1	—	—
38 Direct Chassis LLC ("DCEC")		USA	USD	10,000,000.00	Manufacturing and sales of special vehicles	USD	6,000,000.00	60.00%	100.00%	Yes	835	—	—
39 TGE GASINVESTMENTS S.A. ("TGE SA")		Luxemburg	EUR	50,000.00	Investment holding	EUR	30,000.00	60.00%	60.00%	Yes	Note 4	—	—

Name	Business nature	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount in current year's minority interests used to reduce the profit/(loss) attributable to minority shareholders	Balance in shareholders of the company reduces loss attributable to minority shareholders of the subsidiary which is more than the opening shareholders' equity of by the subsidiary possessed by the minority shareholders
			Currency	Amount of original currency		Currency	Amount of original currency						
								%	%		USD'000	USD'000	USD'000
40 TGE Gas Engineering GmbH.		Germany	EUR	1,000,000.00	Provide EP+CS(Design, Purchase and Construction Supervision) or other technical project services in LNG, LPG and storage and disposal of other	EUR	600,000.00	60.00%	100.00%	Yes	Note 4	—	—

Note 1 Enric and its subsidiaries' minority interests amounted to USD85,090,000.

Note 2 CIMC Tianyu and its subsidiaries' minority interests amounted to USD14,591,000.

Note 3 Burg and its subsidiaries' minority interests amounted to USD21,831,000.

Note 4 TGE and its subsidiaries' minority interests amounted to USD11,638,000.

(4) Subsidiaries whose shareholding held by the Company differs from their voting rights

(i) Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. (CIMC Tianyu)

The Company's wholly owned subsidiary-CIMCSD, holds 50% of shareholding in CIMC Tianyu and its subsidiaries. According to CIMC Tianyu's Articles of Association revised on 25 August 2008, CIMCSD is authorised to appoint and dismiss more than half of board of directors of CIMC Tianyu and therefore has more than 50% of voting rights of CIMC Tianyu and the rights to determine the strategy on the finance and operation of CIMC Tianyu. Since 25 August 2008, CIMC Tianyu is considered as a subsidiary of the Company and is included in the Company's consolidated financial statement.

(ii) Enric Energy Equipment Holdings Limited (Enric)

As stated in Note I, after Enric newly issued its ordinary shares and convertible preferential shares, the Company's shareholding in Enric changed to 78.22%. Enric's newly issued convertible preferential shares enjoy the same rights for dividend distribution as ordinary shares while have no voting rights. Therefore the Company's shareholding percentage in Enric is 78.22% while the voting right is 56.59%. For details, please refer to note IV. 11.

(iii) Except for the subsidiary mentioned above in (i) and (ii), the Company's voting rights in its indirect-owned subsidiaries which are held by the Company's non-wholly owned subsidiaries were presented according to the voting rights of its subsidiaries.

2. There are no entities set up for special purpose or operating entities controlled through entrusted operation and lease.

3. There is no significant change in the scope of consolidation for the consolidation financial statements.

4. Subsidiaries newly included in the scope of consolidation and excluded from the scope of consolidation for the current year

(1) Subsidiaries newly included in the scope of consolidation mainly included Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd ("Jingmen Hongtu", please refer to Note IV.6), which was acquired through combination not under common control, and the other 15 newly established subsidiaries during the year. As 31 December 2009, total net assets of the above subsidiaries newly included in the scope of consolidation amounted to USD53,448,000, or RMB364,955,000 equivalent; total net profit in 2009 amounted to USD6,326,000, or RMB43,192,000 equivalent.

(2) There is no significant subsidiary of the Group that was excluded from the scope of consolidation for the current year.

5. There is no acquisition through combination under common control for the current year (2008: Nil).

6. The Group's acquisition through combination not under common control for the current year

Acquiree	Note	Goodwill amount	Calculation method of goodwill
Jingmen Hongtu.	(1)	USD3,985,000 (RMB27,221,000)	Through the acquisition, Enric (the Company's subsidiary) acquired 80% of the equity interests of Jingmen Hongtu, fair value of which at the acquisition date amounted to USD4,136,000 (RMB28,251,000). The excess amount of acquisition cost over fair value amounting to USD3,985,000 (RMB27,221,000) was recognised as goodwill.

(1) As at the acquisition date of 25 July 2009, Enric, the Company's subsidiary, acquired 80% equity interest of Jingmen Hongtu with cash consideration of RMB55,472,000 as acquisition cost. At acquisition date, the acquisition cost amounted to USD8,121,000 (RMB55,472,000).

Jingmen Hongtu was established in Hubei, China on 29 October 2004. It was mainly engaged in manufacturing of specialised equipment, including vehicles for liquefied gas and chemical materials. Before the acquisition, Jingmen Hongtu was held by Jinmao Company, labor union of Jingmen Hongtu, senior management of Jingmen Hongtu, staff of Jingmen Hongtu and other independent third parties with shareholding percentage of 30.40%, 7.60%, 13.30%, 28.70% and 20.00% respectively.

Amount	Sales from acquisition date to 31 December 2009	Net profit from acquisition date to 31 December 2009	Net operating cash out flows from acquisition date to 31 December 2009
USD'000.	15,341	987	2,023
RMB'000	104,786	6,741	13,819

Acquiree's identifiable assets and liabilities:

	25 July 2009	
Items	**Carrying amount**	**Fair value**
	USD'000	**USD'000**
Cash at bank and on hand	165	165
Accounts receivable and bills receivable	799	799
Other receivables and prepayments	5,367	5,367
Inventories	5,252	5,031
Fixed assets and construction in progress	6,827	3,505
Intangible assets	550	85
Long-term deferred expenses	61	13
Long-term equity investments	9	9
Deferred tax assets	80	—
Short-term loans	(2,927)	(2,927)
Accounts payable and bills payable	(1,530)	(1,530)
Other payables and accrued expenses	(5,101)	(5,101)
Minority interests	(246)	(246)
Identifiable net assets total	9,306	5,170

	25 July 2009	
Items	**Carrying amount**	**Fair value**
	RMB'000	**RMB'000**
Cash at bank and on hand	1,124	1,124
Accounts receivable and bills receivable	5,461	5,461
Other receivables and prepayments	36,667	36,667
Inventories	35,884	34,371
Fixed assets and construction in progress	46,641	23,944
Intangible assets	3,758	583
Long-term deferred expenses	419	88
Long-term equity investments	59	59
Deferred tax assets	548	—
Short-term loans	(20,000)	(20,000)
Accounts payable and bills payable	(10,453)	(10,453)
Other payables and accrued expenses	(34,848)	(34,848)
Minority interests	(1,682)	(1,682)
Identifiable net assets total	63,578	35,314

For the above identifiable assets which have an active market, the quoted prices in the active market are used to establish their fair values; if there is no active market, their fair values are estimated based on the market price of the same or similar types of assets which have an active market; if there is no active market for even the same asset or similar types of assets, valuation techniques will be used to determine the fair value.

For the above identifiable liability, the payable amount or the present value of the payable amount is its fair value.

7. There is no loss of control of subsidiaries through sales of interests of the Group for the current year.

8. There is no reverse acquisition of the Group for the current year.

9. There is no consolidation by merger of the Group for the current year.

10. Exchange rate for foreign operating entities' major financial statement items

	Average exchange rate		Benchmark rate on reporting date	
	2009	**2008**	**2009**	**2008**
USD	6.8305	6.9293	6.8282	6.8244
EUR	9.6055	10.3780	9.8388	9.5167
HKD	0.8813	0.8897	0.8805	0.8806
JPY	7.5400	6.5511	7.5634	7.5076

11. Significant acquisition of minority interest for the year

The Company sold 80.04% (at the price of HKD2,148,036,915) and 19.96%(at the price of HKD535,667,376) shares of Sound Winner Holding Limited (hereinafter referred to as "Sound Winner") held by wholly-owned subsidiary China International Marine Containers (Hong Kong) Co., Ltd (hereinafter referred to as "CIMC HK") and CIMC Vehicle Investment Holding Limited (hereinafter referred to as "CIMC Vehicle") respectively, whose 80% shares held by the Company, to Enric Energy Equipment Holdings Limited (hereinafter referred to as "Enric") in order to subscribe 201,110,348 ordinary shares and 693,457,749 convertible preference shares newly issued by Enric. The Company also sold 80% shares (at the price of HKD 1,246,861,020) of Full Medal Limited (hereinafter referred to as "Full Medal") held by CIMC HK, while 20% shares (at the price of HKD311,715,255) of Full Medal held by the minority shareholder PGM Holding BV were also sold to Enric to subscribe 197,341,853 ordinary shares and 322,183,572 convertible preference shares newly issued by Enric. Enric has already issued the shares to corresponding parties involved in the above transaction. On 14 August 2009, the above mentioned issued ordinary shares were listed on the Stock Exchange of Hong Kong.

Before the completion of the above transaction, the Company indirectly held Enric's 190,703,000 ordinary shares through its wholly-owned subsidiary Charm Wise Ltd., accounting for 41.55% of Enric's total issued ordinary shares. Since the Company's wholly-owned subsidiary Charm Wise Ltd had owned more than 50% of voting rights in Enric and had the right to decide Enric's financial and operational policies before the transaction, Enric was regarded as a subsidiary of the Company in previous years. With the completion of the above transaction, the Company's wholly-owned subsidiary Charm Wise Ltd holds Enric's 190,703,000 ordinary shares, accounting for 22.24% of Enric's total issued ordinary shares; CIMC HK holds Enric's 254,405,490 ordinary shares and 877,277,155 convertible preference shares, accounting for 29.67% of Enric's issued ordinary shares; CIMC Vehicle, 80% shares of which is owned by the Company, holds Enric's 40,141,626 ordinary shares and 138,414,166 convertible preferential shares, accounting for 4.68% of Enric's issued ordinary shares; thus the Company indirectly owned 55.65% of Enric's ordinary shares. According to the special resolution reached by Enric's shareholders' meeting on 26 June 2009, the newly issued convertible preferential shares enjoy the same rights for dividend distribution as ordinary shares and the rights to take precedence over ordinary shares in the event of liquidation, while there are no voting rights. Therefore, after the above transaction, with the rights on convertible preferential shares, Charm Wise Ltd., CIMC Hong Kong and CIMC Vehicle holds 10.18%, 60.42% and 9.53% of Enric's total shares respectively, including ordinary shares and convertible preferential shares. The Company's indirect shareholding percentage in Enric increased from 41.55% to 78.22%.

Since the restructuring was proceeded among entities under common control, no investment gain or loss was recognised, except for relevant transaction expense. After the restructuring, the Group's minority interest decreased by USD26,810,000. (RMB183,127,000), and equity interest attributable to shareholders of the Company increased accordingly.

V. NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

	2009				2008			
	Original currency	Exchange Rate	USD	RMB equivalent	Original currency	Exchange Rate	USD	RMB equivalent
	’000		’000	’000	’000		’000	’000
Cash on hand								
RMB	3,698	6.8282	542	3,698	3,004	6.8244	441	3,004
USD	37	1.0000	37	249	281	1.0000	281	1,921
HKD	91	7.7546	12	80	12	7.7497	1	10
JPY	1,027	90.28	11	78	1,312	90.90	14	98
AUD	—	—	—	—	4	1.4102	2	17
EUR	18	0.6940	25	176	26	0.7171	36	245
Others	—	—	1	6	—	—	1	2
			628	4,287			776	5,297
Deposits with banks								
RMB	1,568,993	6.8282	229,781	1,568,993	1,350,514	6.8244	197,896	1,350,514
USD	310,089	1.0000	310,089	2,117,348	149,638	1.0000	149,638	1,021,189
HKD	36,887	7.7546	4,757	32,480	127,339	7.7497	16,431	112,135
JPY	328,749	90.28	3,641	24,864	199,556	90.90	2,195	14,982
AUD	6,486	1.1116	5,835	39,840	1,695	1.4102	1,202	8,200
EUR	57,990	0.6940	83,558	570,550	12,670	0.7171	17,670	120,589
Others	—	—	4,269	29,148	—	—	957	6,531
			641,930	4,383,223			385,989	2,634,140
Other monetary funds								
RMB	376,591	6.8282	55,152	376,591	440,030	6.8244	64,479	440,030
USD	73,427	1.0000	73,427	501,376	3,030	1.0000	3,030	20,680
HKD	—	—	—	—	150	7.7497	19	132
EUR	—	—	—	—	113	0.7171	157	1,073
AUD	609	1.1116	548	3,740	—	—	—	—
Others	—	—	—	—	—	—	1	1
			129,127	881,707			67,686	461,916
			771,685	5,269,217			454,451	3,101,353

As at 31 December 2009, restricted cash at bank and on hand of the Group amounted to USD127,807,000 (RMB872,692,000), refer to Note V.21 for details.

2. Financial assets held for trading

(1) Classification

Class	2009 Amount USD'000	2009 RMB '000	2008 Amount USD'000	2008 RMB '000
1. Equity securities investments held for trading	12,701	86,722	9,076	61,937
2. Derivative financial assets — forward contract	739	5,050	47,567	324,616
Total	13,440	91,772	56,643	386,553

(2) There is no material restriction of the investment in financial assets held for trading.

(3) Details of financial assets held for trading

As at 31 December 2009, the Group had certain open forward contracts (mainly unsettled forward contracts) denominated in U.S. dollars. The nominal value of these contracts amounted to USD205,500,000. Pursuant to these forward contracts, the Group and the Company are required to buy U.S. dollar/sell RMB of contracted nominal value at agreed rates at the contract settlement dates. These forwards contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forwards contracts range from 12 January 2010 to 4 January 2011.

As at 31 December 2009, the Group recognised the aforesaid forwards contracts in their fair values of USD739,000 (RMB5,050,000) as held-for-trading financial assets and USD58,000 (RMB395,000) as held-for-trading financial liabilities. Transaction costs on realisation have not been considered when calculating the fair values.

3. Bills receivable

(1) Classification of bills receivable

Class	2009 Amount USD'000	2009 RMB '000	2008 Amount USD'000	2008 RMB '000
Bank acceptance bills	244,667	1,670,635	125,052	853,406
Commercial acceptance bills	2,960	20,210	—	—
Total	247,627	1,690,845	125,052	853,406

All of the above bills receivable are due within one year.

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of bills receivable.

(2) As at the year end, the Group had no pledged bills receivable.

As at 31 December 2009, the Group's outstanding endorsed or discounted bills (with recourse) amounted to USD204,120,000 and RMB1,393,770,000 (2008: USD119,518,000, equivalent to RMB815,641,000), all of which are due before 30 June 2010 (2008: due before 30 June 2009). Please refer to NoteV.21 for details.

(3) As at year end, the Group did not have bills receivable that had been transferred to accounts receivables due to default of the issuers. As at year end, the Group had endorsed bills receivable which are not yet mature. Top 5 in amount are as follows:

Issuer	Issue date	Due date	Amount	Amount	Remark
			USD'000	RMB'000	
Bills that the company has endorsed to others but not yet matured.					
1. Baotou Beibeng Heavy Automobile Co., Ltd.	28 Sep 2009	28 Mar 2010	1,172	8,000	Bank acceptance bill
2. Baotou Beibeng Heavy Automobile Co., Ltd.	27 July 2009	27 Jan 2010	1,025	7,000	Bank acceptance bill
3. Chongqin Kairui Vehicles Co., Ltd.	30 Oct 2009	30 Apr 2010	732	5,000	Bank acceptance bill
4. Liaocheng Golden Ram Trade Co., Ltd.	6 July 2009	6 Jan 2010	732	5,000	Bank acceptance bill
5. Yuncheng Zhongyuan Vehicles Co., Ltd.	28 Sep 2009	28 Mar 2010	586	4,000	Bank acceptance bill
Total			4,247	29,000	

4. Accounts receivable

(1) Accounts receivable disclosed by categories:

	2009				2008			
Category	Gross carrying amount	Percentage	Provision for bad debts	Percentage of bad debt provision	Gross carrying amount	Percentage	Provision for bad debts	Percentage of bad debt provision
	USD'000		USD'000	(%)	USD'000		USD'000	(%)
Individually significant *(Note 2)*	398,475	66%	22,327	5.60%	312,249	49%	4,684	1.50%
Individually insignificant but with a material portfolio credit risk *(Note 3)*	163,253	27%	15,093	9.25%	198,204	31%	15,084	7.61%
Other immaterial items	44,089	7%	2,713	6.15%	128,828	20%	4,993	3.88%
Including:								
1. Individually insignificant but tested for impairment individually *(Note 2)*	4,172	1%	2,380	57.05%	3,865	1%	696	18.01%
2. Individually insignificant with an immaterial portfolio credit risk	39,917	6%	333	0.83%	124,963	19%	4,297	3.44%
Total	605,817	100%	40,133	6.62%	639,281	100%	24,761	3.87%

	2009				2008			
Category	Gross carrying amount	Percentage	Provision for bad and doubted	Percentage for bad debt provision	Gross carrying amount	Percentage	Provision for bad and doubted	Percentage for bad debt provision
	RMB'000		RMB'000	(%)	RMB'000		RMB'000	(%)
Individually significant *(Note 2)*	2,720,866	66%	152,450	5.60%	2,130,914	49%	31,964	1.50%
Individually insignificant but with a material portfolio credit risk *(Note 3)*	1,114,722	27%	103,057	9.25%	1,352,625	31%	102,939	7.61%
Other immaterial items	301,050	7%	18,527	6.15%	879,172	20%	34,077	3.88%
Including:								
1. Individually insignificant but tested for impairment test individually *(Note 2)*	28,488	1%	16,253	57.05%	26,376	1%	4,750	18.01%
2. Individually insignificant with an immaterial portfolio credit risk	272,562	6%	2,274	0.83%	852,796	19%	29,327	3.44%
Total	4,136,638	100%	274,034	6.62%	4,362,711	100%	168,980	3.87%

Individually significant items represent accounts receivable with individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total accounts receivable in individual financial statements grouped in the consolidated financial statement.

Individually insignificant items but with a material portfolio credit risk represent accounts receivable with individual amount less than RMB10,000,000, but the credit risk of which (arising from operating activities other than containers business) is comparatively higher.

The analysis of the Group's accounts receivable by original currency is as follows:

	2009			2008		
Currency	Original currency	Exchange rate	Amount	Original currency	Exchange rate	Amount
	'000		USD'000	'000		USD'000
RMB	1,934,401	6.8282	283,296	1,353,861	6.8244	198,385
USD	263,074	1.0000	263,074	364,203	1.0000	364,203
HKD	7,917	7.7546	1,021	4,196	7.7497	541
JPY	926	90.28	10	394,609	90.90	4,341
AUD	7,101	1.1116	6,388	4,515	1.4102	3,202
EUR	32,897	0.6940	47,401	45,046	0.7171	62,821
Others	—	—	4,627	—	—	5,788
Total			605,817			639,281

(2) An analysis of provision for individually significant item or individually insignificant item but tested for impairment individually is as follows:

Category	Gross carrying amount	Provision for bad and doubtful debts	Provision rate	Reason
	USD'000	USD'000		
1. Individually significant	398,475	22,327	5.60%	Provision is made based on the estimated recoverable amount according to assessment of credit risk and historical data
Including: Containers group	197,129	2,215	1.12%	
Road transportation vehicles group	120,826	15,791	13.07%	
Energy chemical facilities group	56,463	3,741	6.62%	
Airport and seaport facilities group	19,756	569	2.88%	
Others	4,301	11	0.26%	
2. Individually insignificant but tested for impairment individually	4,172	2,380	57.05%	
Including: Containers group	499	273	54.62%	
Road transportation vehicles group	2,343	777	33.16%	
Energy chemical facilities group	1,330	1,330	100.00%	
Total	402,647	24,707	6.14%	

Category	Gross carrying amount	Provision for bad and doubtful debts	Provision rate	Reason
	RMB'000	RMB'000		
1. Individually significant	2,720,866	152,450	5.60%	Provision is made based on the estimated recoverable amount according to assessment of credit risk and historical data
Including: Containers group	1,346,033	15,121	1.12%	
Road transportation vehicles group	825,023	107,824	13.07%	
Energy chemical facilities group	385,540	25,541	6.62%	
Airport and seaport facilities group	134,895	3,886	2.88%	
Others	29,375	78	0.26%	
2. Individually insignificant but tested for impairment individually	28,488	16,253	57.05%	
Including: Containers group	3,409	1,862	54.62%	
Road transportation vehicles group	15,995	5,307	33.16%	
Energy chemical facilities group	9,084	9,084	100.00%	
Total	2,749,354	168,703	6.14%	

(3) *An analysis of individually insignificant accounts receivable but with a material portfolio credit risk*

	2009			2008		
	Gross carrying amount		Provision for bad and doubtful	Gross carrying amount		Provision for bad and doubtful
Ageing	**Amount**	**Percentage**	**debts**	**Amount**	**Percentage**	**debts**
	USD'000	**(%)**	**USD'000**	**USD'000**	**(%)**	**USD'000**
Within 1 year	138,485	23%	4,467	172,489	27%	10,125
1 to 2 years	13,235	2%	1,705	17,180	3%	1,637
2 to 3 years	4,018	1%	1,406	6,897	1%	1,684
More than 3 years . . .	7,515	1%	7,515	1,638	0.3%	1,638
Total	163,253	27%	15,093	198,204	31%	15,084

	2009			2008		
	Gross carrying amount		Provision for bad and doubtful	Gross carrying amount		Provision for bad and doubtful
Ageing	**Amount**	**Percentage**	**debts**	**Amount**	**Percentage**	**debts**
	RMB'000	**(%)**	**RMB'000**	**RMB'000**	**(%)**	**RMB'000**
Within 1 year	945,600	23%	30,500	1,177,137	27%	69,099
1 to 2 years	90,374	2%	11,640	117,241	3%	11,171
2 to 3 years	27,437	1%	9,606	47,069	1%	11,491
More than 3 years . . .	51,311	1%	51,311	11,178	0.3%	11,178
Total	1,114,722	27%	103,057	1,352,625	31%	102,939

The ageing is counted starting from the date the account receivable is recognised.

(4) Significant changes of provision for bad and doubtful debts during the year:

Due to the increasing credit risk of the Group with the increase in revenue from business other than containers, the provision for bad and doubtful debts increased accordingly.

There were no accounts receivable which full amounts have been made provision or a full provision or a significant provision was made before the reporting period while was recovered in full during the year (2008: Nil).

(5) *The recovery of accounts receivable by means of restructuring or others*

There were no accounts receivable recovered by means of restructuring or others during the year (2008: Nil).

(6) *Actual written-off of accounts receivable within this year*

There were no material actual written-off of accounts receivable during the report period (2008: Nil).

(7) Accounts receivable due from the five biggest debtors of the Group are as follows:

Company Name	Relationship with the company	Amount	Amount	Ageing	Percentage in total accounts receivables
		USD'000	RMB'000		(%)
1. TRITON Container International Ltd . .	None	53,955	368,417	Within 1 year	8.91%
2. Goodpack Limited . .	Investee of the Group but not a related party	24,798	169,324	Within 1 year	4.09%
3. VENUS GAS TECHNOLOGY CO LTD THA . . .	None	11,513	78,611	Within 1 year	1.90%
4. WIDE SHINE DEVELOPMENT INC.	None	9,245	63,125	Within 1 year	1.53%
5. Dole Food Company .	None	7,350	50,187	Within 1 year	1.21%
Total		106,861	729,664		17.64%

The total amount of the Group's top 5 accounts receivable at 31 December 2008 was USD181,449,00 (RMB1,238,281,000), 28.38% of the total accounts receivable.

(8) *Accounts receivable due from shareholders who hold 5% or more of the voting rights of the Company*

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of accounts receivable (2008: Nil).

(9) *Accounts receivable due from related parties*

The Group's accounts receivable due from related parties amount to USD1,007,000, equivalent to RMB6,878,000 (2008: USD5,871,000, equivalent to RMB40,679,000), accounting for 0.17% of the total accounts receivable (2008: 0.92%).

(10) *Derecognition of accounts receivable due to transferring of financial assets*

There were no derecognition of accounts receivable due to transferring of financial assets in the group during the year (2008: Nil).

(11) *Amount of assets and liabilities recognised due to the continuing involvement of securitised accounts receivable*

There were no securitised accounts receivables during the year (2008: Nil).

As at 31 December 2009, restricted accounts receivable amounted to USD3,221,000 (equivalent to RMB21,990,000), refer to Note V.21.

5. Other receivables

(1) Other receivables by categories:

Category	2009 Gross carrying amount	Percentage	Provision for bad and doubtful debt	Percentage of bad debt provision	2008 Gross carrying amount	Percentage	Provision for bad and doubtful debt	Percentage of bad debt provision
	USD'000	(%)	USD'000	(%)	USD'000	(%)	USD'000	(%)
Individually significant *(Note 2)*	98,524	58.72%	—	—	40,157	30.09%	—	—
Other immaterial items	69,274	41.28%	3,261	4.71%	93,299	69.91%	3,904	4.18%
Including:								
1. Individually insignificant but tested for impairment individually *(Note 2)*	85	0.05%	85	100%	—	—	—	—
2. Individually insignificant with an immaterial portfolio credit risk	69,189	41.23%	3,176	4.59%	93,299	69.91%	3,904	4.18%
Total	167,798	100.00%	3,261	1.94%	133,456	100.00%	3,904	2.93%

Category	2009 Gross carrying amount	Percentage	Provision for bad and doubtful debt	Percentage of bad debt provision	2008 Gross carrying amount	Percentage	Provision for bad and doubtful debt	Percentage of bad debt provision
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Individually significant *(Note 2)*	672,739	58.72%	—	—	274,044	30.09%	—	—
Other immaterial items	473,018	41.28%	22,268	4.71%	636,715	69.91%	26,643	4.18%
Including:								
1. Individually insignificant but tested for impairment individually *(Note 2)*	579	0.05%	579	100%	—	—	—	—
2. Individually insignificant with an immaterial portfolio credit risk	472,439	41.23%	21,689	4.59%	636,715	69.91%	26,643	4.18%
Total	1,145,757	100.00%	22,268	1.94%	910,759	100.00%	26,643	2.93%

Individually significant items represent other receivables which individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements grouped in the consolidated financial statement.

There is no individually insignificant item but with a material portfolio credit (2008: Nil).

(2) An analysis of provision for individually significant item or individually insignificant item but tested for impairment individually is as follows:

Category	Gross carrying amount	Provision for bad and doubtful debts	Provision rate	Reasons
	USD'000	USD'000		
1. Individually significant	98,524	—	—	Provision is made based on individual recoverability risk is expected to be low.
Including: bidding deposits	38,077	—	—	
Capital increment amount due from subsidiaries	21,614	—	—	
Amount due from associates	22,127	—	—	
Receivables arising from transfer of equity investment	10,347	—	—	
Others	6,359	—	—	
2. Individually insignificant item but tested for impairment individually	85	85	100.00%	Full provision is made due to long aging and low recoverability.
Expected non-recoverable amount	85	85	100.00%	
Total	98,609	85	0.09%	

Category	Gross carrying amount	Provision for bad and doubtful debts	Provision rate	Reasons
	RMB'000	RMB'000		
1. Individually significant	672,739	—	—	Provision is made based on individual recoverability risk is expected to be low.
Including: bidding deposits	260,000	—	—	
Capital increment amount due from subsidiaries	147,581	—	—	
Amount due from associates	151,088	—	—	
Receivables arising from transfer of equity investment	70,650	—	—	
Others	43,420	—	—	
2. Individually insignificant item but tested for impairment individually	579	579	100.00%	Full provision is made due to long aging and low recoverability.
Expected non-recoverable amount	579	579	100.00%	
Total	673,318	579	0.09%	

(3) Significant changes of provision for bad and doubtful debts during the year:

There were no other receivables which full amounts have been made provision or which a full provision or a significant provision was made before the reporting period while was recovered in full during the year (2008: Nil).

(4) *The recovery of other receivables by means of restructuring or others*

There were no other receivables recovered by means of restructuring or others during the year (2008: Nil).

(5) *Actual written-off of other receivables within this year*

There were no material actual written-off of other receivables during the report period (2008: Nil).

(6) Other receivables due from the five biggest debtors of the Group are as follows:

Company Name	Relationship with the company	Amount	Amount	Aging	Percentage in total other receivables
		USD'000	RMB'000		(%)
1. Nantong Land Market Service Center	None	38,077	260,000	Within 1 year	22.69%
2. PGM Holding B.V. ("PGM")	Minority shareholder of the Group's subsidiary	21,614	147,581	Within 1 year	12.88%
3. Shanghai Fengyang Real Estate Development Co., Ltd	Associate	22,127	151,088	1 to 2 years	13.19%
4. Shenzhen Merchant Property Development Co., Ltd	Controlling shareholder of the Group's associate	10,347	70,650	2 to 3 years	6.17%
5. Shenzhen Branch of Nanjing First Construction Engineering Company	None	2,720	18,574	2 to 3 years	1.62%
Total	—	94,885	647,893	—	56.55%

The Group's top 5 other receivables as at 31 December 2008 amounted to USD36,549,000 (RMB249,427,000), accounting for 27.39% of the total other receivables.

(7) *Other receivables due from shareholders who hold 5% or more of the voting rights of the Company*

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of other receivables (2008: Nil).

(8) *Other receivables due from related parties*

Company Name	Relationship with the company	Amount	Amount	Percentage in total other receivables
		USD'000	RMB'000	(%)
1. PGM	Minority shareholder of the Group's subsidiary	21,614	147,581	12.88%
2. Shanghai Fengyang Real Estate Development Co., Ltd	Associate	22,127	151,088	13.19%
3. Shenzhen Merchant Property Development Co., Ltd	Controlling shareholder of the Group's associate	10,347	70,650	6.17%
4. Others		750	5,123	0.44%
Total		54,838	374,442	32.68%

The Group's other receivables due from related parties amounted to USD33,029,000 (RMB225,405,000), accounting for 24.75 % of total other receivables.

(9) Derecognition of other receivables due to transferring of financial assets

There are no derecognition of accounts receivable due to transferring of financial assets during the year (2008: Nil).

(10) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

There were no securitised other receivables during the year (2008: Nil).

6. Prepayments

(1) Prepayments by category are as follows:

	2009		2008	
	Amount	**Amount**	**Amount**	**Amount**
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Raw material	122,328	835,278	139,870	954,527
Construction Cost	28,798	196,642	13,910	94,928
Other	13,479	92,037	2,260	15,422
Subtotal	164,605	1,123,957	156,040	1,064,877
Less: provision for bad and doubtful debts	7,381	50,398	7,398	50,486
Total	157,224	1,073,559	148,642	1,014,391

(2) The ageing analysis of prepayments is as follows:

	2009			2008		
	Amount	Amount	Percentage	Amount	Amount	Percentage
	USD'000	RMB'000	%	USD'000	RMB'000	%
Within 1 year (inclusive)	147,603	1,007,859	89.67%	154,963	1,057,533	99.31%
1 and 2 years (inclusive)	16,161	110,354	9.82%	647	4,418	0.41%
2 and 3 years (inclusive)	513	3,504	0.31%	354	2,409	0.23%
More than 3 years	328	2,240	0.2%	76	517	0.05%
Subtotal	164,605	1,123,957	100.00%	156,040	1,064,877	100.00%
Less: provision for bad and doubtful debts	7,381	50,398	4.48%	7,398	50,486	4.74%
Total	157,224	1,073,559	95.52%	148,642	1,014,391	95.26%

The ageing is counted starting from the date of recognition of prepayments.

Prepayments aged over 1 year mainly represented steel purchase prepayment made to a supplier in total of RMB92,140,000, equivalent to USD13,490,000. The supplier has not delivered the steels within due date for its own reasons. As at 31 December 2009, the Group had made provision of RMB50,000,000 (equivalent to USD7,320,000) based on the estimated recoverable amount (2008: RMB50,000,000, equivalent to USD7,330,000).

(3) The Group's top 5 prepayments are as follows:

Company name	Relationship with the company	Amount	Amount	Percentage of the total prepayments	Time of recognition	Reason for unsettlement
		USD'000	RMB'000	(%)		
1. Guangzhou Zhujiang Steel Co., Ltd.	None	14,821	101,198	9.00%	2009	materials not yet received
2. Yangzhou Municipal Land and Resources Bureau	None	14,238	97,220	8.65%	2009	first instalment of land purchase; the land has not been handed over yet
3. Tianjin Yinze Sheet Co., Ltd.	None	13,494	92,137	8.20%	2008	materials not yet received within due date
4. Angang Steel Company Limited	None	9,123	62,297	5.54%	2009	materials not yet received
5. Fushun Kaierda Mineral Sales Co., Ltd.	None	5,845	39,914	3.55%	2009	materials not yet received
Total		57,521	392,766	34.94%		

(4) *Prepayments due from shareholders who hold 5% or more of the voting rights of the Company*

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of prepayments (2008: Nil).

7. Inventories

(1) *Inventories by categories*

	2009			2008		
Category	Gross carrying amount	Provision for diminution in value	Carrying amount	Gross carrying amount	Provision for diminution in value	Carrying amount
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Raw materials	588,439	(76,988)	511,451	690,513	(89,033)	601,480
Work in progress	148,645	(3,193)	145,452	171,735	(2,298)	169,437
Finished goods	80,229	(12,530)	67,699	112,220	(5,131)	107,089
Consignment stocks	43,760	(1,208)	42,552	58,633	(244)	58,389
Spare parts	14,208	—	14,208	7,053	—	7,053
Low-valued consumables	3,611	—	3,611	2,351	—	2,351
Materials in transit	1,443	—	1,443	11,251	—	11,251
Stocks	166,667	(9,312)	157,355	162,925	(6,987)	155,938
Completed property held for sale	4,307	—	4,307	11,142	—	11,142
Property under development	40,992	—	40,992	23,719	—	23,719
Total	1,092,301	(103,231)	989,070	1,251,542	(103,693)	1,147,849

Category	2009 Gross carrying amount	2009 Provision for diminution in value	2009 Carrying amount	2008 Gross carrying amount	2008 Provision for diminution in value	2008 Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	4,017,980	(525,688)	3,492,292	4,712,352	(607,596)	4,104,756
Work in progress	1,014,980	(21,799)	993,181	1,171,983	(15,683)	1,156,300
Finished goods	547,820	(85,559)	462,261	765,831	(35,018)	730,813
Consignment stocks	298,804	(8,250)	290,554	400,137	(1,664)	398,473
Spare parts	97,016	—	97,016	48,131	—	48,131
Low-valued consumables	24,649	—	24,649	16,044	—	16,044
Materials in transit	9,849	—	9,849	76,783	—	76,783
Stocks	1,138,036	(63,584)	1,074,452	1,111,857	(47,680)	1,064,177
Completed property held for sale	29,409	—	29,409	76,031	—	76,031
Property under development	279,903	—	279,903	161,870	—	161,870
Total	7,458,446	(704,880)	6,753,566	8,541,019	(707,641)	7,833,378

The Group's closing balance of inventories included a capitalised borrowing cost of USD182,000, equivalent to RMB1,241,000 (2008: USD145,000, equivalent to RMB1,008,000). The interest rate per annum at which the borrowing costs were capitalised for the current year was 10.07% (2008: 9.07%).

As at 31 December 2009, the Group had no inventories with restricted ownership (2008: USD25,503,000).

(2) *Provision for diminution in value of inventories*

Category	Opening balance at the beginning of the year	Provision made for the year	Written back during the year: Reversal	Written back during the year: Write-off	Effect of foreign exchange rate changes	Closing balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Raw materials	89,033	30,708	(30,789)	(11,969)	5	76,988
Work in progress	2,298	1,527	(403)	(260)	31	3,193
Finished goods	5,131	9,041	(1,632)	(12)	2	12,530
Consignment stocks	244	1,203	(239)	—	—	1,208
Stocks	6,987	3,662	(48)	(1,287)	(2)	9,312
	103,693	46,141	(33,111)	(13,528)	36	103,231

Category	Opening balance at the beginning of the year	Provision made for the year	Written back during the year: Reversal	Written back during the year: Write-off	Effect of foreign exchange rate changes	Closing balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	607,596	209,750	(210,303)	(81,752)	397	525,688
Work in progress	15,683	10,429	(2,750)	(1,778)	215	21,799
Finished goods	35,018	61,747	(11,146)	(83)	23	85,559
Consignment stocks	1,664	8,215	(1,629)	—	—	8,250
Stocks	47,680	25,015	(323)	(8,783)	(5)	63,584
	707,641	315,156	(226,151)	(92,396)	630	704,880

Written back of provision for diminution in value of the Group's inventories during the year is as follows:

	Basis of provision for diminution in value of inventories	Reasons for written back of provision	Percentage of provision written back over total inventories balance at year end
Raw materials	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	5.23%
Work in progress	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.27%
Finished goods	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	2.03%
Consignment stocks	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.55%
Stocks	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.03%

8. Non-current assets due within one year

(1) Non-current assets due within one year by categories:

	2009		2008	
	Amount	Amount	Amount	Amount
	USD'000	RMB'000	USD'000	RMB'000
Finance leases	57,226	390,751	8,066	55,046
Designated loans	—	—	6,718	45,846
Sales of goods by instalments	1,979	13,513	3,963	27,045
Others	106	724	138	939
Subtotal	59,311	404,988	18,885	128,876
Less: Provision for impairment	1,604	10,952	119	812
Total	57,707	394,036	18,766	128,064

(2) Significant changes of provision for bad and doubtful debts during the year:

There were no non-current assets due within one year which full amounts have been made provision or which a full provision or a significant provision was made before the reporting period while was recovered in full during the year (2008: Nil).

(3) Non-current assets due within one year due from shareholders who hold 5% or more of the voting rights of the Company

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of non-current assets due within one year (2008: Nil).

9. Other current assets

	2009		2008	
	Amount	Amount	Amount	Amount
	USD'000	RMB'000	USD'000	RMB'000
Cash flow hedges	3,164	21,565	8,066	55,044
Tax deductible/withheld	37,095	253,293	52,008	354,926
Other	197	1,384	31	213
Total	40,456	276,242	60,105	410,183

10. Available-for-sale financial assets

	2009		2008	
	Amount	Amount	Amount	Amount
	USD'000	RMB'000	USD'000	RMB'000
Available-for-sale equity instruments	172,196	1,175,785	185,308	1,264,613

During the year, the company sold 94,511,769 shares held in the China Merchant Bank, recognising investment gain amounting to USD213,363,000 (RMB1,457,378,000). On 31 December 2009, the company held 10,986,231 shares in China Merchant Bank, with a carrying value of USD28,988,000, equivalent to RMB197,937,000. (2008: USD181,694,000, equivalent to RMB1,239,956,000).

On 31 December 2009, available-for-sale financial assets with restricted sales term held by the company referred to 32,291,152 restricted shares (transferred from long-term equity investment, see Note V.12(3)i) of China Merchants Securities Co., Ltd ("Merchants Securities"). The carrying value of the assets was USD125,089,000 (RMB854,133,000). The above-mentioned restricted shares could not be sold until 17 November 2010.

Apart from the above, the Group had available-for-sale financial assets of equity investment in TSC Offshore Group Limited amounting to USD18,119,000 (RMB123,715,000) at year end.

11. Long-term receivables

(1) The long-term receivables by categories are as follows:

	2009		2008	
Item	Amount	Amount	Amount	Amount
	USD'000	RMB'000	USD'000	RMB'000
Finance Leases	98,167	670,304	69,095	471,532
Including: Unrealised finance income	4,248	29,006	11,051	75,450
Sales of goods by instalment	45,895	313,380	1,469	10,025
Car/housing loans to staff	2,736	18,685	4,224	28,829
Entrusted loans	—	—	22	150
Subtotal	146,798	1,002,369	74,810	510,536
Less: Provision for impairment	1,527	10,427	1,265	8,633
Total	145,271	991,942	73,545	501,903

(2) Significant changes of provision for bad and doubtful debts during the year:

There were no long-term receivables due within one year which full amounts have been made provision or which a full provision or a significant provision was made before the reporting period while was recovered in full during the year (2008: Nil).

(3) *Derecognition of long-term receivables due to transferring of financial assets*

	Derecognition amount	Gains due to derecognition
	USD'000	USD'000
Derecognition of finance lease due to sales of ownership	25,920	3,130
Subtotal	25,920	3,130

	Derecognition amount	Gains due to derecognition
	RMB'000	RMB'000
Derecognition of finance lease due to sales of ownership	176,987	21,379
Subtotal	176,987	21,379

(4) *Long-term receivables due from shareholders who hold 5% or more of the voting rights of the Company*

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term receivables (2008: Nil).

12. Long-term equity investments

(1) As at 31 December 2009, the Group's long-term equity investments by categories are as follows:

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Investments in joint ventures	2,002	13,670	1,929	13,164
Investments in associates	221,702	1,513,827	187,229	1,277,724
Other long-term equity investments	59,531	406,489	46,141	314,884
Subtotal	283,235	1,933,986	235,299	1,605,772
Less: Provision for impairment	465	3,175	465	3,174
Total	282,770	1,930,811	234,834	1,602,598

(2) As at 31 December 2009, the Group's investments in major joint ventures and associates are as follows:

(a) The joint ventures of the Group

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Adjustments under equity method	Dividends receivable/ received	Effect of foreign exchange rate changes	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Yangzhou Maxi-CUBE Tong Composite Co., Ltd (MST)	1,151	1,929	—	382	(362)	53	2,002

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Adjustments under equity method	Dividends receivable/ received	Effect of foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Yangzhou Maxi-CUBE Tong Composite Co., Ltd (MST)	9,530	13,164	—	2,609	(2,473)	370	13,670

Details of the joint ventures of the Group are as follows:

Investee	Entity type	Registered place	Legal representative	Principal activities	Registered capital	Shareholding percentage and voting rights	Total assets at year end	Total liabilities at year end	Net assets at year end	Total revenue for the year	Net profit for the year
					RMB'000		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
MST	Corporation	Yangzhou	Li Guisen	Production and sales of composition materials	154,634	50%	40,040	12,696	27,344	50,293	5,219

The voting rights held by the Group are the same as its shareholding percentage in the joint ventures.

(b) The associates of the Group:

Investee	Initial investment cost	Balance at the beginning of the year	Additions/ (disposal) during the year	Adjustment under equity method	Dividends receivable/ received	Effect of foreign exchange rate changes	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
KYH Steel Holding Ltd. ("KYH")	3,336	16,182	—	984	—	95	17,261
Tianjin Port CIMC Zhenhua Logistic Co., Ltd (TJCIMCZL)	2,660	5,693	—	220	—	—	5,913
Dalian Jilong Logistic Co., Ltd (DLJLL)	3,015	4,882	—	374	—	—	5,256
Xiamen CIMC Haitou Container Service Co., Ltd (Xiamen Haitou)	1,494	2,131	—	333	(482)	—	1,982
Tianjin Zhenhua Logistic Group Co., Ltd (TJZL)	47,453	54,739	—	4,269	—	—	59,008
Ningbo Beilun Donghua Container Service Co., Ltd (NBBL)	432	447	—	91	—	(26)	512
New Atlantic Timber (HK) Limited (XYW)	396	433	—	—	—	—	433
Shanghai Fengyang	1,643	3,985	—	5,432	—	—	9,417
TRS Transportkoeling	1,647	2,026	—	—	—	55	2,081
Eurotank Oy	951	1,016	—	286	(97)	19	1,224
Fuzhou Haitou Logistics Co., Ltd (Fuzhou Haitou)	—	471	(471)	—	—	—	—
Xiamen Haitou Logistics Co., Ltd (XMHLC)	888	888	—	(154)	—	(1)	733
Yantai Raffles Shipyard Limited (Raffles)	93,288	94,336	788	3,909	—	—	99,033
C&C TRUCKS Co., LTD (C&C TRUCKS)	19,772	—	19,772	(909)	—	(14)	18,849
	176,975	187,229	20,089	14,835	(579)	128	221,702

Investee	Initial investment cost	Balance at the beginning of the year	Additions/ (Deduction) during the year	Adjustment under equity method	Dividends receivable/ received	Effect of foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
KYH	27,625	110,432	—	6,721	—	703	117,856
TJCIMCZL	21,403	38,851	—	1,500	—	24	40,375
DLJLL	16,844	33,317	—	2,555	—	17	35,889
Xiamen Haitou	11,479	14,543	—	2,275	(3,292)	7	13,533
TJZL	302,144	373,561	—	29,159	—	198	402,918
NBBL	3,579	3,051	—	622	—	(177)	3,496
XYW	2,916	2,955	—	—	—	2	2,957
Shanghai Fengyang	12,000	27,195	—	37,103	—	3	64,301
TRS Transportkoeling	12,030	13,826	—	1,954	—	(1,571)	14,209
Eurotank Oy	6,946	6,934	—	—	(663)	2,087	8,358
Fuzhou Haitou	—	3,214	(3,214)	—	—	—	—
XMHLC	6,153	6,060	—	(1,052)	—	(3)	5,005
Raffles	636,635	643,785	5,382	26,701	—	357	676,225
C&C TRUCKS	135,000	—	135,000	(6,209)	—	(86)	128,705
	1,194,754	1,277,724	137,168	101,329	(3,955)	1,561	1,513,827

As at 31 December 2009, based on the result of the impairment tests comparing the recoverable amount and carrying amount of long term equity investment in jointly ventures and associates, no provision for impairment was considered necessary by the Group.

Details of the associates of the Group are as follows:

Investee	Entity type	Registered place	Legal representative	Principal activities	Registered capital		Shareholding percentage	Percentage of voting rights in the investees	Total assets at year end	Total liabilities at year end	Net assets at year end	Total revenue for the year	Net profit/ (loss) for the year
					Currency	’000			RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
KYH Steel Holding Ltd	Corporation	The British Virgin Islands	Huo Jinghui	Investment holding	HKD	72,289	31.83%	31.83%	720,772	350,513	370,259	984,385	22,146
TJCIMCZL	Corporation	Tianjin	Gao Xiang	Logistic	RMB	200,000	36.00%	36.00%	116,686	4,536	112,150	32,576	4,235
DLJLL	Corporation	Dalian	Xu Song	Logistic	RMB	25,000	30.00%	30.00%	182,415	80,704	101,711	41,033	8,570
Xiamen Haitou	Corporation	Xianmen	Jiang Jingdong	Logistic	RMB	15,000	45.00%	45.00%	41,601	11,520	30,081	30,225	5,083
TJZL	Corporation	Tianjin	Yang Liqiang	Logistic	RMB	322,315	34.00%	34.00%	2,000,538	968,442	1,032,096	3,865,561	95,640
NBBL	Corporation	Ningbo	Zhu Shuilin	Martime auxiliary services	RMB	4,000	21.00%	21.00%	20,008	3,356	16,652	40,330	2,925
XYW	Corporation	Hong Kong	Wu Zhiquan	Wood processing	RMB	12,500	20.00%	20.00%	38,513	28,061	10,452	—	(2)
Shanghai Fengyang	Corporation	Shanghai	Yang Zhiguang	Property development	RMB	30,000	40.00%	40.00%	728,108	567,359	160,749	435,743	92,760
XMHLC.	Corporation	Xiamen	Jiang Jingdong	Logistic	RMB	83,151	49.00%	49.00%	10,421	202	10,219	33	(2,144)
Raffles	Corporation	Singapore	Mai Boliang	Ocean engineering equipment construction	SGD	591,428	18.27%	18.27%	9,581,788	6,619,712	2,962,076	4,504,303	146,102
C&C TRUCKS	Corporation	Wuhu	Yin Tongyao	Mechanical construction	RMB	400,000	45%	45%	457,727	171,722	286,005	—	(13,995)

In 2008, the Group acquired 17.86% equity interests in Raffles with a cash consideration of USD93,288,000. In 2009, the Group acquired additional 0.41% equity interests in Raffles with a cash consideration of USD788,000. As at 31 December 2009, the Group had 18.27% equity interests in Raffles.

Although the Group only has 18.27% equity interest in Raffles, the Group has significant influences over Raffles in making financial and operational decisions as the Group's President, Mr. Mai Boliang has been appointed as Chairmen and Non-Executive Director of Raffles on 3 November 2008. Raffles became an associate of the Group since 3 November 2008.

The ending balance of long-term equity investments on Raffles included goodwill recognised in 2008 amounting to USD39,182,000 due to acquisition of equity (RMB267,945,000).

The recoverable amount of Raffles is determined based on the present value of expected future cash flows. The present value of expected future cash flows was calculated based on the most recent ten-year financial budgets approved by management of the Group and a discounting rate of 5.94%. The cash flows beyond the ten-year budget period was assumed to keep stable. As key assumptions made for future expected cash flows are subject to changes, management considers that any adverse change in the key assumptions would possibly cause the carrying amount exceeding its recoverable amount.

The calculation of present value of expected future cash flows of Raffles was based on key assumption of 15% of gross profit ratio and 10% of operating sales growth, which were determined by management on the basis of past performance before the budget period.

On 16 November 2009, the Group's wholly-owned subsidiary, Bright Day Limited ("offeror") issued offers to offeror and all shareholders of Raffles other than related parties with voluntary unconditional acquisition tender in cash. The acquisition had been completed before the financial statements were approved. For details, refer to Note X.1.

(3) The Group's other equity investments:

Investee	Accounting method	Initial investment cost	Balance at the beginning of the year	Additions/ deduction during the year	Effect of foreign exchange rate changes	Balance at the end of the year	Shareholding percentage	The voting rights in investees	Notes to difference between shareholdings and voting rights	Provision for impairment	Impairment loss for the year	Cash dividend for the year
		USD'000	USD'000	USD'000	USD'000	USD'000	(%)	(%)	USD'000	USD'000	USD'000	USD'000
Shanghai Haifu International Container Transport	Cost method	—	118	(118)	—	—	—	—	—	—	—	400
BOCM Schroder Stolt Fund Management	Cost method	1,233	1,233	—	—	1,233	5%	5%	—	—	—	732
Donghua Container	Cost method	40	39	—	1	40	5%	5%	—	—	—	29
China Railway United Logistics	Cost method	57,784	37,278	20,506	—	57,784	10%	10%	—	—	—	—
Guangdong Samsung	Cost method	207	207	—	—	207	0.09%	0.09%	—	207	—	—
Beihai Yinjian	Cost method	258	258	—	—	258	1.01%	1.01%	—	258	—	—
China Merchants Securities	Cost method	—	7,008	(7,008)	—	—	—	—	—	—	—	—
Jinmen General Aviation Company Limited	Cost method	9	—	9	—	9	39%	39%	—	—	—	—
Total		59,531	46,141	13,389	1	59,531				465	—	1,161

Investee	Accounting method	Initial investment cost	Balance at the beginning of the year	Additions/ deduction during the year	Effect of foreign exchange rate changes	Balance at the end of the year	Shareholding percentage	The voting rights in investees	Notes to difference between shareholdings and voting rights	Provision for impairment	Impairment loss for the year	Cash dividend for the year
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	(%)	(%)	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Haifu International Container Transport	Cost method	—	804	(804)	—	—	—	—	—	—	—	2,733
BOCM Schroder Stolt Fund Management	Cost method	8,419	8,419	—	—	8,419	5%	5%	—	—	—	5,000
Donghua Container	Cost method	273	268	—	5	273	5%	5%	—	—	—	200
China Railway United Logistics	Cost method	394,561	254,400	140,066	95	394,561	10%	10%	—	—	—	—
Guangdong Samsung	Cost method	1,413	1,411	—	2	1,413	0.09%	0.09%	—	1,413	—	—
Beihai Yinjian	Cost method	1,762	1,763	—	(1)	1,762	1.01%	1.01%	—	1,762	—	—
China Merchants Securities	Cost method	—	47,819	(47,868)	49	—	—	—	—	—	—	—
Jinmen General Aviation Company Limited	Cost method	61	—	61	—	61	39%	39%	—	—	—	—
Total		406,489	314,884	91,455	150	406,489				3,175	—	7,933

(i) China Merchants Securities Co., Ltd. (“China Merchants Securities”) commenced its initial public offering (“IPO”) of A shares in 2009 and listed at the Shanghai Stock Exchange on 17 November 2009. Prior to this IPO, the Group and the Company held 32,291,152 shares of China Merchants Securities, accounted for 1% of its total shares. Prior to the IPO, the Group and the Company did not have control, joint control or significant influence over China Merchants Securities and the shares of China Merchants Securities had no quote price in the active market which fair value can not be measured reliably, therefore, the Group and the Company classified the equity investment of China Merchants Securities as other long-term investment and it was subsequently measured at cost method. After the IPO, number of shareholding by the Group and the Company have no change and the percentage of shareholding is 0.9%. However, after listed on Shanghai Stock Exchange, the stock of China Merchants Securities has quote price in the active market and its fair value can be measured reliably, the Group and the Company classified the equity investment in China Merchants Securities as available-for-sale financial assets. Therefore, the Group and the Company reclassified the investment in China Merchants Securities as available-for-sale financial assets during the year.

13. Investment property

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
	USD’000	USD’000	USD’000	USD’000	USD’000
Cost	14,328	261	(282)	(6)	14,301
1. Buildings	4,660	261	—	(1)	4,920
2. Land use rights	9,668	—	(282)	(5)	9,381
Accumulated depreciation or amortisation	2,716	512	—	—	3,228
1. Buildings	1,976	311	—	—	2,287
2. Land use rights	740	201	—	—	941
Carrying amounts	11,612	(251)	(282)	(6)	11,073
1. Buildings	2,684	(50)	—	(1)	2,633
2. Land use rights	8,928	(201)	(282)	(5)	8,440
Provision of impairment	—	—	—	—	—
1. Buildings	—	—	—	—	—
2. Land use rights	—	—	—	—	—
Carrying amounts	11,612	(251)	(282)	(6)	11,073
1. Buildings	2,684	(50)	—	(1)	2,633
2.land use rights	8,928	(201)	(282)	(5)	8,440

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost	97,781	1,780	(1,928)	13	97,646
1. Buildings	31,802	1,780	—	13	33,595
2. Land use rights	65,979	—	(1,928)	—	64,051
Accumulated depreciation or amortisation	18,537	3,496	—	7	22,040
1. Buildings	13,485	2,123	—	7	15,615
2. Land use rights	5,052	1,373	—	—	6,425
Carrying amounts	79,244	(1,716)	(1,928)	6	75,606
1. Buildings	18,317	(343)	—	6	17,980
2. Land use rights	60,927	(1,373)	(1,928)	—	57,626
Provision of impairment	—	—	—	—	—
1. Buildings	—	—	—	—	—
2. Land use rights	—	—	—	—	—
Carrying amounts	79,244	(1,716)	(1,928)	6	75,606
1. Buildings	18,317	(343)	—	6	17,980
2. Land use rights	60,927	(1,373)	(1,928)	—	57,626

The depreciation and amortisation charged for investment property in 2009 was USD507,000 (RMB: 3,460,000). There was no provision for impairment for investment property in 2009.

14. FIXED ASSETS

(1) Fixed assets by categories

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:	1,464,162	203,367	(22,723)	5,464	1,650,270
Including: Plant & buildings	663,604	96,532	(2,184)	3,663	761,615
Machinery & equipment	650,306	82,378	(11,011)	979	722,652
Other equipment	86,648	16,883	(4,344)	648	99,835
Motor vehicles	63,604	7,574	(5,184)	174	66,168
Accumulated depreciation:	406,790	92,264	(13,845)	1,632	486,841
Including: Plant & buildings	112,129	28,452	(1,262)	525	139,844
Machinery & equipment	219,116	46,572	(5,802)	1,078	260,964
Other equipment	42,463	9,832	(2,956)	(39)	49,300
Motor vehicles	33,082	7,408	(3,825)	68	36,733
Carrying amount	1,057,372	111,103	(8,878)	3,832	1,163,429
Including: Plant & buildings	551,475	68,080	(922)	3,138	621,771
Machinery & equipment	431,190	35,806	(5,209)	(99)	461,688
Other equipment	44,185	7,051	(1,388)	687	50,535
Motor vehicles	30,522	166	(1,359)	106	29,435
Provision for impairment	9,107	27,013	(8)	368	36,480
Including: Plant & buildings	3,418	20,081	—	353	23,852
Machinery & equipment	5,563	6,865	(4)	15	12,439
Other equipment	124	45	(4)	—	165
Motor vehicles	2	22	—	—	24

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000
Carrying amount	1,048,265	84,090	(8,870)	3,464	1,126,949
Including: Plant & buildings	548,057	47,999	(922)	2,785	597,919
Machinery & equipment	425,627	28,941	(5,205)	(114)	449,249
Other equipment	44,061	7,006	(1,384)	687	50,370
Motor vehicles	30,520	144	(1,359)	106	29,411

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:	9,992,018	1,389,102	(155,207)	42,461	11,268,374
Including: Plant & buildings	4,528,699	659,364	(14,914)	27,311	5,200,460
Machinery & equipment	4,437,953	562,684	(75,210)	8,983	4,934,410
Other equipment	591,306	115,322	(29,673)	4,737	681,692
Motor vehicles	434,060	51,732	(35,410)	1,430	451,812
Accumulated depreciation:	2,776,090	630,204	(94,570)	12,525	3,324,249
Including: Plant & buildings	765,212	194,340	(8,617)	3,950	954,885
Machinery & equipment	1,495,337	318,109	(39,633)	8,100	1,781,913
Other equipment	289,775	67,157	(20,193)	(110)	336,629
Motor vehicles	225,766	50,598	(26,127)	585	250,822
Carrying amount	7,215,928	758,898	(60,637)	29,936	7,944,125
Including: Plant & buildings	3,763,487	465,024	(6,297)	23,361	4,245,575
Machinery & equipment	2,942,616	244,575	(35,577)	883	3,152,497
Other equipment	301,531	48,165	(9,480)	4,847	345,063
Motor vehicles	208,294	1,134	(9,283)	845	200,990
Provision for impairment	62,151	184,518	(59)	2,482	249,092
Including: Plant & buildings	23,331	137,163	—	2,373	162,867
Machinery & equipment	37,963	46,893	(31)	109	84,934
Other equipment	842	309	(28)	7	1,130
Motor vehicles	15	153	—	(7)	161
Carrying amount	7,153,777	574,380	(60,578)	27,454	7,695,033
Including: Plant & buildings	3,740,156	327,861	(6,297)	20,988	4,082,708
Machinery & equipment	2,904,653	197,682	(35,546)	774	3,067,563
Other equipment	300,689	47,856	(9,452)	4,840	343,933
Motor vehicles	208,279	981	(9,283)	852	200,829

The depreciation charged for the year of the Group was USD92,264,000 (RMB630,204,000).

Fixed assets transferred from construction in progress in 2009 was USD177,994,000 (RMB1,215,789,000).

As at 31 December 2009, the fixed assets of the Group restricted in ownership amounted to USD6,798,000 (RMB46,415,000). Refer to Note V.21 for details.

In 2009, as a result of change of governmental land use plan and management operation strategy, part of buildings and machineries of the containers segment would be dismantled or disposed. Also, as a result of decrease in demand in the European and American market and the corresponding poor performance in operation and continuing downturn in property market, indication existed that some of machineries and buildings in the Netherland belonging to the trailers segment might be impaired. Therefore, the Group performed impairment test for these fixed assets. Based on the result of the test, the Group made

USD27,013,000 (RMB184,518,000) of provision for impairment for the aforesaid fixed assets. The recoverable amount is determined as either its fair value less costs to sell or its present value of expected future cash flows.

If there is an active market for aforesaid fixed assets, net realisable value is the quoted price in the active market less the estimated selling expenses according to the management's disposal plan. The realisable value of fixed assets, which have no value in use and are pending for dismantling, is their fair value less the estimated disposal expenses.

For fixed assets still in use and without an active market, the realisable value is the present value of expected future cash flows, which is calculated based on the discounting rate. The benchmark rate of bank loans will be adopted as the discounting rate.

(2) *Temporarily idle fixed assets*

Item	Cost	Accumulated depreciation	Provision of impairment	Carrying amount	Note
	USD'000	USD'0001	USD'000	USD'000	
Plant & buildings	38,031	(7,248)	(8,636)	22,147	Other than fixed assets which impairment has been provided for, temporarily idle fixed assets will resume to be used in 2010
Machinery & equipment	48,787	(20,886)	(11,424)	16,477	
Electronic & other equipment	2,851	(1,696)	(102)	1,053	
Motor vehicles	1,417	(813)	(22)	582	
Total	91,086	(30,643)	(20,184)	40,259	

Item	Cost	Accumulated depreciation	Provision of impairment	Carrying amount	Note
	RMB'000	RMB'000	RMB'000	RMB'000	
Plant & buildings	259,686	(49,488)	(58,967)	151,231	Other than fixed assets which impairment has been provided for, temporarily idle fixed assets will resume to be used in 2010
Machinery & equipment	333,130	(142,616)	(79,009)	111,505	
Electronic & other equipment	19,469	(11,580)	(697)	7,192	
Motor vehicles	9,675	(5,552)	(153)	3,970	
Total	621,960	(209,236)	(138,826)	273,898	

(3) *Fixed assets held under finance leases*

There was no fixed assets held under finance leases in 2009 (2008: Nil).

(4) *Fixed assets leased out under operating leases*

Item	Net book value	
	USD'000	RMB'000
Plant & buildings	165	1,128
Motor vehicles	1,556	10,623
Total	1,721	11,751

(5) *Fixed assets held for sale at the year end*

As at 31 December 2009, there was no fixed assets held for sale (2008:Nil).

(6) *Fixed assets with pending certificates for ownership*

Item	**Carrying amount**		**Reasons for pending**	**Expected time of getting certificate of ownership**
	USD'000	**RMB'000**		
Factory	56,464	385,548	Put to use in 2008, certificate being in the process	June 2010
Workshop	11,072	75,603	Incomplete procedure, certificate being in the process	End of 2010
Office building	10,887	74,341	Put to use in 2008,certificate being in the process	June 2010
Warehouse	7,329	50,045	Lack of reporting materials, under preparation	End of 2010
Dormitory and Canteen	5,426	37,050	Put to use in 2009, certificate being in the process	End of 2010
Others	14,826	101,237	Certificate being in the process	Before end of 2010
Total	106,004	723,824		

15. Construction in progress

(1) Construction in progress

Item	2009 Cost	2009 Impairment	2009 Carrying amount	2008 Cost	2008 Impairment	2008 Carrying amount
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
DLZH Plant Project	20,496	—	20,496	10,683	—	10,683
Nantong CIMC Special Transportation Equipment Third Workshop Project	4,197	—	4,197	3,189	—	3,189
TCCIMC 2nd Project	1,606	—	1,606	15,959	—	15,959
Enric Four-column Hydraulic Press Project	1,601	—	1,601	1,602	—	1,602
Enric Roller-type Rotary Machine and Top-and-bottom Machine	1,233	—	1,233	1,135	—	1,135
SMIMCL Jincheng Information System	773	—	773	1,072	—	1,072
KGR Vehicle Installation Project	464	—	464	2,141	—	2,141
Nantong Sunda Container Complete-line and Coating-line project	455	—	455	1,202	—	1,202
XASV Technical Innovation 1st Stage Investment	—	—	—	3,114	—	3,114
Dalian Heavy Logistics Equipments Pressure Vessels Project	59	—	59	10,684	—	10,684
Enric First Stage Project	6,569	—	6,569	—	—	—
Dalian Heavy Logistics Production Line equipment	4,979	—	4,979	—	—	—
Group headquarters MTS Vehicle Systems	3,253	—	3,253	630	—	630
CIMC Grand Sky Light Hotel Project	2,279	—	2,279	—	—	—
XHCIMCS Production Line and Power Facilities Reconstruction Project	2,217	—	2,217	—	—	—
Enric Heavy Pressure Vessel Workshop	1,123	—	1,123	—	—	—
TCCIMC Inside-container Automatic Spray Project	1,106	—	1,106	—	—	—
Enric Staff Apartment project	1,005	—	1,005	—	—	—
HJCIMC 2nd Industrial Zone Project	—	—	—	15,432	—	15,432
Nantong CIMC Large-sized Tank Assembly Workshop and Parts Workshop Project	—	—	—	6,389	—	6,389
YZTH Technology Development and Marketing Centre Project	—	—	—	3,496	—	3,496
QDRV freeze vehicle 1st Project	—	—	—	2,979	—	2,979
QDRV Steel Structure Project	—	—	—	2,745	—	2,745
ZZCIMC Waiting-building Project	—	—	—	1,682	—	1,682
CQCIMC 1st Phase Project	—	—	—	1,269	—	1,269
Others	30,541	—	30,541	52,860	—	52,860
Total	83,956	—	83,956	138,263	—	138,263

Item	2009 Cost	2009 Impairment	2009 Carrying amount	2008 Cost	2008 Impairment	2008 Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DLZH Plant Project	139,952	—	139,952	72,908	—	72,908
Nantong CIMC Special Transportation Equipment Third Workshop Project	28,657	—	28,657	21,761	—	21,761
TCCIMC 2nd Project	10,963	—	10,963	108,912	—	108,912
Enric Four-column Hydraulic Press Project	10,935	—	10,935	10,935	—	10,935
Enric Roller-type Rotary Machine and Top-and-bottom Machine	8,423	—	8,423	7,748	—	7,748
SMIMCL Jincheng Information System	5,278	—	5,278	7,316	—	7,316
KGR Vehicle Installation Project	3,169	—	3,169	14,610	—	14,610
Nantong Sunda Container Complete-line and Coating-line project	3,103	—	3,103	8,203	—	8,203
XASV Technical Innovation 1st Stage Investment	—	—	—	21,254	—	21,254
Dalian Heavy Logistics Equipments Pressure Vessels Project	406	—	406	72,910	—	72,910
Enric First Stage Project	44,853	—	44,853	—	—	—
Dalian Heavy Logistics Production Line equipment	33,996	—	33,996	—	—	—
Group headquarters MTS Vehicle Systems	22,210	—	22,210	4,298	—	4,298
CIMC Grand Sky Light Hotel Project	15,559	—	15,559	—	—	—
XHCIMCS Production Line and Power Facilities Reconstruction Project	15,141	—	15,141	—	—	—
Enric Heavy Pressure Vessel Workshop	7,667	—	7,667	—	—	—
TCCIMC Inside-container Automatic Spray Project	7,550	—	7,550	—	—	—
Enric Staff Apartment project	6,864	—	6,864	—	—	—
HJCIMC 2nd Industrial Zone Project	—	—	—	105,315	—	105,315
Nantong CIMC Large-sized Tank Assembly Workshop and Parts Workshop Project	—	—	—	43,600	—	43,600
YZTH Technology Development and Marketing Centre Project	—	—	—	23,860	—	23,860
QDRV freeze vehicle 1st Project	—	—	—	20,327	—	20,327
QDRV Steel Structure Project	—	—	—	18,732	—	18,732
ZZCIMC Waiting-building Project	—	—	—	11,479	—	11,479
CQCIMC 1st Phase Project	—	—	—	8,658	—	8,658
Others	208,543	—	208,543	360,734	—	360,734
Total	573,269	—	573,269	943,560	—	943,560

The carrying amounts of construction in progress at the end of the year included capitalised borrowing cost of USD1,381,000, equivalent to RMB9,427,000 (2008: USD1,401,000, equivalent to RMB9,705,000). The interest rate adopted for determining capitalised at borrowing cost for the current year was 4.72% (2008: 5.78%).

As at 31 December 2009, the Group has no construction in progress with restrictions in ownership.

(2) *Provision for impairment*

There was no provision for impairment for work in progress in 2009 (2008: Nil).

(3) The Group's major construction projects in progress were set out as follows:

Project	Budget	Balance at the beginning of the year	Additions	Transfer to fixed assets	Other deduction	Percentage of current input over budget	Progress	Accumulated capitalised borrowing cost	Including: current year capitalised borrowing cost	Capitalised rate	Sources of funds	Effect of the foreign exchange rate changes	Balance at the end of the year
	USD'000'	USD'000	USD'000	USD'000	USD'000	(%)	(%)	USD'000	USD'000	(%)		USD'000	USD'000
XASV Technical Innovation 1st Stage Investment	3,612	3,114	498	(3,610)	—	100.00%	100.00%	117	40	4.37%	Loans from banks	(42)	—
DLZH Plant Project	25,000	10,683	9,129	—	—	79.20%	79.20%	770	684	4.78%	Loans from banks	—	20,496
Nantong CIMC Special Transportation Equipment Third Workshop Project	5,202	3,189	1,008	—	—	80.68%	80.68%	—	—	—	Self-financing	—	4,197
TCCIMC 2nd stage project	17,565	15,959	—	(14,353)	—	90.85%	90.85%	—	—	—	Self-financing	—	1,606
Enric Four-column Hydraulic Press Project	2,136	1,602	—	—	—	74.95%	74.95%	—	—	—	Self-financing	(1)	1,601
Enric Roller-type Rotary Machine and Top-and-bottom Machine	1,514	1,135	99	—	—	81.50%	81.50%	—	—	—	Self-financing	(1)	1,233
Enric First Stage Project	7,608	—	6,569	—	—	86.34%	86.34%	—	—	—	Self-financing	—	6,569
Dalian Heavy Logistics Production Line Equipment	21,000	—	4,979	—	—	23.70%	23.70%	—	—	—	Self-financing	—	4,979
Group headquarters MTS Vehicle Systems	3,647	630	2,623	—	—	89.19%	89.19%	—	—	—	Self-financing	—	3,253
CIMC Grand Sky Light Hotel Project	12,595	—	2,278	—	—	18.08%	18.08%	—	—	—	Self-financing	1	2,279
XHCIMCS Production Line and Power Facilities Reconstruction Project	2,900	—	2,833	(616)	—	97.68%	97.68%	—	—	—	Self-financing	—	2,217
Enric Heavy Pressure Vessel Workshop	3,745	—	1,123	—	—	29.98%	29.98%	—	—	—	Self-financing	—	1,123
TCCIMC Inside-container Automatic Spray Project	1,391	—	1,106	—	—	79.51%	79.51%	—	—	—	Self-financing	—	1,106
Enric Staff Apartment project	1,005	—	1,005	—	—	83.75%	83.75%	—	—	—	Self-financing	—	1,005
Total	108,920	36,312	33,250	(18,579)	—	—	—	887	724	—		(43)	51,664

Project	Budget	Balance at the beginning of the year	Additions	Transfer to fixed assets	Other deduction	Percentage of current input over budget	Progress	Accumulated capitalised borrowing cost	Including: current year capitalised borrowing cost	Capitalised rate	Sources of funds	Effect of the foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	(%)	(%)	RMB'000	RMB'000	(%)		RMB'000	RMB'000
XASV Technical Innovation 1st Stage Investment	24,663	21,254	3,404	(24,659)	—	100.00%	100.00%	797	275	4.37%	Loans from banks	(274)	—
DLZH Plant Project	170,705	72,908	62,358	—	—	79.20%	79.20%	5,261	4,670	4.78%	Loans from banks	16	139,952
Nantong CIMC Special Transportation Equipment Third Workshop Project	35,519	21,761	6,886	—	—	80.68%	80.68%	—	—	—	Self-financing	10	28,657
TCCIMC 2nd stage project	119,935	108,912	—	(98,038)	—	90.85%	90.85%	—	—	—	Self-financing	89	10,963
Enric Four-column Hydraulic Press Project	14,588	10,935	—	—	—	74.95%	74.95%	—	—	—	Self-financing	—	10,935
Enric Roller-type Rotary Machine and Top-and-bottom Machine	10,336	7,748	675	—	—	81.50%	81.50%	—	—	—	Self-financing	—	8,423
Enric First Stage Project	51,950	—	44,868	—	—	86.34%	86.34%	—	—	—	Self-financing	(15)	44,853
Dalian Heavy Logistics Production Line Equipment	143,392	—	34,007	—	—	23.70%	23.70%	—	—	—	Self-financing	(11)	33,996
Group headquarters MTS Vehicle Systems	24,902	4,298	17,916	—	—	89.19%	89.19%	—	—	—	Self-financing	(4)	22,210
CIMC Grand Sky Light Hotel Project	86,000	—	15,563	—	—	18.08%	18.08%	—	—	—	Self-financing	(4)	15,559
XHCIMCS Production Line and Power Facilities Reconstruction Project	19,802	—	19,350	(4,205)	—	97.68%	97.68%	—	—	—	Self-financing	(4)	15,141
Enric Heavy Pressure Vessel Workshop	25,570	—	7,669	—	—	29.98%	29.98%	—	—	—	Self-financing	(2)	7,667
TCCIMC Inside-container Automatic Spray Project	9,500	—	7,553	—	—	79.51%	79.51%	—	—	—	Self-financing	(3)	7,550
Enric Staff Apartment project	6,864	—	6,866	—	—	83.75%	83.75%	—	—	—	Self-financing	(2)	6,864
Total	743,726	247,816	227,115	(126,902)	—	—	—	6,058	4,945	—		(204)	352,770

16. Intangible assets

(1) Intangible assets by categories

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000
Cost	464,350	46,178	(321)	3,908	514,115
Land use rights	306,317	44,795	—	336	351,448
Technical know-how and trademarks	93,782	1,383	(321)	4,000	98,844
Timber concession rights	36,075	—	—	(23)	36,052
Customer relationships	17,003	—	—	(209)	16,794
Customer contracts	11,173	—	—	(196)	10,977
Accumulated amortisation	60,794	28,410	—	2,224	91,428
Land use rights	23,400	9,225	—	(2)	32,623
Technical know-how and trademarks	18,913	11,217	—	480	30,610
Timber concession rights	13,146	714	—	(19)	13,841
Customer relationships	2,590	2,984	—	603	6,177
Customer contracts	2,745	4,270	—	1,162	8,177
Carrying amount	403,556	17,768	(321)	1,684	422,687
Land use rights	282,917	35,570	—	338	318,825
Technical know-how and trademarks	74,869	(9,834)	(321)	3,520	68,234
Timber concession rights	22,929	(714)	—	(4)	22,211
Customer relationships	14,413	(2,984)	—	(812)	10,617
Customer contracts	8,428	(4,270)	—	(1,358)	2,800
Provision for impairment	15,909	—	—	(10)	15,899
Land use rights	—	—	—	—	—
Technical know-how and trademarks	—	—	—	—	—
Timber concession rights	15,909	—	—	(10)	15,899
Customer relationships	—	—	—	—	—
Customer contracts	—	—	—	—	—
Carrying amount	387,647	17,768	(321)	1,694	406,788
Land use rights	282,917	35,570	—	338	318,825
Technical know-how and trademarks	74,869	(9,834)	(321)	3,520	68,234
Timber concession rights	7,020	(714)	—	6	6,312
Customer relationships	14,413	(2,984)	—	(812)	10,617
Customer contracts	8,428	(4,270)	—	(1,358)	2,800

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost	3,168,910	315,419	(2,192)	28,331	3,510,468
Land use rights	2,090,427	305,971	—	3,356	2,399,754
Technical know-how and trademarks	640,010	9,448	(2,192)	27,660	674,926
Timber concession rights	246,193	—	—	(26)	246,167
Customer relationships	116,035	—	—	(1,359)	114,676
Customer contracts	76,245	—	—	(1,300)	74,945
Accumulated amortisation	414,886	194,051	—	15,346	624,283
Land use rights	159,687	63,008	—	56	222,751
Technical know-how and trademarks	129,073	76,618	—	3,324	209,015
Timber concession rights	89,714	4,875	—	(80)	94,509
Customer relationships	17,678	20,383	—	4,115	42,176
Customer contracts	18,734	29,167	—	7,931	55,832
Carrying amount	2,754,024	121,368	(2,192)	12,985	2,886,185
Land use rights	1,930,740	242,963	—	3,300	2,177,003
Technical know-how and trademarks	510,937	(67,170)	(2,192)	24,336	465,911
Timber concession rights	156,479	(4,875)	—	54	151,658
Customer relationships	98,357	(20,383)	—	(5,474)	72,500
Customer contracts	57,511	(29,167)	—	(9,231)	19,113
Provision for impairment	108,567	—	—	(8)	108,559
Land use rights	—	—	—	—	—
Technical know-how and trademarks	—	—	—	—	—
Timber concession rights	108,567	—	—	(8)	108,559
Customer relationships	—	—	—	—	—
Customer contracts	—	—	—	—	—
Carrying amount	2,645,457	121,368	(2,192)	12,993	2,777,626
Land use rights	1,930,740	242,963	—	3,300	2,177,003
Technical know-how and trademarks	510,937	(67,170)	(2,192)	24,336	465,911
Timber concession rights	47,912	(4,875)	—	62	43,099
Customer relationships	98,357	(20,383)	—	(5,474)	72,500
Customer contracts	57,511	(29,167)	—	(9,231)	19,113

The amortisation charged for the year of the Group was USD28,410,000 (RMB194,051,000).

As at 31 December 2009, the cost of the Group's intangible assets with certificates of ownership to be obtained amounted to USD100,040,000 (RMB683,095,000). The relevant procedures were under progress and expected to be completed at the end of 2010.

As at 31 December 2009, the intangible assets of the Group with restriction in ownership amounted to USD2,929,000 (RMB20,000,000). Refer to Note V.21 for details.

The timber concession right amounted to USD18,574,000, in respect of the 450,000 acres in Suriname was acquired by Topco Forestry N.V, a wholly owned subsidiary of Gold Terrain Assets Limited, a subsidiary of the Company. Since around 75,000 acres of the forest in the above timber concession right were located in a nature reservation zone, the government of Suriname took back the timber concession right in 2003. The Company had negotiated with the Suriname government for a plan to substitute the original 75,000 acres with other forest locations. Since there were no clear results of the negotiation, a full provision for impairment of USD2,116,000 was made to this part of timber concession right.

In 1998, Silveroad Wood Products Limited, a wholly owned subsidiary of Gold Terrain Assets Limited purchased 315,460 acres of timber concession rights in Cambodia amounting to USD17,501,000. The government of Cambodia has suspended all timber concession rights in its region, including those of the Group. In view of this, full provision for impairment amounting to USD13,783,000 was made on the carrying value of the above timber concession rights.

As at 31 December 2009, there were no intangible assets with indefinite useful lives.

17. Goodwill

Name of investee or goodwill items	Note	Balance at the beginning of the year	Additions	Deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Provision for impairment
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Enric	(1)	92,114	—	—	—	92,114	—
TGE SA	(2)	28,063	—	—	494	28,557	—
Jinmen Hongtu Special Aircraft Manufacturing Co., Ltd.	(3)	—	3,985	—	1	3,986	—
Others		48,373	3,287	—	380	52,040	1,757
Total		168,550	7,272	—	875	176,697	1,757

Name of investee or goodwill items	Note	Balance at the beginning of the year	Additions	Deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Provision for impairment
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Enric	(1)	628,623	—	—	350	628,973	—
TGE SA	(2)	191,513	—	—	3,480	194,993	—
Jinmen Hongtu Special Aircraft Manufacturing Co., Ltd.	(3)	—	27,221	—	(4)	27,217	—
Others		330,115	22,450	—	2,774	355,339	11,997
Total		1,150,251	49,671	—	6,600	1,206,522	11,997

(1) Goodwill attributable to Enric

The Group paid USD144,291,628 (RMB1,094,076,842) as acquisition cost for acquiring 41.55% equity interest in Enric in 2007. The excess of acquisition cost over the Group's interest in the fair value of Enric's identifiable assets and liabilities, amounted to USD92,113,833 (RMB701,034,168), was recognised as goodwill attributable to Enric.

The recoverable amount of Enric is determined based on the present value of expected future cash flows. The present value of expected future cash flows was calculated based on the most recent ten-year financial budgets approved by management of the Group and a discounting rate of 5.94%. The cash flows beyond the ten-year budget period was assumed to keep stable. There was no impairment considered necessary for the goodwill based on the calculations. As key assumptions on which management has made the future cash projections are subject to change, management believes that any adverse change in the key assumptions would cause the carrying amount exceeding its recoverable amount.

The calculation of present value of expected future cash flows of Enric was based on key assumptions of 18% of gross profit ratio and 10% of operating sales growth, which was determined by management on the basis of past performance before the budget period.

(2) Goodwill attributable to TGE SA

The Group paid USD35,605,021 (RMB243,096,841) as acquisition cost for the 60% equity interests in TGE SA in 2008. The excess of acquisition cost over the Group's interest in the fair value of TGE SA's identifiable assets and liabilities, amounting to USD13,188,894 (RMB90,048,493), was recognised as good will attributable to TGE SA. The goodwill together with which arose from TGE SA restructuring, amounting to USD15,197,477 (RMB103,759,294), are USD28,386,371 (RMB193,807,787).

The recoverable amount of TGE SA is determined based on the present value of expected future cash flows. The present value of expected future cash flows was calculated based on the most recent ten-year financial budgets approved by management of the Group and a discounting rate of 5.94%. The cash flows beyond the ten-year budget period was assumed to keep stable. There was no impairment considered necessary for the goodwill based on the calculations. As key assumptions on which management has made the future cash projections are subject to change, management believes that any adverse change in the key assumptions would cause the carrying amount exceeding its recoverable amount.

The calculation of present value of expected future cash flows of TGE SA was based on key assumptions of 15% of gross profit ratio and 5% of operating sales growth, which was determined by management on the basis of past performance before the budget period.

(3) Goodwill attributable to Jinmen Hongtu Special Aircraft Manufacturing Co., Ltd.

The Group paid RMB55,472,000 (USD8,121,000) as acquisition cost for the 80% equity interests in Jinmen Hongtu Special Aircraft Manufacturing Co., Ltd. ("Jinmen Hongtu") on 25 July 2009. The excess of acquisition cost over the Group's interest in the fair value of Jinmen Hongtu's identifiable assets and liabilities, amounting to RMB27,221,000 (USD3,985,000), was recognised as goodwill attributable to Jinmen Hongtu. Since the Group only purchased Jinmen Hongtu's interests in late 2009 and there has been no adverse trend in Jinmen Hongtu's business, no provision for impairment was considered necessary for the goodwill attributable to Jinmen Hongtu.

18. Long-term deferred expenses

Item	Balance at the beginning of the year	Additions	Amortisation	Other deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Reasons for other deduction
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	
Water and electricity capacity enlargement expenses	317	231	(74)	—	—	474	None
Rental	2,646	400	(1,878)	—	(1)	1,167	None
Others	2,783	1,275	(1,228)	—	(2)	2,828	None
Total	5,746	1,906	(3,180)	—	(3)	4,469	None

Item	Balance at the beginning of the year	Additions	Amortisation	Other deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Reasons for other deduction
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Water and electricity capacity enlargement expenses	2,163	1,577	(505)	—	(1)	3,234	None
Rental	18,058	2,729	(12,827)	—	5	7,965	None
Others	18,989	8,715	(8,386)	—	(4)	19,314	None
Total	39,210	13,021	(21,718)	—	—	30,513	None

19. Deferred tax assets and liabilities

(1) Deferred tax assets and liabilities after offsetting

Item	2009 Deductible/ (taxable) temporary difference	2009 Deferred tax assets/ (liabilities)	2008 Deductible/ (taxable) temporary difference	2008 Deferred tax assets/ (liabilities)
	USD'000	USD'000	USD'000	USD'000
Deferred tax assets:				
Provisions for impairment	92,808	20,430	112,841	23,081
Provisions	55,913	12,626	54,719	12,266
Employee benefits payable	70,927	15,080	71,760	14,423
Tax losses carry-forward	39,059	9,164	10,245	2,295
Movement for fair value of financial assets held for trading/hedge instruments	21,171	4,667	52,061	10,863
Others	19,587	4,856	20,324	4,853
Subtotal	299,465	66,823	321,950	67,781
Offsetting amount of deferred tax liabilities	(59,954)	(13,230)	(78,990)	(15,195)
Net deferred tax assets after offsetting	239,511	53,593	242,960	52,586
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/hedge instruments	(323)	(64)	(624)	(96)
Available-for-sale financial assets	(145,906)	(32,099)	(155,592)	(31,118)
Movement for fair value of hedging financial instrument	(3,164)	(693)	(8,066)	(807)
Revaluation gain through combination	(163,713)	(45,401)	(216,608)	(60,397)
Estimated dividend income earned for non-resident foreign enterprises	(206,080)	(12,966)	(138,665)	(8,149)
Others	(4,753)	(1,197)	(10,425)	(3,336)
Subtotal	(523,939)	(92,420)	(529,980)	(103,903)
Offsetting amount of deferred tax assets	59,954	13,230	78,990	15,195
Net deferred tax liabilities after offsetting	(463,985)	(79,190)	(450,990)	(88,708)

Item	2009 Deductible/ (taxable) temporary difference	2009 Deferred tax assets/ (liabilities)	2008 Deductible/ (taxable) temporary difference	2008 Deferred tax assets/ (liabilities)
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets:				
Provisions for impairment	633,710	139,500	770,076	157,511
Provisions	381,782	86,214	373,427	83,707
Employee benefits payable	484,302	102,969	489,718	98,430
Tax losses carry-forward	266,702	62,575	69,913	15,662
Movement for fair value of financial assets held for trading/hedge instruments	144,561	31,865	355,285	74,134
Others	134,109	33,157	138,698	33,124
Subtotal	2,045,166	456,280	2,197,117	462,568
Offsetting amount of deferred tax liabilities	(409,734)	(90,334)	(539,052)	(103,697)
Net deferred tax assets after offsetting	1,635,432	365,946	1,658,065	358,871
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/hedge instruments	(2,207)	(435)	(4,256)	(657)
Available-for-sale financial assets	(996,275)	(219,680)	(1,061,825)	(212,365)
Movement for fair value of hedging financial instrument	(21,565)	(4,108)	(55,044)	(5,504)
Revaluation gain through combination	(1,117,866)	(309,938)	(1,478,218)	(412,175)
Estimated dividend income earned for non-resident foreign enterprises	(1,407,153)	(88,534)	(946,309)	(55,613)
Others	(32,849)	(8,361)	(71,140)	(22,762)
Subtotal	(3,577,915)	(631,056)	(3,616,792)	(709,076)
Offsetting amount of deferred tax assets	409,734	90,334	539,052	103,697
Net deferred tax liabilities after offsetting	(3,168,181)	(540,722)	(3,077,740)	(605,379)

(2) *Unrecognised deferred tax assets*

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Tax losses carry-forward	60,679	414,326	27,707	189,083
Impairment losses of timber concession rights	8,463	57,787	8,463	57,755
Others	11,693	79,845	4,081	27,853
Total	80,835	551,958	40,251	274,691

(3) *Expiry dates of tax credit for unrecognised deferred tax assets are as follows:*

Year	2009		2008		Note
	USD'000	RMB'000	USD'000	RMB'000	
2009	—	—	10,178	69,457	
2010	1,406	9,599	5,820	39,718	
2011	11,110	75,860	13,915	94,959	
2012	22,273	152,086	23,932	163,324	
2013	63,113	430,946	65,479	446,853	
2014	131,575	898,422	—	—	
More than 5 years	53,265	363,709	8,114	55,380	Note 1
Total	282,742	1,930,622	127,438	869,691	

At 31 December 2009, the Group had no unrecognised deferred tax liabilities.

Note 1:

In 2008 and 2009, unrecognised deferred tax assets aged over 5 years (inclusive) arising from deductible tax losses resulted from foreign subsidiaries' operating losses. Deductible tax losses generated from Hong Kong, the United States of America, the United Kingdom of Great Britain and Australia can be offset with future profit indefinitely; deductible tax losses generated from the Netherlands can be offset in the subsequent nine years.

20. Provisions for impairment

Item	Note	Balance at at the beginning of the year	Charge for the year	Decrease during the year		Effect of foreign exchange rate changes	Balance at the end of the year
				Reversal	Write off		
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Receivables	V.4-6,8,11	37,447	22,860	(4,916)	(1,725)	240	53,906
Inventories	V.7	103,693	46,141	(33,111)	(13,528)	36	103,231
Long-term equity investment	V.12	465	—	—	—	—	465
Fixed assets	V.14	9,107	27,013	—	(8)	368	36,480
Intangible assets	V.16	15,909	—	—	—	(10)	15,899
Goodwill	V.17	1,757	—	—	—	—	1,757
Total		168,378	96,014	(38,027)	(15,261)	634	211,738

Item	Note	Balance at at the beginning of the year	Charge for the year	Decrease during the year		Effect of foreign exchange rate changes	Balance at the end of the year
				Reversal	Write off		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Receivables	V.4-6,8,11	255,554	156,144	(33,586)	(11,782)	1,749	368,079
Inventories	V.7	707,641	315,156	(226,151)	(92,396)	630	704,880
Long-term equity investment	V.12	3,174	—	—	—	1	3,175
Fixed assets	V.14	62,151	184,518	—	(59)	2,482	249,092
Intangible assets	V.16	108,567	—	—	—	(8)	108,559
Goodwill	V.17	11,991	—	—	—	6	11,997
Total		1,149,078	655,818	(259,737)	(104,237)	4,860	1,445,782

Please refer to the respective notes of the assets for reasons of the provisions.

21. **Restricted assets**

As at 31 December 2009, the Group's assets with restrictions in their ownership are as follows:

Item	Note	Balance at the beginning of the year	Additions for the year	Decrease during the year	Effect of foreign exchange rate changes	Balance at the end of the year
		USD'000	USD'000	USD'000	USD'000	USD'000
Assets guaranteed						
— Cash at bank and on hand	V.1	40,909	193,842	(106,911)	(33)	127,807
— Bills receivable	V.3	119,518	211,948	(127,218)	(128)	204,120
— Accounts receivable	V.4	5,633	3,221	(5,633)	—	3,221
— Inventories	V.7	25,503	—	(25,430)	(73)	—
— Fixed assets	V.14	134,374	131	(127,707)	—	6,798
— Construction in progress	V.15	526	—	(526)	—	—
— Intangible assets	V.16	—	2,928	—	1	2,929
Total		326,463	412,070	(393,425)	(233)	344,875

Item	Note	Balance at the beginning of the year	Additions for the year	Decrease during the year	Effect of foreign exchange rate changes	Balance at the end of the year
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets guaranteed						
— Cash at bank and on hand	V.1	279,178	1,324,041	(730,254)	(273)	872,692
— Bills receivable	V.3	815,641	1,447,702	(868,965)	(608)	1,393,770
— Accounts receivable	V.4	38,440	21,997	(38,474)	27	21,990
— Inventories	V.7	174,044	—	(173,655)	(389)	—
— Fixed assets	V.14	917,021	895	(872,305)	804	46,415
— Construction in progress	V.15	3,587	—	(3,590)	3	—
— Intangible assets	V.16	—	20,000	—	—	20,000
Total		2,227,911	2,814,635	(2,687,243)	(436)	2,354,867

The above fixed assets and intangible assets were secured for bank loans. Accounts receivable was pledged for borrowings. Refer to Note V.22 and Note V.34 for short-term and long-term secured loans analysis.

22. Short-term loans

(1) Short-term loans by categories:

Item	Note	2009		2008	
		USD'000	RMB'000	USD'000	RMB'000
Guarantee loans	(a)				
— RMB		78,893	538,700	52,781	360,200
— USD		5,500	37,555	7,451	50,849
— JPY		—	—	4,713	32,162
— EUR		—	—	6,873	46,901
Secured loans	(b)				
— RMB		1,977	13,500	—	—
— USD		14,900	101,740	16,200	110,555
— EUR		—	—	99,754	680,765
Pledge loans	(c)				
— RMB		—	—	16	110
— USD		3,221	21,990	3,363	22,952
Loans on credit					
— RMB		185,158	1,264,301	47,641	325,123
— USD		203,822	1,391,735	27,775	189,546
— JPY		—	—	8,702	59,385
— EUR		88,930	607,232	451	3,083
— HKD		—	—	24,023	163,944
— AUD		148	1,007	213	1,452
Other loans	(d)				
— RMB		26,320	179,717	23,396	159,661
		608,869	4,157,477	323,352	2,206,688

(a) As at 31 December 2009, guarantee loans of the Group included bank loans amounting to USD6,297,000 guaranteed by the Company for its subsidiary, USD57,951,000 guaranteed by HI for its subsidiary, USD14,645,000 guaranteed by Enric for its subsidiary and USD5,500,000 guaranteed by CIMC (HK) for CIMC USA. INC, a subsidiary of the Group.

(b) As at 31 December 2009, secured loans of the Group were bank loans amounting to RMB13,500,000 (USD1,977,095) secured by its QDYLL, its subsidiary's land use right; and loans amounting to USD14,900,000 raised from BOC (NY) were secured by Vanguard's property and guaranteed by CIMC (HK).

(c) As at 31 December 2009, the Group's pledge loans amounting to USD3,221,000 was pledged by the accounts receivable of its subsidiary, DLJLL.

(d) As at 31 December 2009, the Group's other short-term loans were obtained from discounting bills receivable of its subsidiaries.

(e) As at 31 December 2009, no amount due to shareholders who hold 5% or more of the voting rights of the Company was included in the above balance of short-term loans.

(2) As at 31 December 2009, the Group had no past due and un-repaid short-term loans.

23. Financial liabilities held for trading

Item	Note	2009		2008	
		USD'000	RMB'000	USD'000	RMB'000
Derivative financial liabilities					
— foreign future contracts	V.2.3	58	395	27,606	188,396
— metal — nickel exchange option		—	—	1,559	10,640
— swap contract for interest rate	(1)	12,161	83,040	15,027	102,548
— foreign exchange option	(2)	10,486	71,601	15,805	107,859
Total		22,705	155,036	59,997	409,443

(1) As at 31 December 2009, the Company had 7 unsettled interest rate swap contracts denominated in U.S. dollars. The nominal value of these contracts amounted to USD280,000,000. The maturity dates of these interest rate swap contracts range from 23 May 2012 to 23 December 2013. As at 31 December 2009, the Group recognised losses on the foresaid contracts in their fair values of USD12,161,000 (including USD10,782,000 of losses recognised by the Company) as expenses and financial liabilities held for trading. Transaction costs on realisation have not been considered when calculating the fair values.

(2) As at 31 December 2009, the Company had 2 unsettled forward contracts denominated in Japanese Yen. The nominal value of these contracts amounted to Japanese Yen 4,590,000,000. Pursuant to these forward contracts, the Company is entitled to buy U.S. dollar at an amount equivalent to contracted nominal value at agreed rates where the market spot rates at the settlement dates are higher than the agreed rates. These forwards contracts are not executed where the market spot rates at the settlement dates are equal to or lower than the agreed rates. The settlement dates of the aforesaid forwards contracts range from 26 February 2010 to 29 June 2012.

As at 31 December 2009, the Group recognised the aforesaid 2 forwards contracts in their fair values of USD10,486,000 as expenses and financial liabilities held for trading. Transaction costs on realisation haven not been considered when calculating the fair values.

24. Bills payable

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Bank acceptance bills	175,760	1,200,122	137,541	938,635
Commercial acceptance bills	3,803	25,969	10,963	74,813
Total	179,563	1,226,091	148,504	1,013,448

The above bills are due within one year.

No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of bills payable.

25. Accounts payable

(1) The Group's accounts payable is as follows:

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Raw materials suppliers	653,504	4,462,255	643,466	4,391,266

As at 31 December 2009, there was no individual major accounts payable aged over one year.

Group's accounts payable is analysed by currencies as follows:

	2009				2008			
Currency	Original currency	Exchange rate	USD	RMB	Original currency	Exchange rate	USD	RMB
	'000		'000	'000	'000		'000	'000
RMB	2,855,123	6.8282	418,137	2,855,123	2,882,473	6.8244	422,377	2,882,473
USD	213,025	1.0000	213,025	1,454,578	212,224	1.0000	212,224	1,448,301
HKD	103,964	7.7546	13,407	91,544	15,407	7.7497	1,988	13,568
JPY	4,569	90.28	51	346	25,797	90.90	284	1,937
EUR	6,110	0.6940	8,804	60,113	3,665	0.7171	5,112	34,885
AUD	59	1.1116	53	361	1,637	1.4102	1,162	7,922
Others	—	—	27	190	—	—	319	2,180
			653,504	4,462,255			643,466	4,391,266

(2) No amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties is included in the balance of accounts payable.

26. Advances from customers

(1) The Group's advances from customers is as follows:

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Advances for goods	74,255	507,028	54,027	368,702
Advances for construction	76,044	519,243	32,382	220,985
Advances for property	34,454	235,261	12,199	83,249
Others	1,329	9,070	2,202	15,028
Total	186,082	1,270,602	100,810	687,964

No amount due to shareholders who hold 5% or more of the voting rights of the Company is included in the balance of advances from customers.

As at 31 December 2009, there was no significant advances aged over one year.

27. Employee benefits payable

Item	Balance at the beginning of the year	Accrued during the year	Paid during the year	Effect of foreign exchange rate changes	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000
Salaries, bonus, and allowances	60,922	229,083	(220,224)	(1,085)	68,696
Senior management bonus	24,617	—	(465)	—	24,152
Severance payment	—	791	(773)	—	18
Social insurances and others	25,431	63,749	(64,172)	1,253	26,261
Total	110,970	293,623	(285,634)	168	119,127

Item	Balance at the beginning of the year	Accrued during the year	Paid during the year	Effect of foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, bonus, and allowances	428,521	1,564,752	(1,504,235)	(7,200)	481,838
Senior management bonus	167,996	—	(3,177)	95	164,914
Severance payment	—	5,402	(5,279)	—	123
Social insurances and others	160,790	435,432	(438,332)	8,660	166,550
Total	757,307	2,005,586	(1,951,023)	1,555	813,425

As at 31 December 2009, there was no delayed payment of employee benefits.

As at 31 December 2009, aforesaid "social insurances and others" included labour union fees and employee education fees amounting to USD4,167,000 (RMB28,472,000). There was no non-monetary benefits during the year.

Salaries, bonus and allowances payables represent salaries accrued for current month and bonus accrued for subsidiaries in accordance with the result of annual performance and the performance assessment plan of the Group. According to the requirement of the performance assessment plan, annual accrued bonus would be paid over three years based on the percentage determined by the management, therefore, there was a balance of such accrued bonus at the end of the year.

Senior management bonus is determined on the assessment of certain key performance index. The above bonus is proposed by Chief Executive Officer of the Group and the payment is subject to review and approval by board chairman and vice board chairman of the Group. The balance of senior management bonus payable was unpaid balance accrued in prior years.

28. Taxes payable

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
VAT payable	21,162	5,374	16,873	115,145
Business tax payable	787	144,500	333	2,275
Income tax payable	53,244	363,562	32,498	221,779
Withholding tax	11,643	79,503	9,553	65,194
Others	4,405	30,072	2,553	17,422
Total	91,241	623,011	61,810	421,815

29. Interest payable

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Interest payable for long-term loan	295	2,017	1,109	7,570
Interest payable for short-term loan	1,000	6,827	6,489	44,282
	1,295	8,844	7,598	51,852

30. Dividends payable

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Minority shareholders of subsidiaries	4,604	31,434	4,756	32,456

31. Other payables

(1) The analysis of the Group's other payables is as follows:

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Quality guarantees	17,599	120,171	18,918	129,105
Deposits and mortgage	32,428	221,424	22,531	153,761
Advance received	7,560	51,617	28,610	195,246
Transportation expenses	23,808	162,566	25,833	176,296
Equipment or land use rights	33,218	226,817	32,522	221,941
Accruals	33,586	229,330	35,665	243,391
Housing maintenance fees	1,302	8,887	2,056	14,029
Current account with subsidiary's minority shareholder and consideration for transferring equity investment	10,975	74,937	35,378	241,436
Professional and training fees	4,084	49,414	1,888	12,885
Insurances	1,490	10,174	1,977	13,493
Royalties	3,844	26,247	1,398	9,539
Others	46,400	295,319	25,258	172,355
Total	216,294	1,476,903	232,034	1,583,477

(2) The analysis of the Group's other payables by currencies is as follows:

Currency	2009				2008			
	Original currency	Exchange rate	USD	RMB	Original currency	Exchange rate	USD	RMB
	'000		'000	'000	'000		'000	'000
RMB	905,639	6.8282	132,634	905,639	667,824	6.8244	97,860	667,824
USD	62,458	1.0000	62,458	426,476	51,237	1.0000	92,477	631,100
HKD	8,357	7.7546	1,078	7,359	19,097	7.7497	2,464	16,817
JPY	460	90.28	5	35	460	90.90	5	34
EUR	12,031	0.6940	17,336	118,375	25,583	0.7171	35,679	243,486
AUD	2,940	1.1116	2,645	18,062	4,967	1.4102	3,522	24,038
Others			138	957			27	178
			216,294	1,476,903			232,034	1,583,477

(3) Significant other payables aged over one year:

As at 31 December 2009, significant other payables aged over one year represented quality guarantee, vehicle mortgage guarantee and various deposits.

(4) As at 31 December 2009, there was no significant other payables.

32. Provisions

	Note	Balance at the beginning of the year	Charges for the year	Payment during the year	Reversal during the year	Effect of foreign exchange rate changes	Balance at the end of the year
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Current							
Warranties for product quality	(1)	81,390	24,213	(14,379)	(19,467)	188	71,945
Guarantees for third parties	(2)	1,484	—	—	—	—	1,484
Others		1,096	2,030	(767)	(126)	25	2,258
Subtotal		83,970	26,243	(15,146)	(19,593)	213	75,687
Not-current	(3)	6,064	—	—	—	(4)	6,060
Total		90,034	26,243	(15,146)	(19,593)	209	81,747

	Note	Balance at the beginning of the year	Charges for the year	Payment during the year	Reversal during the year	Effect of foreign exchange rate changes	Balance at the end of the year
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current							
Warranties for product quality	(1)	555,441	165,387	(98,224)	(132,969)	1,611	491,246
Guarantees for third parties	(2)	10,127	—	—	—	6	10,133
Others		7,478	13,867	(5,235)	(864)	176	15,422
Subtotal		573,046	179,254	(103,459)	(133,833)	1,793	516,801
Non-current	(3)	41,383	—	—	—	(2)	41,381
Total		614,429	179,254	(103,459)	(133,833)	1,791	558,182

(1) The Group provides after-sales repair warranty to the customers, ranging from two to seven years for containers, one year for trailers, one to seven years for tank equipments and one to two years for airport ground facilities. The Group will provide repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems. The balance of "Provisions — Warranties for product quality" represents the Group's estimated obligation for such warranties.

(2) The amount represents the possible loss for a bank guarantee letter issued by the Company's subsidiary — Shenzhen CIMC Tianda Airport Equipment.

(3) Grow Rapid, the wholly owned subsidiary of the Company, makes a provision for contingent consideration in respect of its acquisition of TGE SA.

33. Non-current liabilities due within one year

(1) The analysis of the Group's non-current liabilities due within one year by categories is as follows:

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Long-term loans				
Due within one year				
— Credit loans	64,130	437,888	28,186	192,358
— Guarantee loans	2,575	17,584	11,430	78,000
Total	66,705	455,472	39,616	270,358

The analysis of the Group's non-current liabilities by currencies due within one year is as follows:

	Annual interest rate	2009			2008		
		Original currency	Exchange rate	USD	Original currency	Exchange rate	USD
		'000		'000	'000		'000
Bank loans							
— RMB	The first year is 5.49%, renew annually	42,022	6.8282	6,154	78,000	6.8244	11,430
— USD	LIBOR+90BP	40,000	1.0000	40,000	20,028	1.0000	20,028
— HKD	HIBOR+17~33BP	70,000	7.7546	9,024	20,000	7.7497	2,580
— EUR	EURIBOR+65BP	8,000	0.6940	11,527	4,000	0.7171	5,578
				66,705			39,616

As at 31 December 2009, there was no renewal of past due long-term included in the balance of long-term loans due within one year.

(a) As at 31 December 2009, the top five long-term loans due within one year are as follows:

Lender	Initial date of the loans	Maturity date of the loans	Currency	Interest rate	2009 Original currency	2009 USD	2008 Original currency	2008 USD
				(%)	'000	'000	'000	'000
1. China Development Bank	22/12/2007	21/12/2010	USD	LIBOR+90BP	40,000	40,000	20,000	20,000
2. The Export-Import Bank of China	18/06/2007	01/12/2010	EUR	EURIBOR+65BP	8,000	11,527	4,000	5,578
3. China Merchants Bank	31/07/2007	31/07/2010	HKD	HIBOR+33BP	50,000	6,448	20,000	2,581
4. The Export-Import Bank of China	29/05/2007	29/05/2010	RMB	The first year 5.49%, renew annually	42,000	6,151	—	—
5. Bank of China (Hong Kong)	02/03/2009	02/03/2010	HKD	HIBOR+17BP	20,000	2,575	—	—
Total					160,000	66,701	44,000	28,159

34. Long-term loans

(1) The analysis of the Group's long-term loans is as follows:

Item	Note	2009		2008	
		USD'000	RMB'000	USD'000	RMB'000
Bank loans					
— Credit loans.		815,588	5,568,996	956,599	6,528,215
— Guarantee loans		5,794	39,564	—	—
— Secured loans		—	—	2,931	20,000
Total		821,382	5,608,560	959,530	6,548,215

	Annual interest rate	2009			2008		
		Original currency	Exchange rate	USD	Original currency	Exchange rate	USD
		'000		'000	'000		'000
Bank loans							
— RMB	4.23%~5.40%	1,460,000	6.8282	213,819	1,192,000	6.8244	174,668
— USD	LIBOR+30~90BP	520,000	1.0000	520,000	686,000	1.0000	686,000
— HKD	HIBOR+17~33BP	545,000	7.7546	70,272	550,000	7.7497	70,970
— EUR	EURIBOR+65BP	12,000	0.6940	17,291	20,000	0.7171	27,892
				821,382			959,530

No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term loans.

(a) As at 31 December 2009, the top five long-term loans are as follows:

Lender	Initial date of the loans	Maturity date of the loans	Currency	Interest rate	2009 Original currency	2009 USD	2008 Original currency	2008 USD
				(%)	'000	'000	'000	'000
1.China Development Bank.	22/12/2007	10/12/2013	USD	LIBOR+90BP	370,000	370,000	500,000	500,000
2. The Export-Import Bank of China .	23/05/2008	23/05/2011	RMB	The first quarter is 5.67%, renew quarterly	800,000	117,161	800,000	117,226
3. The Citibank	30/05/2007	30/05/2012	USD	LIBOR+30BP	100,000	100,000	200,000	200,000
4. The Export-Import Bank of China .	23/06/2008	23/06/2011	RMB	The first quarter is 6.39%, renew quarterly	610,000	89,335	280,000	41,029
5. China Merchants Bank	31/07/2007	31/07/2011	HKD	HIBOR+33BP	500,000	64,478	550,000	70,970
Total					2,380,000	740,974	2,330,000	929,225

As at 31 December 2009, there was no renewal of past due long-term bank loans included in the above balance of long-term loans.

35. **Special payables**

Item	Balance at the beginning of the year	Additions during the year	Settlements during the year	Effect of foreign exchange rate changes	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000
Project funds	1,265	1,997	1,266	1	1,997

Item	Balance at the beginning of the year	Additions during the year	Settlements during the year	Effect of foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Project funds	8,633	13,638	8,638	6	13,639

36. **Other non-current liabilities**

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Deferred income	19,053	130,099	3,031	20,685

37. **Share capital**

The Company's share capital status at 31 December is as follows:

	Balance at the Beginning of the year		Additions during the year		Change of shares subject to selling restriction		Balance at the end of the year	
	Original currency	USD	Original currency	USD	Original currency	USD	Original currency	USD
	RMB'000	'000	RMB'000	'000	RMB'000	'000	RMB'000	'000
Shares subject to selling restriction								
— Shares held by overseas legal persons	165,932	20,882	—	—	(165,932)	(20,882)	—	—
— Share held by domestic natural persons	620	77	—	—	—	—	620	77
Shares not subject to selling restriction								
— RMB denominated Ordinary shares	1,065,365	131,213	—	—	165,932	20,882	1,231,297	152,095
— Domestically listed foreign shares	1,430,479	176,700	—	—	—	—	1,430,479	176,700
Total	2,662,396	328,872	—	—	—	—	2,662,396	328,872

The face value of the aforesaid shares was RMB1.00 per share.

38. Capital reserve

	Balance at the beginning of the year	Additions during the year	Settlements during the year	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000
Share premiums	21,245	—	—	21,245
Other capital reserves				
— Property revaluation reserve	6,640	—	—	6,640
— Exchange reserve on foreign currency capital	105	—	—	105
— Donated non-cash assets reserve	39	—	—	39
— Net changes in fair value of available-for-sale financial assets	147,075	218,192	(213,363)	151,904
— Effective portion of changes in fair value of cash flow hedges	8,066	—	(4,902)	3,164
— Deferred tax effect	(31,925)	—	(867)	(32,792)
— Equity settled share-based payment	2,399	783	—	3,182
— Capital reserves due to minority shareholders' contribution	11,992	—	—	11,992
— Capital reserves due to acquiring minority shareholders' equity	8,449	28,862	—	37,311
— Others	12,301	1,298	—	13,599
Total	186,386	249,135	(219,132)	216,389

	Balance at the beginning of the year	Additions during the year	Settlements during the year	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000
Share premiums	201,222	—	—	201,222
Other capital reserves				
— Property revaluation reserve	54,979	—	—	54,979
— Exchange reserve on foreign currency capital	866	—	—	866
— Donated non-cash assets reserve	324	—	—	324
— Net changes in fair value of available-for-sale financial assets	1,003,697	1,490,362	(1,457,378)	1,036,681
— Effective portion of changes in fair value of cash flow hedges	55,044	—	(33,479)	21,565
— Deferred tax effect	(217,869)	—	(5,919)	(223,788)
— Equity settled share-based payment	17,520	5,347	—	22,867
— Capital reserves due to minority shareholders' contribution	88,251	—	—	88,251
— Capital reserves due to acquiring minority shareholders' equity	57,656	197,148	—	254,804
— Others	91,082	8,850	—	99,932
Total	1,352,772	1,701,707	(1,496,776)	1,557,703

39. Surplus reserve

Item	Balance at the beginning of the year	Additions during the year	Settlements during the year	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000
Statutory surplus reserve	162,520	—	—	162,520
Discretionary surplus reserve	271,650	—	—	271,650
Total	434,170	—	—	434,170

Item	Balance at the beginning of the year	Additions during the year	Settlements during the year	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000
Statutory surplus reserve	1,331,198	—	—	1,331,198
Discretionary surplus reserve	2,246,390	—	—	2,246,390
Total	3,577,588	—	—	3,577,588

40. Retained earnings

Item	Note	USD'000	RMB'000	Appropriation proportion
Retained earnings brought forward		965,638	7,669,924	—
Add: profit attributable to shareholders of the Company		140,394	958,967	—
Less: Dividends of ordinary shares	(1)	58,485	399,359	—
Retained earnings carry forward	(2)	1,047,547	8,229,532	—

(1) Dividends of ordinary shares

(a) Dividends of ordinary shares declared during the year

Pursuant to the shareholders' approval at the shareholders' Meeting on 21 April 2009, a cash dividend of RMB0.15 per share (2008: RMB0.50 per share) totalling RMB399,359,407.65, equal to USD58,485,063.51 (2008: RMB1,331,198,025.50, equal to USD191,724,111.81), was declared and paid to the Company's ordinary shareholders on 21 April 2009.

(2) Retained earnings at the end of the year

As at 31 December 2009, the retained earnings attributable to the Company included an appropriation of USD79,517,000 to surplus reserve made by the subsidiaries (2008: USD74,147,000).

41. Operating income and operating cost

(1)

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Operating income	2,901,618	19,819,498	6,698,697	46,417,282
Other operating income	96,041	656,009	131,326	909,999
Operating cost	2,547,655	17,401,760	6,043,005	41,873,791

There was no individual construction contract whose revenue amounted for 10% of the total operating income in 2009.

(2) *Operating income and operating cost (by industries and by products)*

Industry	2009 Operating income	2009 Operating cost	2008 Operating income	2008 Operating cost
	USD'000	USD'000	USD'000	USD'000
Container	743,917	645,490	4,112,154	3,716,607
Trailers	1,566,276	1,367,165	1,393,504	1,262,791
Tank equipments	497,774	412,666	1,103,589	940,932
Air ground facilities	57,361	35,875	68,858	47,126
Others	36,290	23,925	20,592	13,937
Total	2,901,618	2,485,121	6,698,697	5,981,393

Industry	2009 Operating income	2009 Operating cost	2008 Operating income	2008 Operating cost
	RMB'000	RMB'000	RMB'000	RMB'000
Container	5,081,327	4,409,017	28,494,350	25,753,484
Trailers	10,698,442	9,338,426	9,656,009	8,750,255
Tank equipments	3,400,048	2,818,714	7,647,099	6,519,998
Air ground facilities	391,805	321,146	477,139	326,552
Others	247,876	87,318	142,685	96,575
Total	19,819,498	16,974,621	46,417,282	41,446,864

(3) *Operating income and operating cost (by regions)*

Regions	2009 Operating income	2009 Operating cost	2008 Operating income	2008 Operating cost
	USD'000	USD'000	USD'000	USD'000
P.R China	2,560,863	2,155,103	6,069,466	5,396,184
Americas	95,129	91,066	154,695	146,919
Europe	182,678	186,378	449,370	415,445
Asia	6,323	5,483	8,292	7,621
Others	56,625	47,091	16,874	15,224
Total	2,901,618	2,485,121	6,698,697	5,981,393

Regions	2009 Operating income	2009 Operating cost	2008 Operating income	2008 Operating cost
	RMB'000	RMB'000	RMB'000	RMB'000
P.R China	17,491,965	14,720,439	42,057,148	37,391,776
Americas	649,778	622,023	1,071,930	1,018,043
Europe	1,247,785	1,273,053	3,113,823	2,878,742
Asia	43,191	37,450	57,458	52,810
Others	386,779	321,656	116,923	105,493
Total	19,819,498	16,974,621	46,417,282	41,446,864

The regional operating income and operating cost is determined on the location at which the services were provided or the goods were delivered.

(4) Operating income of top five customers in 2009 is as follows:

Customer	Operating income		Percentage of total operating income
	USD'000	RMB'000	(%)
1. A.P. Moller-Maersk A/S	110,517	754,885	3.69%
2. Triton Container International Ltd	87,830	599,924	2.93%
3. JB Hunt Transport Inc	43,725	298,663	1.46%
4. Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG	41,073	280,550	1.37%
5. Goodpack Limited	37,940	259,148	1.27%
Total	321,085	2,193,170	10.72%

42. Business taxes and surcharges

	Taxation basis and rate	2009 USD'000	2009 RMB'000	2008 USD'000	2008 RMB'000
Business tax	3% - 5% of operating income	4,192	28,634	2,305	15,972
Urban maintenance and construction tax	7% of VAT and business tax paid	986	6,734	742	5,138
Education fee and surcharges	3% of VAT and business tax paid	383	2,614	349	2,421
Land appreciation tax	Appreciation amount in transferring property and applicable tax rate	1,627	11,114	596	4,128
Others		375	2,562	47	330
Total		7,563	51,658	4,039	27,989

43. Financial expenses

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Interest expenses from loans and payables	27,862	190,308	89,897	622,930
Less: Borrowing costs capitalised	1,563	10,668	1,546	10,713
Interest income from deposits and receivables	(12,814)	(87,528)	(12,654)	(87,684)
Net exchange losses/(gains)	2,945	20,114	(51,270)	(355,268)
Other financial expenses	2,754	18,811	3,820	26,469
Total	19,184	131,037	28,247	195,734

44. Gains/losses from changes in fair value

Sources of gain/loss from changes in fair value	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Financial assets held for trading				
— Changes in fair value during the year				
Held or trading investments	4,073	27,843	(37,284)	(258,349)
Derivative financial instrument	(46,828)	(319,566)	(27,201)	(188,483)
Subtotal	(42,755)	(291,723)	(64,485)	(446,832)
— (Losses)/income for derecognised financial assets held for trading	(201)	(1,373)	14,984	103,828
Financial liabilities held for trading				
— Changes in fair value during the year derivative financial instrument	37,292	254,407	(13,670)	(94,725)
Total	(5,664)	(38,689)	(63,171)	(437,729)

45. Investment income

(1) The analysis of the Group's investment income is as follows:

Item	**Note**	2009		2008	
		USD'000	RMB'000	USD'000	RMB'000
Long-term equity investments in cost method	(2)	1,161	7,933	3,011	20,868
Long-term equity investments in equity method	(3)	15,217	103,938	9,063	62,799
Loss on disposal of long-term equity investments		(423)	(2,891)	—	—
Investment gains on available-for-sale financial assets		202	1,381	10,229	70,881
Gains/(losses) on sale of held-for-trading financial assets		201	1,373	(13,236)	(91,720)
Gains on sale of available-for-sale financial assets		213,363	1,457,378	51,226	354,958
Others		(169)	(1,157)	68	470
Total		229,552	1,567,955	60,361	418,256

(2) Long-term investments in cost method with individual investment income over 5% of total investment income or less than 5% but the top five investment income for the year are as follows:

Investee	2009		2008		Reasons for variances between two years
	USD'000	RMB'000	USD'000	RMB'000	
BOCM Schroder Stolt Fund Management	732	5,000	1,195	8,284	Less cash dividend was distributed during the year
Shanghai Haifu International Container Transport	400	2,733	—	—	Cash dividend distribution during the year
Donghua container	29	200	—	—	Cash dividend distribution during the year
China Merchants Securities	—	—	1,816	12,584	Reclassification to available-for-sale financial assets
Total	1,161	7,933	3,011	20,868	—

(3) Long-term investments in equity method with individual investment income over 5% of total investment income or less than 5% but the top five investment income for the year are as follows:

Investee	2009		2008		Reasons for variances between two years
	USD'000	RMB'000	USD'000	RMB'000	
Shanghai Fengyang	5,432	37,103	(515)	(3,566)	Changes in profit and loss of the investee
TJCIMCZL	4,269	29,159	1,922	13,315	Changes in profit and loss of the investee
Raffles	3,909	26,701	1,199	8,312	Changes in profit and loss of the investee
KYH	984	6,721	4,225	29,275	Changes in profit and loss of the investee
MST	382	2,609	357	2,474	Changes in profit and loss of the investee
Total	14,976	102,293	7,188	49,810	—

Note 1: Only top five investees with largest profits before income tax are listed above.

Note 2: There was no significant restriction on the remittance of investment income to the investor.

46. Impairment losses

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Receivables	17,944	122,558	1,673	11,590
Inventories	13,030	89,005	99,658	690,561
Fixed assets	27,013	184,518	—	—
Total	57,987	396,081	101,331	702,151

47. Non-operating income

(1) The analysis of the Group's non-operating income is as follows:

Item	Note	2009		2008	
		USD'000	RMB'000	USD'000	RMB'000
Gains on disposal of fixed assets		351	2,398	738	5,114
Compensation income		297	2,029	84	578
Penalty income		316	2,159	589	4,081
Gains on fixed assets surplus		3	22	5	35
Government grants	(2)	20,874	142,583	20,003	138,612
Amounts not abler to be paid		578	3,949	469	3,243
Gain on debt restructuring		—	—	5,441	37,703
Others		2,844	19,421	2,288	15,858
		25,263	172,561	29,617	205,224

(2) Government grants

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Financial subsidies	20,018	136,739	19,817	137,325
Tax refund	856	5,844	186	1,287
	20,874	142,583	20,003	138,612

48. Non-operating expenses

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Losses on disposal of fixed assets	994	6,790	3,484	24,141
Donation expenses	190	1,296	2,082	14,430
Penalty expenses	434	2,962	302	2,093
Compensation expenses	433	2,961	92	637
Others	1,996	13,637	559	3,873
Total	4,047	27,646	6,519	45,174

49. Income tax

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Current tax expenses for the year	74,078	505,993	65,448	453,504
Deferred taxation	(17,761)	(121,319)	(30,549)	(211,680)
Total	56,317	384,674	34,899	241,824

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

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Profits before taxation	214,535	1,465,385	278,099	1,927,029
Expected income tax expenses at applicable tax rates	39,972	273,027	60,717	420,729
Effect of tax incentive	(18,672)	(127,539)	(18,450)	(127,845)
Tax effect of non-deductible expenses	7,091	48,438	6,935	48,055
Tax effect of non-taxable income	(7,534)	(51,462)	(33,904)	(234,923)
Tax effect of utilisation of tax losses not recognised in prior years	(2,501)	(17,081)	(1,245)	(8,625)
Tax effect of unrecognised tax losses	42,675	291,495	13,280	92,019
Deductible temporary differences of unrecognised deferred tax assets	2,403	16,404	6,742	46,714
Effect of tax rate change on deferred tax	(2,872)	(19,615)	4,505	31,214
Tax refund for income tax annual filing	(1,675)	(11,439)	(759)	(5,261)
Domestic purchased equipment tax refund	(2,570)	(17,554)	(2,922)	(20,253)
Income tax expenses	56,317	384,674	34,899	241,824

50. Calculation of earnings per share and diluted earnings per share

(1) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company during the year and the weighted average ordinary shares in issue:

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Consolidated profit attributable to ordinary equity shareholders of the Company	140,394	958,967	203,038	1,406,908
Weighted average of ordinary shares in issue ('000)	2,662,396	2,662,396	2,662,396	2,662,396
Basic earnings per share	0.05	0.36	0.08	0.53

(2) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company during the year and the adjusted weighted average of ordinary shares in issue:

	2009		2008	
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Consolidated profit attributable to ordinary equity shareholders of the Company (diluted)	140,394	958,967	203,038	1,406,908
Weighted average of ordinary shares in issue (diluted) ('000)	2,662,396	2,662,396	2,662,396	2,662,396
Diluted earnings per share	0.05	0.36	0.08	0.53

Calculation of weighted average number of ordinary shares	**2009**	**2008**
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Weighted average number of ordinary shares at 31 December ('000)	2,662,396	2,662,396

Calculation of weighted average number of ordinary shares (diluted)	**2009**	**2008**
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Weighted average number of ordinary shares at 31 December (diluted) ('000)	2,662,396	2,662,396

51. Other comprehensive income/(losses)

Item	**2009**		**2008**	
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
1. Gain/(losses) on available-for-sale financial assets	218,192	1,490,362	(305,612)	(2,513,769)
Less: Effect of income tax arising from available-for-sale financial assets	981	6,700	(77,074)	(599,751)
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	213,363	1,457,378	51,226	354,958
Subtotal	3,848	26,284	(279,764)	(2,268,976)
2. Gain/(losses) on cash flow hedges financial instrument	800	5,465	(2,478)	(22,167)
Less: Effect of income tax arising from cash flow hedges financial instrument	(114)	(781)	(716)	(5,620)
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	5,702	38,944	(726)	(5,498)
Subtotal	(4,788)	(32,698)	(1,036)	(11,049)
3. Effect of foreign exchange rate changes	13,868	102,615	40,200	(513,473)
4. Others	1,298	8,850	3,134	21,668
Total	14,226	105,051	(237,466)	(2,771,830)

52. Notes to cash flow statement

(1) Other cash received from operating activities

Item	Amount	
	USD'000	RMB'000
Cash received from government grants related to assets	16,333	111,563
Cash received from government grants related to income	20,874	142,583
Others	7,049	48,145
Total	44,256	302,291

(2) Other cash paid for operating activities

Item	Amount	
	USD'000	RMB'000
Cash paid for financial lease	77,287	527,909
Cash paid for bidding deposits	38,077	260,000
Cash paid for transportation expenses	35,709	243,910
Cash paid for rental, insurance and other selling expenses	22,820	155,872
Cash paid for restructuring fee and agency fee	22,105	150,988
Cash paid for technical development fee	21,870	149,383
Cash paid for warranty	16,583	113,270
Cash paid for commission of external sales	10,896	74,425
Cash paid for entertainment	7,208	49,234
Cash paid for travelling, office expenses and other expenses in ordinary operation	52,765	360,497
Cash paid for capital of setting up subsidiaries	73,234	500,225
Total	378,554	2,585,713

(3) Other cash paid for investing activities

Item	Amount	
	USD'000	RMB'000
Interest income received from deposits and receivables	13,167	89,937

53. Information to cash flow statement

(1) Supplement to cash flow statement:

1 Reconciliation of net profit to cash flow from operating activities:

Supplement	**2009**		**2008**	
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Net profit	158,218	1,080,711	243,200	1,685,205
Add: Impairment for assets	57,987	396,081	101,331	702,151
Depreciation of fixed assets	92,264	630,204	75,243	521,388
Amortisation of intangible assets	28,410	194,051	22,759	157,707
Amortisation of long-term deferred expenses	3,180	21,718	2,550	17,670
Losses on disposal of fixed assets, intangible assets, and other long-term assets	643	4,392	2,746	19,027
Losses on changes in fair value	5,664	38,689	63,171	437,729
Financial expense	13,485	92,112	77,098	534,241
Investment gains	(229,552)	(1,567,955)	(60,361)	(418,256)
Increase in deferred tax assets	(1,700)	(11,183)	(14,954)	(103,621)
Decrease in deferred tax liabilities	(9,692)	(66,468)	(15,595)	(108,062)
Decrease/(increase) in gross inventories	164,454	1,123,303	(160,607)	(1,112,894)
(Increase)/Decrease in operating receivables	(266,489)	(1,820,253)	546,780	3,788,789
Increase/(Decrease) in operating payables	125,092	854,441	(397,466)	(2,754,161)
Effect of foreign exchange rate changes	—	(158)	—	(375)
Net cash inflow/(outflow) from operating activities	141,964	969,685	485,895	3,366,538

2 Non-monetary significant investing and financing activities:

As stated in Note IV.11, the Company's acquisition of minority shareholder equity was business combination under common control. Other than relevant transaction expenses, there was no cash paid for the acquisition. After the transaction, the Group's minority shareholder equity decreased by USD26,810,000 (RMB183,127,000), equity attributed to the Company increased accordingly.

3 Cash and cash equivalents held by the Group is as follows:

Item	**2009**		**2008**	
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Cash at bank and on hand at the end of the year:	643,878	4,396,525	413,542	2,822,175
Less: Cash at bank and on hand at the beginning of the year	413,542	2,822,175	412,824	3,015,348
Net increase/(decrease) of cash at bank and on hands	230,336	1,574,350	718	(193,173)

(2) *Information on acquisition or disposal of subsidiaries and other business units during the year*

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
1. Consideration for acquiring subsidiaries and other business units	8,121	55,472	42,042	287,406
2. Cash and cash equivalents paid for acquiring subsidiaries and other business units	8,121	55,472	35,978	245,663
Less: Cash and cash equivalents held by subsidiaries and other business units	165	1,124	16,163	110,354
Less: Cash and cash equivalents already paid	2,500	17,070	—	—
3. Net cash paid for the acquisition	5,456	37,278	19,815	135,309
4. Non-cash assets and liabilities held by the acquired subsidiaries and other business units				
Current assets	11,197	76,499	14,965	102,176
Non-current assets	3,612	24,674	68,439	467,274
Current liabilities	(9,558)	(65,301)	(29,811)	(203,538)
Minority interest	(246)	(1,682)	(27,714)	(189,220)

(3) *Cash and cash equivalents held by the Group is as follows*

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Cash at bank and on hand				
Including: Cash at bank	628	4,287	776	5,297
Bank deposits available on demand	641,930	4,383,223	385,989	2,634,140
Other monetary funds available on demand	1,320	9,015	26,777	182,738
Closing balance of cash and cash equivalents	643,878	4,396,525	413,542	2,822,175

Note:

Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. The company does not have immediate holding company.

2. For the information on the subsidiaries of the company, refer to Note IV.1.

3. For the information about the associates and joint ventures of the group, refer to Note V.12(2).

4. Other related parties relationships

Organisation name	Relationship with the Group	Organisation code
MST	Joint venture	60872487-5
Dalian Jilong	Associate	2102716968340
XYW	Associate	871052
Shanghai Fengyang	Associate	74269573-7
Yantai Raffles	Subsidiary of associate	61343095-1
Xiamen Haitou Logistics Co., Ltd	Associate	776024499
Florens Container Services Ltd.	Subsidiary of significant shareholder	N/A
Florens Container Corporation S.A.	Subsidiary of significant shareholder	N/A
Shenzhen China Merchants Real Estated Co., Ltd	Subsidiary of significant shareholder	61884513-6
CIMC Tianyu	Minority shareholder of subsidiary	71526714-7
Gasfin Investment S.A ("Gasfin")	Minority shareholder of subsidiary	N/A
Wuhu Ruixin Automobile Co., Ltd	Minority shareholder of subsidiary	78858986-8
PGM	Minority shareholder of subsidiary	N/A

Note:

Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

5. Transactions with related parties

The follow transactions with related parties were conducted under normal commercial terms or relevant agreements.

(1) Sales/purchase of goods and provision/receiving of services

The Group

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2009 Amount	2009 Percentage on similar deals	2008 Amount	2008 Percentage on similar deals
				USD'000	(%)	USD'000	(%)
Other related party	Sales	Sales of containers	conducted under normal non-related party transaction commercial terms	20,419	0.69%	51,292	0.75%
Other related party	Purchase	Purchase of raw material		50	0.00%	29,859	0.49%
Other related party	Provision of services	Processing services		1,037	0.90%	—	—
Key management personnel	Remuneration			406	—	2,517	—

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2009 Amount	2009 Percentage on similar deals	2008 Amount	2008 Percentage on similar deals
				RMB'000	(%)	RMB'000	(%)
Other related party	Sales	Sales of containers	conducted under normal non-related party transaction commercial terms	139,473	0.69%	355,416	0.75%
Other related party	Purchase	Purchase of raw material		344	0.00%	206,902	0.49%
Other related party	Provision of services	Processing services		7,082	0.90%	—	—
Key management personnel	Remuneration			2,774	—	17,178	—

The Company

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2009 Amount	2009 Percentage on similar deals	2008 Amount	2008 Percentage on similar deals
				USD'000	(%)	USD'000	(%)
Key management personnel	Remuneration			406	—	2,517	—

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2009 Amount	2009 Percentage on similar deals	2008 Amount	2008 Percentage on similar deals
				RMB'000	(%)	RMB'000	(%)
Key management personnel	Remuneration			2,774	—	17,178	—

(2) *Funding*

The Group

Related party	Funding amount	Initial date	Maturity date	Note
	USD'000			
Borrowings				
Dongfang Tianyu	4,832	31 December 2006	Not yet agreed	Shareholder loans
Gasfin Lending	3,177	19 September 2008	18 September 2010	Shareholder loans
Shanghai Fengyang. . .	22,127	25 December 2007	Not yet agreed	Shareholder loans
XYW	629	20 June 2006	Not yet agreed	Shareholder loans
PGM.	21,614	14 August 2009	13 August 2010	Advance payment for capital injection to subsidiary

Related party	Funding amount	Initial date	Maturity date	Note
	RMB'000			
Borrowings				
Dongfang Tianyu	32,996	31 December 2006	Not yet agreed	Shareholder loans
Gasfin Lending	21,692	19 September 2008	18 September 2010	Shareholder loans
Shanghai Fengyang. . .	151,088	25 December 2007	Not yet agreed	Shareholder loans
XYW	4,293	20 June 2006	Not yet agreed	Shareholder loans
PGM.	147,581	14 August 2009	13 August 2010	Advance payment for capital injection to subsidiary

The Company

Related party	Funding amount	Initial date	Maturity date	Note
	USD'000			
Lending				
Shanghai Fengyang. . .	22,127	25 December 2007	Not yet agreed	Shareholder loans

Related party	Funding amount	Initial date	Maturity date	Note
	RMB'000			
Lending				
Shanghai Fengyang. . .	151,088	25 December 2007	Not yet agreed	Shareholder loans

(3) *Other related party transactions*

(i) Sale of a subsidiary

In 2007, CIMC Shenfa Development Co., Ltd. ("CIMCSD"), a subsidiary of the Group and Shenzhen China Merchants Real Estate Co., Ltd. entered into a share transfer agreement, in which CIMCSD will transfer 60% of the equity of Shanghai Fengyang to Shenzhen China Merchants Real Estate Co., Ltd for a price of USD48,363,000 (RMB353,250,000) in total. As at 31 December 2009, USD10,347,000 (RMB70,650,000) of the total price had not been paid.

(ii) Acquisition of equity investments in subsidiaries

In 2008, the Company entered into a share transfer agreement with COSCO Pacific China Investment Co., Ltd. ("COSCO Pacific Investment"), in which the Company acquired 20% equity of SCRC from COSCO at a consideration of USD16,400,000 (RMB111,920,000). As at 31 December 2009, the amount has been settled.

(iii) Finance lease

As at 30 September 2008, the Group's subsidiary — CIMC Financing and Leasing Co., Ltd. (CIMCVL) and subsidiary of the Group's associate's Yantai Raffles Ocean Construction Co., Ltd. entered into a finance lease contract and it is guaranteed by the Group's associate's subsidiary — Raffles Shipping Co., Ltd. According to the contract, CIMCVL acquires a barge from Raffles Ocean at a consideration of RMB38,000,000, and leases back to Raffles Ocean at RMB45,987,000 under finance lease. The leasing period is from 10 December 2008 to 10 December 2013 with a floating rate and it will be adjusted by benchmark lending rate of People's Bank of China yearly, the rate on contract award date and at 31 December 2009 is 5.80%. As at 31 December 2009, receivable under finance lease is RMB36,254,000 (USD5,310,000) (2008: RMB38,000,000, equivalent to USD5,568,000).

6. The balances with related parties as at 31 December are set out as follows:

		The Group			
Caption	Note	2009	2009	2008	2008
		USD'000	RMB'000	USD'000	RMB'000
Accounts receivable.	V.4	1,007	6,878	5,871	40,679
Other receivables	V.5	54,838	374,442	33,029	225,405
Long-term receivables	VI.5(iii)	5,310	36,254	5,568	38,000
Accounts payable		23	160	27,909	193,386
Other payables.		13,379	91,354	40,929	279,316

VII. SHARE-BASED PAYMENTS

1. Information about share-based payments

	Amount	RMB
	USD'000	'000
Total equity instruments granted during the year	10,833	73,994
Total equity instruments exercised during the year	—	—
Total equity instruments forfeited during the year	—	—
The price range of outstanding shares options at the end of the year and residual life of the shares options contracts	HKD4 per share, the residual life of contract is 9.83 years	
The price of outstanding other equity instruments at the end of the year and residual life of relevant contracts	Nil	

Expenses recognised for the year arising from share-based payments are as follows:

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Equity-settled share-based payment	1,000	6,832	—	—

2. Information on equity-settled share-based payment

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan"), which was approved by the shareholders' meeting on 12 July 2006. According to the Plan, the key management personnel and other employees the company were granted share options of the company at nil consideration to subscribe for shares of the company. The options are 50% exercisable after one year from the date of grant and are then 100% exercisable after two years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in the company.

The measurement method of fair value of the share options granted	The estimated fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectation of early exercise are also incorporated into the binomial lattice model.
The determination method of best estimates of exercisable to number of equity instruments	At each balance sheet date during the vesting period, the estimate of the number of exercisable equity instruments should be revised according to the best estimate based on the latest available subsequent information such as change in the number of vesting employees and etc. On vesting date, the final estimate of number of exercisable equity instruments should be equal to the actual exercisable number of equity instruments
Reasons for material variance from last year's estimation	Nil

	Amount	RMB
	USD'000	'000
Accumulated equity-settled share-based payments in capital reserve	1,000	6,832
Expenses recognised for the year arising from equity-settled share-based payments	1,000	6,832

There was no exercised shares options during the year.

As at 31 December 2009, the price range of issued shares options was HKD4 per share (2008: Nil) and the weighted average residual life of the shares options was 9.83 year (2008: Nil).

3. Share option incentive yet to take effect

On 28 December 2009, the board of directors of the Company passed resolutions of "China International Marine Containers (Group) CO., Ltd. Stock Option Incentive plan (draft)" and "China International Marine Containers (Group) CO., Ltd. Implementation Assessment Methods of Stock Option Incentive plan" and "Motion Shareholders Meeting Regarding Authorisation of Board of Directors for Conducting Stock Option Incentive Plan". Based on the above resolutions, the Company will implement an stock option incentive plan, according to which the Company will grant a total of 60,000,000 shares (accounted for 2.25% of total shares of the Company at year end) to employees including executive directors (excluding external directors and independent directors), senior management and other key technical (marketing) staff. The valid period of current stock incentive plan is ten years from the first authorisation date of the stock option. The exercise price of the stock option first granted was RMB12.51. The above resolutions are subject to the approval of Shareholders Meeting if there is no objection from the China Securities Supervision and Administration Commission.

VIII. CONTINGENCIES

1. Guarantees provided for other entities

During the year, CIMC Vehicle signed contracts with China Construction Bank, Bank of China, China Merchants Bank and China Everbright Bank, to provide 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 31 December 2009, the Group has the above outstanding guarantees totalling RMB627,162,000, equivalent to USD91,849,000 (2008: RMB461,162,000, equivalent to USD67,575,000).

2. Bills issued but not recorded on books and outstanding letter of credit

The Group does not recognise bills payable or letter of credit issued as deposits. Corresponding inventories, prepayment and bills payables are recognised at the earlier of delivery of the goods by the suppliers and the maturity of the bill issued.

As at 31 December 2009, the Group had bills issued to suppliers but not recorded on books and outstanding letter of credit totalling USD20,357,000 (RMB139,005,000). As at 31 December 2008, the balance was USD58,478,000 (RMB399,077,000).

IX. COMMITMENTS

1. Significant commitments

(1) Capital commitments

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Construction contracts entered into but not exercised or not fully exercised	63,359	432,631	98,504	672,230
Investment contracts entered into but not exercised or not fully exercised	59,313	405,000	5,628	38,405
Total	122,672	837,631	104,132	710,635

Other than the aforesaid capital commitment, on 16 November 2009, the Group's wholly-owned subsidiary, Bright Day Limited ("offeror") issued offers to offeror and all shareholders of Raffles other than related parties with voluntary unconditional acquisition offer at cash. The acquisition had been completed before approval of these financial statements. For details, refer to Note X.1.

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of properties, fixed assets and so on were payable as follows:

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Within 1 year (inclusive)	14,183	96,847	15,256	104,113
After 1 year but within 2 years (inclusive)	7,639	51,152	10,466	71,426
After 2 years but within 3 years (inclusive)	6,522	44,536	6,555	44,734
After 3 years	19,399	132,460	25,279	172,513
Total	47,743	324,995	57,556	392,786

X. NON-ADJUSTING POST BALANCE SHEET EVENTS

1. Information about material post balance sheet event

On 16 November 2009, the Group's wholly-owned subsidiary, Bright Day Limited ("offeror") issued offers to offeror and all shareholders of Raffles other than related parties with voluntary unconditional acquisition offer at cash. The offer price was USD1.41 per share in cash. As at 18 January 2010, there were totally 78,400,575 shares were accepted effectively, which accounted for 28.66% of total issued ordinary shares of Raffles. According to the shareholder agreement, Leung Kee Holdings Limited and Bright Touch Investment should sell 8,434,000 shares (3.08% of total issued ordinary shares of Raffles) of Raffles at USD1.41 per share to CIMC (HK) after completion of the offer. Aforesaid acquisition amounted to USD122,436,751 (RMB836,022,622), and has been completed on 21 January 2010. After the acquisition, the Group holds 50.01% of issued ordinary shares of Raffles and becomes the controlling shareholders of Raffles.

Raffles is incorporated in Singapore with its headquarter and manufacturing plants located in Yantai, Shandong Province, China. Raffles had its shares listed in the Over-The-Counter Market (NOTC) in Norwegian Oslo Stock Exchange since May 2006. The issued ordinary shares of Raffles amounted to 273,565,000. Raffles is a leading offshore and marine fabrication specialist and is the biggest and the third manufacturer in China and in the world respectively in terms of semi-submersible oceanographic engineering equipment construction business. Raffles mainly engages in the construction of various marine and offshore projects that include jack-up drilling rigs, semi-submersible drilling rigs, FPSOs, pipe lay vessels, other prototype vessels and luxury yachts.

2. Information about profits distribution after balance sheet date

		RMB'000
Dividend proposed to be distributed after balance sheet date	Note 1	319,488

(1) Dividend for ordinary shares proposed after balance sheet date

Board of directors proposed to distribute cash dividend of RMB0.12 per share (2008: RMB0.15 per share) to ordinary shareholders of the Company on 19 March 2010, totally RMB319,487,526.12 (2008: RMB399,359,407.65). The proposal is pending for approval of the Shareholders Meeting. The cash dividend proposed after the balance sheet date had not been recognised as a liability at the balance sheet date.

XI. OTHER SIGNIFICANT MATTERS

1. Finance lease

(1) The total future minimum lease receivables as finance lease lessor is as follows:

Residual contractual life	Minimum lease receivables	
	USD'000	RMB'000
Within 1 year (inclusive)	67,464	460,658
After 1 year but within 2 years (inclusive)	48,458	330,881
After 2 years but within 3 years (inclusive)	27,415	187,195
After 3 years	26,542	181,234
Total	169,879	1,159,968

2. Segment reporting

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, eight reportable segments are identified by the Group including containers, trailers, energy, chemistry and food equipment, marine projects, airport facilities, logistic equipments and services, railway trucks manufactory and property development. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segment as different technical and market strategy are adopted. The Group reviews the financial information of individual segment regularly to determine resources allocation and performance assessment.

(1) Segment revenue, expense, assets and liabilities

In order to assess the segment performance and resources allocation, the Group's management review segment revenue, expenses, assets and liabilities of each segment regularly. The preparations basis of such information are detailed as follows:

Segment assets include tangible assets, intangible assets, other long-term assets and accounts receivable, etc, but exclude deferred tax assets and other un-allocated headquarter assets. Segment liabilities include payables, bank loans, provision, special payables and other liabilities.

Segment profit represents revenue (including external operating income and inter-segment operating income), offsetting segment expenses, depreciation and amortisation, impairment losses, interest expenses and income attributable to individual segment. Transactions conducted among segments are under normal non-related party transaction commercial terms. The Group dose not allocate non-operating income/expenses and income tax expenses to individual segment.

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information (marked as "*") and disclosure required by accounting standard) is set out as follows:

Item	Containers	Trailers	Energy chemistry and food	Airport facilities	others	Elimination	Unallocated items	Total
	2009	2009	2009	2009	2009	2009	2009	2009
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
External transaction*	781,243	1,603,270	508,907	66,642	37,597	—	—	2,997,659
Inter segment transaction*	34,741	8,991	18,176	11,142	19,401	(92,451)	—	—
Segment income subtotal	815,984	1,612,261	527,083	77,784	56,998	(92,451)	—	2,997,659
Segment operating expenses/(income)*	851,192	1,574,004	544,212	68,312	69,566	(75,641)	(227,305)	2,804,340
Segment operating (losses)/profit*	(35,208)	38,257	(17,129)	9,472	(12,568)	(16,810)	227,305	193,319
Supplementary information:								
– Interest income*	28,049	15,728	276	417	4,426	(67,629)	31,547	12,814
– Interest expenses*	32,276	34,085	4,725	—	1,974	(67,629)	20,868	26,299
– Depreciation and amortisation expenses*	50,691	37,563	31,234	289	1,437	—	3,147	124,361
– Impairment loss for the year*	16,635	32,371	8,132	541	308	—	—	57,987
– Segment total assets*	1,689,636	1,682,145	985,805	72,821	649,181	(70,592)	462,196	5,471,192
– Segment expenditures raising from additions of non-current assets*	50,505	69,202	183,530	294	7,717	(86,735)	4,335	228,848
– Segment total liabilities	505,291	930,270	301,555	28,237	122,319	(70,592)	1,336,278	3,153,358

In accordance with the Group's internal financial reporting process, business segment information is chosen as the primary reporting format, and geographical segment information as the secondary reporting format in 2008. The Group comprises four business segments, namely, containers, trailers, tank equipments and airport ground facilities.

Reportable information on each of the Group's business segment and geographical segment in 2008 is set out as follows:

	Primary segment reporting (business segments)							
	Containers	Trailers	Tank equipments	Airport ground facilities	Others	Elimination	Unallocated items	Total
Item	2008	2008	2008	2008	2008	2008	2008	2008
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Operating income	4,199,353	1,450,428	1,121,451	70,432	114,136	(125,777)	—	6,830,023
Including:								
External transaction	4,183,685	1,435,700	1,119,188	70,432	21,018	—	—	6,830,023
Inter-segment transaction	15,668	14,728	2,263	—	93,118	(125,777)	—	—
Operating expenses/(gains)	4,181,367	1,468,754	1,047,171	61,575	53,954	(115,923)	(121,876)	6,575,022
Operating profit/(loss)	17,986	(18,326)	74,280	8,857	60,182	(9,854)	121,876	255,001
Total assets	1,885,789	1,181,791	1,047,265	60,769	1,152,292	(754,109)	490,073	5,063,870
Total liabilities	950,904	750,832	281,252	30,193	160,345	(754,109)	1,456,064	2,875,481
Supplementary information:								
1. Depreciation and amortisation expenses	41,682	17,398	35,571	331	804	—	2,372	98,158
2. Non-cash expenses/(gains) other than depreciation and amortisation	180,633	10,057	11,720	291	(573)	—	(25,738)	176,390
Including: impairment loss for the year	83,077	9,684	8,407	41	122	—	—	101,331
3. Capital expenditure	117,524	159,108	78,666	531	9,651	—	—	365,480

	Secondary segment reporting (geographic segments)				
	Americas	Europe	Asia	Others	Total
Item	2008	2008	2008	2008	2008
	USD'000	USD'000	USD'000	USD'000	USD'000
External transaction revenue	1,253,880	2,540,964	2,925,758	109,421	6,830,023
Total assets	79,435	346,138	4,629,182	9,115	5,063,870

(2) Geographic information

The following table sets out information about the geographical information of the Group's revenue from external customers and the Group's non-current assets (excluding financial assets and deferred tax assets, same for the below). The geographical locations of customers are based on the location at which the services were provided or the goods were delivered. The geographical locations of the specified non-current assets are based on the physical location of the assets (for fixed assets), or the location of the business to which they are allocated (for intangible assets and goodwill), or the location of operations of the associates and joint ventures.

Geographic information

Item	Revenue from external customers	Non-current assets
	USD'000	USD'000
P.R. China	1,772,332	1,800,823
Asia	239,836	4,034
America	347,681	199,488
Europe	497,676	84,779
Others	140,134	3,578
Total	2,997,659	2,092,702

3. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks, etc.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

(1) Credit risk

The Group's credit risk is primarily attributable to receivables, debt investments and derivative financial instruments entered into for hedging purposes. Exposure to these credit risks are monitored by management on an ongoing basis.

In respect of receivables, the risk management committee of the Group has established a credit policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the external ratings of the customers and their bank credit records where available and previous payment records (if available). Receivables are due within from 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers, but earnest or prepayment money is requested sometimes due to the customer's situation.

Most of the Group's customers have been transacting with the Group for a long time, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date. This group has made the provision for the significant overdue receivables at 31 December 2009.

Guideline from the Group basis to the assets of associates and jointly controlled, profit forecast of development project, provide fund to associates and jointly controlled and continue to monitor the project progress and its operating to ensure the recoverability of the fund.

The Group's exposure to credit risk is influenced mainly by the individual characteristics and industries of each customer rather than country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, the Group had a certain concentration of credit risk, as 17.64% (2008: 28.38%) of the total accounts receivable and other receivables were due from the five largest customers of the Group.

Investments are normally made only in liquid securities quoted on a recognised stock exchange, except where entered into for long-term strategic purposes. Transactions involving derivative financial instruments are made with counterparties of sound credit standing and with whom the Group has a signed netting ISDA agreement (International Swap Derivative Association). Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. Except for the financial guarantees given by the Group as set out in Note VIII, the Group do not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note VIII.

(2) Liquidity risk

The Company is responsible for the cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, for individual subsidiaries subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial assets and financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on rates current at 31 December) and the earliest date the Group can be required to pay:

	2009 Contractual undiscounted cash flow					
Item	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets						
Cash at bank and on hand	771,685	—	—	—	771,685	771,685
Accounts receivable and other receivables	773,615	—	—	—	773,615	730,221
Long-term receivables	69,563	90,020	57,545	1,362	218,490	202,978
Subtotal	1,614,863	90,020	57,545	1,362	1,763,790	1,704,884
Financial liabilities						
Short-term loans	(608,869)	—	—	—	(608,869)	(608,869)
Accounts payable and other payables	(869,798)	—	—	—	(869,798)	(869,798)
Long-term loans	(76,405)	(382,411)	(443,639)	—	(902,455)	(888,087)
Subtotal	(1,555,072)	(382,411)	(443,639)	—	(2,381,122)	(2,366,754)
Net total	59,791	(292,391)	(386,094)	1,362	(617,332)	(661,870)

	2009 Contractual undiscounted cash flow					
Item	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Cash at bank and on hand	5,269,217	—	—	—	5,269,217	5,269,217
Accounts receivable and other receivables	5,282,395	—	—	—	5,282,395	4,986,093
Long-term receivables	474,990	614,675	392,929	9,300	1,491,894	1,385,978
Subtotal	11,026,602	614,675	392,929	9,300	12,043,506	11,641,288
Financial liabilities						
Short-term loans	(4,157,477)	—	—	—	(4,157,477)	(4,157,477)
Accounts payable and other payables	(5,939,158)	—	—	—	(5,939,158)	(5,939,158)
Long-term loans	(521,711)	(2,611,182)	(3,029,254)	—	(6,162,147)	(6,064,032)
Subtotal	(10,618,346)	(2,611,182)	(3,029,254)	—	(16,258,782)	(16,160,667)
Net total	408,256	(1,996,507)	(2,636,325)	9,300	(4,215,276)	(4,519,379)

Item	2008 Contractual undiscounted cash flow Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets						
Cash at bank and on hand	454,451	—	—	—	454,451	454,451
Accounts receivables and other receivables	772,737	—	—	—	772,737	744,072
Long-term receivables	20,881	42,026	49,224	—	112,131	92,311
Subtotal	1,248,069	42,026	49,224	—	1,339,319	1,290,834
Financial liabilities						
Short-term loans	(323,352)	—	—	—	(323,352)	(323,352)
Accounts payable and other payables	(875,500)	—	—	—	(875,500)	(875,500)
Long-term loans	(41,779)	(163,319)	(1,067,697)	—	(1,272,795)	(999,146)
Subtotal	(1,240,631)	(163,319)	(1,067,697)	—	(2,471,647)	(2,197,998)
Net total	7,438	(121,293)	(1,018,473)	—	(1,132,328)	(907,164)

Item	2008 Contractual undiscounted cash flow Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Cash at bank and on hand	3,101,353	—	—	—	3,101,353	3,101,353
Accounts receivables and other receivables	5,273,470	—	—	—	5,273,470	5,077,847
Long-term receivables	142,500	286,823	335,764	—	765,087	629,967
Subtotal	8,517,323	286,823	335,764	—	9,139,910	8,809,167
Financial liabilities						
Short-term loans	(2,206,688)	—	—	—	(2,206,688)	(2,206,688)
Accounts payable and other payables	(5,974,743)	—	—	—	(5,974,743)	(5,974,743)
Long-term loans	(285,117)	(1,114,555)	(7,286,390)	—	(8,686,062)	(6,818,573)
Subtotal	(8,466,548)	(1,114,555)	(7,286,390)	—	(16,867,493)	(15,000,004)
Net total	50,775	(827,732)	(6,950,626)	—	(7,727,583)	(6,190,837)

(3) *Interest rate risk*

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group adopts an interest rate policy of ensuring that interest rate risk is reasonable. The Group has entered into interest rate swaps denominated in the currency of the loan, to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy.

(a) As at 31 December, the Group held the following interest-bearing financial instruments:

	2009		2008	
Item	**Annual interest rate**	**Amount**	**Annual interest rate**	**Amount**
		USD'000		**USD'000**
Fixed rates interest-bearing financial instruments				
Financial assets				
— Long-term receivables	5.5%–6.5%	145,271	5.85%–8.65%	73,545
— Long-term receivables due within one year	5.5%–6.5%	57,707	5.5%–6.5%	18,766
Financial liabilities				
— Short-term loans	1.53%–5.35%	(608,869)	3.43%–7.56%	(14,653)
Total		(405,891)		77,658

	2009		2008	
Item	**Annual interest rate**	**Amount**	**Annual interest rate**	**Amount**
		USD'000		**USD'000**
Variable rates interest-bearing financial instruments				
Financial assets				
— Cash and cash equivalents	0.36%–3.87%	771,685	0.36%–5.85%	454,451
Financial liabilities				
— Short-term loans	—	—	—	(308,699)
— Long-term loans due within one year	Refer to NoteV.33	(66,705)	3.51%–6.72%	(39,616)
— Long-term loans	Refer to NoteV.34	(821,382)	Refer to Note V.34	(959,530)
Total		(116,402)		(853,394)

(b) Sensitivity analysis

As at 31 December 2009, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by USD437,000 (2008: USD3,456,000), and equity by USD437,000 (2008: USD3,729,000).

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rate had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis was performed on the same basis for 2008.

(4) *Foreign currency risk*

The major currency received by the Group is USD and the major currency paid out is RMB. In order to avoid the risks resulting from the fluctuation of the exchange rate of RMB, in respect of accounts receivables and payables denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) Besides the exposure to currency risk arising from financial assets and financial liabilities disclosed in Note V.2 and V.23, the Group's exposure as at 31 December 2009 to currency risk arising from recognised assets or liabilities denominated in foreign currencies is follows. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	2009				2008			
Item	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	2,618,973	570,726	32,560	24,942	1,043,790	121,907	112,277	15,080
Accounts receivable	1,796,322	323,664	6,971	70	2,485,467	428,716	3,692	29,625
Short-term loans	(1,553,020)	(607,232)	—	—	(373,902)	(730,749)	(163,944)	(91,547)
Long-term loans	(3,550,664)	(118,064)	(479,832)	—	(4,681,538)	(190,349)	(484,328)	—
Accounts payable	(1,454,578)	(60,113)	(91,544)	(346)	(2,079,401)	(278,371)	(30,385)	(1,971)
Provisions	(478,391)	(38,410)	(41,381)	—	(572,315)	(41,062)	—	—
Non-current liabilities due within one year	(273,128)	(78,708)	(61,618)	—	(136,679)	(38,067)	(17,607)	—
Gross balance sheet exposure	(2,894,486)	(8,137)	(634,844)	24,666	(4,314,578)	(727,975)	(580,295)	(48,813)

(b) Significant exchange rates applied by the Group are as follows at reporting date:

	Average exchange rate		Benchmark exchange rate	
Item	2009	2008	2009	2008
USD	6.8305	6.9293	6.8282	6.8244
EUR	9.6055	10.3780	9.8388	9.5167
HKD	0.8813	0.8897	0.8805	0.8806
JPY	7.5400	6.5511	7.5634	7.5076

(c) Sensitivity analysis

Assuming all other risk variables remained constant, 1%, 3%, 1% and 1% strengthening of the RMB against the USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2009 (1%, 12%, 2% and 5% strengthening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2008) would have increased (decreased) equity and net profit by the amount shown below; whose effect is in RMB and translated using the spot rate at the balance sheet date:

Item	Equity	Net profit
	RMB'000	RMB'000
31 December 2009		
USD	21,709	21,709
EUR	183	183
HKD	4,761	4,761
JPY	(185)	(185)
Total	26,468	26,468
31 December 2008		
USD	32,359	32,359
EUR	65,518	65,518
HKD	8,704	8,704
JPY	1,830	1,830
Total	108,411	108,411

1%, 3%, 1% and 1% weakening of the RMB against USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2009 (1%, 12%, 2% and 5% weakening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2008) would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, the analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for 2008.

The above sensitive analysis does not include exposure to currency risk arising from foreign future contracts, Japanese Yen exchange option, swap contact for interest rate and metal-nickel exchange option disclosed in Note V.2 and 23 about financial assets and financial liabilities, but the change in exchange rate may have effect on shareholders' equity and net profit.

(5) Other price risks

Other price risks are stock price risk. As at 31 December 2009, the Group held 32,291,152 restricted shares of China Merchants Securities and 10,986,231 tradable shares of China Merchants Bank.

As at 31 December 2009, it is estimated that a general increase/decrease of composite index of Shanghai A-share by 58.46% (2008: 88.83%), or 2,562 point (2008: 2,475 point), with all other variables held constant, would increase/decrease the Group's shareholders' equity by USD67,555,000 (2008: USD121,049,000).

The sensitivity analysis above arise assuming that the change in composite index of Shanghai A-share occurred at the balance sheet date is reasonable and had been applied to re-measure those investments in securities held by the Group. The sensitivity analysis is also based on another assumption, namely, the fair value of the investments in securities held by the Group is relevant to composite index of stock market, and available-for-sales securities investment has same risk factor as trading securities investment, and all other variables held constant. 58.46% change in composite index of Shanghai A-share is a reasonable expectation of the Group for the period from the balance date to the next balance sheet date.

(6) *Fair values*

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2009.

(7) *Estimation of fair values*

The following summarises the major methods and assumptions used in estimating the fair values of financial assets and liabilities held for trading, available-for-sale financial assets, and items set out in Note XI.3.6 that measured at fair value on the balance sheet date.

(a) Equity investments

Fair value is based on quoted market prices at the balance sheet date for financial assets and liabilities held for trading (excluding derivatives), and available-for-sale financial assets if there is an active market, if an active market does not exist for the financial asset, the fair value is determined using valuation techniques. Fair value of restricted shares of China Merchants Securities is based on the quoted market prices of non-restricted shares of China Merchants Securities at the balance sheet date, and is determined using Black Scholes Option Pricing Model.

(b) Receivables

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

(c) Loans and long-term payables

The fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

(d) Derivatives

The fair value of forward exchange contracts is either based on their listed market prices or by discounting the contractual forward price and deducting the current spot rate. The fair value of interest rate swaps is based on broker quotes. The quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar interest rate instrument at the measurement date.

(e) 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 the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(f) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows are based on same term loans' rates announced by People Bank of China at the balance sheet date plus an adequate credit spread and are as follows:

	2009	2008
Long-term loans	0.56%–5.94%	3.51%–7.56%
Receivables	4.86%–5.94%	4.85%–6.56%

4. Assets and liabilities measured at fair value

Item	Balance at the beginning of the year	Change in fair value of the year	Accumulated change in fair value in equity	Provision of impairment for the year	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets					
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)	9,076	3,625	—	—	12,701
2. Derivative financial instrument	47,567	(46,828)	—	—	739
3. Available-for-sale financial assets	185,308	—	151,904	—	172,196
Subtotal	241,951	(43,203)	151,904	—	185,636
Financial liabilities	(59,997)	37,292	—	—	(22,705)

Item	Balance at the beginning of the year	Change in fair value of the year	Accumulated change in fair value in equity	Provision of impairment for the year	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets					
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)	61,937	24,785	—	—	86,722
2. Derivative financial instrument	324,616	(319,566)	—	—	5,050
3. Available-for-sale financial assets	1,264,613	—	1,036,681	—	1,175,785
Subtotal	1,651,166	(294,781)	1,036,681	—	1,267,557
Financial liabilities	(409,443)	254,407	—	—	(155,036)

5. Financial assets and liabilities in foreign currencies

Item	Note	Balance at the beginning of the year	Change in fair value of the year	Accumulated change in fair value in equity	Provision of impairment for the year	Balance at the end of the year
		USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets						
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)		8,636	3,650	—	—	12,286
2. Derivative financial instrument	(1)	47,567	(46,828)	—	—	739
3. Loans and receivables	(2)	455,617	—	—	(5,713)	322,606
4. Available-for-sale financial assets		3,614	—	6,000	—	18,118
Subtotal		515,434	43,178	6,000	(5,713)	353,749
Financial liabilities	(3)	(1,334,401)	37,292	—	—	(1,363,890)

Item	Note	Balance at the beginning of the year	Change in fair value of the year	Accumulated change in fair value in equity	Provision of impairment for the year	Balance at the end of the year
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)		58,937	24,951	—	—	83,888
2. Derivative financial instrument	(1)	324,616	(319,566)	—	—	5,050
3. Loans and receivables	(2)	3,109,316	—	—	(39,023)	2,202,816
4. Available-for-sale financial assets		24,657	—	40,972	—	123,715
Subtotal		3,517,526	(294,615)	40,972	(39,023)	2,415,469
Financial liabilities	(3)	(9,106,485)	254,407	—	—	(9,312,911)

Note:

(1) Derivative financial instrument in foreign currency includes foreign currency future contract.

(2) Loans and receivables in foreign currency includes accounts receivable, other receivables, prepayments and long-term receivable denominated in foreign currencies.

(3) Financial liabilities includes foreign currency loans, accounts payable, other payables, advances from customers, interest rate swap contracts and stock option contracts.

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY

1. Cash at bank and on hand

	2009				2008			
	Original currency	Exchange rate	USD	RMB	Original currency	Exchange rate	USD	RMB
	’000		’000	’000	’000		’000	’000
Cash at bank								
RMB	80,767	6.8282	11,829	80,767	270,071	6.8244	39,574	270,071
USD	4,540	1.0000	4,540	31,002	20,491	1.0000	20,491	139,839
HKD	64	7.7546	8	56	79	7.7497	10	70
JPY	311,795	90.28	3,454	23,583	199,041	90.90	2,190	14,943
EUR	65	0.6940	93	637	12	0.7171	16	111
			19,924	136,045			62,281	425,034
Other momentary funds								
RMB	1,635	6.8282	240	1,635	5,116	6.8244	750	5,116
USD	73,234	1.0000	73,234	500,058	—	1.0000	—	—
Subtotal			73,474	501,693			750	5,116
Total			93,398	637,738			63,031	430,150

As at 31 December 2009, restricted cash at bank and on hand of the Company was USD73,234,000 (RMB500,058,000).

2. Dividends receivable

	2009		2008	
	USD’000	RMB’000	USD’000	RMB’000
SCIMC	85,039	580,659	85,039	580,336
SCIMCEL	55,157	376,621	55,157	376,412
XHCIMC	262	1,789	1,579	10,776
QDCC	5,213	35,599	5,213	35,579
DLCIMC	8,401	57,364	8,401	57,332
NBCIMC	11,733	80,115	11,733	80,071
SCRC	15,877	108,414	5,289	36,093
XHCIMCS	23,549	160,795	27,406	187,029
QDCSR	1,241	8,471	581	3,967
DLL	7,018	47,922	7,018	47,895
CIMC (HK)	462,834	3,160,330	464,346	3,168,880
TCCIMC	3,616	24,693	3,616	24,679
ZZCIMC	3,541	24,177	3,541	24,164
TJCIMCLE	–	–	6,710	45,794
SBWI	615	4,198	615	4,196
TJCIMC	–	–	31,437	214,538
CIMCSD	9,480	64,727	9,485	64,727
Total	693,576	4,735,874	727,166	4,962,468

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of dividends receivable.

3. Other receivables

(1) The analysis of the Group's other receivables is as follows:

Item	2009 Gross carrying amount	2009 Percentage	2009 Provision for bad debts	2009 Percentage of bad debt provision	2008 Gross carrying amount	2008 Percentage	2008 Provision for bad debts	2008 Percentage of bad debt provision
	USD'000	(%)	USD'000	(%)	USD'000	(%)	USD'000	(%)
Individually significant *(Note 2)*	744,953	96.52%	—	—	701,433	96.91%	—	—
Other immaterial items								
Including:								
1. Individually insignificant but tested for impairment	—	—	—	—	—	—	—	—
2. Individually insignificant with immaterial portfolio credit risk	26,894	3.48%	691	2.57%	22,394	3.09%	691	3.09%
Total	771,847	100.00%	691	0.09%	723,827	100.00%	691	0.10%

Nature	2009 Gross carrying amount	2009 Percentage	2009 Provision for bad debts	2009 Percentage of bad debt provision	2008 Gross carrying amount	2008 Percentage	2008 Provision for bad debts	2008 Percentage of bad debt provision
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Individually significant *(Note 2)*	5,086,688	96.52%	—	—	4,786,862	96.91%	—	—
Other immaterial items								
Including:								
1. Individual insignificant but test for impairment	—	—	—	—	—	—	—	—
2. Individually insignificant with immaterial portfolio credit risk	183,637	3.48%	4,719	2.57%	152,824	3.09%	4,717	3.09%
Total	5,270,325	100.00%	4,719	0.09%	4,939,686	100.00%	4,717	0.10%

Individually significant items represent other receivables which individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements grouped in the consolidated financial statement.

There is no individually insignificant item but with material portfolio credit risk (2008: Nil).

(2) An analysis of provision for individually significant item or individually insignificant item but tested for impairment individually is as follows:

Other receivables	Book value	Provision of bad and doubtable debt	Percentage	Reasons
	USD'000	USD'000		
1. Individually significant	744,953	—	—	
Including: receivables due from subsidiaries	722,826	—	—	The receivables were current account with subsidiaries and paid on behalf of subsidiaries, the risk is considered low
Shanghai Fengyang	22,127	—	—	It is receivable due from associate for operation funding, the financial performance of the associate is satisfactory, the risk is considered low
Total	744,953	—	—	

Other receivables	Book value	Provision of bad and doubtable debt	Percentage	Reasons
	RMB'000	RMB'000		
1. Individually significant	5,086,688	—	—	
Including: receivables due from subsidiaries	4,935,600	—	—	The receivables were current account with subsidiaries and paid on behalf of subsidiaries, the risk is considered low
Shanghai Fengyang	151,088	—	—	It is receivable due from associate for operation funding, the financial performance of the associate is satisfactory, the risk is considered low
Total	5,086,688	—	—	

(3) Significant changes of provision for bad and doubtful debts during the year:

There are no other receivables whose provision was fully made or whose provision proportion was comparatively high before the reporting period, but had been collected or reversed in 2009 (2008:Nil).

(4) *Recovery of accounts receivable due to restructuring, etc within the year*

There was no recovery of other receivables due to restructuring or in other ways, etc in 2009 (2008: Nil).

(5) *Write-off of other receivables during the year*

There was no material write-off of other receivables during the year (2008: Nil).

(6) *Other receivables due from the five largest debtors of the Group are as follows:*

Debtor	Relationship with the Company	USD'000	RMB'000	Aging	Proportion in total other receivables
					(%)
1. HI	Subsidiary	271,027	1,850,626	Within one year	35.11%
2. DLCIMC	Subsidiary	73,143	499,438	Within one year	9.48%
3. TCCIMC	Subsidiary	52,313	357,206	Within one year	6.78%
4. SCIMCEL	Subsidiary	43,705	298,430	Within one year	5.66%
5. XHCIMCF	Subsidiary	42,210	288,218	Within one year	5.47%
Total		482,398	3,293,918		62.50%

(7) *Status of share holders holding to 5% or above voting rights, in the Company's other receivables*

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of other receivables (2008: Nil).

(8) *Other receivables due from related parties*

Related party	Relationship with the Company	USD'000	RMB'000	Percentage in total other receivables
				(%)
Others	Subsidiaries and associates	768,076	5,244,575	99.51%
Total	—	768,076	5,244,575	99.51%

(9) *Derecognition of other receivables due to transferring of financial assets*

There was no derecognition of other receivables due to transferring of financial assets of the Company in 2009 (2008: Nil).

(10) *Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables*

There were no securitised other receivables during the year (2008: Nil).

4. Available-for-sale financial assets

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Available-for-sale equity instruments	154,077	1,052,070	181,694	1,239,956

Detailed analysis for the Group's available-for-sale financial assets, refer to Note V.10.

5. Long-term equity investments

(1) As at 31 December 2009, the Company's long-term equity investments are as follows:

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Investments to subsidiaries	377,130	2,575,120	326,927	2,231,081
Other long-term equity investments	59,482	406,155	45,984	313,812
Subtotal	436,612	2,981,275	372,911	2,544,893
Less: provision of impairment	465	3,175	465	3,174
Total	436,147	2,978,100	372,446	2,541,719

(2) As at 31 December 2009, the Company's investments on subsidiaries are as follows:

Investee	Costing method	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage	The Company subsidiaries voting right	Whether voting right is different from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/ received of the year
		USD'000	USD'000	USD'000	USD'000	(%)	(%)		USD'000	USD'000	USD'000
Investment on subsidiaries:											
SCIMC	Cost method	12,450	12,450	—	12,450	100%	100%	—	—	—	—
SCIMCEL	Cost method	12,450	12,450	—	12,450	100%	100%	—	—	—	—
XHCIMC	Cost method	5,539	5,539	—	5,539	100%	100%	—	—	—	263
CIMC Yuandong	Cost method	17,338	17,338	—	17,338	100%	100%	—	—	—	—
TJCIMC	Cost method	12,342	12,342	—	12,342	100%	100%	—	—	—	2,999
TJCIMCn	Cost method	11,500	11,500	—	11,500	100%	100%	—	—	—	—
QDCC	Cost method	9,139	9,139	—	9,139	100%	100%	—	—	—	—
DLCIMC	Cost method	7,400	7,400	—	7,400	100%	100%	—	—	—	—
NBCIMC	Cost method	3,750	3,750	—	3,750	100%	100%	—	—	—	—
SBWI	Cost method	10,100	10,100	—	10,100	94.74%	100%	—	—	—	—
TCCIMC	Cost method	19,979	19,979	—	19,979	100%	100%	—	—	—	—
ZZCIMC	Cost method	15,266	15,266	—	15,266	100%	100%	—	—	—	—
SHYSLE	Cost method	11,982	11,982	—	11,982	100%	100%	—	—	—	—
CQCIMC	Cost method	5,994	5,994		5,994	100%	100%	—	—	—	—
SCRC	Cost method	30,486	32,520	(2,034)	30,486	92%	92%	—	—	—	15,877
QDCRC	Cost method	8,229	8,229	—	8,229	89.30%	89.30%	—	—	—	780
XHCIMCS	Cost method	6,748	6,748	—	6,748	100%	100%	—	—	—	13,416
DLL	Cost method	7,024	8,874	(1,850)	7,024	100%	100%	—	—	—	—
XHCIMCS	Cost method	—	4,258	(4,258)	—	—	—	—	—	—	—
QDCSR	Cost method	1,931	1,931	—	1,931	100%	100%	—	—	—	659
TJCIMCLE	Cost method	2,498	2,498	—	2,498	100%	100%	—	—	—	2,198
CIMC (HK)	Cost method	256	256	—	256	100%	100%	—	—	—	—
CIMC (USA)	Cost method	26,009	25,988	21	26,009	100%	100%	—	—	—	—
CIMCSD	Cost method	24,688	24,688	—	24,688	100%	100%	—	—	—	—
HI	Cost method	41,906	41,906	—	41,906	80%	80%	—	—	—	—
SZVL	Cost method	4	4	—	4	80.20%	80.20%	—	—	—	—
CIMC TEI	Cost method	900	900	—	900	100%	100%	—	—	—	—
Guangzhou Tongyang	Cost method	—	1,796	(1,796)	—	—	—	—	—	—	—
CIMC Tech	Cost method	384	384	—	384	100%	100%	—	—	—	—
TCCIMC	Cost method	9,073	9,073	—	9,073	100%	100%	—	—	—	—
YTLRC	Cost method	1,645	1,645	—	1,645	100%	100%	—	—	—	—
CIMCWD	Cost method	16,473	—	16,473	16,473	100%	100%	—	—	—	—
CIMC Management and Training (Shenzhen)	Cost method	7,300	—	7,300	7,300	100%	100%	—	—	—	—
DLZH	Cost method	16,857	—	16,857	16,857	100%	100%	—	—	—	—
MEA	Cost method	3,293	—	3,293	3,293	100%	100%	—	—	—	—
SZW	Cost method	527	—	527	527	100%	100%	—	—	—	—
TLC	Cost method	12,375	—	12,375	12,375	100%	100%	—	—	—	—
SCIMCEL	Cost method	3,295	—	3,295	3,295	100%	100%	—	—	—	—
Total		377,130	326,927	50,203	377,130				—	—	36,192

Investee	Costing method	Initial investment cost	Balance at the beginning of the year	Additions during the year	Effect of foreign exchange rate changes	Balance at the end of the year	Shareholding percentage	The Company subsidiaries voting right	Notes to difference between shareholdings and voting rights	Provision for impairment	Impairment loss of the year	Dividend receivable/ received of the year
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	(%)	(%)		RMB'000	RMB'000	RMB'000
Investment on subsidiaries:												
SCIMC	Cost method	85,011	84,964		47	85,011	100%	100%	—	—	—	—
SCIMCEL	Cost method	85,011	84,964		47	85,011	100%	100%	—	—	—	—
XHCIMC	Cost method	37,821	37,800		21	37,821	100%	100%	—	—	—	1,789
CIMB Yuandong	Cost method	118,384	118,319		65	118,384	100%	100%	—	—	—	—
TJCIMC	Cost method	84,276	84,229		47	84,276	100%	100%	—	—	—	20,484
TJCIMCn	Cost method	78,523	78,479		44	78,523	100%	100%	—	—	—	—
QDCC	Cost method	62,405	62,370		35	62,405	100%	100%	—	—	—	—
DLCIMC	Cost method	50,529	50,501		28	50,529	100%	100%	—	—	—	—
NBCIMC	Cost method	25,606	25,592		14	25,606	100%	100%	—	—	—	—
SBWI	Cost method	68,967	68,929		38	68,967	94.74%	100%	—	—	—	—
TCCIMC	Cost method	136,419	136,343		76	136,419	100%	100%	—	—	—	—
ZZCIMC	Cost method	104,238	104,180		58	104,238	100%	100%	—	—	—	—
SHYSLE	Cost method	81,812	81,767		45	81,812	100%	100%	—	—	—	—
CQVL	Cost method	40,928	40,905		23	40,928	100%	100%	—	—	—	—
SCRC	Cost method	208,163	221,929	(13,894)	128	208,163	92%	92%	—	—	—	108,451
QDCRC	Cost method	56,188	56,157		31	56,188	89.30%	89.30%	—	—	—	5,326
XHCIMCS	Cost method	46,074	46,049		25	46,074	100%	100%	—	—	—	91,637
QDCSR	Cost method	13,204	13,193		11	13,204	100%	100%	—	—	—	4,503
TJCIMCLE	Cost method	17,054	17,045		9	17,054	100%	100%	—	—	—	15,017
DLL	Cost method	47,959	60,558	(12,636)	37	47,959	100%	100%	—	—	—	—
XHCIMCS	Cost method	—	29,056	(29,082)	26	—	—	—	—	—	—	—
CIMC (HK)	Cost method	1,751	1,750		1	1,751	100%	100%	—	—	—	—
CIMC (USA)	Cost method	177,600	177,356	145	99	177,600	100%	100%	—	—	—	—
CIMCSD	Cost method	168,574	168,480		94	168,574	100%	100%	—	—	—	—
HI	Cost method	286,143	285,984		159	286,143	80%	80%	—	—	—	—
SCVL	Cost method	25	25		—	25	80.20%	80.20%	—	—	—	—
CIMC TEI	Cost method	6,145	6,142		3	6,145	100%	100%	—	—	—	—
Guangzhou Tongyang	Cost method	—	12,254	(12,265)	11	—	—	—	—	—	—	—
CIMC Tech	Cost method	2,618	2,616		2	2,618	100%	100%	—	—	—	—
TCCIMC	Cost method	61,956	61,921		35	61,956	100%	100%	—	—	—	—
YTLRC	Cost method	11,230	11,224		6	11,230	100%	100%	—	—	—	—
CIMCWD	Cost method	112,472	—	112,510	(38)	112,472	100%	100%	—	—	—	—
CIMC Management and Training (Shenzhen)	Cost method	49,843	—	49,860	(17)	49,843	100%	100%	—	—	—	—
DLZH	Cost method	115,103	—	115,142	(39)	115,103	100%	100%	—	—	—	—
MEA	Cost method	22,488	—	22,496	(8)	22,488	100%	100%	—	—	—	—
SZW	Cost method	3,598	—	3,599	(1)	3,598	100%	100%	—	—	—	—
TLC	Cost method	84,499	—	84,527	(28)	84,499	100%	100%	—	—	—	—
SCIMCEL	Cost method	22,503	—	22,509	(6)	22,503	100%	100%	—	—	—	—
Total		2,575,120	2,231,081	342,911	1,128	2,575,120				—	—	247,207

(3) As at 31 December 2009, the Company's other significant long-term equity investments are as follows:

Investee	Costing method	Initial investment cost	Balance at the beginning of the year	Additions during the year	Effect of foreign exchange rate changes	Balance at the end of the year	Shareholding percentage	The Company subsidiaries voting right	Notes to difference between shareholdings and voting rights	Provision for impairment	Impairment loss of the year	Dividend receivable/ received of the year
		USD'000	USD'000	USD'000	USD'000	USD'000	(%)	(%)		USD'000	USD'000	USD'000
China Railway United Logistics	Cost method	57,784	37,278	20,506	—	57,784	10%	10%	—	—	—	—
Beihai Yinjian	Cost method	258	258	—	—	258	1.01%	1.01%	—	(258)	—	—
Guangdong Samsung	Cost method	207	207	—	—	207	0.09%	0.09%	—	(207)	—	—
BOCM Schroder Stolt Fund Management	Cost method	1,233	1,233	—	—	1,233	5%	5%	—	—	—	732
China Merchants Securities	Cost method	—	7,008	(7,008)	—	—	—	—	—	—	—	—
Total		59,482	45,984	13,498	—	59,482				(465)	—	732

Investee	Costing method	Initial investment cost	Balance at the beginning of the year	Additions during the year	Effect of foreign exchange rate changes	Balance at the end of the year	Shareholding percentage	The Company subsidiaries voting right	Notes to difference between shareholdings and voting rights	Provision for impairment	Impairment loss of the year	Dividend receivable/ received of the year
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	(%)	(%)		RMB'000	RMB'000	RMB'000
China Railway United Logistics	Cost method	394,561	254,400	140,066	95	394,561	10%	10%	—	—	—	—
Beihai Yinjian	Cost method	1,762	1,763	—	(1)	1,762	1.01%	1.01%	—	(1,762)	—	—
Guangdong Samsung	Cost method	1,413	1,411	—	2	1,413	0.09%	0.09%	—	(1,413)	—	—
BOCM Schroder Stolt Fund Management	Cost method	8,419	8,419	—	—	8,419	5%	5%	—	—	—	5,000
China Merchants Securities	Cost method	—	47,819	(47,868)	49	—	—	—	—	—	—	—
Total		406,155	313,812	92,198	145	406,155				(3,175)	—	5,000

6. Short-term loans

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Credit loans				
— RMB	94,690	646,564	14,653	100,000

7. Financial liabilities held for trading

	Note	2009		2008	
		USD'000	RMB'000	USD'000	RMB'000
Derivative financial liabilities					
— Foreign future contracts		—	—	703	4,802
— Swap contract for interest rate	V.23.1	10,782	73,622	13,547	92,448
— Foreign exchange option contracts	V.23.2	10,486	71,602	15,805	107,859
Total		21,268	145,224	30,055	205,109

8. Employee benefits payable

Item	Balance at the beginning of the year	Accrued during the year	Paid during the year	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000
Salaries, bonuses, and allowances	10,745	6,967	7,846	9,866
Senior management bonus	24,617	—	465	24,152
Social insurances and others	(2)	1,136	1,133	1
	35,360	8,103	9,444	34,019

Item	Balance at the beginning of the year	Accrued during the year	Paid during the year	Effect of foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, bonuses, and allowances	73,327	47,591	53,589	39	67,368
Senior management bonus	167,996	—	3,177	95	164,914
Social insurances and others	(14)	7,753	7,738	3	4
	241,309	55,344	64,504	137	232,286

9. Taxes payable

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Income tax payable	27,923	190,663	12,276	83,780
Withholding individual tax	8,480	57,900	8,511	58,080
Others	36	251	—	—
	36,439	248,814	20,787	141,860

10. Other payables

(1) The analysis of the Company's other payables is as follows:

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Consideration for equity investment	—	—	16,400	111,920
Others	3,843	26,234	4,269	29,128
	3,843	26,234	20,669	141,048

No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of other payables.

(2) The analysis of the Company's other payables by currencies is as follows:

Currency	2009 Original currency	2009 Exchange rate	2009 USD	2009 RMB	2008 Original currency	2008 Exchange rate	2008 USD	2008 RMB
	'000		'000	'000	'000		'000	'000
RMB	20,715	6.8282	3,034	20,715	23,851	6.8244	3,496	23,851
USD	790	1.0000	790	5,392	17,154	1.0000	17,154	117,065
HKD	144	7.7546	19	127	144	7.7497	19	132
			3,843	26,234			20,669	141,048

As at 31 December 2009, there was no significant other payables aged over one year.

11. Non-current liabilities due within one year

(1) The analysis of the Company's non-current liabilities due within one year by categories is as follows:

	2009 USD'000	2009 RMB'000	2008 USD'000	2008 RMB'000
Long-term loans due within one year				
— Credit loans	57,678	393,839	25,578	174,557

(2) The analysis of the Company's non-current liabilities by currencies due within one year is as follows:

	Annual interest rate	2009 Original currency	2009 Exchange rate	2009 USD	2008 Original currency	2008 Exchange rate	2008 USD
		'000		'000	'000		'000
Bank loans							
— RMB	3.51%~4.23%	42,000	6.8282	6,151	—	—	—
— USD	LIBOR+90BP	40,000	1.0000	40,000	20,000	1.0000	20,000
— EUR	EURIBOR+65BP	8,000	0.6940	11,527	4,000	0.7171	5,578
				57,678			25,578

As at 31 December 2009, there was no renewal of past due long-term bank loans which was included in the above non-current liabilities due within one year.

(3) As at 31 December 2009, the top three long-term loans (including all long-term loans) due within one year is as follows:

Lender	Initial date	Maturity date	Currency	Interest rate (%)	2009 Original currency	2009 USD	2008 Original currency	2008 USD
					'000	'000	'000	'000
1. The Export-Import Bank of China	18 June 2007	1 December 2010	EUR	Six-month LIBOR+65BP	8,000	11,527	4,000	5,578
2. The Export-Import Bank of China	29 May 2007	29 May 2010	RMB	The first year is 5.49%, renew annually	42,000	6,151	—	—
3. China Development Bank	12 December 2007	21 December 2010	USD	Six-month LIBOR+55BP/ after 22 January 2008 change to six-month LIBOR+90BP	40,000	40,000	20,000	20,000
Total						57,678		25,578

12. Long-term loans

(1) The analysis of the Company's long-term loans is as follows:

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Bank loans — Credit loans	743,787	5,078,728	879,629	6,002,938

(2) The analysis of the Company's long-term loans by currencies as follows:

	Annual interest rate	2009			2008		
		Original currency	Exchange rate	USD	Original currency	Exchange rate	USD
		'000		'000	'000		'000
Bank loans . . .							
— RMB . . .	3.51%~4.23%	1,410,000	6.8282	206,497	1,172,000	6.8244	171,737
— USD. . . .	LIBOR+30~90BP	520,000	1.0000	520,000	680,000	1.0000	680,000
— EUR. . . .	EURIBOR+65BP	12,000	0.6940	17,290	20,000	0.7171	27,892
				743,787			879,629

No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term loans.

(3) As at 31 December 2009, the top five long-term loans is as follows:

Borrower	Initial date	Maturity date	Currency	Interest rate (%)	2009		2008	
					Original currency	USD	Original currency	USD
					'000	'000	'000	'000
1. China Development Bank	12 December 2007	10 December 2013	USD	Six-month LIBOR+90BP	370,000	370,000	500,000	500,000
2. The Export-Import Bank of China	23 May 2008	23 May 2011	RMB	The first quarter 5.67%, renew quarterly	800,000	117,161	800,000	117,226
3. The Citibank	30 May 2007	30 May 2012	USD	Three-month LIBOR+30BP	100,000	100,000	200,000	200,000
4. The Export-Import Bank of China	23 June 2008	23 June 2011	RMB	The first quarter 6.39%, renew quarterly	610,000	89,335	280,000	41,029
5. Bank of China	19 October 2009	19 October 2012	USD	Three-month LIBOR+55BP	50,000	50,000	—	—
Total						726,496		858,255

As at 31 December 2009, there was no renewal of past due long-term bank loans which was include in the above long-term loans.

13. Deferred tax assets and liabilities

(1) Deferred tax assets and liabilities after offsetting

Item	Deductible/ (taxable) temporary difference 2009	Deferred tax assets/ (liabilities) 2009	Deductible/ (taxable) temporary difference 2008	Deferred tax assets/ (liabilities) 2008
	USD'000	USD'000	USD'000	USD'000
Deferred tax assets:				
Employee benefits payable	34,019	7,484	35,360	7,072
Movement for fair value of financial assets held for trading/derivative financial instruments	21,268	4,679	30,055	6,011
Subtotal	55,287	12,163	65,415	13,083
Deferred tax liabilities:				
Movement for fair value of available-for-sale financial assets charged to equity	(145,906)	(32,099)	(155,592)	(31,118)
Deferred tax liabilities after offsetting	(90,619)	(19,936)	(90,177)	(18,035)

Item	Deductible/ (taxable) temporary difference 2009	Deferred tax assets/ (liabilities) 2009	Deductible/ (taxable) temporary difference 2008	Deferred tax assets/ (liabilities) 2008
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets:				
Employee benefits payable	232,286	51,352	241,309	48,262
Movement for fair value of financial assets held for trading/derivative financial instruments	145,224	32,200	205,109	41,022
Subtotal	377,510	83,552	446,418	89,284
Deferred tax liabilities:				
Movement for fair value of available-for-sale financial assets charged to equity	(996,278)	(219,680)	(1,061,825)	(212,365)
Deferred tax liabilities after offsetting	(618,768)	(136,128)	(615,407)	(123,081)

As at 31 December 2009, there was no un-recognised deferred tax liabilities for the Company.

14. Capital reserve

	Balance at the beginning of the year	Additions during the year	Settlements during the year	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000
Share premiums	21,245	—	—	21,245
Other capital reserves				
— Property revaluation reserve	6,640	—	—	6,640
— Exchange reserve on foreign currency capital	104	—	—	104
— Donated non-cash assets reserve	13	—	—	13
— Net changes in fair value of available-for-sale financial assets	155,592	203,677	(213,363)	145,906
— Deferred tax effect	(31,118)	—	(981)	(32,099)
	152,476	203,677	(214,344)	141,809

	Balance at the beginning of the year	Additions during the year	Settlements during the year	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000
Share premiums	212,656	—	—	212,656
Other capital reserves				
— Property revaluation reserve	54,979	—	—	54,979
— Exchange reserve on foreign currency capital	861	—	—	861
— Donated non-cash assets reserve	108	—	—	108
— Net changes in fair value of available-for-sale financial assets	1,061,825	1,391,831	(1,457,378)	996,278
— Deferred tax effect	(212,365)	—	(7,315)	(219,680)
	1,118,064	1,391,831	(1,464,693)	1,045,202

15. Financial expenses/(net financial income)

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Interest expenses from Loans and payables	19,264	131,583	38,961	269,981
Interest income from deposits and receivables	(30,413)	(207,737)	(60,909)	(422,060)
Net exchange losses/(gain)	11,766	80,369	(20,161)	(139,705)
Other financial expenses	540	3,687	284	1,966
Total	1,157	7,902	(41,825)	(289,818)

16. Gains/(losses) from changes in fair value

	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Financial assets held for trading				
— Changes in fair value during the year	—	—	(26,478)	(183,470)
— Transfer to investment losses for derecognition of financial assets held for trading	—	—	14,984	103,828
Financial liabilities held for trading				
— Changes in fair value during the year derivative financial instrument	8,787	60,020	(26,838)	(185,970)
Total	8,787	60,020	(38,332)	(265,612)

17. Investment income

(1) The analysis of the Company's investment income is as follows:

	Note	2009		2008	
		USD'000	RMB'000	USD'000	RMB'000
Long-term equity investments in cost method	(2)	36,924	252,207	93,680	649,137
Gain on disposal of subsidiaries		(2,184)	(14,917)	(937)	(6,492)
Investment gains on available-for-sale financial assets		202	1,381	10,229	70,881
Investment gains on sale of held-for-trading financial assets		—	—	(10,202)	(70,694)
Gains on sale of available-for-sale financial assets		213,363	1,457,378	51,226	354,958
Total		248,305	1,696,049	143,996	997,790

(2) Long-term investments in cost method with individual investment income over 5% of total investment income or less than 5% but the top five investment income for the year are as follows:

Investee	2009		2008		Reasons for variances between two years
	USD'000	RMB'000	USD'000	RMB'000	
SCRC	15,877	108,451	5,289	36,648	Dividend distributed in 2009 is more than that in 2008
XHCIMCS	13,416	91,637	10,133	70,214	Dividend distributed in 2009 is more than that in 2008
TJCIMC	2,999	20,484	31,437	217,836	Dividend distributed in 2009 is less than that in 2008
TJCIMCLE	2,198	15,017	3,638	25,206	Dividend distributed in 2009 is less than that in 2008
QDCRC	780	5,326	886	6,140	Dividend distributed in 2009 is less than that in 2008
Total	35,270	240,915	51,383	356,044	

Note 1: Only top five investees with largest profits before income tax are listed above.

Note 2: There was no significant restriction on the remittance of investment income to the investor.

18. Non-operating expenses

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Losses on disposal of fixed assets	73	500	7	46
Donation expenses	88	600	1,822	12,631
Losses on debt restructuring	15,231	104,037	—	—
Total	15,392	105,137	1,829	12,677

19. Income tax

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Current tax expenses for the year	37,528	256,884	13,320	92,299
Deferred taxation	920	5,732	(6,581)	(45,604)
Total	38,448	262,616	6,739	46,695

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

	The Company			
Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
Profits before taxation	224,030	1,530,236	148,645	1,030,005
Expected income tax expenses at applicable tax rates	44,806	306,048	26,756	185,401
Tax effect of non-deductible expenses	3,204	21,877	386	2,674
Effect of tax rate change on deferred tax	(1,106)	(7,553)	(1,308)	(9,066)
Tax effect of non-taxable income	(8,456)	(57,756)	(19,095)	(132,314)
Income tax expenses	38,448	262,616	6,739	46,695

20. Other comprehensive income/(losses)

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
1. Gain/(losses) on available-for-sale financial assets	203,667	1,391,831	(304,505)	(2,503,309)
Less: Effect of income tax arising from available-for-sale financial assets	981	7,315	(77,074)	(599,751)
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	213,363	1,457,378	51,226	354,958
2. Effect of foreign exchange rate changes	—	3,592	—	(295,730)
Total	(10,667)	(69,270)	(278,657)	(2,554,246)

21. Information to cash flow statement

(1) Supplement to cash flow statement:

Supplement	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
1. Reconciliation of net profit to cash flow from operating activities:				
Net profit	185,582	1,267,620	141,906	983,310
Add: Depreciation of fixed assets	1,609	10,990	1,465	10,151
Amortisation of intangible assets	302	2,063	110	755
Amortisation of long-term deferred expenses	441	3,012	544	3,770
Losses on disposal of fixed assets	73	500	7	46
(Gains)/losses on changes in fair value	(8,787)	(60,020)	38,332	265,612
Financial income	(5,964)	(40,737)	(21,948)	(152,079)
Investment gains	(248,305)	(1,696,049)	(143,996)	(997,790)
Increase/(decrease) in deferred tax assets	920	5,732	(4,513)	(26,683)
Decrease in deferred tax liabilities	—	—	(2,068)	(15,109)
Increase in operating receivables	(47,806)	(326,539)	(282,609)	(1,958,276)
Increase/(decrease) in operating payables	13,895	94,910	(10,807)	(74,890)
Effect of foreign exchange rate changes	—	554	—	(3,528)
Net cash outflows from operating activities	(108,040)	(737,964)	(283,577)	(1,964,711)
2. Net movement in cash and cash equivalents:				
Closing balance of cash and cash equivalents	20,164	137,680	63,031	430,150
Less: Opening balance of cash and cash equivalents	63,031	430,150	126,931	927,131
Net decrease of cash and cash equivalents	(42,867)	(292,470)	(63,900)	(496,981)

(2) Cash and cash equivalents held by the Group is as follows:

Item	2009		2008	
	USD'000	RMB'000	USD'000	RMB'000
1. Cash at bank and on hand				
Including: Bank deposits available on demand	19,924	136,045	62,281	425,034
Other monetary funds available on demand	240	1,635	750	5,116
2. Closing balance of cash and cash equivalents	20,164	137,680	63,031	430,150

Note:

Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

The following Company's financial information for the year ended 31 December 2010 is reproduced from the English version of the Company's 2010 annual report dated 21 March 2011.

KPMG

KPMG-C (2011) AR No. 0039

AUDITORS' REPORT

All shareholders of China International Marine Containers (Group) Co., Ltd.:

We have audited the accompanying financial statements of China International Marine Containers (Group) Co., Ltd. ("the Company"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2010, the consolidated income statement and income statement, the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity, the consolidated cash flow statement and cash flow statement for the year then ended, and notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's management is responsible for the preparation of these financial statements in accordance with China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

AUDITORS' REPORT (Continued)

KPMG-C (2011) AR No. 0039

OPINION

In our opinion, the financial statements comply with the requirements of China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and present fairly, in all material respects, the consolidated financial position and financial position of the Company as at 31 December 2010, and the consolidated results of operations and results of operations and the consolidated cash flows and cash flows of the Company for the year then ended.

KPMG Huazhen

Certified Public Accountants
Registered in the People's Republic of China

Lei Iun Mei

Beijing, the People's Republic of China

Liang Jiebing

21 March 2011

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2010

Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
		’000	’000	’000	’000
Current assets					
Cash at bank and on hand	V.1	706,511	4,655,696	771,685	5,269,217
Financial assets held for trading	V.2	79,770	525,661	16,604	113,337
Bills receivable	V.3	77,179	508,585	247,627	1,690,845
Accounts receivable	V.4	1,233,719	8,129,836	565,684	3,862,604
Prepayments	V.6	369,280	2,433,447	157,224	1,073,559
Interest receivable		718	4,732	—	—
Other receivables	V.5	339,359	2,236,272	164,537	1,123,489
Inventories	V.7	2,037,080	13,423,747	989,070	6,753,566
Non-current assets due within one year	V.8	179,902	1,185,502	57,707	394,036
Other current assets	V.9	104,410	688,030	37,292	254,677
Total current assets		5,127,928	33,791,508	3,007,430	20,535,330
Non-current assets					
Available-for-sale financial assets	V.10	116,616	768,467	172,196	1,175,785
Long-term receivables	V.11	202,780	1,336,257	145,271	991,942
Long-term equity investments	V.12	234,962	1,548,332	282,770	1,930,811
Investment property	V.13	11,739	77,356	11,073	75,606
Fixed assets	V.14	1,518,501	10,006,466	1,126,949	7,695,033
Construction in progress	V.15	257,624	1,697,664	83,956	573,269
Intangible assets	V.16	488,424	3,218,571	406,788	2,777,626
Goodwill	V.17	177,336	1,168,594	176,697	1,206,522
Long-term deferred expenses	V.18	4,246	27,978	4,469	30,513
Deferred tax assets	V.19	74,275	489,456	53,593	365,946
Total non-current assets		3,086,503	20,339,141	2,463,762	16,823,053
Total assets		8,214,431	54,130,649	5,471,192	37,358,383
Current liabilities					
Short-term loans	V.22	1,260,954	8,309,309	608,869	4,157,477
Financial liabilities held for trading	V.23	578	3,810	58	395
Bills payable	V.24	385,241	2,538,623	179,563	1,226,091
Accounts payable	V.25	1,383,599	9,117,500	653,504	4,462,255
Advances from customers	V.26	293,751	1,935,731	186,082	1,270,602
Employee benefits payable	V.27	207,222	1,365,532	119,127	813,425
Taxes payable	V.28	119,756	789,155	91,241	623,011
Interest payable	V.29	1,998	13,168	1,295	8,844
Dividends payable	V.30	2,435	16,046	4,604	31,434
Other payables	V.31	362,438	2,388,367	216,294	1,476,903
Provisions	V.32	98,574	649,573	75,687	516,801
Non-current liabilities due within one year	V.33	431,662	2,844,521	66,705	455,472
Total current liabilities		4,548,208	29,971,335	2,203,029	15,042,710

The notes on pages II–17 to II–176 form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2010 (Continued)

Item	Note	2010 USD '000	2010 RMB equivalent '000	2009 USD '000	2009 RMB equivalent '000
Non-current liabilities					
Financial liabilities held for trading	V.23	23,414	154,292	22,647	154,641
Long-term loans	V.34	593,676	3,912,148	821,382	5,608,560
Special payables	V.35	2,495	16,442	1,997	13,639
Provisions	V.32	—	—	6,060	41,381
Deferred tax liabilities	V.19	86,933	572,866	79,190	540,722
Long-term payables	V.36	18,037	118,858	—	—
Other non-current liabilities	V.37	27,013	178,008	19,053	130,099
Total non-current liabilities		751,568	4,952,614	950,329	6,489,042
Total liabilities		5,299,776	34,923,949	3,153,358	21,531,752
Shareholders' equity					
Share capital	V.38	328,872	2,662,396	328,872	2,662,396
Capital reserve	V.39	185,516	1,349,420	216,389	1,557,703
Surplus reserve	V.40	434,170	3,577,588	434,170	3,577,588
Retained earnings	V.41	1,412,800	10,689,335	1,047,547	8,229,532
Translation differences of financial statements denominated in foreign currency		100,532	(2,055,682)	52,371	(1,829,011)
Total equity attributable to shareholders of the Company		2,461,890	16,223,057	2,079,349	14,198,208
Minority interests		452,765	2,983,643	238,485	1,628,423
Total equity		2,914,655	19,206,700	2,317,834	15,826,631
Total liabilities and shareholders' equity		8,214,431	54,130,649	5,471,192	37,358,383

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages II–17 to II–176 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2010

Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
		’000	’000	’000	’000
Current assets					
Cash at bank and on hand	XII.1	63,727	419,945	93,398	637,738
Financial assets held for trading	XII.2	24,629	162,298	—	—
Dividends receivable	XII.3	643,950	4,243,437	693,576	4,735,874
Other receivables	XII.4	633,590	4,175,168	771,156	5,265,606
Bills receivable		4,704	31,000	—	—
Total current assets		1,370,600	9,031,848	1,558,130	10,639,218
Non-current assets					
Available-for-sale financial assets	XII.5	115,241	759,401	154,077	1,052,070
Long-term equity investments	XII.6	555,788	3,662,478	436,147	2,978,100
Fixed assets		21,957	144,692	19,469	132,936
Construction in progress		3,828	25,224	3,208	21,906
Intangible assets		3,507	23,109	4,576	31,249
Long-term deferred expenses		759	4,999	1,138	7,770
Total non-current assets		701,080	4,619,903	618,615	4,224,031
Total assets		2,071,680	13,651,751	2,176,745	14,863,249
Current liabilities					
Short-term loans	XII.7	72,977	480,897	94,690	646,564
Financial liabilities held for trading	XII.8	84	556	—	—
Bills payable	XII.9	30,350	200,000	—	—
Employee benefits payable	XII.10	55,886	368,275	34,019	232,286
Taxes payable	XII.11	8,966	59,080	36,439	248,814
Interest payable		838	5,522	538	3,673
Other payables		1,428	9,407	3,843	26,234
Non-current liabilities due within one year	XII.12	414,185	2,729,353	57,678	393,839
Total current liabilities		584,714	3,853,090	227,207	1,551,410

The notes on pages II–17 to II–176 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2010 (Continued)

Item	Note	2010 USD '000	2010 RMB equivalent '000	2009 USD '000	2009 RMB equivalent '000
Non-current liabilities					
Financial liabilities held for trading	XII.8	20,767	136,846	21,268	145,224
Long-term loans	XII.13	375,340	2,473,381	743,787	5,078,728
Deferred tax liabilities	XII.14	7,632	50,291	19,936	136,128
Total non-current liabilities		403,739	2,660,518	784,991	5,360,080
Total liabilities		988,453	6,513,608	1,012,198	6,911,490
Shareholders' equity					
Share capital	V.38	328,872	2,662,396	328,872	2,662,396
Capital reserve	XII.15	112,162	852,264	141,809	1,045,202
Surplus reserve	V.40	434,170	3,577,588	434,170	3,577,588
Retained earnings		208,023	1,579,889	259,696	1,932,874
Translation differences of financial statements denominated in foreign currency		—	(1,533,994)	—	(1,266,301)
Total equity		1,083,227	7,138,143	1,164,547	7,951,759
Total liabilities and shareholders' equity		2,071,680	13,651,751	2,176,745	14,863,249

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages II–17 to II–176 form part of these financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

Item		Note	2010		2009	
			USD	RMB equivalent	USD	RMB equivalent
			'000	'000	'000	'000
I.	Operating income	V.42	7,673,359	51,768,316	2,997,659	20,475,507
II.	Operating costs	V.42	6,462,286	43,597,815	2,547,655	17,401,760
	Business taxes and surcharges	V.43	11,397	76,892	7,563	51,658
	Selling and distribution expenses	V.44	185,317	1,250,243	106,536	727,693
	General and administrative expenses	V.45	405,301	2,734,364	289,303	1,976,074
	Financial expenses	V.46	99,279	669,783	19,184	131,037
	Impairment losses	V.49	40,704	274,610	57,987	396,081
	Add: Gains/(losses) from changes in fair value	V.47	34,821	234,918	(5,664)	(38,689)
	Add: Investment income	V.48	5,728	38,641	229,552	1,567,955
	Including: Income from investment in associates and jointly controlled enterprises		15,258	102,938	15,217	103,938
III.	Operating profit		509,624	3,438,168	193,319	1,320,470
	Add: Non-operating income	V.50	43,284	292,019	25,263	172,561
	Less: Non-operating expenses	V.51	8,238	55,580	4,047	27,646
	Including: Losses from disposal of non-current assets		3,046	20,551	643	4,392
IV.	Profit before income tax		544,670	3,674,607	214,535	1,465,385
	Less: Income tax expenses	V.52	122,100	823,748	56,317	384,674
V.	Net profit for the year		422,570	2,850,859	158,218	1,080,711
	Attributable to: Shareholders of the Company		444,949	3,001,851	140,394	958,967
	Minority shareholders		(22,379)	(150,992)	17,824	121,744
VI.	Earnings per share:					
	Basic earnings per share (USD/RMB)	V.53	0.17	1.13	0.05	0.36
	Diluted earnings per share (USD/RMB)	V.53	0.17	1.13	0.05	0.36
VII.	Other comprehensive income for the year	V.54	15,659	(536,354)	14,226	105,051
VIII.	Total comprehensive income for the year		438,229	2,314,505	172,444	1,185,762
	Attributable to: Shareholders of the Company		453,219	2,506,058	140,412	966,171
	Minority interests		(14,990)	(191,553)	32,032	219,591

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages II–17 to II–176 form part of these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

Item	Note	2010 USD '000	2010 RMB equivalent '000	2009 USD '000	2009 RMB equivalent '000
I. Operating income		223	1,503	188	1,284
Less: Operating costs		12	81	40	272
General and administrative expenses		46,833	315,962	18,622	127,203
Financial expenses		1,169	7,884	1,157	7,902
Add: Gains from changes in fair value	XII.16	7,214	48,668	8,787	60,020
Investment income	XII.17	26,443	178,396	248,305	1,696,049
II. Operating (loss)/profit		(14,134)	(95,360)	237,461	1,621,976
Add: Non-operating income		3,850	25,973	1,961	13,397
Less: Non-operating expenses		71	469	15,392	105,137
Including: Losses from disposal of non-current assets		1	9	73	500
III. (Loss)/profit before income tax		(10,355)	(69,856)	224,030	1,530,236
Less: Income tax expenses	XII.18	(5,389)	(36,359)	38,448	262,616
IV. Net (loss)/profit for the year		(4,966)	(33,497)	185,582	1,267,620
VI. Other comprehensive income for the year	XII.19	(33,513)	(486,714)	(10,667)	(69,270)
VII. Total comprehensive income for the year		(38,479)	(520,211)	174,915	1,198,350

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages II–17 to II–176 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
		'000	'000	'000	'000
I. Cash flows from operating activities					
Cash received from sale of goods and rendering of services		7,986,953	53,883,978	3,373,596	23,043,347
Refund of taxes		237,172	1,600,081	85,391	583,263
Cash received relating to other operating activities	V.55(1)	29,605	199,730	44,256	302,291
Sub-total of cash inflows		8,253,730	55,683,789	3,503,243	23,928,901
Cash paid for goods and services		6,972,828	47,042,184	2,547,097	17,397,946
Cash paid to and for employees		522,568	3,525,509	285,634	1,951,023
Cash paid for all types of taxes		161,778	1,091,435	149,994	1,024,534
Cash paid relating to other operating activities	V.55(2)	376,753	2,541,760	378,554	2,585,713
Sub-total of cash outflows		8,033,927	54,200,888	3,361,279	22,959,216
Net cash inflow/(outflow) from operating activities	V.56(1)	219,803	1,482,901	141,964	969,685
II. Cash flows from investing activities					
Cash received from disposal of investments		15,632	105,461	238,675	1,630,270
Cash received from return on investments		7,061	47,637	3,885	26,536
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,958	67,182	8,246	56,324
Cash received from disposal of subsidiaries		3,124	21,076	—	—
Cash received relating to other investing activities	V.55(3)	9,522	64,240	13,167	89,937
Sub-total of cash inflows		45,297	305,596	263,973	1,803,067
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		312,749	2,116,817	200,640	1,370,472
Cash paid for acquisition of investments		86,304	582,250	57,466	392,522
Cash paid for acquisition of subsidiaries	V.56(2)	50,943	336,831	5,456	37,278
Sub-total of cash outflows		449,996	3,035,898	263,562	1,800,272
Net cash (outflow)/inflow from investing activities		(404,699)	(2,730,302)	411	2,795

The notes on pages II–17 to II–176 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
		'000	'000	'000	'000
III. Cash flows from financing activities					
Cash received from investors		14,459	97,548	1,659	11,332
Including: Cash received from minority shareholders of subsidiaries		14,459	97,548	1,659	11,332
Cash received from borrowings		2,982,427	20,120,944	1,325,424	9,053,309
Cash received relating to other financing activities	V.55(4)	32,118	216,684	—	—
Sub-total of cash inflows		3,029,004	20,435,176	1,327,083	9,064,641
Cash repayments of borrowings		2,833,919	19,119,035	1,153,893	7,881,666
Cash paid for dividends, profits distribution or interest		124,321	838,732	96,938	662,135
Including: Dividends and profits paid to minority shareholders of subsidiaries		8,309	56,057	4,288	29,279
Sub-total of cash outflows		2,958,240	19,957,767	1,250,831	8,543,801
Net cash inflow from financing activities		70,764	477,409	76,252	520,840
IV. Effect of foreign exchange rate changes on cash and cash equivalents		46,519	170,882	11,709	81,030
V. Net (decrease)/increase in cash and cash equivalents	V.56(1)	(67,613)	(599,110)	230,336	1,574,350
Add: Cash and cash equivalents at the beginning of the year		643,878	4,396,525	413,542	2,822,175
VI. Cash and cash equivalents at the end of the year		576,265	3,797,415	643,878	4,396,525

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages II–17 to II–176 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
		'000	'000	'000	'000
I. Cash flows from operating activities					
Cash received relating to other operating activities and sub-total of cash inflows		1,265,075	8,533,690	1,040,621	7,107,962
Cash paid to and for employees		11,570	78,051	9,444	64,504
Cash paid for all types of taxes		32,394	218,517	24,962	170,503
Cash paid relating to other operating activities		1,144,568	7,720,814	1,114,255	7,610,919
Sub-total of cash outflows		1,188,532	8,017,382	1,148,661	7,845,926
Net cash inflow/(outflow) from operating activities	XII.20	76,543	516,308	(108,040)	(737,964)
II. Cash flows from investing activities					
Cash received from disposal of investments		12,492	84,266	236,773	1,617,278
Cash received from return on investments		70,102	472,880	72,750	496,919
Net cash received from disposal of fixed assets		15	101	11	75
Net cash received from disposal of subsidiary		2,296	15,488	—	—
Cash received relating to other investing activities		35,609	240,217	30,413	207,737
Sub-total of cash inflows		120,514	812,952	339,947	2,322,009
Cash paid for acquisition of fixed assets and other long-term assets		5,314	35,846	4,345	29,679
Cash paid for acquisition of investments		31,400	211,812	168,431	1,150,468
Cash paid for subsidiaries establishment		10,987	74,118	—	—
Sub-total of cash outflows		47,701	321,776	172,776	1,180,147
Net cash inflow from investing activities		72,813	491,176	167,171	1,141,862

The notes on pages II–17 to II–176 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

Item	Note	2010		2009	
		USD	RMB equivalent	USD	RMB equivalent
		'000	'000	'000	'000
III. Cash flows from financing activities					
Cash received from borrowings and subtotal of cash inflows		258,468	1,743,522	360,272	2,460,838
Cash repayments of borrowings		292,121	1,970,531	383,977	2,622,755
Cash paid for dividends, profits distribution or interest		72,517	489,171	78,293	534,654
Sub-total of cash outflows		364,638	2,459,702	462,270	3,157,409
Net cash outflow from financing activities		(106,170)	(716,180)	(101,998)	(696,571)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		—	(11,523)	—	203
V. Net increase/(decrease) in cash and cash equivalents	XII.20	43,186	279,781	(42,867)	(292,470)
Add: Cash and cash equivalents at the beginning of the year		20,164	137,680	63,031	430,150
VI. Cash and cash equivalents at the end of the year	XII.20	63,350	417,461	20,164	137,680

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages II–17 to II–176 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

		2010							2009						
		Attributable to shareholders of the Company							Attributable to shareholders of the Company						
Item	Note	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
I. Balance at 1 January		328,872	216,389	434,170	1,047,547	52,371	238,485	2,317,834	328,872	186,386	434,170	965,638	52,711	220,612	2,188,389
II. Changes in equity for the year															
(I) Net profit for the year		–	–	–	444,949	–	(22,379)	422,570	–	–	–	140,394	–	17,824	158,218
(II) Other comprehensive income for the year	V.54	–	(39,891)	–	–	48,161	7,389	15,659	–	358	–	–	(340)	14,208	14,226
Sub-total of (I)&(II)		–	(39,891)	–	444,949	48,161	(14,990)	438,229	–	358	–	140,394	(340)	32,032	172,444
(III) Shareholders' contributions and decrease of capital															
1. Contributions by minority shareholders		–	–	–	–	–	14,459	14,459	–	–	–	–	–	16,009	16,009
2. Acquisition of minority interests of subsidiary		–	189	–	–	–	(189)	–	–	28,862	–	–	–	(27,283)	1,579
3. Increase in minority interests resulted from acquisition of subsidiary		–	–	–	–	–	226,591	226,591	–	–	–	–	–	1,034	1,034
4. Decrease in minority interests resulted from disposal of subsidiary		–	–	–	–	–	(2,069)	(2,069)	–	–	–	–	–	–	–
5. Decrease in retained earnings resulted from acquisition of minority interests	V.41.(2)	–	–	–	(32,989)	–	(5,011)	(38,000)	–	–	–	–	–	–	–
6. Equity settled share-based payments	VII.2	–	8,829	–	–	–	1,629	10,458	–	783	–	–	–	217	1,000
(IV) Appropriation of profits															
1. Distributions to shareholders	V.41(1)	–	–	–	(46,707)	–	(6,140)	(52,847)	–	–	–	(58,485)	–	(4,136)	(62,621)
III. Balance at 31 December		328,872	185,516	434,170	1,412,800	100,532	452,765	2,914,655	328,872	216,389	434,170	1,047,547	52,371	238,485	2,317,834

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Mai Boliang Legal representative's authorised person	**Jin Jianlong** The person in charge of accounting affairs	**Jin Jianlong** The head of the accounting department	Company Stamp

The notes on pages II–17 to II–176 form part of these financial statements.

Item	Note	2010							2009						
		Attributable to shareholders of the Company							Attributable to shareholders of the Company						
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
I. Balance at 1 January		2,662,396	1,557,703	3,577,588	8,229,532	(1,829,011)	1,628,423	15,826,631	2,662,396	1,352,772	3,577,588	7,669,924	(1,833,779)	1,505,547	14,934,448
II. Changes in equity for the year															
(I) Net profit for the year		–	–	–	3,001,851	–	(150,992)	2,850,859	–	–	–	958,967	–	121,744	1,080,711
(II) Other comprehensive income for the year	V.54	–	(269,122)	–	–	(226,671)	(40,561)	(536,354)	–	2,436	–	–	4,768	97,847	105,051
Sub-total of (I)&(II)		–	(269,122)	–	3,001,851	(226,671)	(191,553)	2,314,505	–	2,436	–	958,967	4,768	219,591	1,185,762
(III) Shareholders' contributions and decrease of capital															
1. Contributions by minority shareholders		–	–	–	–	–	97,548	97,548	–	–	–	–	–	109,353	109,353
2. Acquisition of minority interests of subsidiary		–	1,274	–	–	–	(1,274)	–	–	197,148	–	–	–	(189,367)	10,781
3. Increase in minority interests resulted from acquisition of subsidiary		–	–	–	–	–	1,528,694	1,528,694	–	–	–	–	–	7,063	7,063
4. Decrease in minority interests resulted from disposal of subsidiary		–	–	–	–	–	(13,956)	(13,956)	–	–	–	–	–	–	–
5. Decrease in retained earnings resulted from acquisition of minority interest	V.41(2)	–	–	–	(222,560)	–	(33,803)	(256,363)	–	–	–	–	–	–	–
6. Increase in shareholders' equity resulted from share-based payments	VII.2	–	59,565	–	–	–	10,991	70,556	–	5,347	–	–	–	1,485	6,832
(IV) Appropriation of profits															
1. Distributions to shareholders	V.41(1)	–	–	–	(319,488)	–	(41,427)	(360,915)	–	–	–	(399,359)	–	(28,249)	(427,608)
III. Balance at 31 December		2,662,396	1,349,420	3,577,588	10,689,335	(2,055,682)	2,983,643	19,206,700	2,662,396	1,557,703	3,577,588	8,229,532	(1,829,011)	1,628,423	15,826,631

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages II–17 to II–176 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

Item	Note	2010					2009				
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Total	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
I. Balance at 1 January		328,872	141,809	434,170	259,696	1,164,547	328,872	152,476	434,170	132,599	1,048,117
II. Changes in equity for the year		—	—	—	—	—	—	—	—	—	—
(I) Net (losses)/profit for the year		—	—	—	(4,966)	(4,966)	—	—	—	185,582	185,582
(II) Other comprehensive income for the year	XII.19	—	(33,513)	—	—	(33,513)	—	(10,667)	—	—	(10,667)
Sub-total of (I)&(II)		—	(33,513)	—	(4,966)	(38,479)	—	(10,667)	—	185,582	174,915
(III) Shareholders' contributions and decrease of capital		—	—	—	—	—	—	—	—	—	—
1. Equity share-based payments	VII.2	—	3,866	—	—	3,866	—	—	—	—	—
(IV) Appropriation of profits		—	—	—	—	—	—	—	—	—	—
1. Distribution to shareholders	V.41(1)	—	—	—	(46,707)	(46,707)	—	—	—	(58,485)	(58,485)
III. Balance at 31 December		328,872	112,162	434,170	208,023	1,083,227	328,872	141,809	434,170	259,696	1,164,547

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

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Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages II–17 to II–176 form part of these financial statements.

Item	Note	2010 Share capital	2010 Capital reserve	2010 Surplus reserve	2010 Retained earnings	2010 Translation differences of financial statements denominated in foreign currency	2010 Total	2009 Share capital	2009 Capital reserve	2009 Surplus reserve	2009 Retained earnings	2009 Translation differences of financial statements denominated in foreign currency	2009 Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
I. Balance at 1 January		2,662,396	1,045,202	3,577,588	1,932,874	(1,266,301)	7,951,759	2,662,396	1,118,064	3,577,588	1,064,613	(1,269,893)	7,152,768
II. Changes in equity for the year													
(I) Net (losses)/profit for the year		—	—	—	(33,497)	—	(33,497)	—	—	—	1,267,620	—	1,267,620
(II) Other comprehensive income for the year	XII.19	—	(219,021)	—	—	(267,693)	(486,714)	—	(72,862)	—	—	3,592	(69,270)
Sub-total of (I)&(II)		—	(219,021)	—	(33,497)	(267,693)	(520,211)	—	(72,862)	—	1,267,620	3,592	1,198,350
(III) Shareholders' contributions and decrease of capital													
1. Equity share-based payments	VII.2	—	26,083	—	—	—	26,083	—	—	—	—	—	—
(IV) Appropriation of profits													
1. Distribution to shareholders	V.41 (1)	—	—	—	(319,488)	—	(319,488)	—	—	—	(399,359)	—	(399,359)
III. Balance at 31 December		2,662,396	852,264	3,577,588	1,579,889	(1,533,994)	7,138,143	2,662,396	1,045,202	3,577,588	1,932,874	(1,266,301)	7,951,759

These financial statements have been approved by the Board of Directors of the Company on 21 March 2011.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages II–17 to II–176 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of USD or RMB)

I COMPANY STATUS

China International Marine Containers (Group) Co., Ltd. (the "Company"), formerly "China International Marine Containers Co., Ltd.", was a Sino-foreign joint venture set up by China Merchants Group, the East Asiatic Company (Denmark) and Ocean Containers Inc. (USA). In December 1992, as approved by "Shen Fu Ban Fu [1992] 1736" issued by the General Office of the People's Government of Shenzhen and "Shen Ren Yin Fu Zi (1992) 261" issued by Shenzhen Special Economic Zone Branch of People's Bank of China, the Company was restructured as an incorporated company set up by directional subscription and was renamed as "China International Marine Containers Co., Ltd." by the original corporate shareholders of the Company. On 31 December 1993 and 17 January 1994 respectively, the Company issued ordinary shares denominated in Renminbi for domestic investors (A Shares) and in foreign currency for overseas investors (B Shares), and commenced trading on Shenzhen Stock Exchange, pursuant to "Shen Fu Ban Fu [1993] 925" issued by the General Office of the People's Government of Shenzhen and "Shen Zheng Ban Fu [1994] 22" issued by Shenzhen Securities Administration Office.

On 1 December 1995, as approved by the State Administration of Industry and Commerce, the Company changed its name to "China International Marine Containers (Group) Co., Ltd". Up to 31 December 2010, the share capital of the Company amounted to 2,662,396,051 shares. Please refer to Note V.38 for details of the share capital.

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are the manufacturing of modern transportation facilities, facilities for energy, food, chemistry and rendering of relative services. Detailed activities are the manufacturing and repairing of containers and other relevant business; utilizing the Group's equipment to process and manufacture various parts, structure components and relevant machines; providing cutting, punching, moulding, riveting surface treatment (including sand/paint spraying, welding and assembly) and other processing services; developing, manufacturing and selling of various high-tech and high performance special vehicles and semi-trailers; leasing of containers; developing, production and sales of high-end fuel gas equipments such as pressure container and compressor; providing integrated services for natural gas distribution; production of static container and pot-type wharf equipments and providing EP+CS (engineering procurement and construction supervision) technical service for the storage and processing of LNG, LPG and other petrochemical gases. Apart from the above, the Group is also engaged in manufacturing of logistic equipment and related services, marine projects, railway trucks production and property development, etc.

CIMC Enric Holdings Limited, the subsidiary of the Group, is listed in the Main Board of the Stock Exchange of Hong Kong Limited. The principal activities of the Group are the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance service for, a wide spectrum of transportation, storage and processing equipment that is widely used in energy, chemical and liquid food industries.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of financial reporting

The financial statements have been prepared on the basis of going concern.

2. Statement of compliance

The financial statements have been prepared in accordance with the requirements of "Accounting Standards for Business Enterprises — Basic Standard" and 38 Specific Standards issued by the Ministry of Finance (MOF) of the People's Republic of China (PRC) on 15 February 2006, and application guidance, bulletins and other relevant accounting regulations issued subsequently (collectively referred to as "Accounting Standards for Business Enterprises" or "CAS"). These financial statements present truly and completely the consolidated financial position and financial position, the consolidated results of operations and results of operations and the consolidated cash flows and cash flows of the Company.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission (CSRC) in 2010.

3. Accounting period

The accounting year of the Group is from 1 January to 31 December.

4. Functional currency

The Company's functional currency is U.S dollar, while certain domestic subsidiaries use Renminbi ("RMB") and Hong Kong and certain overseas subsidiaries use local currencies as their functional currencies. Foreign currencies are defined as currency other than functional currency. The Group determines its functional currency based on its major currency in business transactions. The financial statements are prepared using U.S dollars and presented in both U.S dollar and RMB. For subsidiaries using currencies other than U.S dollar as their functional currencies, the Company translates the financial statements of these subsidiaries into U.S dollars (see Note II.8).

5. Accounting treatments for business combinations involving enterprises under and those not under common control

(1) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, any excess is adjusted to retained earnings. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

(2) Business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where 1) the aggregate of the fair value at the acquisition date of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds 2) the acquirer's interest in the fair value at the acquisition date of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note II.18). Where 1) is less than 2), the difference is recognised in profit or loss for the current period. The costs of the issuance of equity or debt securities as a part of the consideration paid for the acquisition are included as a part of initial recognition amount of the equity or debt securities. Other acquisition-related costs arising from the business combination are recognised as expenses in the periods in which the costs are incurred. The difference between the fair value and the carrying amount of the assets transferred is recognised in profit or loss. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquirer, at the acquisition date, allocates the cost of the business combination by recognising the acquiree's identifiable asset, liabilities and contingent liabilities at their fair value at that date.

In a business combination, the acquiree's deductible temporary differences obtained by the Group are not recognised if the deductible temporary differences do not satisfy the criteria for recognition of deferred tax assets at the acquisition date. The Group recognises the relevant deferred tax assets and reduces goodwill accordingly if within 12 months of the acquisition date, new or updated information indicates that at the acquisition date, the obtained deferred tax benefit is expected to be realised in future periods. If the goodwill is insufficient to be deducted, any remaining deferred tax benefits shall be recognised in profit or loss for the current period. All other acquired deferred tax benefit shall be included in profit or loss for the current period.

6. Preparation of consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its operating activities. In assessing control, potential voting rights, such as warrants and convertible bonds, that are currently exercisable or convertible, are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. Therefore the opening balances and the comparative figures of the consolidated financial statements are restated. In the preparation of the consolidated financial statements, the subsidiary's assets, liabilities and results of operations are included in the consolidated balance sheet and the consolidated income statement, respectively, based on their carrying amount from the date that common control was established.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets, liabilities and results of operations of the subsidiaries are consolidated into consolidated financial statements from the date that control commences, base on the fair value of those identifiable assets and liabilities at the acquisition date.

For a business combination not involving enterprises under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognised as investment income for the current period; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree is reclassified as investment income for the current period.

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the minority interests are adjusted and the amount of the consideration paid or received is adjusted to the capital reserve in the consolidated balance sheet. If the credit balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

Where the Company acquired a minority interest from a subsidiary's minority shareholders before 7 August 2008, any excess of the investment cost for acquiring the minority interest over the Group's interest in the fair value of the identifiable net assets of the minority interest acquired is recognised as goodwill. Where the Company acquired a minority interest from a subsidiary's minority shareholders, the difference between the investment cost for acquiring the minority interest and the corresponding reduction of minority interest in the consolidated financial statements, is adjusted to the capital reserve in the consolidated balance sheet except for the portion that has been recognised as goodwill. If the credit balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment, the remaining equity investment is remeasured at its fair value at the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognised as investment income for the current period when control is lost. The amount recognised in other comprehensive income in relation to the former subsidiary's equity investment is reclassified as investment income for the current period when control is lost.

Minority interest is presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to minority shareholders is presented separately in the consolidated income statement below the net profit line item.

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess is allocated against the minority interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated 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.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8. Foreign currency transactions and translation of financial statements denominated in foreign currency

When the Group receives capital in foreign currencies from investors, the capital is translated to functional currency at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to functional currency at the rates that approximate the spot exchange rates at the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period or the weighted average exchange rate.

Monetary items denominated in foreign currencies are translated to functional currency at the spot exchange rate at the balance sheet date. The resulting exchange differences are recognised in profit or loss, except those arising from the principal and interest on foreign currency borrowings specifically for the purpose of acquisition, construction or production of qualifying assets (see Note II.16). Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to functional currency using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which is recognised in capital reserve.

The assets and liabilities of foreign operation are translated to functional currency at the spot exchange rates at the balance sheet date. The equity items, excluding "Retained earnings", are translated to functional currency at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to functional currency at the rates that approximate the spot exchange rates at the transaction dates. The resulting exchange differences are recognised in a separate component of equity. Upon disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

9. Financial instruments

Financial instruments include cash at bank and on hand, derivatives, investments in debt and equity securities other than long-term equity investments (see Note II.12), receivables, payables, loans and borrowings and share capital.

(1) Financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any attributable transaction costs are included in their initial costs. Subsequent to initial recognition financial assets and liabilities are measured as follows:

— Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

A financial asset or financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is a derivative, unless the derivative is a designated and effective hedging instrument, or a financial guarantee contract or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

— Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, receivables are stated at amortised cost using the effective interest method.

— Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sales and other financial assets which do not fall into any of the above categories.

An investment in equity instrument which does not have a quoted market price in an active market and whose fair value cannot be reliably measured is measured at cost subsequent to initial recognition.

Other than investments in equity instruments whose fair value cannot be measured reliably as described above, subsequent to initial recognition, other available-for-sale financial assets are measured at fair value and changes therein, except for impairment losses and foreign exchange gains and losses from monetary financial assets, which are recognised directly in profit or loss, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is removed from equity and recognised in profit or loss. Dividend income from these equity instruments is recognised in profit or loss when the investee declares the dividends.

— Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

Other financial liabilities include the liabilities arising from financial guarantee contracts. Financial guarantees are contracts that require the Group (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, subsequent to initial recognition, the guarantee is measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles of contingent liabilities (see Note II.21).

Except for the liabilities arising from financial guarantee contracts described above, subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount presented in the balance sheet when both of the following conditions are satisfied:

— the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable;

— the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(2) Determination of fair values

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price and, for a financial asset to be acquired or a financial liability assumed, it is the current asking price.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties; reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models. The Group calibrates the valuation technique and tests it for validity periodically.

(3) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

— carrying amount of the financial asset transferred;

— the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged.

(4) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided.

Objective evidences that a financial asset is impaired includes but is not limited to evidence arising from the following events:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisations;

(d) the disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(e) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;

(f) a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

For the calculation method of impairment of receivables, refer to Note II.10, The impairment of other financial assets are measured as follows:

— Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis. When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in equity is removed from equity and recognised in profit or loss even though the financial asset has not been derecognised.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

(5) Equity investments

An equity instrument is a contract that proves the ownership interest of the assets after deducting all liabilities in the Company.

The consideration received from the issuance of equity instruments net of transaction costs is recognised in share capital and capital reserve.

Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

10. Impairment of receivables

Receivables are assessed for impairment both on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable figures reflecting present economic conditions.

If, after an impairment loss has been recognised on receivables, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(a) Receivables that are individually significant and are assessed for impairment on an individual basis:

Criteria of provision for receivables that are individually significant and are assessed for impairment on an individual basis.	Individually significant receivables are the receivables with the individual amount over RMB10 million (inclusive) or accounting to 5% or more of the total receivables in the individual financial statements included in the consolidated financial statements.
Method of provision for receivables that are individually significant and are assessed for impairment on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

(b) Receivables that are individually insignificant but are assessed for impairment on an individual basis:

Criteria of provision for receivables that are individually insignificant but are assessed for impairment on an individual basis.	Within the receivables whose amounts are individually insignificant, impairment is assessed on an individual basis for the overdue receivables unpaid after collection efforts or with unique characteristics.
Method of provision for receivables that are individually insignificant but are assessed for impairment on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

(c) Receivables that are assessed for impairment on a collective group basis:

The assessment is made collectively where receivables share similar credit risk characteristics, including those having not been individually assessed as impaired.

Determination method of the group based on credit risk characteristics	Accounts receivable are divided into six groups of containers, vehicles, energy and chemistry equipment, offshore engineering, other business, and due from related parties, land lease prepayments and operating deposits according to the industry and business nature of customers and the characteristics of the receivables. As to offshore engineering groups, the relevant receivables within credit period have lower credit risk after the grouping based on credit risk characteristics according to individual credit risk assessment and historical data. No provision is provided accordingly. As to other groups like due from related parties, land lease prepayments operating deposits, and etc, if the credit risk is assessed low after grouping based on the assessment on credit risk and their historical loss experience, no impairment loss is recognised for those groups.
Group 1	Containers
Group 2	Trailers

Group 3	Tank equipments
Group 4	Other business

Methods of provision for receivables assessed on a collective group basis (based on an ageing analysis, a percentage of the total balance and others).

Containers	Provision is determined based on an ageing analysis.
Trailers	Provision is determined based on an ageing analysis.
Tank equipments	Provision is determined based on an ageing analysis.
Other business	Provision is determined based on an ageing analysis.

For the above groups, provision is made based on their respective ageing analysis follows:

	Percentage of total accounts receivable (%)			
Ageing	**Group 1**	**Group 2**	**Group 3**	**Group 4**
Within 1 year (inclusive)	5%	1.5-5%	5%	5%
1 to 2 years (inclusive)	30%	1.5-10%	30%	30%
2 to 3 years (inclusive)	100%	1.5-30%	100%	100%
Over 3 years	100%	100%	100%	100%

Note:

Aforesaid ageing group, the provision of Group 2 is determined based on natural age, while others are determined based on the overdue age.

11. Inventories

(1) Classification

Inventories include raw materials, work in progress, semi-finished goods, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

(2) Cost of inventories

Cost of inventories is calculated using the weighted average method.

(3) The underlying factors in the determination of net realisable value of inventories and the basis of provision for decline in value of inventories

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

Cost of inventories comprises all costs of purchase, costs of conversion and other costs. Inventories are initially measured at their actual cost. Borrowing costs directly related to the production of qualifying inventories are also included in the cost of inventories (see Note II.16). In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. The net realisable value of materials held for use in the production of inventories is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the quantity of inventory held to satisfy sales or service contracts is based on the contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Group, the net realisable value of the excess portion of inventories shall be based on general selling prices.

Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories.

(4) Inventory system

The Group maintains a perpetual inventory system.

(5) Amortisation of reusable material including low-value consumables and packaging materials

Reusable materials including low-value consumables and packaging materials are amortised in full when received for use. The amounts of the amortisation are included in the cost of the related assets or profit or loss.

12. Long-term equity investments

(1) Investment cost

(a) Long-term equity investments acquired through a business combination

— The initial investment cost of a long-term equity investment obtained through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity at the combination date. The difference between the initial investment cost and the carrying amounts of the consideration given is adjusted to share premium in capital reserve. If the balance of the share premium is insufficient, any excess is adjusted to retained earnings.

— For a long-term equity investment obtained through a business combination not involving enterprises under common control and achieved in stages, the initial cost comprises the carrying value of previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date. Any amounts recognised in other comprehensive income relating to the previously-held equity interest in the acquiree, are reclassified to profit or loss as investment income when the equity investment is disposed of.

— For other long-term equity investments obtained through a business combination involving enterprises not under common control, the initial investment cost represents the aggregate of the fair values of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

(b) Long-term equity investments acquired otherwise than through a business combination

— An investment in a subsidiary acquired otherwise than through a business combination is initially recognised at actual payment cost if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities, or at the value stipulated in the investment contract or agreement if an investment is contributed by shareholders.

(2) Subsequent measurement

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method. Except for cash dividends or profits distribution declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment. The investments in subsidiaries are stated in the balance sheet at cost less impairment losses.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note II. 6.

(b) Investment in jointly controlled enterprises and associates

A jointly controlled enterprise is an enterprise which operates under joint control (see Note II.12(3)) in accordance with a contractual agreement between the Group and other parties.

An associate is an enterprise over which the Group has significant influence (see Note II.12(3)).

An investment in a jointly controlled enterprise or an associate is accounted for using the equity method, unless the investment is classified as held for sale (see Note II.28).

The Group makes the following accounting treatments when using the equity method:

— Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

— After the acquisition of the investment, the Group recognises its share of the investee's profit or loss after deducting the amortisation of the debit balance of equity investment difference, which was recognised by the Group before the first-time adoption of CAS, as investment income or losses, and adjusts the carrying amount of the investment accordingly. The debit balance of the equity investment difference is amortised using the straight-line method over the period of 10 years in accordance with previous accounting standards. Once the investee declares any cash dividends or profits distributions, the carrying amount of the investment is reduced by that amount attributable to the Group.

  The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair values of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated to the extent of the Group's interest in the associates or jointly controlled enterprises. Unrealised losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

— The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate or the jointly controlled enterprise is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. Where net profits are subsequently made by the associate or jointly controlled enterprise, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

(c) Other long-term equity investments

Other long-term equity investments refer to investments where the Group does not have control, joint control or significant influence over the investees, and the investments are not quoted in an active market and their fair value cannot be reliably measured.

Such investments are initially recognised at the cost determined in accordance with the same principles as those for jointly controlled enterprises and associates, and then accounted for using the cost method. Cash dividends or profit distributions declared by subsidiaries and attributed to the Company shall be recognised as investment income, except those that have been declared but unpaid at the time of acquisition and therefore included in the price paid or the consideration.

(3) Basis for determining the existence of joint control or significant influence over an investee

Joint control is the contractual agreed sharing of control over an investee's economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control. The following evidences shall be considered when determining whether the Group can exercise joint control over an investee:

- no single venturer is in a position to control the operating activities unilaterally;
- operating decisions relating to the investee's economic activity require the unanimous consent of the parties sharing the control;

- if the parties sharing the control appoint one venturer as the operator or manager of the joint venture through the contractual arrangement, the operator must act within the financial and operating policies that have been agreed by the venturers in accordance with the contractual arrangement.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not control or joint control over those policies. The following one or more evidences shall be considered when determining whether the Group can exercise significant influence over an investee:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes;
- material transactions between the investor and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

(4) Method of impairment testing and measuring

For the method of impairment testing and measuring for subsidiaries, jointly controlled enterprises and associates, refer to Note II.20.

For other long-term equity investments, the carrying amount is required to be tested for impairment at the balance sheet date. If there is objective evidence that the investments may be impaired, the impairment shall be assessed on an individual basis. The impairment loss is measured as the amount by which the carrying amount of the investment exceeds the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and recognised in profit or loss. Such impairment loss is not reversed. The other long-term equity investments are stated at cost less impairment losses in the balance sheet.

13. Investment property

Investment property is a property held either to earn rental income or for capital appreciation or for both. Investment property is accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment. Investment property is depreciated or amortised using the straight line method over its estimated useful life, unless the investment property is classified as held for sale (see Note II.28). For the method of impairment testing and measuring, refer to Note II.20.

The useful lives and estimated residual values of each class of investment property are as follows:

	Useful life	Residual value rate	Depreciation/ Amortisation rate
Land use rights	29–50 years	—	2%–3.4%
Plant and buildings	20–30 years	10%	3–4.5%

14. Fixed assets

(1) Recognition

Fixed assets represent the tangible assets held by the Group for use in the production of goods or supply of services, for rental to others or for operation and administrative purposes with useful lives over one year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note II.15.

Where parts of an item of fixed asset have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

The subsequent costs including the cost of replacing part of an item of fixed assets are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation

Fixed assets are depreciated using the straight-line method over their estimated useful lives, unless the fixed asset is classified as held for sale (see Note II.28). The depreciation period and estimated residual value of each class of fixed assets are as follows:

Classes	Period (years)	Residual value rate	Depreciation rate
Plants and buildings	20–30 years	10%	3–4.5%
Machinery and equipment	10–12 years	10%	7.5–9%
Office and other equipment	3–5 years	10%	18%
Motor vehicles	5 years	10%	18%
Dock, wharf	50 years	10%	1.8%
Offshore engineering equipment	15–30 years	10%	3%–6%

Useful lives, residual values and depreciation methods are reviewed at least each year-end.

(3) For the method of impairment testing and measuring, refer to Note II.20.

(4) Criteria of recognition and method of measuring for fixed assets under a finance lease

For criteria of recognition and method of measuring for fixed assets under a finance lease, refer to Note II 27(3).

(5) Disposal

The carrying amount of a fixed asset shall be derecognised:

- on disposal; or
- when no future economic benefits are expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset 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.

15. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note II.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is included in construction in progress before it is transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the balance sheet at cost less impairment losses (see Note II.20).

16. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset.

Except for the above, other borrowing costs are recognised as financial expenses in the income statement when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

— Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

— Where funds are borrowed generally and used for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense in the period in which they are incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Capitalisation of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally and the interruption lasts over three months.

17. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II.20). For an intangible asset with finite useful life, its cost less residual value and impairment loss is amortised on the straight-line method or other more appropriate methods that can reflect the pattern in which the asset's economic benefits are expected to be realised over its estimated useful life, unless the intangible asset is classified as held for sale (see Note II.28).

The respective amortisation periods for such intangible assets are as follows:

	Amortisation periods (years)
Land use rights	20–50
Maritime space use rights	40–50
Technological know-how and trademarks	5–10
Timber concession rights	20
Customer base	8
Customer contracts	3–4

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

Expenditures on an internal research and development project are classified into expenditures on the research phase and expenditures on the development phase. Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products or processes before the start of commercial production or use.

Expenditures on research phase are recognised in profit or loss when incurred. Expenditures on development phase are capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete development. Capitalised development costs are stated at cost less impairment losses (see Note II.20). Other development expenditures are recognised as expenses in the period in which they are incurred.

18. Goodwill

Goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination involving entities not under common control.

Goodwill is not amortised and is stated at cost less accumulated impairment losses (see Note II.20). On disposal of an asset group or a set of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

19. Long-term deferred expense

Long-term deferred expenses are amortised on a straight-line method within the beneficial period. The respective amortisation periods for such expenses are as follows:

Item	Amortisation period
Water and electricity capacity enlargement expenses	5–10 years
Rental	2–10 years
Others	5–10 years

20. Impairment of assets other than inventories, financial assets and other long-term investments

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

— fixed assets

— construction in progress

— intangible assets

— investment property measured using a cost model

— long-term equity investments in subsidiaries, associates and jointly controlled entities

— goodwill

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment or not. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset, asset group or set of asset groups is the higher of its fair value less costs to sell and its present value of expected future cash flows.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the result of the recoverable amount calculating indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current period. A provision for impairment loss of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount of an impaired asset will not be reduced below the highest of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

21. Provisions and contingent liabilities

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

In terms of a possible obligation resulting from a past transaction or event, whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

22. Share-based payments

(1) Classification

Share-based payments transactions in the Group are equity-settled share-based payments.

(2) Method to determine the fair value of equity instruments

Fair value of stock option is estimated based on binomial lattice model. Contract term of the stock option is used as the input variable of this model. And the binomial lattice model includes estimation of early execution of the option. The following factors are taken into account when using the binomial lattice model: (1) exercise price of the option; (2) vesting period; (3) current price of basic stocks; (4) expected fluctuation of stocks; (5) expected dividends of stocks; (6) risk-free rate within the option term.

(3) Basis of the best estimate of the number of equity instruments expected to vest

At each balance sheet date during the vesting period, the Group makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the estimate shall be equal to the number of equity instruments that ultimately vested.

(4) Accounting treatment for share-based payment

— equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. Based on the best estimation, the Group recognises the services received for the current period as related costs or expenses, with a corresponding increase in capital reserve, at an amount equal to the fair value of the equity instruments at the grant date.

For share-based payment transactions among entities within the group of companies (comprising the ultimate parent of the Group and all of its subsidiaries), the Group receiving services recognises the transaction as an equity-settled share-based payment transaction when the Group has no obligation to settle the transaction.

23. Revenue recognition

Revenue is the gross inflow of economic benefit in the periods arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met:

(1) Sale of goods

Revenue from sale of goods is recognised when all of the general conditions stated above and following conditions are satisfied:

— The significant risks and rewards of ownership of goods have been transferred to the buyer.

— The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the considerations received or receivable under the sales contract or agreement.

(2) Rendering of services

Revenue from rendering of services is measured at the fair value of the considerations received or receivable under the contract or agreement.

At the balance sheet date, where outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised in the income statement by reference to the stage of completion of the transaction based on the progress of work performed.

Where outcome of rendering of services cannot be estimated reliably, if the costs incurred are expected to be recoverable, revenues are recognised to the extent that the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; if the costs incurred are not expected to be recoverable, the costs incurred are recognised in profit or loss and no service revenue is recognised.

(3) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognised at the balance sheet date using the percentage of completion method.

The stage of completion of a contract is determined based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably:

— If the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred;

— If the contract costs cannot be recovered, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

Construction contract revenue includes initial revenue stipulated by contract and increased amount generated by contract alteration.

Increased amount cannot be recognized as contract revenue unless the following contract alteration terms are all satisfied:

— Client accepts and confirms the increased amount generated by contract alteration;

— Increased amount can be reliably measured.

Contract anticipated loss is recognised when estimated total construction contract cost exceeds contract revenue. Provision should be made for contract anticipated loss and charged into profit and losses for the current period.

(4) *Interest income*

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

24. Employee benefits

Employee benefits are all forms of considerations given and other relevant expenditures incurred in exchange for services rendered by employees. Except for termination benefits, employee benefits are recognised as a liability in the period in which the associated services are rendered by employees, with a corresponding increase in cost of relevant assets or expenses in the current period.

(1) *Pension benefits*

Pursuant to the relevant laws and regulations of the PRC, the Group has joined a basic pension insurance for the employees arranged by local Labour and Social Security Bureaus. The Group makes contributions to the pension insurance at the applicable rates based on the amounts stipulated by the government organisation. The contributions are capitalised as part of the cost of assets or charged to profit or loss on an accrual basis. When employees retire, the local Labour and Social Security Bureaus are responsible for the payment of the basic pension benefits to the retired employees. The Group does not have any other obligations in this respect.

(2) *Housing fund and other social insurances*

Besides the pension benefits, pursuant to the relevant laws and regulations of the PRC, the Group has joined defined social security contributions for employees, such as a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes contributions to the housing fund and other social insurances mentioned above at the applicable rate(s) based on the employees' salaries. The contributions are recognised as cost of assets or charged to profit or loss on an accrual basis.

(3) *Termination benefits*

When the Group terminates the employment relationship with employees before the employment contracts have expired, or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision for the termination benefits provided, is recognised in profit or loss when both of the following conditions have been satisfied:

— The Group has a formal plan for the termination of employment or has made an offer to employees for voluntary redundancy, which will be implemented shortly;

— The Group is not allowed to withdraw from termination plan or redundancy offer unilaterally.

25. Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at no consideration except for the capital contribution from the government as an investor in the Group. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital contributions, and not regarded as government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the subsequent periods is recognised initially as deferred income and recognised in profit or loss in the same periods in which the expenses are recognised. A grant that compensates the Group for expenses incurred is recognised in profit or loss immediately.

26. Deferred taxed assets and liabilities

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, which include the deductible losses and tax credits carry forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is recovered or the liability is settled in accordance with tax laws.

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

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

— the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities, and

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

27. Operating and finance leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred or not. An operating lease is a lease other than a finance lease.

(1) Operating lease charges

Rental payments under operating leases are recognised as costs or expenses on a straight-line basis over the lease term.

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment property (see Note II.13) are depreciated in accordance with the Group's depreciation policies described in Note II.14(2). Impairment losses are provided for in accordance with the accounting policy described in Note II.20. Other leased out assets under operating leases are amortised using the straight-line method. Income derived from operating leases is recognised in the income statement using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(3) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair values and the present value of the minimum lease payments, each determined at the inception of the lease. The minimum lease payments are recorded as long-term payables. The difference between the value of the leased assets and the minimum lease payments is recognised as unrecognised finance charges. Initial direct costs that are attributable to a finance lease incurred by the Group are added to the amounts recognised for the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes II.14(2) and II.20, respectively.

If there is a reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charge under finance lease is amortised using an effective interest method over the lease term. The amortisation is accounted for in accordance with policies of borrowing costs (see Note II.16).

At the balance sheet date, long-term payables arising from finance leases, net of the unrecognised finance charges, are presented as long-term payables and non-current liabilities due within one year, respectively in the balance sheet.

(4) Assets leased out under finance leases

The Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable. The difference between the aggregate of the minimum lease receipts, the initial direct costs, and the aggregate of their present values is recognised as unearned finance income.

Unearned finance income is allocated to each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivables, net of unearned finance income, are presented as long-term receivables or non-current assets due within one year, respectively in the balance sheet.

The Group makes provision for impairment losses of finance lease receivables (see Note II.10).

The unguaranteed residual values are reviewed at least each year-end. Any excess of the carrying amount of the unguaranteed residual values over their estimated recoverable amounts is recognised as impairment loss. If there is an indication that there has been a change in the factors used to determine the provision for impairment and as a result the estimated recoverable amount of the unguaranteed residual values is greater than its carrying amount, the impairment loss recognised in prior years is reversed. Reversals of impairment losses are recognised in the income statement.

28. Assets held for sale

A held-for-sale asset is classified as held for sale when the Group has made a decision and signed a non-cancellable agreement on the transfer of the asset with the transferee, and the transfer is expected to be completed within one year. Such non-current assets may be fixed assets, intangible assets, and investment property subsequently measured using the cost model, long-term equity investment etc. but not include deferred tax assets. Non-current assets held for sale are stated at the lower of carrying amount and net realisable value. Any excess of the carrying amount over the net realisable value is recognised as impairment loss. At balance sheet date, non-current assets held for sale are still presented under corresponding asset classification as they were.

29. Hedge accounting

Hedge accounting is a method which recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item in the same accounting period(s).

Hedged items are the items that expose the Group to risks of changes in fair value or future cash flows and that are designated as being hedged. The Group's hedged item include a forecast transaction that is settled with a fixed amount of foreign currency and expose the Group to foreign currency risk.

A hedging instrument is a designated derivative whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, a non-derivative financial asset or non-derivative financial liability may also be used as a hedging instrument.

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it has been highly effective throughout the accounting periods for which the hedging relationship was designated. A hedge is regarded as highly effective if both of the following conditions are satisfied:

— at the inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;

— the actual results of offsetting are within a range of 80% to 125%.

— Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholders' equity as a separate component. That effective portion is adjusted to the lesser of the following in absolute amounts:

— the cumulative gain or loss on the hedging instrument from inception of the hedge;

— the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge is recognised in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is removed from equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, the Group will discontinue the hedge accounting treatments prospectively. In this case, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall not be reclassified into profit or loss and is recognised in accordance with the above policy when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall be reclassified into profit or loss immediately.

30. Dividends appropriated to investors

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date, are not recognised as a liability at the balance sheet date but disclosed in the notes separately.

31. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

(a) the Company's parent;

(b) the Company's subsidiaries;

(c) enterprises that are controlled by the Company's parent;

(d) investors that have joint control or exercise significant influence over the Group;

(e) enterprises or individuals if a party has control, joint control over both the enterprises or individuals and the Group;

(f) joint ventures of the Group, including subsidiaries of joint ventures;

(g) associates of the Group, including subsidiaries of associates;

(h) principal individual investors of the Group and close family members of such individuals;

(i) key management personnel of the Group and close family members of such individuals;

(j) key management personnel of the Company's parent;

(k) close family members of key management personnel of the Company's parent; and

(l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.

Besides the related parties stated above determined in accordance with the requirements of CAS, the following enterprises and individuals are considered as (but not restricted to) related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC:

(m) enterprises or persons that act in concert that hold 5% or more of the Company's shares;

(n) individuals and close family members of such individuals who directly or indirectly hold 5% or more of the Company's shares, supervisors for listed companies and their close family members;

(o) enterprises that satisfy any of the aforesaid conditions in (a), (c) and (m) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement;

(p) individuals who satisfy any of the aforesaid conditions in (i), (j) and (n) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement; and

(q) enterprises, other than the Company and subsidiaries controlled by the Company, which are controlled directly or indirectly by an individual defined in (i), (j), (n) or (p), or in which such an individual assumes the position of a director or senior executive.

32. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following conditions:

— It engages in business activities from which it may earn revenues and incur expenses;

— Its operating results are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance;

— The Group is able to obtain its financial information regarding financial position, results of operations and cash flows, etc..

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and are same or similar in respect of the following aspects:

— the nature of each product and service;

— the nature of production processes;

— the type or class of customers for the products and services;

— the methods used to distribute the products or provide the services;

— the legal and regulatory impact on manufacturing of products and rendering of services.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

33. Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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.

Notes V.17, VII and XI.3 contain information about the assumptions and their risk factors relating to impairment of goodwill, share-based payments and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(1) Impairment of receivables

As described in Note II.10, receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is an indication that there has been a change in the factors used to determine the provision for impairment, the impairment loss recognised in prior years is reversed.

(2) Impairment of other assets excluding inventories, financial assets and other long-term equity investments

As described in Note II.20, other assets excluding inventories, financial assets and other long-term equity investments are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, impairment loss is provided.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumption.

(3) Depreciation and amortisation

As described in Note II.13, 14 and 17, investment property, fixed assets and intangible assets are depreciated and amortised using the straight-line method over their useful lives after taking into account residual value. The useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation is revised.

(4) Warranty provisions

As described in V.32, the Group makes provisions under the warranties it gives on sale of its products taking into account the group's recent claim experience. Any increase or decrease in the provision will affect profit or loss in future years.

(5) Impairment of inventories

As described in Note II.11, inventories are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. For inventories with committed sales orders or active market, the Group estimates the new realisable value with reference to the selling prices set out in the committed sales orders or in the active market. For inventories without committed sales orders or active market, the Group carefully estimates the new realisable value based on available information and reasonable and supportive assumptions on expected selling prices, manufacturing costs, selling expenses, sales tax and etc.

(6) Functional currency

As described in the Note II.4, the Group determines its functional currencies based on the major currencies in business transactions. Since most revenue of the Group's subsidiaries within the container segment is denominated in US dollars, these subsidiaries choose US dollars as their functional currencies. The subsidiaries in the Trailers segment choose RMB as their functional currencies as their main revenue is denominated in RMB. If there is an indication that there has been a change in the factors used to determine the functional currency, the functional currency will be changed accordingly.

(7) Construction contract

As described in Note II.23, contract revenue and contract profit are recognised based on the stage of completion of a contract which is determined with reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Where a contract is completed to certain extent and its contract revenue and contract expenses to completion can be reliably measured, the Group estimates contract revenue and contract expenses with reference to its recent construction experience and the nature of the construction contracts. For a contract that is not completed to certain extent, contract revenue recognised and disclosed in the financial statements does not include the profit margin that might be realised by the Group in the future. Further, at the balance sheet date, actual total contract revenue and total contract cost may be higher or lower than the estimated total contract revenue and total contract cost and any change of estimated total contract revenue and total contract cost may have financial impact on future profit or loss.

(8) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

34. Changes in accounting policies and their effects

(1) Changes in accounting policies

In accordance with CAS Bulletion No.4, which was newly issued by the Ministry of Finance in 2010, the Group changed the following significant accounting policies:

Description of and reasons for changes in accounting policies	Note	Approval procedure	Affected items in consolidated financial statements	Effects of new policy
				USD'000
Accounting treatment for the expenditure of the acquirer in business combinations not involving enterprises under common control.	(a)	Required by standards	General and administrative expenses	3,493
Accounting treatment at the acquisition date for the previously-held equity interests in an acquiree which was acquired through business combinations not involving enterprises under common control and achieved in stages.	(b)	Required by standards	Goodwill and investment loss	21,375
The excess of loss for the current period attributable to the minority shareholders in a subsidiary over the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary in the consolidated financial statements	(c)	Required by standards	Minority interest	2,052

Note:

(a) Accounting treatment for the expenditure of the acquirer in business combinations not involving enterprises under common control.

Before 1 January 2010, the Group, as the acquirer, in a business combination not involving enterprises under common control accounted for acquisition-related costs (excluding transaction costs of the issuance of equity or debt securities, same as below) as a part of cost of acquisition. Since 1 January 2010, the Group accounts for these acquisition-related costs as expenses in the periods in which the costs are incurred.

The above change in accounting policy is with effect from 1 January 2010, and no retrospective adjustment has been made by the Group.

In the current accounting year, the Group accounted for acquisition-related costs of USD3,493,000 equivalent to RMB23,566,000 as general and administrative expenses.

(b) Accounting treatment at the acquisition date for the previously-held equity interests in an acquiree which was acquired through business combinations not involving enterprises under common control and achieved in stages.

Before 1 January 2010, for a business combination not involving enterprises under common control and achieved in stages, the Group adjusted the carrying value of its previously-held equity interest in the acquiree at the acquisition date, which was accounted for using the equity method before the acquisition date, to its initial cost.

As of 1 January 2010, in the Company's separate financial statements, the initial cost of such investment comprises the carrying value of previously-held equity investments in an acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date. Any amounts recognised in other comprehensive income relating to the previously-held equity interest in the acquiree, are reclassified in profit or loss as investment income when the equity investment is disposed of. In the consolidated financial statements, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount are recognised as investment income for the current period; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree is reclassified as investment income for the current period.

The above change in accounting policy is with effect from 1 January 2010, and no retrospective adjustment has been made by the Group.

The change of accounting policy had no effect on the Company's separate financial statements. In the consolidated financial statements, as the effect of the change of this accounting policy, the group reversed the goodwill of USD39,182,000 (RMB267,945,000) arising from the previously-held equity interest in the acquiree accounted for using equity method before the acquisition date. In addition, after deducting the effect of the Group's share of profit in the investee after the acquisition of the investment, the Group recognised the gain from the change of USD17,807,000 (RMB123,739,000) in fair value of the previously-held invest in the acquiree between the acquisition date and the date of the acquisition of the previously-held investment. The net effect of the above accounting treatment resulted in the increase of investment loss of USD21,375,000 (RMB144,206,000) in the current year.

(c) The excess of loss for the current period attributable to the minority shareholders in a subsidiary over the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary in the consolidated financial statements.

Before 1 January 2010, in the consolidated financial statements, where losses attributable to the minority shareholders of a subsidiary exceed the minority shareholders' interest in the opening balance of equity of the subsidiary, the excess, and any further losses attributable to the minority shareholders, are allocated against the equity attributable to the Company except to the extent that the minority shareholders have a binding obligation under the Articles of Association or a contract and are able to make additional investment to cover the losses. From 1 January 2010, when the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excesses allocated to the minority interest.

According to this change in accounting policies, the Company should increase the opening balance of retained earnings by USD2,052,000 (equivalent to RMB14,011,000) and decrease the minority interests accordingly in the Company's consolidated financial statements. The Group made no retrospective adjustments for the above change in the accounting policy since the effect was insignificant. The excess of loss for previous periods attributable to the minority shareholders in a subsidiary was recognised in the share of profit by minority shareholders in the current year and minority shareholders' equity was decreased in the consolidated financial statement.

III. TAXATION

1. Main taxes and taxes rates

Types of tax	Taxable base	Tax rate
Value added tax (VAT)	The output VAT calculated based on taxable income from sales of goods and rendering of service, after subtracting the deductable input VAT of the period, is VAT payable	17%
Business tax	Taxable operating income	3%–5%
Urban maintenance and construction tax	Business tax payable and VAT payable	5%–7%
Income tax	Taxable income	Note 1
The Netherlands/Australia service tax	Calculated based on revenue arising from sales of goods and rendering of service, less deductible or refundable taxes for purchase of goods	10–19%

Note 1:

The income tax rates applicable to the Group for the year are as follows:

	2010	2009
The Company	22%	20%
Domestic subsidiaries	10%–25%	0–25%
Subsidiaries registered in Hong Kong	16.5%	16.5%
Subsidiaries registered in British Virgin Islands	—	—
Subsidiary registered in Suriname	36%	36%
Subsidiary registered in Cambodia	20%	20%
Subsidiary registered in US	15–35%	15–35%
Subsidiary registered in Germany	31.6%	31.6%
Subsidiary registered in Britain	28%	28%
Subsidiary registered in Australia	30%	30%
Subsidiary registered in the Netherlands	25.5%	25.5%
Subsidiary registered in Belgium	34%	34%
Subsidiary registered in Denmark	28%	28%
Subsidiary registered in Finland	26%	26%
Subsidiary registered in Poland	19%	19%
Subsidiary registered in Thailand	30%	30%
Subsidiary registered in Singapore	17%	Not applicable

2. Tax preference

The Group's subsidiaries that are entitled to preferential tax treatments are as follows:

	Name of enterprises	Local statutory tax rate	Preferential rate	Reasons
1	Shenzhen CIMC – Tianda Airport Support Co., Ltd	22%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate in 2010
2	Shanghai CIMC Yangshan Logistics Equipment Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
3	Tianjin CIMC Special Vehicle Co., Ltd	22%	11%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
4	CIMC SHAC (Xi'An) Special Vehicle Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
5	Gansu CIMC Huajun Vehicle Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the fourth profit making year
6	Jiaxing CIMC Wood Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the fifth profit making year
7	Ianermongolia Holonbuir CIMC Wood Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
8	Tianjin CIMC Logistics Equipments Co., Ltd.	22%	11%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the fifth profit making year
9	Tianjin CIMC Containers Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year

Name of enterprises		Local statutory tax rate	Preferential rate	Reasons
10	Taicang CIMC Containers Co., Ltd . . .	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the fifth profit making year
11	Shanghai CIMC Yangshan Container Service Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
12	Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the fifth profit making year
13	Zhumadian CIMC Huajun Vehicle Co., Ltd.	25%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate in 2010
14	Yangzhou Tonglee Reefer Equipment Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2010 is the fourth profit making year
15	Yangzhou Tonglee Reefer Container Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2010 is the third profit making year
16	Yangzhou CIMC Tonghua Tank Equipment Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2010 is the third profit making year
17	Enric (Bengbu) Compressor Co., Ltd . .	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate in 2009
18	Shanghai CIMC Reefer Containers Co., Ltd.	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate in 2009
19	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. . . .	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate in 2009

Name of enterprises		Local statutory tax rate	Preferential rate	Reasons
20	Wuhu CIMC RuiJiang Automobile Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate in 2009
21	CIMC Vehicle (Liaoning) Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
22	Chongqing CIMC Logistics Equipments Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2010 is the third profit making year
23	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate in 2009
24	Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate in 2009
25	Enric (Lang fang)Energy Equipment integration Co., Ltd.	25%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate in 2010
26	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate in 2009

Corporate income tax law of the PRC ("New Tax Law") became effective on 1 January 2008. The statutory income tax rate for the Company and its domestic subsidiaries will be 25%. According to the Notice for Transitional Preferential Tax Policies of Enterprise, Income Tax Law (Guo Fa [2007] No. 39) issued by the State Council, the tax rate for the companies which were previously entitled to preferential tax rates will gradually transition to the statutory tax rate of 25% within 5 years. The tax rate for the enterprises which are entitled to preferential tax rate of 15% will be 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012; the tax rate for the enterprises whose applicable tax rates were 24% and above or equal to 25% will be 25% starting from 2008.

Effective from 1 January 2008, the companies which are previously entitled to tax holidays of "two-year exemption and three-year reduction" and "one-year exemption and two-year reduction" will continue to enjoy the tax holidays until their expirations. The reduced tax rates will be based on the applicable tax rate in the transitional period. The applicable tax rate will be the statutory tax rate after the expirations of tax holidays.

On 6 December 2007, State Council of People's Republic of China promulgated detailed implementation rules of the New Tax Law. According to the implementation rules started from 1 January 2008, a withholding tax is applied on dividends distributed by foreign-invested enterprises to Hong Kong or other overseas investors with a tax rate of 5% or 10%, respectively. Therefore, at 31 December 2010, temporary difference caused by the Group's subsidiaries' undistributed profits amounted to USD377,864,000 (RMB2,490,010,000). Accordingly, deferred tax liabilities amounting to USD28,410,000 (RMB187,213,000) were recognised by the Group at year end.

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

1. Company status of investment in subsidiaries

All subsidiaries of the Group were established or acquired through combination not under common control. There is no acquisition of subsidiaries through combination under common control.

In the reporting period, the number of companies included in the scope of consolidation added up to 239. Except for the subsidiaries listed as below, the number of other subsidiaries held by the Group was 104, with paid-in capital amounting to USD111,255,000. Other subsidiaries mainly included those engaged in manufacturing or service provision, which have relatively small scale of operation and the paid-in capital was below RMB20 million or USD3 million. Other subsidiaries also included those investment holding companies with no operating activities registered in Hong Kong, British Virgin Islands or other overseas countries.

(1) Subsidiaries obtained through establishment or business combination

(i) Domestic subsidiaries:

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency					
												USD'000	USD'000
1	Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (SCIMC)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture, repair and sale of container, container stockpiling business	USD	16,600,000.00	100.00%	100.00%	Yes	—	—
2	Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd. (SCIMCEL)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture and repair of container design and manufacture of new-style special road and port mechanical equipment;	USD	16,600,000.00	100.00%	100.00%	Yes	—	—
3	Xinhui CIMC Container Co., Ltd. (XHCIMC)	Corporation	Guangdong, China	USD	24,000,000.00	Manufacture, repair and sale of containers	USD	16,800,000.00	70.00%	70.00%	Yes	7,358	—
4	Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	Corporation	Jiangsu, China	USD	7,700,000.00	Manufacture, repair and sale of containers	USD	5,467,000.00	71.00%	71.00%	Yes	7,452	—
5	Tianjin CIMC Containers Co., Ltd. (TJCIMC)	Corporation	Tianjin, China	USD	23,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	23,000,000.00	100.00%	100.00%	Yes	—	—
6	Dalian CIMC Containers Co., Ltd. (DLCIMC)	Corporation	Dalian, China	USD	17,400,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	17,400,000.00	100.00%	100.00%	Yes	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
7	Ningbo CIMC Logistics Equipment Co., Ltd. (NBCIMC)	Corporation	Ningbo, China	USD	15,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	15,000,000.00	100.00%	100.00%	Yes	—	—
8	Taicang CIMC Containers Co., Ltd. (TCCIMC)	Corporation	Jiangsu, China	USD	40,000,000.00	Manufacture and repair of container	USD	40,000,000.00	100.00%	100.00%	Yes	—	—
9	Yangzhou Runyang Logistics Equipments Co., Ltd. (YZRYL)	Corporation	Jiangsu, China	USD	5,000,000.00	Manufacture, repair and sale of container	USD	5,000,000.00	100.00%	100.00%	Yes	—	—
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. (SHYSLE)	Corporation	Shanghai, China	USD	20,000,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	20,000,000.00	100.00%	100.00%	Yes	—	—
11	Shanghai CIMC Reefer Containers Co., Ltd. (SCRC)	Corporation	Shanghai, China	USD	31,000,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat Preservation car	USD	28,520,000.00	92.00%	92.00%	Yes	7,171	—
12	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	Corporation	Jiangsu, China	USD	10,000,000.00	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	USD	7,100,000.00	71.00%	71.00%	Yes	3,606	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
13	Xinhui CIMC Special Transportation Equipment Co., Ltd. (XHCIMCS)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts; providing leasing and maintenance service	USD	16,600,000.00	100.00%	100.00%	Yes	—	—
14	Nantong CIMC Tank Equipment Co., Ltd (NTCIMCT)	Corporation	Jiangsu, China	USD	25,000,000.00	Manufacture and sale of various container, semi-finished container relevant components and parts	USD	25,000,000.00	78.22%	100.00%	Yes	Note 1	—
15	Dalian CIMC Railway Equipment Co., Ltd (DLCIMCS)	Corporation	Liaoning, China	USD	20,000,000.00	Design, manufacture and sale of various railway freight equipment products such as railway container flat car, open wagon and hopper wagon	USD	20,000,000.00	100.00%	100.00%	Yes	—	—
16	Nantong CIMC Large-sized Tank Co., Ltd..	Corporation	Jiangsu, China	USD	33,000,000.00	Design, production and sale of tank relevant parts; undertaking tank-related general contracting projects	USD	29,370,000.00	100.00%	100.00%	Yes	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
17	Shenzhen CIMC Special Vehicle Co., Ltd. (CIMCSV)	Corporation	Guangdong, China	RMB	200,000,000.00	Development, production and sales of various special-use vehicles, as well as relevant components and parts	RMB	160,000,000.00	80.00%	100.00%	Yes	Note 6	—
18	Qingdao CIMC Special Vehicle Co., Ltd. (QDSV)	Corporation	Shandong, China	RMB	62,880,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	RMB	55,875,168.00	88.86%	100.00%	Yes	Note 6	—
19	Yangzhou CIMC Tonghua Tank Equipment Co., Ltd. (YZTHT)	Corporation	Jiangsu, China	USD	17,500,000.00	Development and production of various trailer, special-use vehicles and tank equipment as well as components and parts	USD	14,000,000.00	80.00%	100.00%	Yes	Note 6	—
20	Shanghai CIMC Vehicle Logistics Equipments Co., Ltd. (SHL)	Corporation	Shanghai, China	RMB	90,204,082.00	Development, construction, operation leasing, sales of warehousing and auxiliary facilities; property	RMB	72,163,265.60	80.00%	100.00%	Yes	Note 6	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
21	Beijing CIMC Vehicle Logistics Equipments Co., Ltd. (BJVL) . . .	Corporation	Beijing, China	RMB	20,000,000.00	Construction and operation of auxiliary warehousing equipments management and relevant service	RMB	16,000,000.00	80.00%	100.00%	Yes	Note 6	—
22	CIMC Vehicle (Liaoning) Co., Ltd. (LNVS)	Corporation	Liaoning, China	RMB	40,000,000.00	Development and production of various trailer, special-use vehicles as well as components and parts	RMB	32,000,000.00	80.00%	100.00%	Yes	Note 6	—
23	Tianjin CIMC Special Vehicles Co., Ltd. (TJXV)	Corporation	Tianjin, China	RMB	30,000,000.00	Production and sales of box car, mechanical products, metal structure member; relevant advisory service	RMB	24,000,000.00	80.00%	100.00%	Yes	Note 6	—
24	CIMC–SHAC (Xi'An) Special Vehicle Co., Ltd. (XASV)	Corporation	Xi'An, China	RMB	50,000,000.00	Development and production of various trailer, special vehicle and the components and parts; providing relevant technical service	RMB	30,000,000.00	60.00%	75.00%	Yes	Note 6	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
25	Gansu CIMC Huajun Vehicle Co., Ltd. (GSHJ).	Corporation	Gansu, China	RMB	25,000,000.00	Refitting of special vehicles, manufacture of trailer and fittings as well automobile fittings; sales of relevant materials	RMB	15,000,000.00	80.00%	100.00%	Yes	Note 6	—
26	Xinhui CIMC Composite Material Manufacture CO., LTD (XHCM)	Corporation	Guangdong, China	USD	16,000,000.00	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	USD	12,800,000.00	80.00%	100.00%	Yes	Note 6	—
27	Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)	Corporation	Shandong, China	RMB	137,930,000.00	Development, manufacture, sales and service for garbage treatment truck and the components and parts	RMB	56,275,440.00	40.80%	51.00%	Yes	Note 6	—
28	Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	Corporation	Shanghai, China	RMB	30,000,000.00	Development and production of box trailer, box car as well as relevant mechanical products	RMB	24,663,000.00	82.21%	100.00%	Yes	Note 6	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
29	CIMC Financing and Leasing Co., Ltd. (CIMCVL)	Corporation	Guangdong, China	USD	20,000,000.00	Finance lease business; disposal and maintenance for residual value of leased property; advisory and warranty for leasing transaction	RMB	20,000,000.00	100.00%	100.00%	Yes	—	—
30	Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV) . . .	Corporation	Shandong, China	USD	25,000,000.00	Manufacture and sales of various refrigeration, heat preservation and other transport equipments and spare parts	USD	20,000,000.00	80.00%	100.00%	Yes	Note 6	—
31	Nantong CIMC Tank Equipment Co., Ltd. (NTCY)	Corporation	Jiangsu, China	USD	10,000,000.00	Manufacture and repair of large-sized tank, production of various pressurization tank car, special pressurization trough, tank and parts	USD	8,000,000.00	85.00%	100.00%	Yes	Note 6	—
32	Shenzhen CIMC — Tianda Airport Support Ltd. (TAS) . .	Corporation	Guangdong, China	USD	13,500,000.00	Production and operation of various airport-purpose electromechanical equipment products	USD	9,450,000.00	70.00%	70.00%	Yes	12,445	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
33	Xinhui CIMC Wood Co., Ltd. (XHCIMCW)	Corporation	Guangdong, China	USD	15,500,000.00	Production of container-purpose wood floor and relevant products of various specifications; providing relevant technical advisory service	USD	15,500,000.00	100.00%	100.00%	Yes	—	—
34	Inner Mongolia Holonbuir CIMC Wood Co., Ltd. (NMGW)	Corporation	Inner Mongolia, China	USD	12,000,000.00	Production and sales of various container wood floors and wood products for transport equipments	USD	12,000,000.00	100.00%	100.00%	Yes	—	—
35	Jiaxing CIMC Wood Co., Ltd. (JXW)	Corporation	Zhejiang, China	USD	5,000,000.00	Production and sales of container wood floors, wood products for transport equipments and other wood products	USD	5,000,000.00	100.00%	100.00%	Yes	—	—
36	Xuzhou CIMC Wood Co., Ltd (XZW)	Corporation	Jiangsu, China	RMB	50,000,000.00	Production and sales of container wood floor; purchasing and sales of timber	RMB	50,000,000.00	100.00%	100.00%	Yes	—	—
37	Shenzhen Southern CIMC Containers Service Co., Ltd. (SCIMCL)	Corporation	Guangdong, China	USD	5,000,000.00	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance	USD	5,000,000.00	100.00%	100.00%	Yes	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
38	Ningbo CIMC Container Service Co., Ltd. (NBCIMCL)	Corporation	Ningbo, China	RMB	30,000,000.00	Goods traffic; goods package, sorting, examination and logistics advisory service; container stockpiling, customs declaration, repair, storing	RMB	30,000,000.00	100.00%	100.00%	Yes	—	—
39	Shanghai CIMC Yangshan Container Service Co., Ltd. (SHYLE)	Corporation	Shanghai, China	USD	7,000,000.00	Container transshipment, stockpiling, devanning, vanning, and warehousing; container maintenance, try-off and technical service	USD	5,600,000.00	80.00%	80.00%	Yes	993	—
40	CIMC Shenfa Development Co., Ltd. (CIMCSD)	Corporation	Shanghai, China	RMB	204,122,966.00	Investment, construction and operation for infrastructure; real estate development and operation	RMB	204,122,966.00	100.00%	100.00%	Yes	—	—
41	CIMC Vehicle (Xinjiang) Co., Ltd. (SJ4S)	Corporation	Xinjiang, China	RMB	80,000,000.00	Production and sales of mechanical equipments as well as relevant technical development	RMB	64,000,000.00	80.00%	100.00%	Yes	Note 6	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
			Currency	Amount of original currency		Currency	Amount of original currency					
											USD'000	USD'000
42 CIMC Vehicle (Group) Co., Ltd. (HI)	Corporation	Guangdong, China	USD	75,000,000.00	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	USD	60,000,000.00	80.00%	80.00%	Yes	Note 6	—
43 Qingdao CIMC Special Reefer Co., Ltd. (QDCSR)	Corporation	Shandong, China	USD	11,500,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts	USD	11,500,000.00	100.00%	100.00%	Yes	—	—
44 Tianjin CIMC Logistics Equipments Co., Ltd. (TJCIMCLE).	Corporation	Tianjin, China	USD	5,000,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	USD	5,000,000.00	100.00%	100.00%	Yes	—	—
45 Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Corporation	Dalian, China	USD	17,700,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	USD	17,700,000.00	100.00%	100.00%	Yes	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency					
												USD'000	USD'000
46	Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Corporation	Chongqing, China	USD	8,000,000.00	Design, manufacture, lease, maintenance of container, special container, other logistic equipment and relevant components and parts	USD	8,000,000.00	100.00%	100.00%	Yes	—	—
47	Dalian CIMC Heavy Logistics Equipments Co., Ltd. (DLZH)	Corporation	Liaoning, China	USD	3,700,000.00	International trade, entrepot trade, design, manufacture, sale, and relevant technical advisory of pressure vessel; manufacture and installation, other service of relevant components and parts of pressure vessel	USD	3,700,000.00	100.00%	100.00%	Yes	—	—
48	Shenzhen CIMC Intelligent Technology Co., Ltd. (CIMC Tech)	Corporation	Guangdong, China	RMB	20,000,000.00	Design, development, sale, surrogate of electron production, software and system	RMB	20,000,000.00	100.00%	100.00%	Yes	—	—
49	CIMC Taicang refrigeration equipment logistics Co., Ltd. (TCCRC)	Corporation	Jiangsu, China	RMB	450,000,000.00	Research and development, production and sale of reefer container and special container	RMB	450,000,000.00	100.00%	100.00%	Yes	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency					
												USD'000	USD'000
50	Hunan CIMC Bamboo Industry Development Co., Ltd. (HNW)	Corporation	Hunan, China	RMB	50,000,000.00	Manufacturing and sale of bamboo and wood product	RMB	50,000,000.00	100.00%	100.00%	Yes	—	—
51	CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd (QHDV) . . .	Corporation	Hebei, China	RMB	70,000,000.00	Sale of car and car components and parts	RMB	52,500,000.00	75.00%	75.00%	Yes	Note 6	—
52	CIMC Energy Chemical Engineering technology Co., Ltd. .	Corporation	Guangdong, China	RMB	5,000,000.00	Design and development projects for energy, chemical food related equipment; contractor techniques transfer	RMB	5,000,000.00	100.00%	100.00%	Yes	—	—
53	CIMC Management and Training (Shenzhen) Co., Ltd..	Corporation	Guangdong, China	RMB	5,000,000.00	Design of marketing activities scheme organization of academic and commercial conference and exhibition	RMB	5,000,000.00	100.00%	100.00%	Yes	—	—
54	Yangzhou Lijun Industry and Trade Co., Ltd. ("Yangzhou Lijun") .	Corporation	Jiangsu, China	RMB	10,000,000.00	Production and sales of mechanical equipments and relevant components and parts; technical advisory and other service	RMB	10,000,000.00	100.00%	100.00%	Yes	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
55	Yangzhou Taili Special Equipment Co., Ltd. ("Yangzhou Taili") . .	Corporation	Jiangsu, China	RMB	10,000,000.00	Design, manufacturing and maintenance of containers, board square cabin and relevant components and parts; relevant advisory and service	RMB	10,000,000.00	100.00%	100.00%	Yes	—	—
56	Yantai CIMC Marine Engineering Academe Co., Ltd. ("MEA")	Corporation	Shandong, China	RMB	150,000,000.00	Research and development of marine operation platform and other marine engineering service	RMB	30,000,000.00	100.00%	100.00%	Yes	—	—
57	Shanghai Lifan Container Service Co., Ltd. ("Shanghai Lifan").	Corporation	Shanghai, China	RMB	1,000,000.00	Refitting and maintenance of containers; providing containers information system management and advisory service	RMB	420,000.00	42.00%	60.00%	Yes	92	—
58	CIMC Wood Development Co., Ltd. ("CIMCWD") .	Corporation	Guangdong, China	RMB	150,000,000.00	Development, production and sales of wood products for various modern transportation equipment	RMB	150,000,000.00	100.00%	100.00%	Yes	—	—
59	Shenzhen CIMC Skyspace Real Estate Development Co., Ltd (CIMC Tianyu). .	Corporation	Shenzhen, China	RMB	254,634,066.00	Real estate development	RMB	127,317,033.00	90.00%	90.00%	Yes	Note 2	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
60	Yangzhou CIMC grand space Real Estate Development Co., Ltd (CIMC Haoyu) . .	Corporation	Jiangsu, China	RMB	25,000,000.00	Real Estate Development, sales and leasing	RMB	12,500,000.00	94.00%	94.00%	Yes	Note 2	—
61	Jiangmen CIMC skyspace Real Estate Co., Ltd. ("Jiangmen Dichan")	Corporation	Guangdong, China	RMB	30,000,000.00	Real estate development, projects sale of decoration and building materials	RMB	15,000,000.00	90.00%	90.00%	Yes	Note 2	—
62	Ningbo Runxin Container Co., Ltd . .	Corporation	Ningbo, China	RMB	5,000,000.00	Cleaning and repair of containers, stockpiling, vanning and devanning service	RMB	3,000,000.00	60.00%	60.00%	Yes	(112)	—
63	Chengdu CIMC Vehicle Co., Ltd ("CD Vehicle")	Corporation	Sichuan, China	RMB	60,000,000.00	Development, production and sale of various special-use vehicles, as well as Warehouse equipment	RMB	48,000,000.00	80.00%	80.00%	Yes	Note 6	—
64	CIMC Finance Company ("Finance Company")	Corporation	Guangdong, China	RMB	500,000,000.00	Providing financial service	RMB	500,000,000.00	100.00%	100.00%	Yes	—	—
65	Shenzhen CIMC Investment Holding company ("SZ Investment")	Corporation	Shenzhen, China	RMB	75,000,000.00	Investment, sale and leasing of containers and container property	RMB	75,000,000.00	100.00%	100.00%	Yes	—	—
66	Zhumadian CIMC Huajun Vehicle Trading Co., Ltd ("HJQM")	Corporation	Henan, China	RMB	10,000,000.00	Sales and repair of various vehicles, as well as relevant components and parts	RMB	8,000,000.00	80.00%	80.00%	Yes	Note 6	—

(ii) Overseas Subsidiaries

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency					
												USD'000	USD'000
67	CIMC Holdings (B.V.I.) Limited (CIMC BVI)		British Virgin Islands	USD	34,001.00	Investment	USD	34,001.00	100.00%	100.00%	Yes	—	—
68	CIMC Tank Equipment Investment Holdings Co., Ltd.		Hong Kong	HKD	4,680,000.00	Investment	HKD	4,680,000.00	100.00%	100.00%	Yes	—	—
69	CIMC-SMM Vehicle (Thailand) CO., LTD. (Thailand V)		Thailand	Baht	260,000,000.00	Production and operation of various special vehicles	Baht	213,200,000.00	82.00%	82.00%	Yes	1,656	—
70	CIMC Vehicle Investment Holding Co., Ltd. (CIMC Vehicle)		Hong Kong	USD	50,000.00	Investment	USD	40,000.00	80.00%	100.00%	Yes	Note 6	—
71	CIMC Europe BVBA ("BVBA")		Belgium	EUR	18,550.00	Investment	EUR	18,550.00	100.00%	100.00%	Yes	—	—
72	China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong")		Hong Kong	HKD	2,000,000.00	Investment	HKD	2,000,000.00	100.00%	100.00%	Yes	—	—
73	CIMC Burg B.V. ("BV")		Holland	EUR	60,000,000.00	Investment	EUR	48,000,000.00	80.00%	80.00%	Yes	Note 3	—
74	Tacoba Consultant Forestry N.V ("Tacoba")		Suriname	SF	3,000,000.00	Sale of wood	SF	3,000,000.00	100.00%	100.00%	Yes	—	—
75	Charm Wise Limited ("Charm Wise")		Hong Kong	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	—	—
76	Gold Terrain Assets Limited ("GTA")		British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency					
												USD'000	USD'000
77	Full Medal Holdings Ltd. ("Full Medal") .		British Virgin Islands	USD	50,000.00	Investment	USD	78.22	78.22%	100.00%	Yes	Note 1	—
78	Charm Ray Holdings Limited ("Charm Ray")		Hong Kong	HKD	1.00	Investment	HKD	0.78	78.22%	100.00%	Yes	Note 1	—
79	Charm Beat Enterprises Limited ("Charm Beat")		British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	—	—
80	Sharp Vision Holdings Limited ("Sharp Vision")		Hong Kong	HKD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes	—	—
81	Sound Winner Holdings Limited ("Sound Winner")		British Virgin Islands	USD	10,000.00	Investment	USD	7,822.00	78.22%	100.00%	Yes	Note 1	—
82	Grow Rapid Limited ("Grow Rapid")		Hong Kong	USD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes	—	—
83	Powerlead Holding Ltd. ("Powerlead")		British Virgin Islands	USD	10.00	Finance Lease	USD	10.00	100.00%	100.00%	Yes	—	—
84	Cooperatie Vela U.A. . .		Holland	EUR	18,000	Investment	EUR	14,080.00	78.22%	100.00%	Yes	Note 1	—
85	Vela Holding B.V.		Holland	EUR	18,000	Investment	EUR	14,080.00	78.22%	100.00%	Yes	Note 1	—
86	CIMC Financial Leasing (HK) Ltd ("Financial Leasing")		Hong Kong	HKD	500,000.00	Finance Lease	HKD	500,000.00	100.00%	100.00%	Yes	—	—
87	CIMC Offshore Holdings Limited ("CIMC Offshore"). .		Hong Kong	HKD	224,206,025.00	Investment	HKD	136,810,516.00	61.02%	61.02%	Yes	Note 5	—

(2) *The Group does not have subsidiaries obtained through combination under common control.*

(3) *Subsidiaries acquired through combinations under non-common control:*

(i) Domestics Subsidiaries

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency					
												USD'000	USD'000
1	Luoyang CIMC Lingyu Automobile CO., LTD. (LYV)	Corporation	Henan, China	RMB	60,000,000.00	Production and sales of passenger car, tank car; machining; operation of import and export business	RMB	36,000,000.00	60.00%	75.00%	Yes	Note 6	—
2	Wuhu CIMC RuiJiang Automobile CO LTD (WHVS)	Corporation	Anhui, China	RMB	70,000,000.00	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB	42,000,000.00	60.00%	75.00%	Yes	Note 6	—
3	Liangshan Dongyue CIMC Vehicle Co., Ltd. (LSDYV)	Corporation	Shandong, China	RMB	90,000,000.00	Production and sales of mixing truck, special vehicle and components and parts	RMB	54,000,000.00	60.00%	75.00%	Yes	Note 6	—
4	Qingdao CIMC Container Manufacture Co., Ltd (QDCC)	Corporation	Shandong, China	USD	27,840,000.00	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipment	USD	27,840,000.00	100.00%	100.00%	Yes	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
5	Qingdao CIMC Reefer Container Manufacture Co., Ltd. (QDCRC)	Corporation	Shandong, China	USD	39,060,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing relevant technical advisory and maintenance service	USD	34,880,580.00	89.30%	89.30%	Yes	4,480	—
6	Tianjin CIMC North Ocean Container Co., Ltd. (TJCIMC)	Corporation	Tianjin, China	USD	16,682,000.00	Manufacture and sale of container as well as vehicle, ship, equipment and steel structure specially used for container; warehousing and after sales service for container	USD	16,682,000.00	100.00%	100.00%	Yes	—	—
7	Shanghai CIMC Baowell Industries Co. Ltd (SBWI)	Corporation	Shanghai, China	USD	28,500,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	27,000,900.00	94.74%	100.00%	Yes	2,600	—
8	CIMC Vehicle (Shandong) Co. Ltd. (KGR)	Corporation	Shandong, China	USD	18,930,100.00	Development and manufacture of refrigerator car, tank car, trailer, box car, special vehicles and various series products	RMB	15,144,080.00	69.61%	87.01%	Yes	Note 6	—
9	Zhangzhou CIMC Container Co., Ltd. (ZZCIMC)	Corporation	Fujian, China	USD	23,000,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	23,000,000.00	100.00%	100.00%	Yes	—	—

Name		Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
10	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH) . . .	Corporation	Jiangsu, China	RMB	294,234,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	RMB	234,411,200.00	80.00%	100.00%	Yes	Note 6	—
11	Zhumadian CIMC Huajun Vehicle Co. Ltd. (HJCIMC)	Corporation	Henan, China	RMB	85,340,000.00	Refitting of special vehicles, sales of trailer and fittings; sales of vehicle-related materials	RMB	68,272,000.00	80.00%	100.00%	Yes	Note 6	—
12	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY)	Corporation	Jiangsu, China	RMB	144,862,042.01	Development, manufacture and installation of deep freezing unit, petrochemical mechanical equipment, tank container, pressure vessel	RMB	115,889,633.61	78.22%	100.00%	Yes	Note 1	—
13	Donghwa Container Transportation Service Co., Ltd. (DHCTS)	Corporation	Shanghai, China	USD	4,500,000.00	Container cargo devanning, vanning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components and parts	USD	3,150,000.00	70.00%	70.00%	Yes	3,752	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
14	Yangzhou Tonglee Reefer Container Co., Ltd. (TLC)	Corporation	Jiangsu, China	USD	8,000,000.00	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	USD	8,000,000.00	100.00%	100.00%	Yes	—	—
15	Qingdao Kooll Logistics Co., Ltd (QDHFL) . .	Corporation	Shandong, China	RMB	20,000,000.00	Container warehousing, stockpiling, devanning, vanning, load and unload, cleaning, maintenance; goods processing	RMB	16,000,000.00	80.00%	80.00%	Yes	166	—
16	Enric (Bengbu) Compressor Co., Ltd. (Enric Bengbu)	Corporation	Anhui, China	HKD	21,320,000.00	Manufacturing base of NG compressor and related products	HKD	16,676,504.00	78.22%	100.00%	Yes	Note 1	—
17	Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Enric")	Corporation	Hebei, China	USD	7,000,000.00	Manufacturing pressure vessel	USD	5,475,400.00	78.22%	100.00%	Yes	Note 1	—
18	Enric (Lang fang) Energy Equipment integration Co., Ltd. (Langfang Enric) . . .	Corporation	Hebei, China	HKD	50,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	39,110,000.00	78.22%	100.00%	Yes	Note 1	—
19	Enric (Beijing) Energy Technology Co., Ltd (Beijing Enric)	Corporation	Beijing, China	HKD	40,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	31,288,000.00	78.22%	100.00%	Yes	Note 1	—
20	CIMC Enric (Jingmen) Energy Equipment Co., Ltd.	Corporation	Hubei, China	HKD	50,000,000.00	Sales of chemical and gas machineries and equipments as well as after sales services; research and development of energy conservation techniques	HKD	39,110,000.00	78.22%	100.00%	Yes	Note 1	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency					
												USD'000	USD'000
21	Jingmen Hongtu Special Aircraft manufacturing Co., Ltd	Corporation	Hubei, China	RMB	20,000,000.00	Development and sales of flight vehicle manufacturing techniques, design, production and sales of specialized motor vehicles, tanks and pressure vessel	RMB	12,516,000.00	62.58%	80.00%	Yes	Note 1	—
22	Longkou CIMC Raffles offshore, Co., Ltd ("LCRO")	Corporation	Shangdong, China	USD	1,300,000.00	Construction of offshore project and supplement	USD	780,000.00	60.00%	60.00%	Yes	(743)	—
23	Yantai CIMC Raffles offshore Co., Ltd ("YCRO")	Corporation	Shandong, China	RMB	234,690,000.00	Construction of dock; designation, production of ship; production of equipment of pressure and offshore oil platform	RMB	119,644,962.00	50.98%	50.98%	Yes	Note 5	—
24	Yantai CIMC Raffles ship Co., Ltd ("YCRS")	Corporation	Shandong, China	RMB	125,980,000.00	Construction of ship as well as component; Sales of container and offshore oil platform, channel and steel production	RMB	64,224,604.00	50.98%	50.98%	Yes	Note 5	—
25	Haiyang CIMC Raffles offshore Ltd. ("HCRO")	Corporation	Shandong, China	RMB	200,000,000.00	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB	101,960,000.00	50.98%	50.98%	Yes	Note5	—
26	Longkou CIMC Raffles offshore engineering Co., Ltd ("LCRO")	Corporation	Shandong, China	RMB	290,000,000.00	Construction of offshore project and supplement	RMB	147,842,000.00	50.98%	50.98%	Yes	Note 5	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
	(ii) Overseas Subsidiaries												
27	CIMC Rolling Stock Australia Pty Ltd. ("CIMC Aus")		Australia	AUD	50,000.00	Sales of vehicles	AUD	50,000.00	100.00%	100.00%	—	—	—
28	Enric Energy Equipment Holdings Limited ("Enric") Note IV.1(4) (i)		Cayman Islands	HKD	120,000,000.00	Investment holding	HKD	14,651,337.53	78.22%	56.59%	Yes	Note 1	—
29	Burg Industries B.V.		Holland	EUR	3,403,351.62	Investment	EUR	2,722,681.30	80.00%	100.00%	Yes	Note 3	—
30	Holvrieka Holding B.V.		Holland	EUR	12,000,000.00	Investment	EUR	9,386,400.00	78.22%	100.00%	Yes	Note 1	—
31	Holvrieka Ido B.V.		Holland	EUR	136,200.00	Sales of tank equipment	EUR	106,535.64	78.22%	100.00%	Yes	Note 1	—
32	Holvrieka Nirota B.V.		Holland	EUR	680,670.32	Production, assembly and sale of tank equipment	EUR	532,420.32	78.22%	100.00%	Yes	Note 1	—
33	Noordkoel B.V.		Holland	EUR	500,000.00	Sales of tank equipment	EUR	391,100.00	78.22%	100.00%	Yes	Note 1	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency				USD'000	USD'000
34	Beheermaatschappij Burg B.V.		Holland	EUR	453,780.22	Investment	EUR	453,780.22	80.00%	100.00%	Yes	Note 3	—
35	Burg Carrosserie B.V. . .		Holland	EUR	90,756.04	Production of road transport vehicle	EUR	72,604.83	80.00%	100.00%	Yes	Note 3	—
36	Exploitatiemaatschappij Intraprogres B.V . . .		Holland	EUR	79,411.54	Trade, financing and leasing of road transport vehicle	EUR	63,529.63	80.00%	100.00%	Yes	Note 3	—
37	Hobur Twente B.V.		Holland	EUR	226,890.11	Production and sale of oil and components and parts	EUR	181,512.09	80.00%	100.00%	Yes	Note 3	—
38	Burg Service B.V..		Holland	EUR	250,000.00	Assembly and repair of road transport vehicle and tank equipment	EUR	200,000.00	80.00%	100.00%	Yes	Note 3	—
39	LAG Trailers N.V.		Belgium	BEF	30,000,000.00	Manufacturing trailer	BEF	24,000,000.00	80.00%	100.00%	Yes	Note 3	—
40	Holvrieka N.V..		Belgium	BEF	40,000,000.00	Manufacturing tank equipment	BEF	31,288,000.00	78.22%	100.00%	Yes	Note 1	—
41	Immoburg N.V.		Belgium	BEF	10,000,000.00	Manufacturing road transport vehicle	BEF	8,000,000.00	80.00%	100.00%	Yes	Note 3	—
42	Holvrieka Danmark A/S.		Denmark	DKr	1,000,000.00	Manufacturing tank equipment	DKr	782,200.00	78.22%	100.00%	Yes	Note 1	—
43	Direct Chassis LLC ("DCEC").		USA	USD	10,000,000.00	Manufacturing and sales of special vehicles	USD	6,000,000.00	60.00%	100.00%	Yes	908	—
44	TGE GASINVESTMENTS S.A. ("TGE SA") . .		Luxemburg	EUR	50,000.00	Investment holding	EUR	30,000.00	60.00%	60.00%	Yes	Note 4	—
45	TGE Gas Engineering GmbH		Germany	EUR	1,000,000.00	Provide EP+CS (Design, Purchase and Construction Supervision) or other technical project services in LNG, LPG and storage and disposal of other	EUR	600,000.00	60.00%	100.00%	Yes	Note 4	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Reversal of minority profit/loss interest from minority interest
				Currency	Amount of original currency		Currency	Amount of original currency					
												USD'000	USD'000
46	CIMC Raffles Offshore (Singapore) Limited ("Raffles")		Singapore	USD	521,965,822.00	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi-submersible drilling Platforms, FPSOs, FSOs	USD	266,098,176.00	50.98%	50.98%	Yes	Note 5	—
47	CIMC Raffles Investments Limited		Hongkong, China	HKD	2.00	Investment	HKD	2.00	50.98%	50.98%	Yes	Note 5	—
48	CIMC Raffles Leasing Pte Ltd.		Singapore	SGD	2.00	Leasing of marine ship	SGD	2.00	50.98%	50.98%	Yes	Note 5	—
49	Caspian Driller Pte. Ltd.		Singapore	USD	30,000,000.00	Leasing of marine ship	USD	15,294,000.00	50.98%	50.98%	Yes	Note 5	—

Note 1 Enric and its subsidiaries' minority interests amounted to USD95,717,000.

Note 2 CIMC Tianyu and its subsidiaries' minority interests amounted to USD11,474,000.

Note 3 Burg and its subsidiaries' minority interests amounted to USD18,838,000.

Note 4 TGE and its subsidiaries' minority interests amounted to USD11,470,000.

Note 5 CIMC Offshore, Raffles and its subsidiaries' minority interests amounted to USD162,129,000.

Note 6 HI and its subsidiaries' minority interests amounted to USD101,313,000.

(4) Subsidiaries whose shareholding held by the Company differs from their voting rights

(i) CIMC Enric Holdings Limited (Enric)

The ordinary shares that the Company hold in Enric take 56.59% of Enric's outstanding ordinary shares. Accompany with the convertible preferential shares that the Company hold, the Company's shareholding in Enric changed to 78.22%. Enric's issued convertible preferential shares enjoy the same rights for dividend distribution as ordinary shares while have no voting rights. Therefore the Company's shareholding percentage in Enric is 78.22% while the voting right is 56.59%.

(ii) Except for the subsidiary mentioned above in (i), the Company's voting rights in its indirect-owned subsidiaries which are held by the Company's non-wholly owned subsidiaries were presented according to the voting rights of its subsidiaries.

2. There are no entities set up for special purpose or operating entities controlled through entrusted operation and lease.

3. Changes in the scope of consolidation for the consolidation financial statements.

Newly purchased (see Note IV.6) and established subsidiaries in the year change the scope of the consolidation financial statements.

4. Subsidiaries newly included in the scope of consolidation and excluded from the scope of consolidation for the current year

(1) Subsidiaries newly included in the scope of consolidation, special purpose entity, business entities that having control through being entrusted to manage or leasing

Company Name	Basis to identify control	Notes	Net asset as at 31 December 2010	Net profit/(loss) for 2010
			USD'000	USD'000
Raffles and its subsidiaries	Over half of voting rights in the Board of directors	IV.6	371,188	(158,219)
Finance Company			3,280	3,686
CIMC BVI			10,695	(666)
Others		Note 1	4,736	3,625

Company Name	Basis to identify control	Notes	Net asset as at 31 December 2010	Net profit for 2010
			RMB'000	RMB'000
Raffles and its subsidiaries	Over half of voting rights in the Board of directors	IV.6	2,446,018	(1,067,424)
Finance Company			21,614	24,868
CIMC BVI			70,477	(4,493)
Others		Note 1	31,209	24,456

Note 1:

Other subsidiaries newly included in the scope of consolidation mainly comprised CD Vehicle, Chengdu Property Management, Asia Cargo Link Limited, CIMC WA and Financial Leasing (HK) Co., Ltd.

(2) There was no significant subsidiary, special purpose entity, business entity that having control through being entrusted to manage or leasing that was excluded from the scope of consolidation for the current year.

5. There is no acquisition through combination under common control for the current year (2009: Nil).

6. The Group's acquisition through combination not under common control for the current year

(1) Raffles

Acquiree	Note	Goodwill amount	Calculation method of goodwill
Yantai Raffles Shipbuilding Limited (renamed as CIMC Raffles Offshore (Singapore) Limited afterwards, hereafter referred to as "Raffles"		Nil	Bright Day Limited (renamed as CIMC Offshore Holdings Limited afterward, hereafter referred to as "CIMC Offshore"), the Company's subsidiary, acquired 31.74% of the equity interests of CIMC Raffle's, the fair value of the identifiable net assets of which at the acquisition date amounted to USD134,912,000(RMB910,187,000). The excess amount of fair value over acquisition cost amounting to USD12,475,000 (RMB84,166,000) was recognised as non-operating income.

The Group acquired Raffles at the considerations of USD93,288,000 and USD788,000 in 2008 and 2009 for the equity interests of 17.86% and 0.41% respectively. As at 31 December 2009, the Group's equity interest in Raffles accounted for 18.27%.

As Mai Boliang, president of the Group, was appointed as chairman of the board and non-executive director of Raffles on 3 November 2008, the Group obtained the power to participate in the financial and operating policy decisions of Raffles and began to have significant influence on Raffles though the Group held merely 18.27% equity interest. Since 3 November 2008, Raffles was measured as an associate of the Group using equity method.

CIMC Offshore, a subsidiary of the Company (60.02% equity interests held by the Company), paid USD122,437,000 (RMB826,021,000) as an acquisition cost for additional 31.74% equity interest of Raffles on 21 January 2010. After the acquisition, the Company held 50.01% of issued ordinary shares of Raffles through its subsidiaries, and had more than half of the voting rights. The Company effectively obtained its control of Raffles.

Based on the total number of 273,565,000 issued shares as at the date of 5 July 2010, the allotment shares will be offered at USD0.735 each in the proportion of one offer share for every two existing shares (totaling 136,782,500 shares) held on the Books Closure Date.

After the completion of allotment shares on 12 August, 2010, CIMC offshore held 342,860,173 shares of Raffles, around 83.55% of the total shares of 410,347,500. The Company's share holding percentage for Raffles increased to 50.98%

Raffles was incorporated in Singapore in 1994 with its manufacturing plants located in Yantai, Shandong Province, China. Raffles had its shares (Stock code: YRSLNO) listed in the Over-The Counter Market (NOTC) in Norwegian Oslo Stock Exchange since May 2006. Raffles mainly engages in the construction of various marine and offshore projects including jack-up drilling platforms, semi-submersible drilling platforms, FPSOs, FSOs, platform supply vessels, pipe lay vessels, and other special vessels. Before the combination, the number of issued ordinary shares was 273,565,000. Brain Chang and his controlling parties totally held 36.91% shares of Raffles; the Company held 18.27% through its subsidiaries Sharp Vision Holdings Limited and CIMC Hong Kong. DnB NOR Bank ASA held 37.00% (on behalf of investors), Platinum Nominee Limited held 7.4% (on behalf of investors). Except the above shareholders, no others held shares exceeding 5%.

Raffles' shares were last traded in the Over-The-Counter Market (NOTC) in Norwegian Oslo Stock Exchange on 28 February 2011 (Norway time) and delisted at market closing.

At acquisition date, the fair value of Raffles' shares held by the Group before acquisition date was USD77,658,000 (equivalent to RMB523,917,000). And the investment losses is accounting for USD21,375,000 (RMB144,206,000) on the recalculation of the fair value of the same day.

Financial information of Raffles is as follows:

Amount	Sales from acquisition date to 31 December 2010	Net loss from acquisition date to 31 December 2010	Net operating cash outflow from acquisition date to 31 December 2010
USD'000	362,267	158,219	42,119
RMB'000	2,444,034	1,067,424	284,156

Acquiree's identifiable assets and liabilities:

Items	21 January 2010 Carrying amount	Fair value
	USD'000	USD'000
Cash at bank and on hand	114,670	114,670
Financial assets held for trading	8,358	8,358
Accounts receivable	330,781	330,781
Other receivables and prepayments	228,346	228,346
Inventories	282,934	282,934
Available-for-sale financial assets	813	813
Long-term equity investment	10,565	10,565
Fixed assets and construction in progress	356,606	356,606
Intangible assets	50,311	69,871
Deferred tax assets	7,688	7,688
Other non-current assets	5,597	5,597
Short-term loans	(401,928)	(401,928)
Financial assets held for trading	(5,545)	(5,545)
Accounts payable and bills payable	(250,017)	(250,017)
Other payables and accrued expenses	(72,362)	(72,362)
Tax payables	(11,131)	(11,131)
Long-term loans	(231,195)	(231,195)
Deferred tax liabilities	—	(4,890)
Minority interests	(14,106)	(14,106)
Identifiable net assets total	410,385	425,055

Items	21 January 2010 Carrying amount	Fair value
	RMB'000	RMB'000
Cash at bank and on hand	773,621	773,621
Trading financial assets	56,387	56,387
Accounts receivable	2,231,614	2,231,614
Other receivables and prepayments	1,540,536	1,540,536
Inventories	1,908,814	1,908,814
Financial assets held for trading	5,485	5,485
Long-term equity investment	71,277	71,277
Fixed assets and construction in progress	2,405,842	2,405,842
Intangible assets	339,423	471,385
Deferred tax assets	51,867	51,867
Other non-current assets	37,760	37,760
Short-term loans	(2,711,607)	(2,711,607)
Trading financial liabilities	(37,409)	(37,409)
Accounts payable and bills payable	(1,686,740)	(1,686,740)
Other payables and accrued expenses	(488,192)	(488,192)
Tax payables	(75,095)	(75,095)
Long-term loans	(1,559,757)	(1,559,757)
Deferred tax liabilities	—	(32,990)
Minority interests	(95,164)	(95,164)
Identifiable net assets total	2,768,662	2,867,634

For the above identifiable assets which have an active market, the quoted prices in the active market are used to establish their fair values; if there is no active market, their fair values are estimated based on the market price of the same or similar types of assets which have an active market; if there is no active market for even the same asset or similar types of assets, valuation techniques will be used to determine the fair value.

For the above identifiable liability, the payable amount or the present value of the payable amount is its fair value.

(2) *LCRO*

Acquiree	Note	Goodwill amount	Calculation method of goodwill
Longkou Sanlian offshore Engineering Co., Ltd. (renamed as Longkou CIMC Raffles offshore, Ltd afterwards, hereafter referred to as "LCRO")	(2)	USD1,170,000 (equivalent to RMB7,710,000)	Raffles, the Company's subsidiary, acquired 100% equity interest of LCRO, the fair value of the identifiable net assets of which at the acquisition date amounted to USD42,016,000 (RMB276,785,000). The excess amount of acquisition cost over fair value amount to USD1,170,000 (RMB7,710,000) was recognised as goodwill.

On 30 April 2010, Raffles, the subsidiary of the Company acquired the entire equity interests of LCRO at a cash consideration of RMB284,495,000 (equivalent to USD43,186,000). The total acquisition cost was RMB284,495,000 (USD43,186,000) on the acquisition date.

LCRO was incorporated in Longkou, Shandong Province in August 2007 with the headquarter in the Economic & Technology Development Zone of Longkou. It mainly engages in the design, construction and repairs of petroleum drilling platforms and offshore engineering equipment and commissioning of domestic and overseas vessels construction projects and related equipment. Before the acquisition, LCRO was owned by two individuals: Lin Yulong and Gao Chengge.

Financial information of LCRO is as follows:

Amount	Sales from acquisition date to 31 December 2010	Net profit from acquisition date to 31 December 2010	Net operating cash out flows from acquisition date to 31 December 2010
USD'000	5,808	342	290
RMB'000	38,264	2,253	1,956

Acquiree's identifiable assets and liabilities:

Items	30 April 2010 Carrying amount	Fair value
	USD'000	USD'000
Cash at bank and on hand	10	10
Accounts receivable and bills receivable	13	13
Other receivables and prepayments	995	995
Inventories	2,765	3,022
Fixed assets and construction in progress	38,248	38,715
Intangible assets	35,115	35,018
Long-term equity investments	4,099	6,737
Accounts payable and bills payable	(22,377)	(22,377)
Other payables	(20,117)	(20,117)
Identifiable net assets total	38,751	42,016

Items	30 April 2010 Carrying amount	Fair value
	RMB'000	RMB'000
Cash at bank and on hand	64	64
Accounts receivable and bills receivable	88	88
Other receivables and prepayments	6,555	6,555
Inventories	18,213	19,906
Fixed assets and construction in progress	251,961	255,039
Intangible assets	231,326	230,685
Long-term equity investments	27,000	44,382
Accounts payable and bills payable	(147,411)	(147,411)
Other payables	(132,523)	(132,523)
Identifiable net assets total	255,273	276,785

For the above identifiable assets which have an active market, the quoted prices in the active market are used to establish their fair values; if there is no active market, their fair values are estimated based on the market price of the same or similar types of assets which have an active market; if there is no active market for even the same asset or similar types of assets, valuation techniques will be used to determine the fair value.

For the above identifiable liability, the payable amount or the present value of the payable amount is its fair value.

7. There is no loss of control of subsidiaries through significant sales of interests of the Group for the current year.

8. There is no reverse acquisition of the Group for the current year.

9. There is no consolidation by merger of the Group for the current year.

10. Exchange rate for foreign operating entities' major financial statement items

	Average exchange rate		Benchmark rate on reporting date	
	2010	**2009**	**2010**	**2009**
USD	6.7465	6.8305	6.5897	6.8282
EUR	8.8378	9.6055	8.7979	9.8388
HKD	0.8682	0.8813	0.8477	0.8805
JPY	7.7705	7.5400	8.0984	7.5634

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

	2010				2009			
	Original currency	**Exchange Rate**	**USD**	**RMB equivalent**	**Original currency**	**Exchange Rate**	**USD**	**RMB equivalent**
	'000		**'000**	**'000**	**'000**		**'000**	**'000**
Cash on hand								
RMB	1,866	6.5897	283	1,866	3,698	6.8282	542	3,698
USD	45	1.0000	45	298	37	1.0000	37	249
HKD	63	7.7734	8	54	91	7.7546	12	80
JPY	678	81.3700	8	54	1,027	90.2800	11	78
AUD	12	0.9828	13	83	—	—	—	—
EUR	49	0.7490	66	434	18	0.6940	25	176
Others	—	—	16	104	—	—	1	6
Subtotal			439	2,893			628	4,287
Deposits with banks								
RMB	1,643,202	6.5897	249,359	1,643,202	1,568,993	6.8282	229,781	1,568,993
USD	220,781	1.0000	220,781	1,454,878	310,089	1.0000	310,089	2,117,348
HKD	151,076	7.7734	19,435	128,071	36,887	7.7546	4,757	32,480
JPY	426,769	81.3700	5,245	34,562	328,749	90.2800	3,641	24,864
AUD	7,636	0.9828	7,770	51,200	6,486	1.1116	5,835	39,840
EUR	45,072	0.7490	60,175	396,537	57,990	0.6940	83,558	570,550
Others	—	—	5,018	33,068	—	—	4,269	29,148
Subtotal			567,783	3,741,518			641,930	4,383,223
Other monetary funds								
RMB	844,869	6.5897	128,210	844,869	376,591	6.8282	55,152	376,591
USD	10,079	1.0000	10,079	66,416	73,427	1.0000	73,427	501,376
AUD	—	0.9828	—	—	609	1.1116	548	3,740
Subtotal			138,289	911,285			129,127	881,707
Total			706,511	4,655,696			771,685	5,269,217

As at 31 December 2010, restricted cash at bank and on hand of the Group amounted to USD130,246,000, equivalent to RMB858,281,000, (2009: USD127,807,000, equivalent to RMB872,692,000). Refer to Note V.21 for details.

As at 31 December 2010, Finance Company, the subsidiary of the Group, had deposit with banks of USD218,369,000 (equivalent to RMB1,438,988,000). Finance Company is a finance institution authorised by the People's Bank of China.

2. Financial assets held for trading

(1) Classification

	Note	2010 Amount	2010 RMB	2009 Amount	2009 RMB
		USD'000	'000	USD'000	'000
1. Equity securities investments held for trading		59,713	393,491	12,701	86,722
2. Derivative financial assets — forward contract	(3)	18,069	119,069	739	5,050
3. Hedging instrument		1,988	13,101	3,164	21,565
Total		79,770	525,661	16,604	113,337

(2) There is no material restriction of the investment in financial assets held for trading.

(3) Details of financial assets held for trading

As at 31 December 2010, the Group had certain open forward contracts (mainly unsettled forward contracts) denominated in U.S. dollars. The nominal value of these contracts amounted to USD660 million. The Group had other unsettled forward contracts of Japanese Yuan, Euro, Norwegian Krone and Australian Dollar. The nominal value of these amounted to JPY270 million, EUR30 million, NOK30 million and AUD0.7 million respectively. Pursuant to these forward contracts, the Group and the Company are required to buy/sell foreign currencies, such as USD, Euro, Japanese Yuan, and etc. of contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. These forwards contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forwards contracts range from 5 January 2011 to 28 December 2011.

As at 31 December 2010, the Group recognised the aforesaid forwards contracts in their fair values of USD18,069,000 (RMB119,069,000) as held-for-trading financial assets and USD578,000 (RMB3,810,000) as held-for-trading financial liabilities. Transaction costs on realisation have not been considered when calculating the fair values.

3. Bills receivable

(1) Classification of bills receivable

	2010 Amount	2010 RMB	2009 Amount	2009 RMB
	USD'000	'000	USD'000	'000
Bank acceptance bills	60,196	396,670	244,667	1,670,635
Commercial acceptance bills	16,983	111,915	2,960	20,210
Total	77,179	508,585	247,627	1,690,845

All of the above bills receivable are due within one year.

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of bills receivable.

(2) As at the year end, the Group had no pledged bills receivable.

4. Accounts receivable

(1) Accounts receivable disclosed by customer categories:

	2010		**2009**	
Category	**Amount**	**RMB equivalent**	**Amount**	**RMB equivalent**
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Containers group	546,918	3,604,026	216,871	1,480,841
Trailers group	293,512	1,934,155	207,100	1,414,117
Tank equipments group	178,401	1,175,611	139,780	954,442
Offshore engineering group	188,544	1,242,446	—	—
Airport ground facilities group	37,545	247,412	37,715	257,524
Others	24,079	158,669	4,351	29,714
Subtotal	1,268,999	8,362,319	605,817	4,136,638
Less: provision for bad and doubtful debts	(35,280)	(232,483)	(40,133)	(274,034)
Total	1,233,719	8,129,836	565,684	3,862,604

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

	2010		**2009**	
Category	**Amount**	**RMB equivalent**	**Amount**	**RMB equivalent**
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Within 1 year (inclusive)	1,162,770	7,662,297	403,279	2,901,922
1 to 2 years (inclusive)	58,950	388,465	184,606	1,112,324
2 to 3 years (inclusive)	14,316	94,341	10,325	70,450
More than 3 years	32,963	217,216	7,607	51,942
Subtotal	1,268,999	8,362,319	605,817	4,136,638
Less: provision for bad and doubtful debts	(35,280)	(232,483)	(40,133)	(274,034)
Total	1,233,719	8,129,836	565,684	3,862,604

The ageing is counted starting from the date the accounts receivable is recognised.

(3) Accounts receivable disclosed by categories:

		2010				2009			
Category	Note	Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
		RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Individually significant and assessed for impairment individually	(4)	18,377	1.44%	6,780	36.89%	24,027	3.97%	5,631	23.43%
Individually insignificant but assessed for impairment individually	(5)	8,607	0.67%	3,829	44.49%	4,172	0.69%	2,380	57.05%
Assessed for impairment collectively *									
Containers group	(6)	545,904	43.03%	221	0.04%	199,197	32.87%	1,937	0.97%
Trailers group	(6)	277,311	21.85%	14,086	5.08%	199,798	32.98%	18,107	9.06%
Tank equipments group	(6)	177,367	13.98%	8,985	5.07%	136,568	22.54%	11,334	8.30%
Offshore engineering group		186,800	14.72%	—	—	—	—	—	—
Air ground facilities group	(6)	37,545	2.96%	1,357	3.62%	37,715	6.23%	743	1.97%
Others	(6)	17,088	1.35%	22	0.13%	4,340	0.72%	1	0.01%
Subtotal		1,242,015	97.89%	24,671	1.99%	577,618	95.34%	32,122	5.56%
Total		1,268,999	100.00%	35,280	2.78%	605,817	100.00%	40,133	6.62%

Note:*

This category includes accounts receivable individually tested but not impaired.

		2010				2009			
Category	Note	Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
		RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Individually significant and assessed for impairment individually	(4)	121,099	1.44%	44,677	36.89%	164,063	3.97%	38,448	23.43%
Individually insignificant but assessed for impairment individually	(5)	56,718	0.67%	25,232	44.49%	28,488	0.69%	16,253	57.05%
Assessed for impairment collectively *									
Containers group	(6)	3,597,341	43.03%	1,455	0.04%	1,360,155	32.87%	13,224	0.97%
Trailers group	(6)	1,827,394	21.85%	92,824	5.08%	1,364,262	32.98%	123,646	9.06%
Tank equipments group .	(6)	1,168,797	13.98%	59,206	5.07%	932,511	22.54%	77,389	8.30%
Offshore engineering group		1,230,957	14.72%	—	—	—	—	—	—
Air ground facilities group	(6)	247,412	2.96%	8,944	3.62%	257,524	6.23%	5,073	1.97%
Others	(6)	112,601	1.35%	145	0.13%	29,635	0.72%	1	0.01%
Portfolio subtotal		8,184,502	97.89%	162,574	1.99%	3,944,087	95.34%	219,333	5.56%
Total		8,362,319	100.00%	232,483	2.78%	4,136,638	100.00%	274,034	6.62%

Note:*

This category includes accounts receivable individually tested but not impaired.

The Group does not hold any collateral over the above accounts receivable which are impaired and provided provision for bad and doubtful debts.

Individually significant items represent accounts receivable with an individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total accounts receivable in individual financial statements included in the consolidated financial statement.

The analysis of the Group's accounts receivable by original currency is as follows:

	2010			2009		
Currency	Original currency	Exchange rate	Amount	Original currency	Exchange rate	Amount
	'000		USD'000	'000		USD'000
RMB.	2,546,871	6.5897	386,493	1,934,401	6.8282	283,296
USD	808,506	1.0000	808,506	263,074	1.0000	263,074
HKD.	20,121	7.7734	2,588	7,917	7.7546	1,021
JPY	53,378	81.37	656	926	90.28	10
AUD.	4,160	0.9828	4,233	7,101	1.1116	6,388
EUR	45,679	0.7490	60,987	32,897	0.6940	47,401
Others	—	—	5,536	—	—	4,627
Total.			1,268,999			605,817

(4) An analysis of accounts receivable individually significant and assessed for impairment individually is as follows:

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reason
	USD'000	USD'000		
Trailers group	12,171	3,822	31.40%	
Others	6,206	2,958	47.66%	
Total	18,377	6,780	36.89%	Note 1

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reason
	RMB'000	RMB'000		
Trailers group	80,204	25,184	31.40%	
Others	40,895	19,493	47.66%	
Total	121,099	44,677	36.89%	Note 1

Note 1:

Provision was made based on the credit risk assessment of customers and historical loss experiences.

(5) An analysis of accounts receivable individually insignificant but assessed for impairment individually is as follows:

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reason
	USD'000	USD'000		
Containers group	1,014	639	63.02%	Provision is made based on the estimated recoverable amount according to assessment of credit risk and historical data
Trailers group	4,030	1,414	35.09%	
Tank equipments group	1,034	991	95.84%	
Offshore engineering group	1,744	552	31.65%	
Others	785	233	29.68%	
Total	8,607	3,829	44.49%	

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reason
	RMB'000	RMB'000		
Containers group	6,685	4,209	63.02%	Provision is made based on the estimated recoverable amount according to assessment of credit risk and historical data
Trailers group	26,557	9,314	35.09%	
Tank equipments group	6,814	6,530	95.84%	
Offshore engineering group	11,490	3,641	31.65%	
Others	5,172	1,538	29.68%	
Total	56,718	25,232	44.49%	

(6) An ageing analysis of account receivable assessed for impairment collectively is as follows:

	2010			2009		
Ageing	Amount	Percentage	Provision for bad and doubtful debts	Amount	Percentage	Provision for bad and doubtful debts
	USD'000	(%)	USD'000	USD'000	(%)	USD'000
Within 1 year	976,191	76.93%	9,518	388,874	64.19%	4,531
1 to 2 years	58,153	4.58%	3,356	174,817	28.86%	17,868
2 to 3 years	12,390	0.98%	3,316	6,337	1.05%	2,133
More than 3 years	8,481	0.67%	8,481	7,590	1.25%	7,590
Total	1,055,215	83.16%	24,671	577,618	95.35%	32,122

	2010			2009		
Ageing	Amount	Percentage	Provision for bad and doubtful debts	Amount	Percentage	Provision for bad and doubtful debts
	RMB'000	(%)	RMB'000	RMB'000	(%)	RMB'000
Within 1 year	6,432,794	76.93%	62,713	2,655,305	64.19%	30,933
1 to 2 years	383,213	4.58%	22,117	1,193,688	28.86%	122,007
2 to 3 years	81,648	0.98%	21,854	43,267	1.05%	14,566
More than 3 years	55,890	0.67%	55,890	51,827	1.25%	51,827
Total	6,953,545	83.16%	162,574	3,944,087	95.35%	219,333

The ageing is counted starting from the date the account receivable is recognised.

(7) *The recovery of provision within this year*

There were no accounts receivable for which a full provision or a significant provision was made in previous years while were recovered or reversed in full or in significant amount during the year (2009: Nil).

(8) *Actual written-off of accounts receivable within this year*

There were no material actual written-off of accounts receivable during the year (2009: Nil).

(9) Accounts receivable due from the five biggest debtors of the Group are as follows:

Company Name	Relationship with the company	Amount	Amount	Ageing	Percentage in total accounts receivable
		USD'000	RMB'000		(%)
1. GE SeaCo Asia Pte Ltd	None	80,949	533,428	Within 1 year	6.38%
2. Compagnie Maritime d'Affretement	None	67,549	445,126	Within 1 year	5.32%
3. TAL International Container Corporation	None	65,582	432,167	Within 1 year	5.17%
4. Mediterranean Shipping Co. S.A.	None	51,172	337,208	Within 1 year	4.03%
5. Triton Container International Ltd.	None	41,101	270,842	Within 1 year	3.24%
Total		306,353	2,018,771		24.14%

The total amount of the Group's top 5 accounts receivable at 31 December 2009 was USD106,861,000 (equivalent to RMB729,664,000), accounting for 17.64% of the total accounts receivable.

(10) *Accounts receivable due from shareholders who hold 5% or more of the voting rights of the Company*

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of accounts receivable (2009: Nil).

(11) *Accounts receivable due from related parties*

The Group's accounts receivable due from related parties amount to USD13,511,000, equivalent to RMB89,035,000 (2009: USD1,007,000, equivalent to RMB6,878,000), accounting for 1.06% of the total accounts receivable (2009: 0.17%).

(12) *Derecognition of accounts receivable due to transferring of financial assets*

There were no derecognition of accounts receivable due to transferring of financial assets in the Group during the year (2009: Nil).

(13) *Amount of assets and liabilities recognised due to the continuing involvement of securitised accounts receivable*

There were no securitised accounts receivables during the year (2009: Nil).

As at 31 December 2010, restricted accounts receivable amounted to USD146,000,000, equivalent to RMB962,096,000 (2009:USD3,221,000, equivalent to RMB21,990,000). Refer to Note V.21.

5. **Other receivables**

(1) Other receivables by categories:

Category	2010 Amount	2010 RMB equivalent	2009 Amount	2009 RMB equivalent
	USD'000	RMB'000	USD'000	RMB'000
Amounts due from related parties	84,579	557,348	54,838	374,442
Loans	64,866	427,445	5,911	40,359
Tax refund receivable	119,283	786,039	3,136	21,411
Prepayment for land and equipment	11,129	73,336	45,870	313,211
Deposit	10,927	72,004	15,167	103,566
Others	63,996	421,717	42,876	292,768
Subtotal	354,780	2,337,889	167,798	1,145,757
Less: provision for bad and doubtful debts	(15,421)	(101,617)	(3,261)	(22,268)
Total	339,359	2,236,272	164,537	1,123,489

(2) The ageing analysis of other receivables is as follows:

Category	2010 Amount	2010 RMB equivalent	2009 Amount	2009 RMB equivalent
	USD'000	RMB'000	USD'000	RMB'000
Within 1 year (inclusive)	277,322	1,827,466	131,515	898,012
1 to 2 years (inclusive)	38,508	253,754	22,587	154,228
2 to 3 years (inclusive)	22,940	151,166	13,067	89,224
More than 3 years	16,010	105,503	629	4,293
Subtotal	354,780	2,337,889	167,798	1,145,757
Less: provision for bad and doubtful debts	(15,421)	(101,617)	(3,261)	(22,268)
Total	339,359	2,236,272	164,537	1,123,489

The ageing is counted starting from the date the other receivable is recognised.

(3) Other receivables by categories:

Category	Note	2010 Amount	2010 Percentage	2010 Provision for bad and doubtful debts Amount	2010 Provision for bad and doubtful debts Percentage	2009 Amount	2009 Percentage	2009 Provision for bad and doubtful debts Amount	2009 Provision for bad and doubtful debts Percentage
		USD'000	(%)	USD'000	(%)	USD'000	(%)	USD'000	(%)
Individually significant other receivables	(4)	144,259	40.66%	8,889	6.16%	98,524	58.72%	—	—
Insignificant other receivables	(5)	210,521	59.34%	6,532	3.10%	69,274	41.28%	3,261	4.71%
Total		354,780	100.00%	15,421	4.35%	167,798	100.00%	3,261	1.94%

Category	Note	2010				2009			
				Provision for bad and doubtful debts				Provision for bad and doubtful debts	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
		RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Individually significant . .	(4)	950,622	40.66%	58,574	6.16%	672,739	58.72%	—	—
Individually insignificant . .	(5)	1,387,267	59.34%	43,043	3.10%	473,018	41.28%	22,268	4.71%
Total		2,337,889	100.00%	101,617	4.35%	1,145,757	100.00%	22,268	1.94%

There were no collaterals that the Group held for other receivables that were made impairment aforesaid.

Individually significant items represent other receivables with an individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements included in the consolidated financial statement.

(4) An analysis of individually significant other receivables assessed for impairment individually are as follows:

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reasons
	USD'000	USD'000		
Individually significant:				
Capital increment amount due from subsidiaries.	20,027	—	—	Note 1
Amounts due from associates . .	43,933	—	—	Note 1
Receivables arising from transfer of equity investment .	10,721	—	—	Note 1
Capital increment amount due from associates	6,829			Note 1
Receivables arising from financing to third parties . . .	53,860	—	—	Note 1
Others	8,889	8,889	100.00%	Note 2
Total	144,259	8,889	6.16%	

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reasons
	RMB'000	RMB'000		
Individually significant:				
Capital increment amount due from subsidiaries	131,970	—	—	Note 1
Amounts due from associates	289,507	—	—	Note 1
Receivables arising from transfer of equity investment	70,650	—	—	Note 1
Capital increment amount due from associates	45,000	—	—	Note 1
Receivables arising from financing to third parties	354,921	—	—	Note 1
Others	58,574	58,574	100.00%	Note 2
Total	950,622	58,574	6.16%	

Note 1: The estimated risk of loss is relatively low. The provision for bad and doubtful debts is individually assessed based on the recoverability of individual balance.

Note 2: Full provision was made individually based on the credit risk assessment of creditors and historical loss experiences.

(5) An analysis of individually insignificant other receivables but assessed for impairment individually is as follows:

The Group assessed impairment of the insignificant other receivable and made provision of impairment of USD6,532,000 (RMB43,043,000) as at 31 December 2010.

(6) *The movement of provision within this year*

There were no other receivables for which a full provision or a significant provision was made in the previous years while were recovered or reversed in full or in significant amount during the year (2009: Nil).

(7) *The recovery of other receivables by restructuring within this year*

There were no other receivables recovered during the year by means of restructuring (2009: Nil).

(8) *Actual written-off of other receivables within this year*

There were no material actual written-off of other receivables during the year (2009: Nil).

(9) Other receivables due from the five biggest debtors of the Group are as follows:

Company Name	Relationship with the company	Amount	Amount	Aging	Percentage in total other receivables
		USD'000	RMB'000		(%)
1. Sea Biscuit International Inc.	None	41,360	272,550	Within 1 year	11.66%
2. C & C Trucks Co., Ltd. ("C&C Trucks")	Associate	26,632	175,500	Within 1 year	7.51%

Company Name	Relationship with the company	Amount	Amount	Aging	Percentage in total other receivables
		USD'000	RMB'000		(%)
3. Shanghai Fengyang Real Estate Development Co., Ltd ("Shanghai Fengyang")	Associate	24,130	159,007	1 to 3 years	6.80%
4. PGM Holding B.V. ("PGM")	Minority shareholder of the Group's subsidiary	20,027	131,970	1 to 2 years	5.64%
5. Marine Subsea Cyprus Holding Ltd.	None	12,500	82,371	1 to 2 years	3.52%
Total		124,649	821,398		35.13%

The Group's top 5 other receivables as at 31 December 2009 amounted to USD94,885,000 (RMB647,893,000), accounting for 56.55% of the total other receivables.

(10) Other receivables due from shareholders who hold 5% or more of the voting rights of the Company

The balance of other receivables from shareholders who hold 5% or more of the voting rights of the Company was withholding tax due from shareholders China Merchants International (CIMC) Investment Co., Ltd ("Merchants International") and COSCO Container Industries Limited ("COSCO Container"), amounting to USD1,169,000 and USD286,000, equivalent RMB7,704,000 and RMB1,886,000 (2009: Nil).

(11) Other receivables due from related parties

Company Name	Relationship with the company	Amount	Amount	Percentage in total other receivables
		USD'000	RMB'000	(%)
1. PGM	Minority shareholder of the Group's subsidiary	20,027	131,970	5.64%
2. Shanghai Fengyang	Associate	24,130	159,007	6.80%
3. Shenzhen Merchant Property Development Co., Ltd	Controlling shareholder of the Group's associate	10,721	70,650	3.02%
4. C & C Trucks	Associate	26,632	175,500	7.51%
5. COSCO Container	Important shareholder of the Group	286	1,886	0.08%
6. Merchants International	Important shareholder of the Group	1,169	7,704	0.33%
7. Consafe MSVAB	Associate	981	6,467	0.28%
8. Others	—	633	4,164	0.18%
Total		84,579	557,348	23.84%

The Group's other receivables due from related parties as at 31 December 2009 amounted to USD54,838,000 (RMB374,442,000), accounting for 32.68 % of total other receivables.

(12) Derecognition of other receivables due to transferring of financial assets

There are no derecognition of other receivables due to transferring of financial assets during the year (2009: Nil).

(13) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

There were no securitised other receivables during the year (2009: Nil).

6. Prepayments

(1) Prepayments by category are as follows:

	2010		2009	
	Amount	**Amount**	**Amount**	**Amount**
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Raw material	278,087	1,832,516	122,328	835,278
Construction Cost	91,134	600,546	28,798	196,642
Others	14,792	97,472	13,479	92,037
Subtotal	384,013	2,530,534	164,605	1,123,957
Less: provision for bad and doubtful debts	(14,733)	(97,087)	(7,381)	(50,398)
Total	369,280	2,433,447	157,224	1,073,559

(2) The ageing analysis of prepayments is as follows:

	2010			2009		
	Amount	Amount	Percentage	Amount	Amount	Percentage
	USD'000	RMB'000	%	USD'000	RMB'000	%
Within 1 year (inclusive)	327,264	2,156,578	85.22%	147,603	1,007,859	89.67%
1 and 2 years (inclusive)	8,763	57,744	2.28%	16,161	110,354	9.82%
2 and 3 years (inclusive)	42,576	280,565	11.09%	513	3,504	0.31%
More than 3 years	5,410	35,647	1.41%	328	2,240	0.20%
Subtotal	384,013	2,530,534	100.00%	164,605	1,123,957	100.00%
Less: provision for bad and doubtful debts	(14,733)	(97,087)	3.84%	(7,381)	(50,398)	4.48%
Total	369,280	2,433,447	96.16%	157,224	1,073,559	95.52%

The ageing is counted starting from the date of recognition of prepayments.

Prepayments aged over 1 year included steel purchase prepayment made to a supplier in total of RMB92,140,000, equivalent to USD13,980,000. The supplier has not delivered the steels within due date for its own reasons. As at 31 December 2010, the Group had made full provision for impairment of RMB87,640,000 (equivalent to USD13,300,000) for unsettled balances.(2009: RMB50,000,000, equivalent to USD7,320,000).

Other than the prepayments mentioned above, the remaining prepayments aged over 1 year mainly represented equipment purchase prepayment for offshore engineering projects. The prepayments are not settled because the construction period of the offshore engineering project usually last more than 1 year.

(3) The Group's top 5 prepayments are as follows:

Company name	Relationship with the company	Amount	Amount	Percentage of the total prepayments	Time of recognition	Reason for unsettlement
		USD'000	RMB'000	(%)		
1. Ben steel	None	20,845	137,361	5.43%	2010	materials not yet received
2. STX Heavy Industry Co., Ltd	None	20,318	133,890	5.29%	2010	materials not yet received
3. THRUSTMASTER OF TEXAS, INC	None	18,987	125,122	4.95%	2010	equipments not yet received within due date
4. Guangzhou steel International trading Co., Ltd.	None	16,174	106,583	4.21%	2010	materials not yet received
5. Tian Jin Yinze sheet metal Co., Ltd.	None	13,300	87,640	3.46%	2008	materials not yet received within due date
Total		89,624	590,596	23.34%	—	

(4) *Prepayments due from shareholders who hold 5% or more of the voting rights of the Company*

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of prepayments (2009: Nil).

7. Inventories

(1) *Inventories by categories*

	2010			2009		
Category	Cost amount	Provision for diminution in value	Carrying amount	Cost amount	Provision for diminution in value	Carrying amount
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Raw materials	793,764	(13,630)	780,134	588,439	(76,988)	511,451
Work in progress	262,346	(3,311)	259,035	148,645	(3,193)	145,452
Finished goods	484,153	(5,783)	478,370	246,896	(21,842)	225,054
Consignment stocks	51,450	(14)	51,436	43,760	(1,208)	42,552
Spare parts	6,591	—	6,591	14,208	—	14,208
Low-valued consumables	3,292	—	3,292	3,611	—	3,611
Materials in transit	1,895	—	1,895	1,443	—	1,443
Completed properties held for sale	3,921	—	3,921	4,307	—	4,307
Properties under development	68,279	—	68,279	40,992	—	40,992
Vessels under construction	301,976	—	301,976	—	—	—
Offshore engineering equipment	82,151	—	82,151	—	—	—
Total	2,059,818	(22,738)	2,037,080	1,092,301	(103,231)	989,070

Category	2010 Cost amount	2010 Provision for diminution in value	2010 Carrying amount	2009 Cost amount	2009 Provision for diminution in value	2009 Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	5,230,667	(89,821)	5,140,846	4,017,980	(525,688)	3,492,292
Work in progress	1,728,783	(21,816)	1,706,967	1,014,980	(21,799)	993,181
Finished goods	3,190,426	(38,106)	3,152,320	1,685,856	(149,143)	1,536,713
Consignment stocks	339,038	(95)	338,943	298,804	(8,250)	290,554
Spare parts	43,434	—	43,434	97,016	—	97,016
Low-valued consumables	21,696	—	21,696	24,649	—	24,649
Materials in transit	12,487	—	12,487	9,849	—	9,849
Completed properties held for sale	25,835	—	25,835	29,409	—	29,409
Properties under development	449,938	—	449,938	279,903	—	279,903
Ship under construction	1,989,931	—	1,989,931	—	—	—
Offshore engineering equipment	541,350	—	541,350	—	—	—
Total	13,573,585	(149,838)	13,423,747	7,458,446	(704,880)	6,753,566

The Group's closing balances of inventories included no capitalised borrowing cost (2009: USD182,000, equivalent to RMB1,241,000). The interest rate per annum at which the borrowing costs were capitalised for 2010 was nil (2009: 10.07%).

As at 31 December 2010, the Group had no inventories with restricted ownership (2009: Nil).

(2) Inventories movement for the year is as follows:

Category	Opening balance at the beginning of the year	Additions for the year	Reductions for the year	Effect of foreign exchange rate changes	Closing balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000
Raw materials	588,439	7,084,027	(6,886,270)	7,568	793,764
Work in progress	148,645	5,584,712	(5,472,800)	1,789	262,346
Finished goods	246,896	7,031,947	(6,801,743)	7,053	484,153
Consignment stocks	43,760	476,056	(468,805)	439	51,450
Ship under construction	—	324,589	(22,613)	—	301,976
Others	64,561	231,149	(131,961)	2,380	166,129
Subtotal	1,092,301	20,732,480	(19,784,192)	19,229	2,059,818
Less: provision for diminution in value of inventories	(103,231)	(14,381)	95,340	(466)	(22,738)
Total	989,070	20,718,099	(19,688,852)	18,763	2,037,080

Category	Opening balance at the beginning of the year	Additions for the year	Reductions for the year	Effect of foreign exchange rate changes	Closing balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	4,017,980	47,792,388	(46,458,223)	(121,478)	5,230,667
Work in progress	1,014,980	37,677,269	(36,922,244)	(41,222)	1,728,783
Finished goods	1,685,856	47,441,025	(45,887,960)	(48,495)	3,190,426
Consignment stocks	298,804	3,211,709	(3,162,793)	(8,682)	339,038
Ship under construction	—	2,189,842	(152,561)	(47,350)	1,989,931
Others	440,826	1,559,450	(890,272)	(15,264)	1,094,740
Subtotal	7,458,446	139,871,683	(133,474,053)	(282,491)	13,573,585
Less: provision for diminution in value of inventories	(704,880)	(97,022)	643,211	8,853	(149,838)
Total	6,753,566	139,774,661	(132,830,842)	(273,638)	13,423,747

(3) *Provision for diminution in value of inventories*

Category	Opening balance at the beginning of the year	Provision made for the year	Written back during the year		Effect of foreign exchange rate changes	Closing balance at the end of the year
			Reversal	Write-off		
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Raw materials	76,988	9,715	(2,532)	(70,749)	208	13,630
Work in progress	3,193	1,830	—	(1,785)	73	3,311
Finished goods	21,842	2,726	(2,093)	(16,863)	171	5,783
Consignment stocks	1,208	110	(1,217)	(101)	14	14
Total	103,231	14,381	(5,842)	(89,498)	466	22,738

Category	Opening balance at the beginning of the year	Provision made for the year	Written back during the year		Effect of foreign exchange rate changes	Closing balance at the end of the year
			Reversal	Write-off		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	525,688	65,540	(17,082)	(477,308)	(7,017)	89,821
Work in progress	21,799	12,349	—	(12,041)	(291)	21,816
Finished goods	149,143	18,393	(14,118)	(113,768)	(1,544)	38,106
Consignment stocks	8,250	740	(8,212)	(682)	(1)	95
Total	704,880	97,022	(39,412)	(603,799)	(8,853)	149,838

(a) The provision for diminution in value of the Group's inventories during the year was recognised mainly for the slow-moving or long-aging.

(b) Written back of provision for diminution in value of the Group's inventories during the year is as follows:

	Basis of provision for diminution in value of inventories	Reasons for written back of provision	Percentage of provision written back over total inventories balance at year end
Raw materials	Net realisable value was lower than book value	Inventories were used, or sold and the net realisable value ascended	0.32%
Work in progress	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	—
Finished goods	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.43%
Consignment stocks	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	2.37%

8. Non-current assets due within one year

	2010		2009	
	Amount	**Amount**	**Amount**	**Amount**
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Finance leases	115,147	758,786	57,226	390,751
Sales of goods by instalments	67,686	446,031	1,979	13,513
Others	—	—	106	724
Subtotal	182,833	1,204,817	59,311	404,988
Less: Provision for impairment	(2,931)	(19,315)	(1,604)	(10,952)
Total	179,902	1,185,502	57,707	394,036

9. Other current assets

	2010		2009	
	Amount	**Amount**	**Amount**	**Amount**
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Tax deductible/withheld	103,883	684,560	37,095	253,293
Other	527	3,470	197	1,384
Total	104,410	688,030	37,292	254,677

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2010		2009	
	Amount	Amount	Amount	Amount
	USD'000	RMB'000	USD'000	RMB'000
Available-for-sale equity instruments	116,616	768,467	172,196	1,175,785

During the year, available-for-sale financial assets held by the Group and the Company included shares of China Merchants Bank and of China Merchants Securities Co., Ltd, with a carrying value of USD22,327,000 and USD92,914,000 respectively, equivalent to RMB147,129,000 and RMB612,272,000. Besides, the Group held equity investment of Otto Energy Limited of USD1,375,000, equivalent to RMB9,066,000.

On 31 January 2010, three shareholders of TSC Offshore Group Limited (Hereafter referred to as "TSC"): the Company, a subsidiary of Raffles and Brian Chang who is also a board member, entered into an agreement on concerted action in which the three parties committed to act together to take concert of action on the exercise of their voting rights with the Company empowered as the ultimate decision maker. Therefore, the Group became to have significant influence on TSC since 31 January 2010. Considering TSC to be its associate company since that date, the Group accounted the equity investment in TSC of USD16,466,000, equivalent to RMB108,509,000 as long-term equity investment using the equity method.

11. Long-term receivables

(1) The long-term receivables by categories are as follows:

	2010		2009	
Item	Amount	Amount	Amount	Amount
	USD'000	RMB'000	USD'000	RMB'000
Finance Leases	141,820	934,554	98,167	670,304
Including: Unrealised finance income	11,390	75,060	4,248	29,006
Sales of goods by instalment	61,636	406,161	45,895	313,380
Car/housing loans to staff	2,053	13,528	2,736	18,685
Subtotal	205,509	1,354,243	146,798	1,002,369
Less: Provision for impairment	(2,729)	(17,986)	(1,527)	(10,427)
Total	202,780	1,336,257	145,271	991,942

(2) Significant changes of provision for bad and doubtful debts during the year:

There were no long-term receivables due within one year for which a full provision or a significant provision was in the previous years while were recovered in full or in significant amount during the year (2009: Nil).

(3) Derecognition of long-term receivables due to transfer of financial assets

	Derecognition amount	Gains due to derecognition
	USD'000	USD'000
Derecognition of finance lease due to sales of ownership	80,258	4,784
Subtotal	80,258	4,784

	Derecognition amount	Gains due to derecognition
	RMB'000	RMB'000
Derecognition of finance lease due to sales of ownership	528,876	32,275
Subtotal	528,876	32,275

(4) Long-term receivables due from shareholders who hold 5% or more of the voting rights of the Company

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term receivables (2009: Nil).

12. Long-term equity investments

(1) As at 31 December 2010, the Group's long-term equity investments by categories are as follows:

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Investments in joint ventures	6,042	39,812	2,002	13,670
Investments in associates	169,854	1,119,285	221,702	1,513,827
Other long-term equity investments	59,531	392,300	59,531	406,489
Subtotal	235,427	1,551,397	283,235	1,933,986
Less: Provision for impairment	(465)	(3,065)	(465)	(3,175)
Total	234,962	1,548,332	282,770	1,930,811

(2) An analysis of long-term equity investments movement of the year is as follows:

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage	The Company subsidiaries voting right	Whether voting right is different from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/ received of the year
	USD'000	USD'000	USD'000	USD'000	(%)	(%)		USD'000	USD'000	USD'000
Equity method — Joint ventures										
Yangzhou Maxi-CUBE Tong Composite Co., Ltd (MST)	1,151	2,002	199	2,201	50.00%	50.00%	N/A	—	—	329
RuiJi Logistic (Wuhu) Co., Ltd	1,500	—	1,520	1,520	50.00%	50.00%	N/A	—	—	—
Guangxi South CIMC Logistic Equipment Co., Ltd.	2,276	—	2,321	2,321	50.00%	50.00%	N/A	—	—	—
Subtotal	4,927	2,002	4,040	6,042	—	—	—	—	—	329
Equity method — Associates										
KYH Steel Holding Ltd. ("KYH")	3,336	17,261	1,063	18,324	31.83%	31.83%	N/A	—	—	410
Tianjin Port CIMC Zhenhua Logistic Co., Ltd (TJCIMCZL)	2,660	5,913	326	6,239	36.00%	36.00%	N/A	—	—	—
Dalian Jilong Logistic Co., Ltd (DLJLL)	3,015	5,256	464	5,720	30.00%	30.00%	N/A	—	—	—
Xiamen CIMC Haitou Container Service Co., Ltd (Xiamen Haitou)	1,494	1,982	141	2,123	45.00%	45.00%	N/A	—	—	334
Tianjin Zhenhua Logistic Group Co., Ltd (TJZL)	47,453	59,008	11,966	70,974	38.22%	38.22%	N/A	—	—	1,717
Ningbo Beilun Donghua Container Service Co., Ltd (NBBL)	432	512	25	537	21.00%	21.00%	N/A	—	—	93
New Atlantic Timber (HK) Limited (XYW)	396	433	(1)	432	20.00%	20.00%	N/A	—	—	—
Shanghai Fengyang	1,643	9,417	3,377	12,794	40.00%	40.00%	N/A	—	—	—
TRS Transportkoeling	1,647	2,081	(88)	1,993	32.00%	32.00%	N/A	—	—	—
Eurotank Oy	951	1,224	21	1,245	40.00%	40.00%	N/A	—	—	—
Xiamen Haitou Logistics Co., Ltd (XMHLC)	888	733	39	772	49.00%	49.00%	N/A	—	—	—
Raffles *(Notes IV.6.(1))*	—	99,033	(99,033)	—	—	—	N/A	—	—	—
C&C TRUCKS Co., LTD (C&C TRUCKS)	19,772	18,849	(3,360)	15,489	45.00%	45.00%	N/A	—	—	—
TSC	24,841	—	25,367	25,367	14.60%	24.15%	Note V.10	—	—	—
Xiamen Hongji Container Development Co., Ltd. ("XMHJ")	726	—	743	743	49.00%	49.00%	N/A	—	—	—
Consafe MSV AB ("Consafe")	534	—	959	959	36.00%	36.00%	N/A	—	—	—
Haiyang Blue Island Offshore Ltd ("HBIO")	1,366	—	2,865	2,865	30.00%	30.00%	N/A	—	—	—
Vostok-Raffles Joint Stock Company ("Vostok")	2,500	—	2,500	2,500	25.00%	25.00%	N/A	—	—	—
Senju (Jiangmen) Science & Technology Materials Co., Ltd. ("SJKJ")	90	—	778	778	30.00%	30.00%	N/A	—	—	—
Subtotal	113,744	221,702	(51,848)	169,854	—	—	—	—	—	2,554
Cost method										
BOCM Schroder Stolt Fund Management	1,233	1,233	—	1,233	5.00%	5.00%	N/A	—	—	1,105
Donghua Container	40	40	—	40	5.00%	5.00%	N/A	—	—	—
China Railway United Logistics	57,784	57,784	—	57,784	10.00%	10.00%	N/A	—	—	—
Guangdong Samsung	207	207	—	207	0.09%	0.09%	N/A	207	—	—
Beihai Yinjian	258	258	—	258	1.01%	1.01%	N/A	258	—	—
Jinmen General Aviation Company Limited	9	9	—	9	39.00%	39.00%	N/A	—	—	—
Subtotal	59,531	59,531	—	59,531	—	—	—	465	—	1,105
Total	178,202	283,235	(47,808)	235,427	—	—	—	465	—	3,988

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage	The Company subsidiaries voting right	Whether voting right is different from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/ received of the year
	RMB'000	RMB'000	RMB'000	RMB'000	(%)	(%)		RMB'000	RMB'000	RMB'000
Equity method — Joint ventures										
Yangzhou Maxi-CUBE Tong Composite Co., Ltd (MST)	9,530	13,670	827	14,497	50.00%	50.00%	N/A	—	—	2,220
RuiJi Logistics (Wuhu)	9,884	—	10,020	10,020	50.00%	50.00%	N/A	—	—	—
GXNFWL	15,000	—	15,295	15,295	50.00%	50.00%	N/A	—	—	—
Subtotal	34,414	13,670	26,142	39,812	—	—	—	—	—	2,220
Equity method —Associates										
KYH	27,625	117,856	2,897	120,753	31.83%	31.83%	N/A	—	—	2,764
TJCIMCZL	21,403	40,375	740	41,115	36.00%	36.00%	N/A	—	—	—
DLJLL	16,844	35,889	1,804	37,693	30.00%	30.00%	N/A	—	—	—
Xiamen Haitou	11,479	13,533	466	13,999	45.00%	45.00%	N/A	—	—	2,250
TJZL	302,144	402,918	64,763	467,681	38.22%	38.22%	N/A	—	—	11,580
NBBL	3,579	3,496	37	3,533	21.00%	21.00%	N/A	—	—	631
XYW	2,916	2,957	(107)	2,850	20.00%	20.00%	N/A	—	—	—
Shanghai Fengyang	12,000	64,301	20,012	84,313	40.00%	40.00%	N/A	—	—	—
TRS Transportkoeling	12,030	14,209	(1,076)	13,133	32.00%	32.00%	N/A	—	—	—
Eurotank Oy	6,946	8,358	(154)	8,204	40.00%	40.00%	N/A	—	—	—
XMHLC	6,153	5,005	82	5,087	49.00%	49.00%	N/A	—	—	—
Raffles *(Notes IV.6.(1))*	—	676,225	(676,225)	—	—	—	N/A	—	—	—
C&C TRUCKS	135,000	128,705	(26,640)	102,065	45.00%	45.00%	N/A	—	—	—
TSC	167,591	—	167,161	167,161	14.60%	24.15%	Note V.10	—	—	—
XMHJ	4,900	—	4,900	4,900	49.00%	49.00%	N/A	—	—	—
Consafe	3,532	—	6,315	6,315	36.00%	36.00%	N/A	—	—	—
HBIO	9,000	—	18,884	18,884	30.00%	30.00%	N/A	—	—	—
Vostok	16,474	—	16,474	16,474	25.00%	25.00%	N/A	—	—	—
SJKJ	6,072	—	5,125	5,125	30.00%	30.00%	N/A	—	—	—
Subtotal	765,688	1,513,827	(394,542)	1,119,285	—	—	—	—	—	17,225
Cost method										
BOCM Schroder Stolt Fund Management	8,125	8,419	(294)	8,125	5.00%	5.00%	N/A	—	—	7,458
Donghua Container	270	273	(3)	270	5.00%	5.00%	N/A	—	—	—
China Railway United Logistics	380,780	394,561	(13,781)	380,780	10.00%	10.00%	N/A	—	—	—
Guangdong Samsung	1,365	1,413	(48)	1,365	0.09%	0.09%	N/A	1,365	—	—
Beihai Yinjian	1,700	1,762	(62)	1,700	1.01%	1.01%	N/A	1,700	—	—
Jinmen General Aviation Company Limited	60	61	(1)	60	39.00%	39.00%	N/A	—	—	—
Subtotal	392,300	406,489	(14,189)	392,300	—	—	—	3,065		7,458
Total	1,192,402	1,933,986	(382,589)	1,551,397	—	—	—	3,065		26,903

As at 31 December 2010, there is no need for the Group to made provision for long-term equity investments in joint ventures and associates based on the provision testing result that compared the estimated recoverable amount and book value of long-term equity investments in joint ventures and associates.

(3) Information for major joint ventures and associates is as follows:

Investee	Entity type	Registered place	Legal representative	Principal activities	Registered capital		Shareholding percentage	Percentage of voting rights in the investees	Total assets at year end	Total liabilities at year end	Net assets at year end	Total revenue for the year	Net profit/(loss) for the year
					Currency	'000			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
a Joint ventures													
MST	Corporation	Yangzhou	Li Guisen	Production and sales of composition materials	RMB	154,634	50.00%	50.00%	43,239	14,228	29,011	70,563	6,102
RuiJi Logistics	Corporation	Anhui Li	Li Lizhong	Logistic	RMB	2,049,210	50.00%	50.00%	24,358	4,331	20,027	13,698	607
GXNFWL	Corporation	Guangxi	Yan Jie	Logistic	RMB	30,000	50.00%	50.00%	52,720	22,124	30,596	7,253	595
b Associates													
KYH Stee	Corporation	The British Virgin Islands	Huo Jinghui	Investment holding	HKD	72,289	31.83%	31.83%	934,391	526,400	407,991	1,405,023	27,332
TJCIMCZL	Corporation	Tianjin	Gao Xiang	Logistic	RMB	100,000	36.00%	36.00%	119,022	4,822	114,200	31,482	2,404
DLJLL	Corporation	Dalian	Xu Song	Logistic	RMB	70,000	30.00%	30.00%	237,481	129,759	107,722	43,204	6,010
Xiamen Haitou	Corporation	Xianmen	Jiang Jingdong	Logistic	RMB	25,000	45.00%	45.00%	37,521	6,396	31,125	39,884	495
TJZL	Corporation	Tianjin	Yang Liqiang	Logistic	USD	51,956	38.22%	38.22%	2,245,096	1,134,403	1,110,693	6,266,996	113,214
NBBL	Corporation	Ningbo	Zhu Shuilin	Martime auxiliary services	RMB	4,000	21.00%	21.00%	21,774	4,952	16,822	40,835	3,173
XYW	Corporation	Hong Kong	Wu Zhiquan	Wood processing	RMB	12,500	20.00%	20.00%	28,745	20,945	7,800	—	(1,999)
Shanghai Fengyang	Corporation	Shanghai	Yang Zhiguang	Property development	RMB	30,000	40.00%	40.00%	817,812	607,030	210,782	129,431	50,032
XMHLC	Corporation	Xiamen	Yang Xiaobo	Logistic	USD	12,000	49.00%	49.00%	12,627	2,287	10,340	6,996	130
C&C TRUCKS	Corporation	Wuhu	Yin Tongyao	Ocean engineering equipment construction	RMB	400,000	45.00%	45.00%	1,291,161	736,023	555,138	—	(32,858)
TSC	Corporation	Cayman Islands	Jiang Binhua	Energy and Oil	HKD	2,000,000	14.60%	24.15%	1,787,008	719,813	1,067,195	938,782	50,916
XMHJ	Corporation	Xiamen	Li Qiang	Container Leasing	RMB	10,000	49.00%	49.00%	10,113	113	10,000	—	—
SJKJ	Corporation	Jiangmen	Zheng Xiande	Leasing	RMB	3,000	30.00%	30.00%	26,945	9,945	17,000	798	(3,402)
Vostok Raffles	Corporation	Russia	Not applicable	Offshore Engineering Construction	USD	10,000,000	25.00%	25.00%	286,521	6,880	279,641	—	(21,307)
Cconsafa MSV AB Company	Corporation	Sweden	Not applicable	Investment	SEK	1,000,000	36.00%	36.00%	583,244	542,815	40,429	—	9,367
Haiyang Blue Island Offshore Ltd.	Corporation	Yantai	Dou Jiangrong	Offshore Engineering Construction	RMB	30,000,000	30.00%	30.00%	193,139	131,353	61,786	232,510	5,297

(a) As at 31 December 2010, the fair value of investment in TSC amounted to USD23,757,000 (RMB156,551,000).

(4) There is no restriction on the ability of the Group to transfer funds to invested enterprises.

13. Investment property

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000
Cost	14,301	1,114	(1,230)	417	14,602
1. Buildings	4,920	1,114	(1,230)	78	4,882
2. Land use rights	9,381	—	—	339	9,720
Accumulated depreciation or amortisation	3,228	320	(727)	42	2,863
1. Buildings	2,287	122	(727)	4	1,686
2. Land use rights	941	198	—	38	1,177
Carrying amounts	11,073	794	(503)	375	11,739
1. Buildings	2,633	992	(503)	74	3,196
2. Land use rights	8,440	(198)	—	301	8,543
Provision of impairment	—	—	—	—	—
1. Buildings	—	—	—	—	—
2. Land use rights	—	—	—	—	—
Carrying amounts	11,073	794	(503)	375	11,739
1. Buildings	2,633	992	(503)	74	3,196
2. Land use rights	8,440	(198)	—	301	8,543

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost	97,646	7,518	(8,300)	(641)	96,223
1. Buildings	33,595	7,518	(8,300)	(641)	32,172
2. Land use rights	64,051	—	—	—	64,051
Accumulated depreciation or amortisation	22,040	2,160	(4,904)	(429)	18,867
1. Buildings	15,615	826	(4,904)	(429)	11,108
2. Land use rights	6,425	1,334	—	—	7,759
Carrying amounts	75,606	5,358	(3,396)	(212)	77,356
1. Buildings	17,980	6,692	(3,396)	(212)	21,064
2. Land use rights	57,626	(1,334)	—	—	56,292
Provision of impairment	—	—	—	—	—
1. Buildings	—	—	—	—	—
2. Land use rights	—	—	—	—	—
Carrying amounts	75,606	5,358	(3,396)	(212)	77,356
1. Buildings	17,980	6,692	(3,396)	(212)	21,064
2. Land use rights	57,626	(1,334)	—	—	56,292

The depreciation and amortisation charged for investment property in 2010 was USD320,000 (RMB: 2,160,000). There was no provision for impairment for investment property in 2010.

14. Fixed assets

(1) Fixed assets by categories

Item	Balance at the beginning of the year	Additions		Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
	USD'000	USD'000		USD'000	USD'000	USD'000
Cost:	1,650,270	594,412		(53,314)	15,580	2,206,948
Including: Plant & buildings	761,615	103,815		(15,708)	8,263	857,985
Machinery & equipment	722,652	132,665		(24,874)	9,451	839,894
Office & other equipment	99,835	23,821		(5,768)	(9,187)	108,701
Motor vehicles	66,168	56,235		(6,964)	514	115,953
Offshore engineering special equipment	—	197,280		—	3,671	200,951
Dock and port	—	80,596		—	2,868	83,464
		Additions for the year	Charge for the year			
Accumulated depreciation:	486,841	35,324	170,439	(38,472)	(620)	653,512
Including: Plant & buildings	139,844	3,146	74,333	(12,467)	452	205,308
Machinery & equipment	260,964	3,187	63,473	(17,923)	726	310,427
Office & other equipment	49,300	2,457	18,551	(4,066)	(3,439)	62,803
Motor vehicles	36,733	202	7,613	(4,016)	767	41,299
Offshore engineering special equipment	—	16,589	4,384	—	466	21,439
Dock and port	—	9,743	2,085	—	408	12,236
Carrying amount	1,163,429	388,649		(14,842)	16,200	1,553,436
Including: Plant & buildings	621,771	26,336		(3,241)	7,811	652,677
Machinery & equipment	461,688	66,005		(6,951)	8,725	529,467
Office & other equipment	50,535	2,813		(1,702)	(5,748)	45,898
Motor vehicles	29,435	48,420		(2,948)	(253)	74,654
Offshore engineering special equipment	—	176,307		—	3,205	179,512
Dock and port	—	68,768		—	2,460	71,228
Provision for impairment	36,480	2,624		(3,114)	(1,055)	34,935
Including: Plant & buildings	23,852	2		(12)	(1,125)	22,717
Machinery & equipment	12,439	206		(2,474)	4	10,175
Office & other equipment	165	7		(78)	(7)	87
Motor vehicles	24	—		—	—	24
Offshore engineering special equipment	—	2,409		(550)	73	1,932
Dock and port	—	—		—	—	—
Carrying amount	1,126,949	386,025		(11,728)	17,255	1,518,501
Including: Plant & buildings	597,919	26,334		(3,229)	8,936	629,960
Machinery & equipment	449,249	65,799		(4,477)	8,721	519,292
Office & other equipment	50,370	2,806		(1,624)	(5,741)	45,811
Motor vehicles	29,411	48,420		(2,948)	(253)	74,630
Offshore engineering special equipment	—	173,898		550	3,132	177,580
Dock and port	—	68,768		—	2,460	71,228

Item	Balance at the beginning of the year	Additions		Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000		RMB'000	RMB'000	RMB'000
Cost:	11,268,374	4,010,132		(359,686)	(375,692)	14,543,128
Including: Plant & buildings	5,200,460	700,356		(105,971)	(140,981)	5,653,864
Machinery & equipment	4,934,410	894,991		(167,815)	(126,937)	5,534,649
Office & other equipment	681,692	160,706		(38,914)	(87,178)	716,306
Motor vehicles	451,812	379,390		(46,986)	(20,118)	764,098
Offshore engineering special equipment	—	1,330,948		—	(6,740)	1,324,208
Dock and port	—	543,741		—	6,262	550,003
		Additions for the year	Charge for the year			
Accumulated depreciation:	3,324,249	238,315	1,149,802	(259,540)	(146,377)	4,306,449
Including: Plant & buildings	954,885	21,228	501,485	(84,107)	(40,573)	1,352,918
Machinery & equipment	1,781,913	21,498	428,217	(120,914)	(65,093)	2,045,621
Office & other equipment	336,629	16,577	125,093	(27,428)	(37,018)	413,853
Motor vehicles	250,822	1,361	51,361	(27,091)	(4,306)	272,147
Offshore engineering special equipment	—	111,920	29,576	—	(217)	141,279
Dock and port	—	65,731	14,070	—	830	80,631
Carrying amount	7,944,125	2,622,015		(100,146)	(229,315)	10,236,679
Including: Plant & buildings	4,245,575	177,643		(21,864)	(100,408)	4,300,946
Machinery & equipment	3,152,497	445,276		(46,901)	(61,844)	3,489,028
Office & other equipment	345,063	19,036		(11,486)	(50,160)	302,453
Motor vehicles	200,990	326,668		(19,895)	(15,812)	491,951
Offshore engineering special equipment	—	1,189,452		—	(6,523)	1,182,929
Dock and port	—	463,940		—	5,432	469,372
Provision for impairment	249,092	17,703		(21,013)	(15,569)	230,213
Including: Plant & buildings	162,867	16		(79)	(13,105)	149,699
Machinery & equipment	84,934	1,386		(16,698)	(2,572)	67,050
Office & other equipment	1,130	49		(526)	(80)	573
Motor vehicles	161	—		—	(3)	158
Offshore engineering special equipment	—	16,252		(3,710)	191	12,733
Dock and port	—	—		—	—	—
Carrying amount	7,695,033	2,604,312		(79,133)	(213,746)	10,006,466
Including: Plant & buildings	4,082,708	177,627		(21,785)	(87,303)	4,151,247
Machinery & equipment	3,067,563	443,890		(30,203)	(59,272)	3,421,978
Office & other equipment	343,933	18,987		(10,960)	(50,080)	301,880
Motor vehicles	200,829	326,668		(19,895)	(15,809)	491,793
Offshore engineering special equipment	—	1,173,200		3,710	(6,714)	1,170,196
Dock and port	—	463,940		—	5,432	469,372

The depreciation charged for the year of the Group was USD170,439,000 (RMB: 1,149,802,000).

Fixed assets transferred from construction in progress in 2010 was USD115,171,000 (RMB859,752,000).

As at 31 December 2010, the fixed assets of the Group restricted in ownership amounted to USD24,450,000 (RMB161,120,000). Refer to Note V.21 for details.

In 2009, as a result of change of governmental land use plan and management operation strategy, part of buildings and machineries of the containers segment would be dismantled or disposed. Also, as a result of decrease in demand in the European and American market and the corresponding poor performance in operation and continuing downturn in property market, indication existed that some of machineries and buildings in the Netherland belonging to the trailers segment might be impaired. Therefore, the Group performed impairment test for these fixed assets. Based on the result of the test, the Group made USD27,013,000 (RMB184,518,000) of provision for impairment for the aforesaid fixed assets. The recoverable amount is determined as either its fair value less costs to sell or its present value of expected future cash flows.

If there is an active market for aforesaid fixed assets, net realisable value is the quoted price in the active market less the estimated selling expenses according to the management's disposal plan. The realisable value of fixed assets, which have no value in use and are pending for dismantling, is their fair value less the estimated disposal expenses.

For fixed assets still in use and without an active market, the realisable value is the present value of expected future cash flows, which is calculated based on the discount rate. The benchmark rate of bank loans will be adopted as the discount rate.

(2) As at the end of 2010, the Group had no temporarily idle fixed assets.

(3) *Fixed assets held under finance leases (2009: Nil)*

Item	**Cost**	**Accumulated depreciation**	**Carrying amount**
	USD'000	**USD'000**	**USD'000**
As at 31 December 2010			
Special equipment for marine Engineering project	32,658	(1,648)	31,010
Total	32,658	(1,648)	31,010

Item	**Cost**	**Accumulated depreciation**	**Carrying amount**
	RMB'000	**RMB'000**	**RMB'000**
As at 31 December 2010			
Special equipment for marine Engineering project	220,326	(11,120)	209,206
Total	220,326	(11,120)	209,206

(4) *Fixed assets leased out under operating leases*

Item	**Net book value**	
	USD'000	**RMB'000**
Plant & buildings	783	5,157
Motor vehicles	786	5,182
Total	1,569	10,339

(5) *Fixed assets held for sale at the year end*

As at 31 December 2010, there were no fixed assets held for sale (2009: Nil).

(6) *Fixed assets with pending certificates for ownership*

Item	Carrying amount		Reasons for pending	Expected time of getting certificate of ownership
	USD'000	RMB'000		
Factory	10,532	69,400	Put to use, certificate being in the progress	September, 2011
Workshop	41,355	272,517	Incomplete procedure, certificate being in the progress	End of 2011
Office building	29,266	192,855	Put to use, certificate being in the progress	June, 2011
Warehouse	14,213	93,663	Lack of reporting materials, under preparation	End of 2011
Dormitory and Canteen	5,855	38,581	Put to use, certificate being in the process	End of 2011
Others	9,116	60,071	Certificate being in the progress	By the end of 2011
Total	110,337	727,087		

15. Construction in progress

(1) *Construction in progress*

Item	2010 Cost	2010 Impairment	2010 Carrying amount	2009 Cost	2009 Impairment	2009 Carrying amount
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
DLZH Plant Project	2,849	—	2,849	20,496	—	20,496
Nantong CIMC Special Transportation Equipment Third Workshop Project	511	—	511	4,197	—	4,197
TCCIMC 2nd Project	—	—	—	1,606	—	1,606
Enric Four-column Hydraulic Press Project	—	—	—	1,601	—	1,601
Enric Roller-type Rotary Machine and Top-and-bottom Machine	243	—	243	1,233	—	1,233
SMIMCL Jincheng Information System	—	—	—	773	—	773
KGR Vehicle Installation Project	520	—	520	464	—	464
Nantong Shunda Container Complete-line and Coating-line project	30	—	30	455	—	455
Dalian Heavy Logistics Equipments Pressure Vessels Project	28	—	28	59	—	59
Enric First Stage Project	1,316	—	1,316	6,569	—	6,569
Dalian Heavy Logistics Production Line equipment	2,629	—	2,629	4,979	—	4,979
Group headquarters MTS Vehicle Systems	—	—	—	3,253	—	3,253
CIMC Grand Sky Light Hotel Project	5,514	—	5,514	2,279	—	2,279
XHCIMCS Production Line and Power Facilities Reconstruction Project	2,018	—	2,018	2,217	—	2,217
Enric Heavy Pressure Vessel Workshop	1,939	—	1,939	1,123	—	1,123

	2010			2009		
Item	Cost	Impairment	Carrying amount	Cost	Impairment	Carrying amount
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
TCCIMC Inside-container Automatic Spray Project	—	—	—	1,106	—	1,106
Enric Staff Apartment project	—	—	—	1,005	—	1,005
Xinhui Wood Factory 5th and 6th Project	2,003	—	2,003	—	—	—
Southern Salt Square 2nd Stage Project	6,042	—	6,042	—	—	—
LYLY vehicle 2nd Phase Project	1,335	—	1,335	—	—	—
Head office residential facilities for Haigong research center	2,952	—	2,952			
YZTL Steel Structure Factory Project	1,247	—	1,247	—	—	—
Enric 3rd Phase Project	1,095	—	1,095	—	—	—
Eastern Logistic 3rd Phase Project	5,517	—	5,517			
Raffles Offshore Drilling Platform outfitting quay project	46,268	—	46,268	—	—	—
Raffles harbor basin project	12,573	—	12,573	—	—	—
Raffles Dredging Offshore Project	5,856	—	5,856	—	—	—
Raffles No1 and No 2 slideway project	15,065	—	15,065	—	—	—
Raffles sea route project	1,778	—	1,778	—	—	—
Raffles Longmen Crane Project	3,341	—	3,341	—	—	—
Raffles Plant Road Project	1,554	—	1,554	—	—	—
Raffles Jack-up Drilling Platform	82,180	—	82,180	—	—	—
Others	51,221	—	51,221	30,541	—	30,541
Total	257,624	—	257,624	83,956	—	83,956

Item	2010 Cost	2010 Impairment	2010 Carrying amount	2009 Cost	2009 Impairment	2009 Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DLZH Plant Project	18,774	—	18,774	139,952	—	139,952
Nantong CIMC Special Transportation Equipment Third Workshop Project	3,367	—	3,367	28,657	—	28,657
TCCIMC 2nd Project	—	—	—	10,963	—	10,963
Enric Four-column Hydraulic Press Project	—	—	—	10,935	—	10,935
Enric Roller-type Rotary Machine and Top-and-bottom Machine	1,601	—	1,601	8,423	—	8,423
SMIMCL Jincheng Information System	—	—	—	5,278	—	5,278
KGR Vehicle Installation Project	3,427	—	3,427	3,169	—	3,169
Nantong Shunda Container Complete-line and Coating-line project	198	—	198	3,103	—	3,103
Dalian Heavy Logistics Equipments Pressure Vessels Project	185	—	185	406	—	406
Enric First Stage Project	8,672	—	8,672	44,853	—	44,853
Dalian Heavy Logistics Production Line equipment	17,324	—	17,324	33,996	—	33,996
Group headquarters MTS Vehicle Systems	—	—	—	22,210	—	22,210
CIMC Grand Sky Light Hotel Project	36,337	—	36,337	15,559	—	15,559
XHCIMCS Production Line and Power Facilities Reconstruction Project	13,298	—	13,298	15,141	—	15,141
Enric Heavy Pressure Vessel Workshop	12,777	—	12,777	7,667	—	7,667
TCCIMC Inside-container Automatic Spray Project	—	—	—	7,550	—	7,550
Enric Staff Apartment project	—	—	—	6,864	—	6,864
Xinhui Wood Factory 5th and 6th Project	13,200	—	13,200	—	—	—
Southern Salt Square 2nd Stage Project	39,815	—	39,815	—	—	—
LYLY vehicle 2nd Phase Project	8,800	—	8,800	—	—	—
Head office residential facilities for Haigong research center	19,453	—	19,453	—	—	—
YZTL Steel Structure Factory Project	8,218	—	8,218	—	—	—
Enric 3rd Phase Project	7,213	—	7,213	—	—	—
Eastern Logistic 3rd Phase Project	36,355	—	36,355	—	—	—
Raffles Offshore Drilling Platform outfitting quay project	304,892	—	304,892	—	—	—
Raffles harbor basin project	82,851	—	82,851	—	—	—
Raffles Dredging Offshore Project	38,588	—	38,588	—	—	—
Raffles No1 and No 2 slideway project	99,275	—	99,275	—	—	—
Raffles sea route project	11,718	—	11,718	—	—	—
Raffles Longmen Crane Project	22,018	—	22,018	—	—	—
Raffles Plant Road Project	10,243	—	10,243	—	—	—
Raffles Jack-up Drilling Platform	541,542	—	541,542	—	—	—
Others	337,523	—	337,523	208,543	—	208,543
Total	1,697,664	—	1,697,664	573,269	—	573,269

The carrying amounts of construction in progress at the end of the year included capitalised borrowing cost of USD2,655,000, equivalent to RMB17,912,000 (2009: USD1,381,000, equivalent to RMB9,427,000). The interest rate adopted for determining capitalised at borrowing cost for the current year was 5.09% (2009: 4.72%).

As at 31 December 2010, the construction in progress of the Group with restrictions in ownership amounted to USD5,514,000, equivalent to RMB36,337,000. Refer to Note V.21 for details. (2009: Nil).

(2) *Provision for impairment*

There was no provision for impairment for work in progress in 2010 (2009: Nil).

(3) The Group's major construction projects in progress were set out as follows:

Project	Budget	Balance at the beginning of the year	Additions	Transfer to fixed assets	Other deduction	Percentage of actual cost to budget	Progress	Accumulated capitalized borrowing cost	Including current year capitalized borrowing cost	Capitalized rate	Sources of funds	Effect of the foreign exchange rate changes	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000	(%)		USD'000	USD'000	(%)		USD'000	USD'000
DLZH Plant Project	25,000	20,496	144	(17,791)	—	82.56%	82.56%	770	—	4.78%	Bank Loan	—	2,849
Nantong CIMC Special Transportation Equipment Third Workshop Project	5,202	4,197	1,939	(5,625)	—	117.90%	95.00%	—	—	—	Self-funding	—	511
TCCIMC 2nd stage project	1,606	1,606	—	(1,606)	—	100.00%	100.00%	—	—	—	Self-funding	—	—
Enric Four-column Hydraulic Press Project	2,136	1,601	—	(1,601)	—	74.96%	100.00%	—	—	—	Self-funding	—	—
Enric Roller-type Rotary Machine and Top-and-bottom Machine	1,514	1,233	—	(1,011)	—	81.49%	81.49%	—	—	—	Self-funding	21	243
Enric First Stage Project	7,608	6,569	188	(5,550)	—	88.81%	88.81%	—	—	—	Self-funding	109	1,316
Dalian Heavy Logistics Production Line Equipment	21,000	4,979	—	(2,350)	—	23.71%	23.71%	—	—	—	Self-funding	—	2,629
Group headquarters MTS Vehicle Systems	3,647	3,253	—	(3,253)	—	89.19%	100.00%	—	—	—	Self-funding	—	—
CIMC Grand Sky Light Hotel Project	12,595	2,279	3,016	—	—	42.54%	42.54%	64	64	4.96%	Bank Loan	155	5,514
XHCIMCS Production Line and Power Facilities Reconstructions Project	2,900	2,217	—	(199)	—	76.46%	76.46%	—	—	—	Self-funding	—	2,018
Enric Heavy Pressure Vessel Workshop	3,745	1,123	758	—	—	50.58%	50.58%	—	—	—	Self-funding	58	1,939
TCCIMC Inside-container Automatic Spray Project	1,391	1,106	—	(1,106)	—	79.47%	100.00%	—	—	—	Self-funding	—	—
Enric Staff Apartment Project	1,005	1,005	—	(1,005)	—	100.00%	100.00%	—	—	—	Self-funding	—	—
Southern Salt Square Project	9,860	—	5,902	—	—	59.85%	59.85%	—	—	—	Self-funding	140	6,042
LYLY Vehicle 2nd Phase Project	2,908	—	1,304	—	—	44.85%	44.85%	—	—	—	Self-funding	31	1,335
Head Office residential facilities for Haigong research center	3,000	—	2,952	—	—	98.40%	98.40%	—	—	—	Self-funding	—	2,952
YZTL Steel Structure Factory Project	2,276	—	1,218	—	—	53.51%	53.51%	—	—	—	Self-funding	29	1,247
Enric 3rd Phase Project	4,269	—	1,069	—	—	25.64%	25.64%	—	—	—	Self-funding	26	1,095
Eastern Logistic 3rd Phase Project	28,000	—	5,517	—	—	19.70%	19.70%	—	—	—	Self-funding	—	5,517
XHW 5th and 6th Stage Project	4,866	—	1,957	—	—	40.21%	40.21%	—	—	—	Self-funding	46	2,003
Raffles Offshore Drilling Platform outfitting quay project	57,062	—	44,486	—	—	77.96%	77.96%	1,782	1,782	5.74%	Bank Loan	—	46,268
Raffles harbor basin project	24,288	—	12,573	—	—	51.77%	51.77%	—	—	—	Self-funding	—	12,573
Raffles Dredging Offshore Project	9,479	—	5,856	—	—	61.78%	61.78%	—	—	—	Self-funding	—	5,856
Raffles No.1 and No.2 Slideway Project	17,761	—	15,065	—	—	84.82%	84.82%	—	—	—	Self-funding	—	15,065
Raffles Sea Route Project	10,930	—	1,778	—	—	16.27%	16.27%	—	—	—	Self-funding	—	1,778
Raffles Longmen Crane Project	4,858	—	3,551	(210)	—	73.11%	73.11%	—	—	—	Self-funding	—	3,341
Raffles Plant Road Project	1,670	—	1,554	—	—	93.09%	93.09%	—	—	—	Self-funding	—	1,554
Raffles Jack-up Drilling Platform	180,000	—	82,180	—	—	45.66%	45.66%	—	—	—	Self-funding	—	82,180
Total	450,576	51,664	193,007	(41,307)	—			2,616	1,846	—		615	205,825

Project	Budget	Balance at the beginning of the year	Additions	Transfer to fixed assets	Other deduction	Percentage of actual cost to budget	Progress	Accumulated capitalised borrowing cost	Including: current year capitalised borrowing cost	Capitalised rate	Sources of funds	Effect of the foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	(%)		RMB'000	RMB'000	(%)		RMB'000	RMB'000
DLZH Plant Project	170,705	139,952	971	(120,032)	—	82.56%	82.56%	5,196	—	4.78%	Bank Loan	(2,117)	18,774
Nantong CIMC Special Transportation Equipment Third Workshop Project	35,519	28,657	13,079	(37,946)	—	117.90%	95.00%	—	—	—	Self-funding	(423)	3,367
TCCIMC 2nd stage project	10,832	10,963	—	(10,832)	—	100.00%	100.00%	—	—	—	Self-funding	(131)	—
Enric Four-column Hydraulic Press Project	14,588	10,935	—	(10,935)	—	74.96%	100.00%	—	—	—	Self-funding	—	—
Enric Roller-type Rotary Machine and Top-and-bottom Machine	10,336	8,423	—	(6,822)	—	81.49%	81.49%	—	—	—	Self-funding	—	1,601
Enric First Stage Project	51,950	44,853	1,265	(37,446)	—	88.81%	88.81%	—	—	—	Self-funding	—	8,672
Dalian Heavy Logistics Production Line Equipment	143,392	33,996	—	(15,849)	—	23.71%	23.71%	—	—	—	Self-funding	(823)	17,324
Group headquarters MTS Vehicle Systems	24,902	22,210	—	(21,945)	—	89.19%	100.00%	—	—	—	Self-funding	(265)	—
CIMC Grand Sky Light Hotel Project	86,000	15,559	20,344	—	—	42.54%	42.54%	434	434	4.96%	Bank Loan	—	36,337
XHCIMCS Production Line and Power Facilities Reconstruction Project	19,802	15,141	—	(1,348)	—	76.46%	76.46%	—	—	—	Self-funding	(495)	13,298
Enric Heavy Pressure Vessel Workshop	25,570	7,667	5,110	—	—	50.58%	50.58%	—	—	—	Self-funding	—	12,777
TCCIMC Inside-container Automatic Spray Project	9,500	7,550	—	(7,460)	—	79.47%	100.00%	—	—	—	Self-funding	(90)	—
Enric Staff Apartment project	6,864	6,864	—	(6,864)	—	100.00%	100.00%	—	—	—	Self-funding	—	—
Southern Salt Square Project	66,520	—	39,815	—	—	59.85%	59.85%	—	—	—	Self-funding	—	39,815
LYLY vehicle 2nd Phase Project	19,620	—	8,800	—	—	44.85%	44.85%	—	—	—	Self-funding	—	8,800
Head office residential facilities for Haigong research center	19,769	—	19,916	—	—	98.40%	98.40%	—	—	—	Self-funding	(463)	19,453
YZTL Steel Structure Factory Project	15,000	—	8,218	—	—	53.51%	53.51%	—	—	—	Self-funding	—	8,218
Enric 3rd Phase Project	28,132	—	7,213	—	—	25.64%	25.64%	—	—	—	Self-funding	—	7,213
Eastern Logistic 3rd Phase Project	184,512	—	37,220	—	—	19.70%	19.70%	—	—	—	Self-funding	(865)	36,355
XHW 5th and 6th stage Factory	32,831	—	13,200	—	—	40.21%	40.21%	—	—	—	Self-funding	—	13,200
Raffles Offshore Drilling Platform outfitting quay project	384,966	—	300,126	—	—	77.96%	77.96%	12,021	12,021	5.47%	Bank Loan	(7,255)	304,892
Raffles harbor basin project	163,859	—	84,823	—	—	51.77%	51.77%	—	—	—	Self-funding	(1,972)	82,851
Raffles Dredging Offshore Project	63,951	—	39,506	—	—	61.78%	61.78%	—	—	—	Self-funding	(918)	38,588
Raffles No1 and No 2 slideway project	119,822	—	101,637	—	—	84.82%	84.82%	—	—	—	Self-funding	(2,362)	99,275
Raffles sea route project	73,737	—	11,997	—	—	16.27%	16.27%	—	—	—	Self-funding	(279)	11,718
Raffles Longmen Crane Project	32,772	—	23,960	(1,418)	—	73.11%	73.11%	—	—	—	Self-funding	(524)	22,018
Raffles Plant Road Project	11,265	—	10,486	—	—	93.09%	93.09%	—	—	—	Self-funding	(243)	10,243
Raffles Jack-up Drilling Platform	1,214,370	—	554,428	—	—	45.66%	45.66%	—	—	—	Self-funding	(12,886)	541,542
Total	3,041,086	352,770	1,302,114	(278,897)	—			17,651	12,455	—		(32,111)	1,356,331

16. Intangible assets

(1) Intangible assets by categories

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000
Cost	514,115	118,634	(2,432)	5,770	636,087
Land use rights	351,448	81,468	(2,423)	5,271	435,764
Technical know-how and trademarks	98,844	23,738	(9)	972	123,545
Timber concession rights	36,052	—	—	(88)	35,964
Customer relationships	16,794	—	—	(293)	16,501
Customer contracts	10,977	9,526	—	(233)	20,270
Maritime use rights	—	3,902	—	141	4,043
Accumulated amortisation	91,428	41,150	(165)	(659)	131,754
Land use rights	32,623	7,557	(158)	382	40,404
Technical know-how and trademarks	30,610	23,469	(7)	1,589	55,661
Timber concession rights	13,841	712	—	(72)	14,481
Customer relationships	6,177	2,442	—	(1,207)	7,412
Customer contracts	8,177	6,229	—	(1,377)	13,029
Maritime space use rights	—	741	—	26	767
Carrying amount	422,687	77,484	(2,267)	6,429	504,333
Land use rights	318,825	73,911	(2,265)	4,889	395,360
Technical know-how and trademarks	68,234	269	(2)	(617)	67,884
Timber concession rights	22,211	(712)	—	(16)	21,483
Customer relationships	10,617	(2,442)	—	914	9,089
Customer contracts	2,800	3,297	—	1,144	7,241
Maritime space use rights	—	3,161	—	115	3,276
Provision for impairment	15,899	—	—	10	15,909
Land use rights	—	—	—	—	—
Technical know-how and trademarks	—	—	—	—	—
Timber concession rights	15,899	—	—	10	15,909
Customer relationships	—	—	—	—	—
Customer contracts	—	—	—	—	—
Maritime space use rights	—	—	—	—	—
Carrying amount	406,788	77,484	(2,267)	6,419	488,424
Land use rights	318,825	73,911	(2,265)	4,889	395,360
Technical know-how and trademarks	68,234	269	(2)	(617)	67,884
Timber concession rights	6,312	(712)	—	(26)	5,574
Customer relationships	10,617	(2,442)	—	914	9,089
Customer contracts	2,800	3,297	—	1,144	7,241
Maritime space use rights	—	3,161	—	115	3,276

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost	3,510,468	800,365	(16,408)	(102,800)	4,191,625
Land use rights	2,399,754	549,623	(16,344)	(61,479)	2,871,554
Technical know-how and trademarks	674,926	160,150	(64)	(20,884)	814,128
Timber concession rights	246,167	—	—	(9,175)	236,992
Customer relationships	114,676	—	—	(5,940)	108,736
Customer contracts	74,945	64,269	—	(5,641)	133,573
Maritime use rights	—	26,323	—	319	26,642
Accumulated amortisation	624,283	277,672	(1,113)	(32,622)	868,220
Land use rights	222,751	50,984	(1,066)	(6,419)	266,250
Technical know-how and trademarks	209,015	158,380	(47)	(558)	366,790
Timber concession rights	94,509	4,803	—	(3,887)	95,425
Customer relationships	42,176	16,476	—	(9,809)	48,843
Customer contracts	55,832	42,027	—	(12,002)	85,857
Maritime space use rights	—	5,002	—	53	5,055
Carrying amount	2,886,185	522,693	(15,295)	(70,178)	3,323,405
Land use rights	2,177,003	498,639	(15,278)	(55,060)	2,605,304
Technical know-how and trademarks	465,911	1,770	(17)	(20,326)	447,338
Timber concession rights	151,658	(4,803)	—	(5,288)	141,567
Customer relationships	72,500	(16,476)	—	3,869	59,893
Customer contracts	19,113	22,242	—	6,361	47,716
Maritime space use rights	—	21,321	—	266	21,587
Provision for impairment	108,559	—	—	(3,725)	104,834
Land use rights	—	—	—	—	—
Technical know-how and trademarks	—	—	—	—	—
Timber concession rights	108,559	—	—	(3,725)	104,834
Customer relationships	—	—	—	—	—
Customer contracts	—	—	—	—	—
Maritime space use rights	—	—	—	—	—
Carrying amount	2,777,626	522,693	(15,295)	(66,453)	3,218,571
Land use rights	2,177,003	498,639	(15,278)	(55,060)	2,605,304
Technical know-how and trademarks	465,911	1,770	(17)	(20,326)	447,338
Timber concession rights	43,099	(4,803)	—	(1,563)	36,733
Customer relationships	72,500	(16,476)	—	3,869	59,893
Customer contracts	19,113	22,242	—	6,361	47,716
Maritime space use rights	—	21,321	—	266	21,587

The amortisation charged for the year of the Group was USD31,054,000 (RMB: 209,506,000).

As at 31 December 2010, the cost of the Group's intangible assets with certificates of ownership to be obtained amounted to USD6,327,000 (RMB41,694,000). The relevant procedures were under progress and expected to be completed at the end of 2011.

As at 31 December 2010, the Group had intangible assets with restriction in ownership amounted to USD23,765,000 (RMB156,607,000). (2009: USD2,929,000, equivalent to RMB20,000,000).

The Group consolidated Raffles (Refer to Note IV.6 (1) for details) in 2010. The intangible assets of Raffles were stated at assessed fair value in the consolidated financial statement. The intangible assets whose value was over USD1 million were listed below:

	Initial costs		Assessment method
	Amount	RMB equivalent	
	USD'000	RMB'000	
— Land and Maritime use rights	48,889	329,830	Market approach
— Customer relationships	9,526	64,269	Discounted cash flow method
— Software using right	11,456	77,286	Cost method
	69,871	471,385	

The intangible assets assessment institute for Raffles is Deloitte & Touche Financial Advisory Services Limited.

The timber concession right amounting to USD18,574,000, in respect of the 450,000 acres in Suriname was acquired by Topco Forestry N.V, a wholly owned subsidiary of Gold Terrain Assets Limited, a subsidiary of the Group. Since around 75,000 acres of the forest in the above timber concession rights were located in a nature reservation zone, the government of Suriname took back the timber concession rights in 2003. The Group had negotiated with the Suriname government for a plan to substitute the original 75,000 acres with other forest locations. Since there were no clear results of the negotiation, a full provision for impairment of USD2,116,000 was made to this part of timber concession rights.

In 1998, Silveroad Wood Products Limited, a wholly owned subsidiary of Gold Terrain Assets Limited purchased 315,460 acres of timber concession rights in Cambodia amounting to USD17,501,000. The government of Cambodia has suspended all timber concession rights in its region, including those of the Group. In view of this, full provision for impairment amounting to USD13,783,000 was made on the carrying value of the above timber concession rights.

As at 31 December 2010, there were no intangible assets with indefinite useful lives.

17. Goodwill

Name of investee or goodwill items	Note	Balance at the beginning of the year	Additions	Deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Provision for impairment
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Enric	(1)a	92,114	—	—	—	92,114	—
TGE SA	(1)b	28,557	—	—	(1,128)	27,429	—
LCRO	IV.6(2)	—	1,170	—	—	1,170	—
Others		56,026	—	(28)	625	56,623	1,757
Total		176,697	1,170	(28)	(503)	177,336	1,757

Name of investee or goodwill items	Note	Balance at the beginning of the year	Additions	Deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Provision for impairment
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Enric	(1)a	628,973	—	—	(21,969)	607,004	—
TGE SA	(1)b	194,993	—	—	(14,244)	180,749	—
LCRO	IV.6(2)	—	7,710	—	—	7,710	—
Others		382,556	—	(189)	(9,236)	373,131	11,578
Total		1,206,522	7,710	(189)	(45,449)	1,168,594	11,578

(1) Impairment test for asset group including goodwill

The Group's allocation of goodwill to asset group according to operation segments or business segments is as follows:

	2010	2009
	USD'000	USD'000
Container Industry	19,352	19,352
Trailers	11,799	11,799
Tank equipments industry	127,690	128,873
Asset groups with insignificant allocation percentage of goodwill	18,495	16,673
Total	177,336	176,697

	2010	2009
	RMB'000	RMB'000
Container Industry	127,524	132,139
Trailers	77,752	80,566
Tank equipments industry	841,439	879,971
Asset groups with insignificant allocation percentage of goodwill	121,879	113,846
Total	1,168,594	1,206,522

(a) Goodwill attributable to Enric

The Group paid USD144,291,628 (RMB1,094,076,842) as acquisition cost for acquiring 41.55% equity interest in Enric in 2007. The excess of acquisition cost over the Group's interest in the fair value of Enric's identifiable assets and liabilities, amounted to USD92,113,833 (RMB701,034,168), was recognised as goodwill attributable to Enric.

The recoverable amount of Enric is determined based on the present value of expected future cash flows. The present value of expected future cash flows was calculated based on the most recent ten-year financial budgets approved by management of the Group and a discount rate of 6.4%. The cash flows beyond the ten-year budget period was assumed to keep stable. There was no impairment considered necessary for the goodwill based on the calculations. As key assumptions on which management has made the future cash projections are subject to change, management believes that any adverse change in the key assumptions would cause the carrying amount exceeding its recoverable amount.

The calculation of present value of expected future cash flows of Enric was based on key assumptions of 19% of gross profit ratio and 10% of operating sales growth, which was determined by management on the basis of past performance before the budget period.

(b) Goodwill attributable to TGE SA

The Group paid USD35,605,021 (RMB243,096,841) as acquisition cost for 60% equity interests in TGE SA in 2008. The excess of acquisition cost over the Group's interest in the fair value of TGE SA's identifiable assets and liabilities, amounting to USD13,188,894 (RMB90,048,493), was recognised as good will attributable to TGE SA. The goodwill together with which arose from TGE SA restructuring, amounting to USD15,197,477 (RMB103,759,294), are USD28,386,371 (RMB193,807,787).

The recoverable amount of TGE SA is determined based on the present value of expected future cash flows. The present value of expected future cash flows was calculated based on the most recent ten-year financial budgets approved by management of the Group and a discount rate of 6.4%. The cash flows beyond the ten-year budget period was assumed to keep stable. There was no impairment considered necessary for the goodwill based on the calculations. As key assumptions on which management has made the future cash projections are subject to change, management believes that any adverse change in the key assumptions would cause the carrying amount exceeding its recoverable amount.

The calculation of present value of expected future cash flows of TGE SA was based on key assumptions of 9% of gross profit ratio and 5% of operating sales growth, which was determined by management on the basis of past performance before the budget period.

18. Long-term deferred expenses

Item	Balance at the beginning of the year	Additions	Amortisation	Other deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Reasons for other deduction
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	
Water and electricity capacity enlargement expenses	474	104	(404)	—	5	179	None
Rental	1,167	536	(807)	—	21	917	None
Others	2,828	2,455	(2,207)	—	74	3,150	None
Total	4,469	3,095	(3,418)	—	100	4,246	None

Item	Balance at the beginning of the year	Additions	Amortisation	Other deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Reasons for other deduction
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Water and electricity capacity enlargement expenses	3,234	705	(2,723)	—	(38)	1,178	None
Rental	7,965	3,614	(5,446)	—	(95)	6,038	None
Others	19,314	16,564	(14,890)	—	(226)	20,762	None
Total	30,513	20,883	(23,059)	—	(359)	27,978	None

19. Deferred tax assets and liabilities

(1) Deferred tax assets or liabilities after offsetting and corresponding deductable or taxable timing differences

Item	2010 Deductible/ (taxable) temporary difference	2010 Deferred tax assets/ (liabilities)	2009 Deductible/ (taxable) temporary difference	2009 Deferred tax assets/ (liabilities)
	USD'000	USD'000	USD'000	USD'000
Deferred tax assets:				
Provisions for impairment	96,296	20,323	92,808	20,430
Provisions	68,749	13,911	55,913	12,626
Employee benefits payable	134,444	30,109	70,927	15,080
Accrued expenses	43,851	7,042	17,562	4,373
Tax losses carry-forward	135,878	23,273	39,059	9,164
Movement for fair value of financial assets held for trading/hedging instruments	20,864	5,008	21,171	4,667
Others	10,117	3,229	2,025	483
Subtotal	510,199	102,895	299,465	66,823
Offsetting amount	(123,057)	(28,620)	(59,954)	(13,230)
Net amount after offsetting	387,142	74,275	239,511	53,593
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/hedging instruments	(11,734)	(2,435)	(323)	(64)
Available-for-sale financial assets	(105,478)	(25,184)	(145,906)	(32,099)
Movement for fair value of hedging instrument	(2,053)	(565)	(3,164)	(693)
Revaluation gain through combination	(150,349)	(41,891)	(163,713)	(45,401)
Estimated dividend income earned for non-resident foreign enterprises	(377,864)	(28,410)	(206,080)	(12,966)
Others	(94,168)	(17,068)	(4,753)	(1,197)
Subtotal	(741,646)	(115,553)	(523,939)	(92,420)
Offsetting amount	123,057	28,620	59,954	13,230
Net amount after offsetting	(618,589)	(86,933)	(463,985)	(79,190)

Item	2010 Deductible/ (taxable) temporary difference	2010 Deferred tax assets/ (liabilities)	2009 Deductible/ (taxable) temporary difference	2009 Deferred tax assets/ (liabilities)
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets:				
Provisions for impairment	634,562	133,922	633,710	139,500
Provisions	453,035	91,669	381,782	86,214
Employee benefits payable	885,946	198,409	484,302	102,969
Accrued expenses	288,965	46,405	119,917	29,860
Tax losses carry-forward	895,395	153,362	266,702	62,575
Movement for fair value of financial assets held for trading and derivative financial instruments	137,488	33,001	144,561	31,865
Others	66,668	21,285	14,192	3,297
Subtotal	3,362,059	678,053	2,045,166	456,280
Offsetting amount	(810,909)	(188,597)	(409,734)	(90,334)
Net amount after offsetting	2,551,150	489,456	1,635,432	365,946
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading and derivative financial instruments	(77,324)	(16,046)	(2,207)	(435)
Available-for-sale financial assets	(723,531)	(172,414)	(996,275)	(219,680)
Movement for fair value of hedging instrument	(14,070)	(3,858)	(21,565)	(4,108)
Revaluation gain through combination	(990,755)	(276,049)	(1,117,866)	(309,938)
Estimated dividend income earned for non-resident foreign enterprises	(2,490,010)	(187,213)	(1,407,153)	(88,534)
Others	(591,535)	(105,883)	(32,849)	(8,361)
Subtotal	(4,887,225)	(761,463)	(3,577,915)	(631,056)
Offsetting amount	810,909	188,597	409,734	90,334
Net amount after offsetting	(4,076,316)	(572,866)	(3,168,181)	(540,722)

(2) *Unrecognised deferred tax assets*

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Tax losses carry-forward	54,886	361,682	60,679	414,326
Impairment losses of timber Concession rights	8,463	55,769	8,463	57,787
Others	25,914	170,765	11,693	79,845
Total	89,263	588,216	80,835	551,958

(3) Expiration of deductible tax losses for unrecognised deferred tax assets are as follows:

Year	2010		2009		Note
	USD'000	RMB'000	USD'000	RMB'000	
2010	—	—	1,406	9,599	
2011	13,524	89,119	11,110	75,860	
2012	6,446	42,477	22,273	152,086	
2013	34,212	225,447	63,113	430,946	
2014	43,944	289,578	131,575	898,422	
2015	79,798	525,845	—	—	
More than 5 years	59,605	392,779	53,265	363,709	Note 1
Total	237,529	1,565,245	282,742	1,930,622	

At 31 December 2010, the Group had no unrecognised deferred tax liabilities.

Note 1:

By the end of 2009 and 2010, unrecognised deferred tax assets aged over 5 years (inclusive) arising from deductible tax losses resulted from foreign subsidiaries' operating losses. Deductible tax losses generated from Hong Kong, the United States of America, the United Kingdom of Great Britain and Australia can be offset with future profit indefinitely; deductible tax losses generated from the Netherlands can be offset in the subsequent nine years.

20. Provisions for impairment

Item	Note	Balance at the beginning of the year	Charge for the year	Decrease exchange during the year		Effect of foreign the end rate changes	Balance at of the year
				Reversal	Write off		
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Receivables	V.4-6,8,11	53,906	42,650	(10,571)	(16,811)	1,920	71,094
Inventories	V.7	103,231	14,381	(5,842)	(89,498)	466	22,738
Long-term equity investment	V.12	465	—	—	—	—	465
Fixed assets	V.14	36,480	2,624	—	(3,114)	(1,055)	34,935
Intangible assets	V.16	15,899	—	—	—	10	15,909
Goodwill	V.17	1,757	—	—	—	—	1,757
Total		211,738	59,655	(16,413)	(109,423)	1,341	146,898

Item	Note	Balance at the beginning of the year	Charge for the year	Decrease exchange during the year		Effect of foreign the end rate changes	Balance at of the year
				Reversal	Write off		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Receivables	V.4-6,8,11	368,079	287,958	(71,326)	(113,412)	(2,811)	468,480
Inventories	V.7	704,880	97,022	(39,412)	(603,799)	(8,853)	149,838
Long-term equity investment	V.12	3,175	—	—	—	(110)	3,065
Fixed assets	V.14	249,092	17,703	—	(21,013)	(15,569)	230,213
Intangible assets	V.16	108,559	—	—	—	(3,725)	104,834
Goodwill	V.17	11,997	—	—	—	(419)	11,578
Total		1,445,774	402,683	(110,738)	(738,224)	(31,487)	968,008

Please refer to the respective notes of the assets for reasons of the provisions.

21. Restricted assets

As at 31 December 2010, the Group's assets with restrictions placed on their ownership are as follows:

Item	Note	Balance at the beginning of the year	Additions for the year	Decrease during the year	Effect of foreign exchange rate changes	Balance at the end of the year
		USD'000	USD'000	USD'000	USD'000	USD'000
Assets guaranteed						
— Cash at bank and on hand	V.1	127,807	140,908	(141,987)	3,518	130,246
— Accounts receivable	V.4	3,221	146,000	(3,221)	—	146,000
— Fixed assets	V.14	6,798	19,616	(2,142)	178	24,450
— Construction in progress	V.15	—	5,386	—	128	5,514
— Intangible assets	V.16	2,929	23,765	(2,929)	—	23,765
Total		140,755	335,675	(150,279)	3,824	329,975

Item	Note	Balance at the beginning of the year	Additions for the year	Decrease during the year	Effect of foreign exchange rate changes	Balance at the end of the year
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets guaranteed						
— Cash at bank and on hand	V.1	872,692	950,635	(957,917)	(7,129)	858,281
— Accounts receivable	V.4	21,990	984,989	(21,727)	(23,156)	962,096
— Fixed assets	V.14	46,415	132,340	(14,450)	(3,185)	161,120
— Construction in progress	V.15	—	36,337	—	—	36,337
— Intangible assets	V.16	20,000	160,333	(19,761)	(3,965)	156,607
Total		961,097	2,264,634	(1,013,855)	(37,435)	2,174,441

The above fixed assets, construction in progress and intangible assets were secured for bank loans. Accounts receivable was pledged for borrowings. Refer to Note V.22 and Note V.34 for short-term and long-term secured loans analysis.

22. Short-term loans

(1) Short-term loans by categories:

Item	Note	2010		2009	
		USD'000	RMB'000	USD'000	RMB'000
Guarantee loans	(a)				
— RMB		582,125	3,836,026	78,893	538,700
— USD		68,360	450,471	5,500	37,555
— JPY		1,521	10,021	—	—
— GBP		5,819	38,343	—	—
— EUR		11,586	76,351	—	—
— SGD		715	4,710	—	—
Subtotal		670,126	4,415,922	84,393	576,255
Secured loans	(b)				
— RMB		—	—	1,977	13,500
— USD		13,100	86,325	14,900	101,740
— EUR		2,632	17,346	—	—
— SGD		95	624	—	—
Subtotal		15,827	104,295	16,877	115,240
Pledge loans	(c)				
— USD		146,000	962,096	3,221	21,990
Subtotal		146,000	962,096	3,221	21,990
Loans on credit					
— RMB		101,996	672,125	185,158	1,264,301
— USD		233,204	1,536,746	203,822	1,391,735
— EUR		29,477	194,247	88,930	607,232
— HKD		64,324	423,878	—	—
— AUD		—	—	148	1,007
Subtotal		429,001	2,826,996	478,058	3,264,275
Other loans	(d)				
— RMB		—	—	26,320	179,717
Subtotal		—	—	26,320	179,717
Total		1,260,954	8,309,309	608,869	4,157,477

(a) As at 31 December 2010, guaranteed loans of the Group included bank loans amounting to USD16,072,000 guaranteed by the Company for its subsidiaries, USD84,426,000 guaranteed by HI for its subsidiaries, USD3,000,000 guaranteed by Enric for its subsidiaries and USD558,539,000 guaranteed by Raffles for its subsidiaries, USD8,089,000 guaranteed by the minority shareholders of the Group's subsidiaries.

(b) As at 31 December 2010, borrowings of Vangurad National Trailer Corporation ("Vanguard"), a subsidiary of the Group, amounting to USD13,100,000 raised from Bank of Communications Co., Ltd. New York Branch were secured by Vanguard's property and guaranteed by CIMC Hong Kong. Borrowings amounting to EUR 1,971,000, equivalent to USD2,632,000, raised from bank were secured by Enric's property.

(c) As at 31 December 2010, the Group's pledge loans amounting to USD130,000,000 and USD16,000,000 were pledged by the accounts receivable of its subsidiaries, Raffles and YZRYL.

(d) As at 31 December 2009, the Group's other short-term loans were obtained from discounting bills receivable of its subsidiaries.

(e) As at 31 December 2010, the Group's bank loan includes short-term loans of USD50,000,000 (RMB329,485,000) and long-term loans of USD80,000,000 (RMB527,176,000) of Raffles, a subsidiary of the Group. The long-term loans of USD80,000,000 (RMB527,176,000) were reclassified as short-term due to Raffles' breach of terms of the loan agreement regarding the requirements of certain Raffles' financial ratios.

(f) As at 31 December 2010, no amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties was included in the above balance of short-term loans.

(2) As at 31 December 2010, the Group had no past due and un-repaid short-term loans.

23. Financial liabilities held for trading

Item	**Note**	**2010**		**2009**	
		USD'000	**RMB'000**	**USD'000**	**RMB'000**
Current:					
Derivative financial liabilities . . .					
— foreign future contracts . . .	V.2.(3)	578	3,810	58	395
Subtotal		578	3,810	58	395
Non-current:					
Derivative financial liabilities . . .					
— swap contract for interest rate	V.23.(1)	11,543	76,066	12,161	83,040
— foreign exchange option . . .	V.23.(2)	11,871	78,226	10,486	71,601
Subtotal		23,414	154,292	22,647	154,641
Total		23,992	158,102	22,705	155,036

(1) As at 31 December 2010, the Company and subsidiaries separately had 9 and 5 unsettled interest rate swap contracts denominated in U.S. dollars. The nominal value of these contracts amounted to USD380,000,000. The maturity dates of these interest rate swap contracts range from 23 May 2012 to 28 April 2017. As at 31 December 2010, the Group recognised on the foresaid contracts in their fair values of USD11,543,000 (including USD8,896,000 of fair value recognised by the Company) as financial liabilities held for trading. Transaction costs on realisation have not been considered when calculating the fair values.

(2) As at 31 December 2010, the Company had 2 unsettled forward contracts denominated in Japanese Yen. The nominal value of these contracts amounted to Japanese Yen 4,580,000,000. Pursuant to these forward contracts, the Company is entitled to buy U.S. dollar at an amount equivalent to contracted nominal value at agreed rates where the market spot rates at the settlement dates are higher than the agreed rates. These forwards contracts are not executed where the market spot rates at the settlement dates are equal to or lower than the agreed rates. The settlement dates of the aforesaid forwards contracts are 30 May 2012 and 29 June 2012.

As at 31 December 2010, the Company recognised the aforesaid 2 forwards contracts in their fair values of USD11,871,000 as financial liabilities held for trading. Transaction costs on realisation haven not been considered when calculating the fair values.

24. Bills payable

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Bank acceptance bills	369,523	2,435,043	175,760	1,200,122
Commercial acceptance bills	15,718	103,580	3,803	25,969
Total	385,241	2,538,623	179,563	1,226,091

The above bills are due within one year.

No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of bills payable.

25. Accounts payable

(1) The Group's accounts payable is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Raw materials suppliers	1,383,599	9,117,500	653,504	4,462,255

As at 31 December 2010, there was no significant accounts payable aged over one year.

Group's accounts payable is analysed by currencies as follows:

	2010				2009			
	Original currency	Exchange rate	USD	RMB	Original currency	Exchange rate	USD	RMB
Currency	'000		'000	'000	'000		'000	'000
RMB	5,806,328	6.5897	881,123	5,806,328	2,855,123	6.8282	418,137	2,855,123
USD	443,815	1.0000	443,815	2,924,606	213,025	1.0000	213,025	1,454,578
HKD	200,411	7.7734	25,782	169,893	103,964	7.7546	13,407	91,544
JPY	43,843	81.37	538	3,551	4,569	90.28	51	346
EUR	17,757	0.7490	23,708	156,227	6,110	0.6940	8,804	60,113
AUD	8,255	0.9828	8,399	55,350	59	1.1116	53	361
Others	—	—	234	1,545	—	—	27	190
Total			1,383,599	9,117,500			653,504	4,462,255

(2) No amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties is included in the balance of accounts payable.

26. Advances from customers

(1) The Group's advances from customers is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Advances for goods	123,173	811,674	74,255	507,028
Advances for construction	94,212	620,826	76,044	519,243
Advances for property	76,267	502,573	34,454	235,261
Others	99	658	1,329	9,070
Total	293,751	1,935,731	186,082	1,270,602

No amount due to shareholders who hold 5% or more of the voting rights of the Company is included in the balance of advances from customers.

As at 31 December 2010, there was no significant advances from customers aged over one year.

27. Employee benefits payable

Item	Balance at the beginning of the year	Accrued during the year	Paid during the year	Effect of foreign exchange rate changes	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000
Salaries, bonus, and allowances	66,830	469,009	(418,064)	795	118,570
Senior management bonus	26,018	16,862	(1,987)	—	40,893
Termination payment	18	225	(231)	—	12
Social insurances and others	26,261	123,278	(102,286)	494	47,747
Total	119,127	609,374	(522,568)	1,289	207,222

Item	Balance at the beginning of the year	Accrued during the year	Paid during the year	Effect of foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, bonus, and allowances	456,331	3,164,166	(2,820,468)	(18,686)	781,343
Senior management bonus	177,656	113,762	(13,405)	(8,538)	269,475
Termination payment	123	1,517	(1,561)	—	79
Social insurances and others	179,315	831,698	(690,075)	(6,303)	314,635
Total	813,425	4,111,143	(3,525,509)	(33,527)	1,365,532

As at 31 December 2010, there was no arrears of accrued employee benefits.

As at 31 December 2010, aforesaid "social insurances and others" included labour union fees and employee education fees amounting to USD4,604,000 (RMB30,341,000). There was no non-monetary benefits during the year.

Salaries, bonus and allowances payables represent salaries accrued for current month and bonus accrued for subsidiaries in accordance with the result of annual performance and the performance assessment plan of the Group. According to the requirement of the performance assessment plan, annual accrued bonus would be paid over three years based on the percentage determined by the management, therefore, there was a balance of such accrued bonus at the end of the year.

Senior management bonus is determined on the assessment of certain key performance index. The above bonus is proposed by Chief Executive Officer of the Group and the payment is subject to review and approval by board chairman and vice board chairman of the Group. The balance of senior management bonus payable was unpaid balance accrued in prior years.

28. Taxes payable

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
VAT payable	10,129	66,744	21,162	144,500
Business tax payable	1,295	8,533	787	5,374
Income tax payable	89,537	590,029	53,244	363,562
Withholding tax	12,095	79,699	11,643	79,503
Others	6,700	44,150	4,405	30,072
Total	119,756	789,155	91,241	623,011

29. Interest payable

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Interest payable for long-term loan	473	3,120	295	2,017
Interest payable for short-term loan	1,525	10,048	1,000	6,827
	1,998	13,168	1,295	8,844

30. Dividends payable

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Minority shareholders of subsidiaries	2,435	16,046	4,604	31,434

31. Other payables

(1) The analysis of the Group's other payables is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Quality guarantees	21,538	141,932	17,599	120,171
Deposits and mortgage				
Advance received	71,228	469,371	39,988	273,041
Transportation expenses	38,923	256,492	23,808	162,566
Equipment or land use rights	60,030	395,583	33,218	226,817
Accruals	80,820	532,578	33,586	229,330
Housing maintenance fees	1,684	11,096	1,302	8,887
Current account with subsidiary's minority	37,290	245,728	13,379	91,354
Professional and training fees	2,706	17,833	4,084	49,414
Insurances	1,517	10,000	1,490	10,174
Royalties	635	4,187	3,844	26,247
Others	46,067	303,567	43,996	278,902
Total	362,438	2,388,367	216,294	1,476,903

The analysis of the Group's other payables by currencies is as follows:

Currency	2010				2009			
	Original currency	Exchange rate	USD	RMB	Original currency	Exchange rate	USD	RMB
	'000		'000	'000	'000		'000	'000
RMB	721,950	6.5897	109,556	721,950	905,639	6.8282	132,634	905,639
USD	170,943	1.0000	170,943	1,126,461	62,458	1.0000	62,458	426,476
HKD	254,149	7.7734	32,695	215,448	8,357	7.7546	1,078	7,359
JPY	264,082	81.37	3,245	21,387	460	90.28	5	35
EUR	27,106	0.7490	36,189	238,476	12,031	0.6940	17,336	118,375
AUD	9,582	0.9828	9,749	64,245	2,940	1.1116	2,645	18,062
Others			61	400			138	957
Total			362,438	2,388,367			216,294	1,476,903

(2) Other payables due to shareholders who hold 5% or more of the voting rights of the Company or related parties:

Organization name	Relationship with the Group	2010	2009
		USD'000	USD'000
1. Gasfin Investment S.A.("Gasfin")	Minority shareholder of subsidiary	3,157	3,177
2. Bright Touch Investment Limited ("Bright Touch")	Minority shareholder of subsidiary	9,140	—
3. Leung Kee Holdings Limited ("Leung Kee")	Minority shareholder of subsidiary	15,922	—
4. Yantai Shipyard Pte. Ltd. ("Yantai Shipyard")	Minority shareholder of subsidiary	7,056	—
Total		35,275	3,177

Organization name	Relationship with the Group	2010	2009
		RMB'000	RMB'000
1. Gasfin	Minority shareholder of subsidiary	20,806	21,692
2. Bright Touch	Minority shareholder of subsidiary	60,231	—
3. Leung Kee	Minority shareholder of subsidiary	104,919	—
4. Yantai Shipyard	Minority shareholder of subsidiary	46,497	—
Total		232,453	21,692

(3) Significant other payables aged over one year:

As at 31 December 2010, significant other payables aged over one year represented quality guarantee, vehicle mortgage guarantee and various deposits.

(4) As at 31 December 2010, there was no significant other payables.

32. Provisions

	Note	Balance at the beginning of the year	Charges for the year	Payment during the year	Reversal during the year	Effect of foreign exchange rate changes	Balance at the end of the year
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Current							
Warranties for product quality	(1)	71,945	50,557	(714)	(44,420)	6,907	84,275
Guarantees for third parties	(2)	1,484	1,214	(225)	(587)	7	1,893
Others		2,258	15,985	(1,470)	(4,414)	47	12,406
Subtotal		75,687	67,756	(2,409)	(49,421)	6,961	98,574
Not-current	(3)	6,060	—	—	(6,048)	(12)	—
Total		81,747	67,756	(2,409)	(55,469)	6,949	98,574

	Note	Balance at the beginning of the year	Charges for the year	Payment during the year	Reversal during the year	Effect of foreign exchange rate changes	Balance at the end of the year
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current							
Warranties for product quality	(1)	491,246	341,085	(4,817)	(299,680)	27,507	555,341
Guarantees for third parties	(2)	10,133	8,190	(1,514)	(3,963)	(368)	12,478
Others		15,422	107,843	(9,919)	(29,778)	(1,814)	81,754
Subtotal		516,801	457,118	(16,250)	(333,421)	25,325	649,573
Non-current	(3)	41,381	—	—	(40,805)	(576)	—
Total		558,182	457,118	(16,250)	(374,226)	24,749	649,573

(1) The Group provides after-sales repair warranty to the customers, ranging from two to seven years for containers, one year for trailers, one to seven years for tank equipments, one to two years for airport ground facilities and one year for offshore business after delivery of vessels. The Group will provide repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems. The balance of "Provisions — Warranties for product quality" represents the Group's estimated obligation for such warranties.

(2) The amount represents the possible loss for a bank guarantee letter issued by the Company's subsidiary — Shenzhen CIMC Tianda Airport Equipment.

(3) As the performance target of TGE SA deemed in the share transfer agreement failed to meet, the Group wrote back the provision recognised in 2008 for contingent payment at acquisition date and transferred it into non-operating income.

33. Non-current liabilities due within one year

(1) The analysis of the Group's non-current liabilities due within one year by categories is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Long-term loans				
Due within one year				
— Credit loans	414,185	2,729,353	64,130	437,888
— Guaranteed loans	2,668	17,584	2,575	17,584
Subtotal	416,853	2,746,937	66,705	455,472
Long-term payables due within year	14,809	97,584	—	—
Total	431,662	2,844,521	66,705	455,472

(2) The analysis of the Group's non-current liabilities due within one year by categories is as follows:

(a) The analysis of the Group's non-current liabilities by currencies due within one year is as follows:

	Annual interest rate	2010			2009		
		Original currency	Exchange rate	USD	Original currency	Exchange rate	USD
		'000		'000	'000		'000
Bank loans							
— RMB	4.01% - 4.73%	2,000,000	6.5897	303,504	42,022	6.8282	6,154
— USD	LIBOR+90BP	100,000	1.0000	100,000	40,000	1.0000	40,000
— HKD	HKIBOR+17BP	20,743	7.7734	2,668	70,000	7.7546	9,024
— EUR	EURIBOR+65BP	8,000	0.7490	10,681	8,000	0.6940	11,527
				416,853			66,705

As at 31 December 2010, there was no renewal of past due long-term included in the balance of long-term loans due within one year.

(b) As at 31 December 2010, the top five long-term loans due within one year are as follows:

Lender	Initial date of the loans	Maturity date of the loans	Currency	Interest rate	2010 Original currency	2010 USD	2009 Original currency	2009 USD
				(%)	'000	'000	'000	'000
1. The Export-Import Bank of China	23/06/2008	23/06/2011	RMB	4.73%	1,400,000	212,453	42,000	6,151
2. China Development Bank	12/12/2007	21/12/2011	USD	LIBOR +90BP	100,000	100,000	40,000	40,000
3. The Export-Import Bank of China	23/05/2008	23/05/2011	RMB	4.01%	600,000	91,051	—	—
4. The Export-Import Bank of China	18/06/2007	18/12/2011	EUR	EURIBOR +65BP	8,000	10,681	8,000	11,527
5. Bank of China (Hong Kong) Co., Ltd.	02/03/2009	02/03/2011	HKD	HKIBOR+17BP	20,743	2,668	20,000	2,575
Total						416,853		60,253

(3) Long-term payables due within one year

As at 31 December 2010, Long-term payables due within one year included net financial leasing payable of USD14,809,000 (RMB97,584,000), which is total amount of USD16,313,000 (RMB107,499,000) less unrecognised financing expresses of USD1,504,000 (RMB9,915,000).

The Group had no financial leasing guaranteed by independent third parties.

As at 31 December 2010, the top three of long-term payable due within one year (including all long-term payable due within one year) were as follows:

Lender	Initial date of the loans	Maturity date of the loans	Currency	Interest Rate	Ending Balance Original Currency	Ending Balance Equivalent USD
				(%)	’000	’000
1. China Merchant Finance leasing Ltd.	21/01/2009	19/09/2013	RMB	4.97%	96,726	14,679
2. CIT Finance & Leasing Corporation	01/01/2009	01/07/2011	RMB	5.40%	784	119
3. Yantai Port Group	18/08/2009	18/08/2012	RMB	5.80%	74	11
Total					97,584	14,809

34. Long-term loans

(1) The analysis of the Group’s long-term loans is as follows:

Item	Note	2010 USD’000	2010 RMB’000	2009 USD’000	2009 RMB’000
Bank loans					
— Credit loans		384,654	2,534,754	815,588	5,568,996
— Guaranteed loans		117,183	772,202	5,794	39,564
— Secured loans	(a)	69,828	460,146	—	—
— Pledge loans	(b)	22,011	145,046	—	—
Total		593,676	3,912,148	821,382	5,608,560

Long-term loans in original currencies are as follows:

	Annual interest rate	2010 Original currency	2010 Exchange rate	2010 USD	2009 Original currency	2009 Exchange rate	2009 USD
		’000		’000	’000		’000
Bank loans							
— RMB	3.51%~5.85%	1,438,770	6.5897	218,336	1,460,000	6.8282	213,819
— USD	LIBOR+30~185BP	370,000	1.0000	370,000	520,000	1.0000	520,000
— HKD	HKIBOR+17~33BP	—	7.7704	—	545,000	7.7546	70,272
— EUR	EURIBOR+65BP	4,000	0.7490	5,340	12,000	0.6940	17,291
				593,676			821,382

(a) As at Dec 31, 2010, Rattles, the subsidiary of the Group borrowed USD69,828,000 secured with its marine space using right.

(b) As at Dec 31, 2010, the subsidiaries of Raffles borrowed USD22,011,000 guaranteed by Raffles and pledged by Raffles' equity interest in the subsidiaries.

(c) No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term loans.

(a) As at 31 December 2010, the top five long-term loans are as follows:

Lender	Initial date of the loans	Maturity date of the loans	Currency	Interest rate	2010 Original currency	2010 USD	2009 Original currency	2009 USD
				(%)	'000	'000	'000	'000
1. China Development Bank	12/12/2007	10/12/2013	USD	Six-month LIBOR+90BP	270,000	270,000	370,000	370,000
2. Bank of Communications	21/07/2009	12/07/2012	RMB	5.85%	500,000	75,900	—	—
3. Bank of China	26/05/2010	21/05/2012	USD	Three-month LIBOR+55BP	50,000	50,000	50,000	50,000
4. Algemene Bank Nederland	26/05/2010	21/05/2013	USD	Six-month LIBOR+185BP	50,000	50,000	100,000	100,000
5. The Export-Impart Bank of China	18/08/2010	15/03/2012	RMB	3.51%	200,000	30,360	—	—
Total						476,260		520,000

As at 31 December 2010, there was no renewal of past due long-term bank loans included in the above balance of long-term loans.

35. Special payables

Item	Balance at the beginning of the year	Additions during the year	Settlements during the year	Effect of foreign exchange rate changes	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000
Project funds	1,997	1,215	(737)	20	2,495

Item	Balance at the beginning of the year	Additions during the year	Settlements during the year	Effect of foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Project funds	13,639	8,199	(4,974)	(422)	16,442

36. Long-term payable

Item	Note	2010	2009
		USD'000	USD'000
Financial Leasing payable	(1)	18,037	—
Total		18,037	—

Item	Note	2010	2009
		RMB'000	RMB'000
Financial Leasing payable	(1)	118,858	—
Total		118,858	—

(1) The breakdown of financial leasing payable:

Organization Name	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
China Merchant Bank Financial Leasing Co., Ltd.	18,037	118,858	—	—

As at 31 December 2010, the unrecognised financing expense of the Group amounted to USD918,000, equivalent to RMB6,049,000. (2009: nil)

The Group had no financial leasing guaranteed by third party in the year.

The Group had no amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties.

37. Other non-current liabilities

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Deferred income	27,013	178,008	19,053	130,099

38. Share capital

The Company's share capital status at 31 December is as follows:

	Balance at the Beginning of the year		Additions during the year		Change of shares subject to selling restriction		Balance at the end of the year	
	Original currency	USD	Original currency	USD	Original currency	USD	Original currency	USD
	RMB'000	'000	RMB'000	'000	RMB'000	'000	RMB'000	'000
Shares subject to selling restriction								
— Shares held by overseas legal persons	—	—	—	—	—	—	—	—
— Share held by domestic natural persons	620	77	—	—	—	—	620	77
Shares not subject to selling restriction								
— RMB denominated Ordinary shares	1,231,297	152,095	—	—	—	—	1,231,297	152,095
— Domestically listed foreign shares	1,430,479	176,700	—	—	—	—	1,430,479	176,700
	2,662,396	328,872	—	—	—	—	2,662,396	328,872

The face value of the aforesaid shares was RMB1.00 per share.

39. Capital reserve

	Balance at the beginning of the year	Additions during the year	Reductions during the year	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000
Share premiums	21,245	—	—	21,245
Other capital reserves				
— Property revaluation reserve	6,640	—	—	6,640
— Exchange reserve on foreign currency capital	105	—	—	105
— Donated non-cash assets reserve	39	—	—	39
— Net changes in fair value of available-for-sale financial assets	151,904	563	(46,396)	106,071
— Effective portion of changes in fair value of cash flow hedges	3,164	—	(1,111)	2,053
— Deferred tax effect	(32,792)	7,043	—	(25,749)
— Equity settled share-based payment	3,182	8,829	—	12,011
— Capital reserves due to minority shareholders' contribution	11,992	—	—	11,992
— Capital reserves due to acquiring minority shareholders' equity	37,311	189	—	37,500
— Others	13,599	10	—	13,609
	216,389	16,634	(47,507)	185,516

	Balance at the beginning of the year	Additions during the year	Reductions during the year	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000
Share premiums	201,222	—	—	201,222
Other capital reserves				
— Property revaluation reserve	54,979	—	—	54,979
— Exchange reserve on foreign currency capital	866	—	—	866
— Donated non-cash assets reserve	324	—	—	324
— Net changes in fair value of available-for-sale financial assets	1,036,681	3,796	(313,011)	727,466
— Effective portion of changes in fair value of cash flow hedges	21,565	—	(7,495)	14,070
— Deferred tax effect	(223,788)	47,516	—	(176,272)
— Equity settled share-based payment	22,867	59,565	—	82,432
— Capital reserves due to minority shareholders' contribution	88,251	—	—	88,251
— Capital reserves due to acquiring minority shareholders' equity	254,804	1,274	—	256,078
— Others	99,932	72	—	100,004
	1,557,703	112,223	(320,506)	1,349,420

40. Surplus reserve

Item	Balance at the beginning of the year	Additions during the year	Reductions during the year	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000
Statutory surplus reserve	162,520	—	—	162,520
Discretionary surplus reserve	271,650	—	—	271,650
Total	434,170	—	—	434,170

Item	Balance at the beginning of the year	Additions during the year	Reductions during the year	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000
Statutory surplus reserve	1,331,198	—	—	1,331,198
Discretionary surplus reserve	2,246,390	—	—	2,246,390
Total	3,577,588	—	—	3,577,588

41. Retained earnings

Item	Note	USD	RMB	Appropriation proportion
		'000	'000	
Retained earnings brought forward		1,047,547	8,229,532	—
Add: profit attributable to shareholders of the Company		444,949	3,001,851	—
Less: Dividends of ordinary shares	(1)	(46,707)	(319,488)	—
Decrease in retained earnings resulted from acquiring minority interest	(2)	(32,989)	(222,560)	
Retained earnings at the end of the year	(3)	1,412,800	10,689,335	—

(1) Dividends of ordinary shares

(a) Dividends of ordinary shares declared during the year

Pursuant to the shareholders' approval at the shareholders' Meeting on 26 April 2010, a cash dividend of RMB0.12 per share (2009: RMB0.15 per share) totaling RMB319,487,526.17, equivalent to USD46,707,392.20 (2009: RMB399,359,407.65, equivalent to USD58,485,063.51), was declared and paid to the Company's ordinary shareholders on 25 June 2010.

(2) Decrease from acquisition of minority interests

CIMCSD, a wholly-owned subsidiary of the Company, entered in to a restructuring framework agreement and equity transfer agreement on 7 May 2010 and 1 November 2010 respectively with Shenzhen Eastern Skyspace Investment Development Co., Ltd (Eastern Tianyu), the minority equity holder of the Company's subsidiary CIMC Tianyu. Pursuant to the agreements, CIMCSD acquired 33.55% equity interest of CIMC Tianyu from Eastern Tianyu at a cash consideration of RMB256,363,000 (USD38,000,000) and made a capital injection of RMB400,000,000 (USD59,290,000) in CIMC Tianyu. After the transaction, the share of equity in interest in CIMC Tianyu held by CIMCSD increased from 50% to 90%. Because share premium was insufficient to be reversed, retained earnings amounting to RMB222,560,000 (USD32,989,000) of CIMCSD were reversed based on the excess of acquisition cost for the additional equity interest over CIMCSD's share of the carrying value of CIMC Tianyu's net assets amount for the additionally acquired equity interest.

(3) *Retained earnings at the end of the year*

As at 31 December 2010, the retained earnings attributable to the Company included an appropriation of USD86,428,000 to surplus reserve made by the subsidiaries (2009: USD79,517,000).

42 Operating income and operating cost

(1)

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Operating income	7,509,587	50,663,426	2,901,618	19,819,498
Other operating income	163,772	1,104,890	96,041	656,009
Operating cost	6,462,286	43,597,815	2,547,655	17,401,760

There was no individual construction contract whose revenue amounted for more than 10% of the total operating income.

(2) *Operating income and operating cost (by industries and by products)*

Industry	2010 Operating income	2010 Operating cost	2009 Operating income	2009 Operating cost
	USD'000	USD'000	USD'000	USD'000
Containers	3,698,165	2,995,689	743,917	645,490
Trailers	2,409,470	2,078,033	1,566,276	1,367,165
Tank equipments	753,160	626,365	497,774	412,666
Offshore Engineering	354,423	477,125	—	—
Air ground facilities	45,517	33,982	57,361	35,875
Others	248,852	172,229	36,290	23,925
Total	7,509,587	6,383,423	2,901,618	2,485,121

Industry	2010 Operating income	2010 Operating cost	2009 Operating income	2009 Operating cost
	RMB'000	RMB'000	RMB'000	RMB'000
Containers	24,949,668	20,210,417	5,081,327	4,409,017
Trailers	16,255,487	14,019,450	10,698,442	9,338,426
Tank equipments	5,081,191	4,225,770	3,400,048	2,818,714
Offshore Engineering	2,391,112	3,218,922	—	—
Air ground facilities	307,079	229,260	391,805	321,146
Others	1,678,889	1,161,946	247,876	87,318
Total	50,663,426	43,065,765	19,819,498	16,974,621

(3) *Operating income and operating cost (by regions)*

Regions	2010 Operating income	2010 Operating cost	2009 Operating income	2009 Operating cost
	USD'000	USD'000	USD'000	USD'000
P.R China	7,043,822	5,967,791	2,560,863	2,155,103
America	141,722	135,975	95,129	91,066
Europe	247,640	214,161	182,678	186,378
Asia	15,759	13,746	6,323	5,483
Others	60,644	51,750	56,625	47,091
Total	7,509,587	6,383,423	2,901,618	2,485,121

Regions	2010 Operating income	2010 Operating cost	2009 Operating income	2009 Operating cost
	RMB'000	RMB'000	RMB'000	RMB'000
P.R China	47,521,140	40,261,708	17,491,965	14,720,439
America	956,129	917,356	649,778	622,023
Europe	1,670,704	1,444,836	1,247,785	1,273,053
Asia	106,315	92,736	43,191	37,450
Others	409,138	349,129	386,779	321,656
Total	50,663,426	43,065,765	19,819,498	16,974,621

The regional operating income and operating cost is determined on the location at which the services were provided or the goods were delivered.

(4) Operating income of top five customers in 2010 is as follows:

Customer	Operating income		Percentage of total operating income
	USD'000	RMB'000	(%)
1. TAL International Container Corporation	679,872	4,586,757	8.86%
2. Triton Container International Ltd.	589,486	3,976,967	7.68%
3. Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG	245,101	1,653,576	3.19%
4. GE SeaCO Asia Pte Ltd.	207,229	1,398,072	2.70%
5. Mediterranean Shipping Co. S.A.	186,195	1,256,157	2.43%
Total	1,907,883	12,871,529	24.86%

The Group's operating income of top five customers in 2009 totaled USD321,085,000, equivalent to RMB2,193,170,000, accounting for 10.72% of total operating income.

43. Business taxes and surcharges

	Taxation basis and rate	2010		2009	
		USD'000	RMB'000	USD'000	RMB'000
Business tax	3% - 5% of operating income	6,514	43,947	4,192	28,634
Urban maintenance and construction tax	5%-7% of VAT and business tax paid	3,487	23,527	986	6,734
Education fee and surcharges	3% of VAT and business tax paid	763	5,150	383	2,614
Land appreciation tax	Appreciation amount in transferring property and applicable tax rate	76	511	1,627	11,114
Others		557	3,757	375	2,562
		11,397	76,892	7,563	51,658

44. Selling and distribution expenses

Category	2010		2009	
	Amount	RMB equivalent	Amount	RMB equivalent
	USD'000	RMB'000	USD'000	RMB'000
Transportation and distribution charges	92,357	623,084	35,709	243,913
External sales commission	9,534	64,320	10,896	74,422
Employ Benefit	26,824	180,967	23,889	163,173
Warranty	6,137	41,405	2,731	18,656
Others	50,465	340,467	33,311	227,529
Total	185,317	1,250,243	106,536	727,693

45. General and administrative expenses

Category	2010		2009	
	Amount	RMB equivalent	Amount	RMB equivalent
	USD'000	RMB'000	USD'000	RMB'000
Low-value consumables and materials consumed	8,934	60,271	4,884	33,362
Rental	6,435	43,411	4,677	31,947
Depreciation	21,892	147,697	15,190	103,756
Employ Benefit	132,130	891,417	77,115	526,732
Taxes and surcharges	17,491	118,005	13,180	90,023
Agency fee	23,502	158,554	21,818	149,028
Technology development costs	33,573	226,503	21,764	148,662
Amortisation	36,909	249,010	30,613	209,105
Performance Bonus and president bonus	42,862	289,171	13,034	89,026
Office expenditure, entertainment fee and others	81,573	550,325	87,028	594,433
Total	405,301	2,734,364	289,303	1,976,074

46. Financial expenses

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Interest expenses from loans and payables	70,008	472,312	27,862	190,308
Less: Borrowing costs capitalised	1,885	12,717	1,563	10,668
Interest income from deposits and receivables	(10,240)	(69,085)	(12,814)	(87,528)
Net exchange losses	33,481	225,878	2,945	20,114
Other financial expenses	7,915	53,395	2,754	18,811
Total	99,279	669,783	19,184	131,037

47. Gains/losses from changes in fair value

Sources of gain/loss from changes in fair value	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Financial assets held for trading				
— Changes in fair value during the year				
1. Gains from changes in fair value of held for trading investments	25,438	171,617	4,073	27,843
2. Gains/losses from changes in fair value of derivative financial instrument	13,938	94,032	(46,828)	(319,566)
Subtotal	39,376	265,649	(42,755)	(291,723)
— Income for derecognised financial assets held for trading	(2,007)	(13,540)	(201)	(1,373)
Financial liabilities held for trading				
— Changes in fair value during the year				
1. (Losses)/gains from changes in fair value of derivative financial instrument	(2,548)	(17,191)	37,292	254,407
Total	34,821	234,918	(5,664)	(38,689)

48. Investment income

(1) The analysis of the Group's investment income is as follows:

	Note	2010		2009	
		USD'000	RMB'000	USD'000	RMB'000
Long-term equity investments in cost method	(2)	1,105	7,458	1,161	7,933
Long-term equity investments in equity method	(3)	15,258	102,938	15,217	103,938
Loss on disposal of long-term equity investments	IV.6(1)	(21,375)	(144,206)	(423)	(2,891)
Investment gains of held-for-trading financial assets		338	2,280	—	—
Investment gains of available-for-sale financial assets		2,735	18,452	202	1,381
Gains on sale of held-for-trading financial assets		2,007	13,540	201	1,373
Gains on sale of available-for-sale financial assets		6,024	40,641	213,363	1,457,378
Others		(364)	(2,462)	(169)	(1,157)
Total		5,728	38,641	229,552	1,567,955

(2) Long-term investments in cost method with individual investment income over 5% of total investment income or less than 5% but ranked the top five investment income for the year are as follows:

Investee	2010		2009		Reasons for variances between two years
	USD'000	RMB'000	USD'000	RMB'000	
BOCM Schroder Stolt Fund Management	1,105	7,458	732	5,000	More cash dividend was distributed during the year
Shanghai Haifu International Container Transport	—	—	400	2,733	No cash dividend distribution during the year
Stolt-Nielsen Limited	—	—	29	200	No cash dividend distribution during the year
Total	1,105	7,458	1,161	7,933	

(3) Long-term investments in equity method with individual investment income over 5% of total investment income or less than 5% but ranked the top five investment income for the year are as follows:

Investee	2010		2009		Reasons for variances between two years
	USD'000	RMB'000	USD'000	RMB'000	
TJCIMCZL	12,999	87,698	4,269	29,159	Changes in profit and loss of the investee
Shanghai Fengyang	2,966	20,010	5,432	37,103	Changes in profit and loss of the investee
KYH	1,289	8,696	984	6,721	Changes in profit and loss of the investee
TSC	526	3,549	—	—	Changes in profit and loss of the investee
MST	452	3,049	—	—	Changes in profit and loss of the investee
Total	18,232	123,002	10,685	72,983	

Note 1: Only top five investees with largest profits before income tax are listed above.

Note 2: There was no significant restriction on the remittance of investment income to the investor.

49. Impairment losses

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Receivables	29,541	199,297	17,944	122,558
Inventories	8,539	57,610	13,030	89,005
Fixed assets	2,624	17,703	27,013	184,518
Total	40,704	274,610	57,987	396,081

50. Non-operating income

(1) The analysis of the Group's non-operating income is as follows:

Item	Note	2010		2009		Amount included in non-operating income/losses for the year
		USD'000	RMB'000	USD'000	RMB'000	'000
Gains on disposal of fixed assets		215	1,452	351	2,398	215
Gains on disposal of intangible assets		195	1,315	—	—	195
Compensation income		3,647	24,607	297	2,029	3,647
Penalty income		1,231	8,307	316	2,159	1,231
Gains on fixed assets surplus		19	128	3	22	19
Government grants	(2)	13,886	93,685	20,874	142,583	13,886
Recovery due to accrual of contingent consideration on enterprise combination	V.32(3)	6,048	40,805	578	3,949	6,048
Gain on enterprise combination		12,475	84,166	—	—	12,475
Others		5,568	37,554	2,844	19,421	5,568
Total		43,284	292,019	25,263	172,561	43,284

(2) *Government grants*

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Financial subsidies	13,691	92,370	20,018	136,739
Tax refund	195	1,315	856	5,844
Total	13,886	93,685	20,874	142,583

51. Non-operating expenses

Item	2010		2009		Amount included in non-operating income/losses for the year
	USD'000	RMB'000	USD'000	RMB'000	'000
Losses on disposal of fixed assets	3,456	23,318	994	6,790	3,456
Donation expenses	408	2,751	190	1,296	408
Penalty expenses	322	2,173	434	2,962	322
Compensation expenses	737	4,974	433	2,961	737
Others	3,315	22,364	1,996	13,637	3,315
Total	8,238	55,580	4,047	27,646	8,238

52. Income tax expenses

	2010		2009	
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Current tax expenses for the year	126,510	853,500	74,078	505,993
Deferred taxation	(4,410)	(29,752)	(17,761)	(121,319)
Total	122,100	823,748	56,317	384,674

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

Item	**2010**		**2009**	
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Profits before taxation	544,670	3,674,607	214,535	1,465,385
Expected income tax expenses at applicable tax rates	131,098	884,453	35,155	240,106
Effect of tax incentive	(22,264)	(150,204)	(18,672)	(127,539)
Tax effect of non-deductible expenses	4,296	28,983	7,091	48,438
Tax effect of non-taxable income	(11,212)	(75,642)	(7,534)	(51,462)
Tax effect of utilisation of tax losses not recognised in prior years	(36,652)	(247,273)	(2,501)	(17,081)
Tax effect of unrecognised tax losses	24,762	167,057	42,675	291,495
Deductible temporary differences of unrecognised deferred tax assets	17,927	120,945	2,403	16,404
Effect of tax rate change on deferred tax	2,553	17,224	(2,872)	(19,615)
Tax refund for income tax annual filing	(2,663)	(17,966)	(1,675)	(11,439)
Domestic purchased equipment tax refund	(1,189)	(8,022)	(2,570)	(17,554)
Income tax accruals for profit of foreign holding companies in current year	15,444	104,193	4,817	32,921
Income tax expenses	122,100	823,748	56,317	384,674

53. Calculation of earnings per share and diluted earnings per share

(1) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated net profit attributable to ordinary equity shareholders of the Company during the year and the weighted average ordinary shares in issue:

	2010		2009	
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Consolidated profit attributable to ordinary equity shareholders of the Company	444,949	3,001,851	140,394	958,967
Weighted average number of ordinary shares in issue ('000)	2,662,396	2,662,396	2,662,396	2,662,396
Basic earnings per share	0.17	1.13	0.05	0.36

Calculation of weighted average number of ordinary shares	**2010**	**2009**
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Weighted average number of ordinary shares at 31 December ('000)	2,662,396	2,662,396

(2) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company during the year and the adjusted weighted average of ordinary shares in issue:

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Consolidated profit attributable to ordinary equity shareholders of the Company (diluted)	444,949	3,001,851	140,394	958,967
Weighted average number of ordinary shares in issue (diluted) ('000)	2,662,396	2,662,396	2,662,396	2,662,396
Diluted earnings per share	0.17	1.13	0.05	0.36

Calculation of weighted average number of ordinary shares (diluted)	2010	2009
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Weighted average number of ordinary shares at 31 December (diluted) ('000)	2,662,396	2,662,396

The board of directors the Company was authorised to grant 54,000,000 share (2.03% of the total issued share 2,662,396,051 of the Company) to the senior management and other staff. According to the share options plan, there is no exercisable share options during the year. Please refer to VII.2 for the details of share options.

54. Other comprehensive income

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
1. Gain/(losses) on available-for-sale financial assets	(38,216)	(257,827)	218,192	1,490,362
Less: Effect of income tax arising from available-for-sale financial assets	(6,915)	(46,652)	981	6,700
Amount recognised in other comprehensive income in prior period transferred to profit or loss in current period	7,617	51,388	213,363	1,457,378
Subtotal	(38,918)	(262,563)	3,848	26,284
2. Gain on cash flow hedges financial instrument	968	6,531	800	5,465
Less: Effect of income tax arising from cash flow hedges financial instrument	(128)	(864)	(114)	(781)
Amount recognised in other comprehensive income in prior period transferred to profit or loss in current period	2,079	14,026	5,702	38,944
Subtotal	(983)	(6,631)	(4,788)	(32,698)
3. Effect of foreign exchange rate changes	55,550	(267,232)	13,868	102,615
4. Others	10	72	1,298	8,850
Total	15,659	(536,354)	14,226	105,051

55. Notes to cash flow statement

(1) Cash received from other operating activities

Item	Amount	
	USD'000	RMB'000
Cash received from government grants related to assets	7,960	53,702
Cash received from government grants related to income	13,691	92,370
Cash received from penalty	1,231	8,307
Cash received from quality compensation	1,073	7,239
Others	5,650	38,112
Total	29,605	199,730

(2) Cash paid for other operating activities

Item	Amount	
	USD'000	RMB'000
Cash paid for financial leasing	108,716	733,452
Cash paid for loans to joint ventures	19,803	130,500
Cash paid for transportation expenses	92,357	623,084
Cash paid for rental, insurance and other selling expenses	49,431	333,486
Cash paid for technical development fee	33,573	226,503
Cash paid for warranty	2,409	16,250
Cash paid for commission of external sales	9,534	64,320
Cash paid for entertainment	11,772	79,420
Cash paid for travelling, office expenses and other expenses in ordinary operation	49,158	334,745
Total	376,753	2,541,760

(3) Cash paid for other investing activities

Item	Amount	
	USD'000	RMB'000
Interest income received from deposits and receivables	9,522	64,240

(4) Cash paid for other financing activities

Item	Amount	
	USD'000	RMB'000
Cash received from borrowings from minority shareholders	32,118	216,684

56. Information to cash flow statement

(1) Supplement to cash flow statement:

1 Reconciliation of net profit to cash flow from operating activities:

Supplement	**2010**		**2009**	
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Net profit	422,570	2,850,859	158,218	1,080,711
Add: Impairment for assets	40,704	274,610	57,987	396,081
Depreciation of fixed assets	170,439	1,149,802	92,264	630,204
Amortisation of intangible assets	31,054	209,506	28,410	194,051
Amortisation of long-term deferred expenses	3,738	25,218	3,180	21,718
Losses on disposal of fixed assets, intangible assets, and other long-term assets	3,046	20,551	643	4,392
Reverse of gains from accrued contingent consideration of enterprise combination	(6,048)	(40,805)	—	—
Gains from enterprise combination	(12,475)	(84,166)	—	—
Losses on changes in fair value	(34,821)	(234,918)	5,664	38,689
Financial expenses	57,883	390,510	13,485	92,112
Investment income	(5,728)	(38,641)	(229,552)	(1,567,955)
Share-based payment expenses	10,458	70,556	—	—
Increase in deferred tax assets	(28,384)	(191,493)	(1,700)	(11,183)
Increase/(decrease) in deferred tax liabilities	25,286	170,592	(9,692)	(66,468)
(Increase)/decrease in gross inventories	(777,510)	(5,245,471)	164,454	1,123,303
(Increase)/decrease in operating receivables	(580,614)	(3,917,112)	(266,489)	(1,820,253)
Increase in operating payables	872,042	5,883,231	125,092	854,441
Effect of foreign exchange rate changes	28,163	190,072	—	(158)
Net cash inflow from operating activities	219,803	1,482,901	141,964	969,685

2 Significant investmenting or financing activities not requiring the use of cash or cash equivalents is as follows:

Item	**2010**		**2009**	
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
Assets acquired under finance leases	32,846	216,442	—	—

3 Cash and cash equivalents held by the Group is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Cash at bank and on hand at the end of the year:	576,265	3,797,415	643,878	4,396,525
Less: Cash at bank and on hand at the beginning of the year	643,878	4,396,525	413,542	2,822,175
Net (decrease)/increase of cash at bank and on hands	(67,613)	(599,110)	230,336	1,574,350

(2) *Information on acquisition of subsidiaries and other business units during the year*

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
1. Consideration for acquiring subsidiaries and other business units	165,623	1,110,516	8,121	55,472
2. Cash and cash equivalents paid for acquiring subsidiaries and other business units	165,623	1,110,516	8,121	55,472
Less: Cash and cash equivalents held by acquired subsidiaries and other business units	114,680	773,685	165	1,124
Less: Cash and cash equivalents already paid	—	—	2,500	17,070
3. Net cash and cash equivalents paid for the acquisition	50,943	336,831	5,456	37,278
4. Non-cash assets and liabilities held by the acquired subsidiaries and other business units				
Current assets	854,449	5,763,900	11,197	76,499
Non-current assets	531,610	3,573,722	3,612	24,674
Current liabilities	(783,477)	(5,278,977)	(9,558)	(65,301)
Non-current liabilities	(236,085)	(1,592,747)	—	—
Minority interest	(14,106)	(95,164)	(246)	(1,682)

(3) Cash and cash equivalents held by the Group is as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Cash at bank and on hand				
Including: Cash on hand	439	2,893	628	4,287
Bank deposits available on demand	567,783	3,741,518	641,930	4,383,223
Other monetary funds available on demand	8,043	53,004	1,320	9,015
Closing balance of cash and cash equivalents	576,265	3,797,415	643,878	4,396,525

Note:

Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. The company does not have immediate holding company.

2. For the information on the subsidiaries of the company, refer to Note IV.1.

3. For the information about the associates and joint ventures of the Company, refer to Note V.12(3).

4. Other related parties relationships

Organisation name	Relationship with the Group	Organisation code
Florens Container Services Ltd.	Subsidiary of significant shareholder	N/A
Florens Container Corporation S.A.	Subsidiary of significant shareholder	N/A
Shenzhen China Merchants Real Estated Co., Ltd	Subsidiary of significant shareholder	61884513-6
CIMC Tianyu	Minority shareholder of subsidiary	71526714-7
Gasfin	Minority shareholder of subsidiary	N/A
Wuhu Ruijiang Automobile Co., Ltd.	Minority shareholder of subsidiary	78858986-8
PGM	Minority shareholder of subsidiary	N/A
COSCO Countainer	Significant shareholder	N/A
China Merdant International Ltd.	Significant shareholder	N/A
Bright Touch	Minority shareholder of subsidiary	N/A
Leung Kee.	Minority shareholder of subsidiary	N/A
Yantai Shipyard	Minority shareholder of subsidiary	N/A
C & C Trucks	Associates of the Group	68685184-5

Note:

Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

5. Transactions with related parties

The follow transactions with related parties were conducted under normal commercial terms or relevant agreements.

(1) Purchase of goods and receiving of services

The Group

				2010		2009	
Related party	Nature of transaction	Transaction details	Pricing Mechanism	Amount	Percentage on similar deals	Amount	Percentage on similar deals
				USD'000	(%)	USD'000	(%)
Other related party	Purchase	Purchase of raw material	conducted under normal non-related party transaction commercial terms	860	0.03%	50	0.01%
Key management staff	Remuneration				3,077	—	406

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2010 Amount	2010 Percentage on similar deals	2009 Amount	2009 Percentage on similar deals
				RMB'000	(%)	RMB'000	(%)
Other related party	Purchase	Purchase of raw material	conducted under normal non-related party transaction commercial terms	5,802	0.03%	344	0.01%
Key management staff	Remuneration			20,758	—	2,774	—

The Company

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2010 Amount	2010 Percentage on similar deals	2009 Amount	2009 Percentage on similar deals
				USD'000	(%)	USD'000	(%)
Key management staff	Remuneration			3,077	—	406	—

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2010 Amount	2010 Percentage on similar deals	2009 Amount	2009 Percentage on similar deals
				RMB'000	(%)	RMB'000	(%)
Key management staff	Remuneration			20,758	—	2,774	—

(2) *Sales of goods and provision of services*

The Group

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2010 Amount	2010 Percentage on similar deals	2009 Amount	2009 Percentage on similar deals (%)
				USD'000	(%)	USD'000	(%)
Other related party	Sales	Sales of containers	conducted under normal non-related party transaction commercial terms	228,621	6.18%	20,419	2.74%
Other related party	Provision of services	Processing services		—	—	1,037	0.90%

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2010 Amount	2010 Percentage on similar deals	2009 Amount	2009 Percentage on similar deals
				RMB'000	(%)	RMB'000	(%)
Other related party . .	Sales	Sales of containers	conducted under normal non-related party transaction commercial terms	1,542,395	6.18%	139,473	2.74%
Other related party . .	Provision of services	Processing services		—	—	7,082	0.90%

(3) *Funding*

The Group

Related party	Funding amount	Initial date	Maturity date	Note
	USD'000			
Borrowings				
Gasfin	3,157	19 September 2008	Not fixed repayment date	Shareholder loans
Bright Touch	9,140	5 July 2010	Not fixed repayment date	Shareholder loans
Leung Kee	15,922	5 July 2010	Not fixed repayment date	Shareholder loans
Yantai shipyard	7,056	5 July 2010	Not fixed repayment date	Shareholder loans
Lending				
Shanghai Fengyang . . .	24,130	25 December 2007	Not fixed repayment date	Shareholder loans
XYW	627	20 June 2006	Not fixed repayment date	Shareholder loans
PGM	20,027	14 August 2009	Not fixed repayment date	Advance payment for capital injection to subsidiary
C & C Trucks	26,632	14 April 2010	N/A	USD6,829,000 was capital injection from the Group to the C&C Truck. As at December 31,2010, it was recognized as other receivable for the capital injection was in the process, other USD19,803,000 were shareholder loans.

Related party	Funding amount	Initial date	Maturity date	Note
	RMB'000			
Borrowings				
Gasfin	20,806	19 September 2008	Not fixed repayment date	Shareholder loans
Bright Touch	60,231	5 July 2010	Not fixed repayment date	Shareholder loans
Leung Kee	104,919	5 July 2010	Not fixed repayment date	Shareholder loans
Yantai shipyard	46,497	5 July 2010	Not fixed repayment date	Shareholder loans

Related party	Funding amount	Initial date	Maturity date	Note
	RMB'000			
Lending				
Shanghai Fengyang . . .	159,007	25 December 2007	Not fixed repayment date	Shareholder loans
XYW	4,133	20 June 2006	Not fixed repayment date	Shareholder loans
PGM	131,970	14 August 2009	Not fixed repayment date	Advance payment for capital injection to subsidiary
C & C Trucks	175,500	14 April 2010	N/A	RMB45,000,000 was capital injection from the Group to the C&C Truck. As at 31 December, 2010, it was recognized as other receivable for the capital injection was in the process, other USD130,500,000 were shareholder loans.

The Company

Related party	Funding amount	Initial date	Maturity date	Note
	USD'000			
Lending				
Shanghai Fengyang . . .	24,130	25 December 2007	Not fixed repayment date	Shareholder loans

Related party	Funding amount	Initial date	Maturity date	Note
	RMB'000			
Lending				
Shanghai Fengyang . . .	159,007	25 December 2007	Not fixed repayment date	Shareholder loans

(4) Other related party transactions

(i) Sale of a subsidiary

In 2007, CIMC Shenfa Development Co., Ltd. ("CIMCSD"), a subsidiary of the Group and Shenzhen China Merchants Real Estate Co., Ltd., entered into a share transfer agreement, in which CIMCSD will transfer 60% of the equity of Shanghai Fengyang to Shenzhen China Merchants Real Estate Co., Ltd for a price of USD48,363,000 (RMB353,250,000). As at 31 December 2010, USD10,721,000 (RMB70,650,000) of the total price had not been received.

(ii) The Company adopted a new share options scheme since 28 September 2010 (see note VII). Details of share options granted to key management personnel are as follows:

Name	Position	Number of granted share options
		(in'000)
Mai Boliang	President, Chairman	3,800
Zhao Qingsheng	Vice Chairman	1,500
Li Ruiting	Vice Chairman	1,300
Wu Fapei	Vice Chairman	1,000
Li Yinhui	Vice Chairman	1,000
Yu Ya	Vice Chairman	1,000
Liu Xuebin	Vice Chairman	1,500
Jin Jianliong	General Manager of Finance Department	1,000
Zeng Beihua	General Manager of Treasury Department	1,000
Yu Yuqun	Secretary of the Board	1,000
Total		14,100

See note VII for detailed information for fair value of the granted share options aforesaid.

6. The balances with related parties as at 31 december are set out as follows:

Receivables:

		The Group			
Caption	**Note**	**2010**	**2010**	**2009**	**2009**
		USD'000	**RMB'000**	**USD'000**	**RMB'000**
Accounts receivable	V.4	13,511	89,035	1,007	6,878
Other receivables	V.5	84,579	557,348	54,838	374,442
Long-term receivables		—	—	5,310	36,254

Payables:

		The Group			
Caption	**Note**	**2010**	**2010**	**2009**	**2009**
		USD'000	**RMB'000**	**USD'000**	**RMB'000**
Accounts payable		192	1,263	23	160
Other payables	V.31	35,275	232,453	3,177	21,692

VII. SHARE-BASED PAYMENTS

1. Information about share-based payments

	USD'000	RMB'000
Total equity instruments granted during the year	50,350	339,693
Total equity instruments exercised during the year	—	—
Total equity instruments forfeited during the year	—	—
The exercise price of outstanding share options at the end of the year and residual life of the share options contracts	1. Share options granted by Enric in 2009: HKD4 per share, the residual life of contract is 8.83 years; 2. Share options granted by Raffles in 2007 and 2008: from USD1.64 to USD4.39 per share, the residual life of contract is 6.72 years. 3. Share options granted by the Company in 2010: RMB12.39 per share, the residual life of contract is 9.74 years.	
The price of other outstanding equity instruments at the end of the year and residual life of relevant contracts		Nil

Expenses recognised for the year arising from share-based payments are as follows:

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Equity-settled share-based payment	10,458	70,556	1,000	6,832

2. Information on equity-settled share-based payment

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan"), which was approved by the shareholders' meeting on 12 July 2006. According to the Plan, the key management personnel and other employees of the company share options of the company at nil consideration to subscribe for shares of the company. The options are 50% exercisable after one year from the date of grant and are then 100% exercisable after two years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share of the company.

A share options scheme (the "Scheme") was approved in the shareholders' general assembly of the Company held on 28 September 2010. According to the Scheme, the board of directors of the Company was authorised to grant share potions to the key management personnel and other employees to subscribe for shares of the Company. The effective period of the Scheme is ten years from the first grant date of share options. The options are exercisable in two periods. The options are 25% exercisable from the first transaction date after 24 months since grant date to the last transaction date after 48 months since grant date. The remaining 75% are exercisable from the first transaction date after 48 months since grant date to the last transaction date of the Scheme. Each option gives the holder the right to subscribe for one ordinary share in the Company.

As mentioned in Note IV 6(1), before Raffles was acquired by the Company, Raffles carried out a share option plan approved by the shareholders' meeting on 21 June 2006. According to the share options plan, the board of directors was authorised to grant share options to the key management personnel and other employees to subscribe for shares of Raffles. Each eligible participant purchased the share options at the cost of SGD 1. The numbers of options were 6,355,003 and 1,154,003 granted in 2007 and 2008 by the board of directors, with the exercise prices of from USD1.64 to USD1.65, from NOK10.50 to NOK26.00, and from USD1.6425 to USD1.65. The longest effective period of the share options plan was ten years from the first grant date of share options. As at 31 December 2010, there were 6,239,005 outstanding share options with were still effective. All the costs relating to the share options were recognized before 1 July 2010. The above cost was USD710,000 (equivalent to RMB4,785,000), of which USD362,000 (RMB2,492,000) was attributable to the parent company and recorded as capital reserve, and the remaining USD348,000 (RMB2,293,000) was attributable to the minority shareholders and recorded in minority interests.

Method to determine the fair value of equity instruments at grant date	Fair value of stock option is estimated based on binomial lattice model. Contract term of the stock option is used as the input variable of this model. And the binomial lattice model includes estimation of early execution of the option.

The following are fair value of share options and factors taken into account when using the binomial lattice model:

	2010	2009
Fair value of share options	RMB4.80 and RMB6.80	HKD1.64
Current share price	RMB13.21	HKD4.00
Exercise price	RMB12.39	HKD4.00
Expected fluctuation of stocks	45%	64.78%
Vesting period	10 years	10 years
Expected dividends	0.60%	0.68%
Risk-free rate	2.60% and 3.40%	2.24%

Note: The fair value and risk-free rate of share options granted by the Company for the year are RMB4.8 per share and 2.6% in the first exercisable period, and RMB6.8 per share and 3.4% in the second exercisable period.

Basis of the best estimate of the number of equity instruments expected to vest	At each balance sheet date during the vesting period, the Company makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the estimate shall be equal to the number of equity instruments that are ultimately vested.
Reasons for significant differences of estimation between current year and last year	Nil

	Amount	RMB equivalent
	USD'000	RMB'000
Accumulated amount in capital reserve for equity-settled share-based payments	12,011	82,432
Total expenses recognised for equity-settled share-based payments	10,458	70,556
Including:		
— attributable to the Company	3,866	26,083
— attributable to Enric	5,882	39,688
— attributable to Raffles	710	4,785

There is no share option exercised for the year.

VIII. CONTINGENCIES

1. Contingent liabilities

Raffles, the subsidiary of the Company, and its subsidiaries (hereafter collectively referred as "CIMC Raffles") entered into ship construction contracts with the customer. Both parties carried out the negotiations regarding to the significant increase in construction cost due to the change of the initial design. CIMC Raffles requested the customer to compensate it for the additional costs and losses due to the change of the contract and agree the postponement of delivery of ships. Based on management assessment on the negotiation result, CIMC Raffles made no provision on the potential losses and the compensation for delivery postponement. The maximum amount for the potential losses and compensation for delivery postponement that CIMC Raffles may need to bear is USD41,400,000 (RMB272,814,000), depending on the final negotiation result.

2. Guarantees provided for other entities

During the year, HI signed contracts with China Construction Bank, Bank of China, China Merchants Bank and China Everbright Bank, to provide 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 31 December 2010, the Group has the above outstanding guarantees totaling RMB1,044,329,000, equivalent to USD158,479,000(2009: RMB627,162,000, equivalent to USD91,849,000).

3. Bills issued but not recorded on books, outstanding letter of credit and performance guarantee

The Group does not recognise bills payable or letter of credit issued as deposits. Corresponding inventories, prepayment and bills payable are recognised at the earlier of delivery of the goods by the suppliers and the maturity of the bill issued.

As at 31 December 2010, the Group had bills issued to suppliers but not recorded on books and outstanding letter of credit totaling USD117,195,000 (RMB772,281,000). As at 31 December 2009, the balance was USD20,357,000 (RMB139,005,000).

As at 31 December 2010, Raffles had outstanding balance of performance guarantees issued by bank totaling to USD112,128,000, equivalent to RMB738,890,000.

IX. COMMITMENTS

1. Significant commitments

(1) Capital commitments

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Construction contracts entered into but not performed or performed partially	270,673	1,783,657	63,359	432,631
Investment contracts entered into but not performed or performed partially	—	—	59,313	405,000
Total	270,673	1,783,657	122,672	837,631

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of properties, fixed assets and so on were payable as follows:

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Within 1 year (inclusive)	7,220	47,578	14,183	96,847
After 1 year but within 2 years (inclusive)	7,036	46,365	7,639	51,152
After 2 years but within 3 years (inclusive)	3,405	22,437	6,522	44,536
After 3 years	15,934	104,998	19,399	132,460
Total	33,595	221,378	47,743	324,995

X. POST BALANCE SHEET EVENTS

1. Change of functional currency

The functional currency of the Company was USD in 2010 and prior years. As the impact of RMB on economic environment of the Company and some domestic subsidiaries was getting strengthened, the Company will change the functional currency to RMB since 1 January 2011.

2. Information about profits distribution after balance sheet date

		RMB'000
Dividend proposed to be distributed after balance sheet date	Note 1	931,839

(1) Dividend for ordinary shares proposed after balance sheet date

Board of directors proposed to distribute cash dividend of RMB0.35 per share (2009: RMB0.12 per share) to ordinary shareholders of the Company on 21 March 2011, totalling RMB931,838,617.85 (2009: RMB319,487,526.12). The proposal is pending for approval of the Shareholders Meeting. The cash dividend proposed after the balance sheet date had not been recognised as a liability at the balance sheet date.

XI. OTHER SIGNIFICANT MATTERS

1. Finance lease

(1) The total future minimum lease receivables as finance lease leasor is as follows:

Residual contractual life	Minimum lease receivables	
	USD'000	RMB'000
Within 1 year (inclusive)	131,699	867,858
After 1 year but within 2 years (inclusive)	64,954	428,028
After 2 years but within 3 years (inclusive)	43,149	284,333
After 3 years	45,109	297,256
Total	284,911	1,877,475

(2) The total future minimum lease payables as finance lease leasee is as follows:

Residual contractual life	Minimum lease receivables	
	USD'000	RMB'000
Within 1 year (inclusive)	14,809	97,584
After 1 year but within 2 years (inclusive)	10,081	66,432
After 2 years but within 3 years (inclusive)	7,956	52,426
Total	32,846	216,442

2. Segment reporting

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, eight reportable segments are identified by the Group including containers, trailers, energy, chemistry and food equipment, marine projects, airport facilities, logistic equipments and services, railway trucks manufactory and property development. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segment as different technical and market strategy are adopted. The Group reviews the financial information of individual segment regularly to determine resources allocation and performance assessment.

(1) Segment profit or loss, assets and liabilities

In order to assess the segment performance and resources allocation, the Group's management review revenue, expenses, assets and liabilities of each segment regularly. The preparations basis of such information are detailed as follows:

Segment assets include tangible assets, intangible assets, other long-term assets and accounts receivable, etc, but exclude deferred tax assets and other unallocated headquarter assets. Segment liabilities include payables, bank loans, provision, special payables and other liabilities, while deferred tax liabilities are excluded.

Segment profit represents revenue (including external operating income and inter-segment operating income), offsetting segment expenses, depreciation and amortisation, impairment losses, interest expenses and income attributable to individual segment. Transactions conducted among segments are under normal non-related party transaction commercial terms. The Group dose not allocate non-operating income/expenses and income tax expenses to individual segment.

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/(losses), assets and liabilities is set out as follows:

Item	Containers	Trailers	Energy, chemistry and food equipment	Offshore business	Airport facilities	Others	Elimination between segments	Unallocated items	Total
	2010	2010	2010	2010	2010	2010	2010	2010	2010
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
External transaction	3,756,434	2,464,711	775,128	362,267	50,784	264,035	—	—	7,673,359
Inter segment transaction	14,406	501	17,994	—	—	41,052	(73,953)	—	—
Investment income/(losses) in joint ventures and associates	13,747	(3,475)	—	707	—	2,978	—	1,301	15,258
Impairment loss for the year	3,149	15,510	(435)	15,513	611	6,356	—	—	40,704
Depreciation and amortisation expenses	52,172	78,776	41,339	25,688	512	6,744	—	—	205,231
Interest income	2,926	2,273	2,180	1,271	21	402	—	1,167	10,240
Interest expenses	4,141	7,556	3,649	23,314	71	1,613	—	27,779	68,123
Segment operating profit/(losses)	577,042	105,027	23,582	(182,074)	4,523	19,391	—	(2,821)	544,670
Income tax expenses	81,817	22,461	13,696	(12,745)	778	15,835	—	258	122,100
Net profit/(losses)	495,225	82,566	9,886	(169,329)	3,745	3,556	—	(3,079)	422,570
Segment total assets	2,102,409	1,664,155	960,639	1,817,570	71,785	915,070	—	682,803	8,214,431
Segment total liabilities	1,035,716	804,959	387,009	1,445,635	31,968	277,234	—	1,317,255	5,299,776
Supplementary information:									
— Segment expenditures other than depreciation and amortization	—	—	5,882	710	—	—	—	12,766	19,358
— Long-term equity investment of joint ventures and associates	88,345	21,705	—	6,324	—	12,795	—	46,727	175,896
— Segment expenditures raising from additions of non-current assets	106,302	103,765	87,059	170,701	10,005	24,194	—	5,246	507,272

Item	Containers	Trailers	Energy, chemistry and food equipment	Offshore business	Airport facilities	Others	Elimination between segments	Unallocated items	Total
	2009	2009	2009	2009	2009	2009	2009	2009	2009
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
External transaction	781,243	1,603,270	508,907	—	66,642	37,597	—	—	2,997,659
Inter segment transaction	34,741	8,991	18,176	—	11,142	19,401	(92,451)	—	—
Investment income/(losses) in joint ventures and associates	5,286	(241)	—	3,909	—	5,433	—	830	15,217
Impairment loss for the year	16,635	32,371	8,132	—	541	308	—	—	57,987
Depreciation and amortisation expenses	50,691	37,563	31,234	—	289	1,437	—	3,147	124,361
Interest income	28,049	15,728	276	—	417	4,426	(67,629)	31,547	12,814
Interest expenses	32,276	34,085	4,725	—	—	1,974	(67,629)	20,868	26,299
Segment operating (losses)/profit	(33,999)	41,022	(2,728)	—	10,262	(10,516)	(16,809)	227,303	214,535
Income tax expenses	12,448	10,091	(1,789)	—	1,466	2,465	—	31,636	56,317
Net profit/(losses)	(46,447)	30,931	(939)	—	8,796	(12,981)	(16,809)	195,667	158,218
Segment total assets	1,689,636	1,682,145	985,805	117,152	72,821	649,181	(70,592)	345,044	5,471,192
Segment total liabilities	505,291	930,270	301,555	—	28,237	122,319	(70,592)	1,336,278	3,153,358
Supplementary information:									
— Segment (income)/expenditures other than depreciation and amortization	(24,740)	(57)	(1,112)	—	(72)	(115)	—	32,760	6,664
— Long-term equity investment of joint ventures and associates	77,885	23,232	—	99,033	—	14,848	—	8,706	223,704
— Segment expenditures raising from additions of non-current assets	50,505	69,202	183,530	—	294	7,717	(86,735)	4,335	228,848

Note:

The Group recognised the offshore engineering business as a reportable segment in 2010. For the purpose of comparison, the Group re-stated the segment report of 2009, which treat the offshore engineering business as a segment.

(2) Geographic information

The following table sets out information about the geographical information of the Group's revenue from external customers and the Group's non-current assets (excluding financial assets and deferred tax assets, same for the below). The geographical locations of customers are based on the location at which the services were provided or the goods were delivered. The geographical locations of the specified non-current assets are based on the physical location of the assets (for fixed assets), or the location of the business to which they are allocated (for intangible assets and goodwill), or the location of operations of the associates and joint ventures.

Geographic information

	Revenue from external customers		Non-current assets	
Item	**2010**	**2009**	**2010**	**2009**
	USD'000	**USD'000**	**USD'000**	**USD'000**
P.R.China	2,851,058	1,772,332	2,454,903	1,800,823
Asia (exclusive of China)	625,073	239,836	6,501	4,034
America	2,342,264	347,681	44,835	199,488
Europe	1,721,850	497,676	179,132	84,779
Others	133,114	140,134	7,461	3,578
Total	7,673,359	2,997,659	2,692,832	2,092,702

3. Risk analysis, sensitivity analysis, and fair values of financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks, etc.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

(1) Credit risk

The Group's credit risk is primarily attributable to receivables and derivative financial instruments entered into for hedging purposes. Exposure to these credit risks are monitored by management on an ongoing basis.

In respect of receivables, the risk management committee of the Group has established a credit policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the external ratings of the customers and their bank credit records where available and previous payment records (if available). Receivables are due within from 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers, but earnest or prepayment money is requested sometimes due to the customer's situation.

Most of the Group's and the Company's customers have been transacting with the Group or the Company for a long time, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date. The Group has made the provision for the significant overdue receivables at 31 December 2010.

Guideline from the Group basis to the assets of associates and jointly ventures, profit forecast of development project provide fund to associates and jointly controlled entity and continue to monitor the project progress and its operating to ensure the recoverability of the fund.

The Group's exposure to credit risk is influenced mainly by the individual characteristics and industries of each customer rather than country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, the Group had a certain concentration of credit risk, as 24.14% (2009: 17.64%) of the total accounts receivable were due from the five largest customers of the Group.

Investments are normally made only in liquid securities quoted on a recognised stock exchange, except where entered into for long-term strategic purposes. Transactions involving derivative financial instruments are made with counterparties of sound credit standing and with whom the Group has a signed netting ISDA agreement (International Swap Derivative Association). Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. Except for the financial guarantees given by the Group as set out in Note VIII, the Group do not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note VIII.

(2) Liquidity risk

The Company is responsible for the cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, for individual subsidiaries subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial assets and financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on prevailing interest rates at 31 December) and the earliest date the Group can be required to pay:

	2010 Contractual undiscounted cash flow					
Item	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Balance sheet carrying amount**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Financial assets						
Cash at bank and on hand	706,511	—	—	—	706,511	706,511
Accounts receivable and other receivables	1,573,078	—	—	—	1,573,078	1,573,078
Long-term receivables	200,226	116,174	88,492	13,828	418,720	382,682
Subtotal	2,479,815	116,174	88,492	13,828	2,698,309	2,662,271
Financial liabilities						
Short-term loans	(1,260,954)	—	—	—	(1,260,954)	(1,260,954)
Accounts payable and other payables	(1,746,037)	—	—	—	(1,746,037)	(1,746,037)
Long-term loans	(432,823)	(63,678)	(254,713)	(318,391)	(1,069,605)	(1,010,529)
Long-term payables	(16,313)	(10,799)	(8,156)	—	(35,268)	(32,846)
Subtotal	(3,456,127)	(74,477)	(262,869)	(318,391)	(4,111,864)	(4,050,366)
Net total	(976,312)	41,697	(174,377)	(304,563)	(1,413,555)	(1,388,095)

Item	2010 Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Cash at bank and on hand	4,655,696	—	—	—	4,655,696	4,655,696
Accounts receivable and other receivables	10,366,108	—	—	—	10,366,108	10,366,108
Long-term receivables	1,319,429	765,552	583,136	91,122	2,759,239	2,521,759
Subtotal	16,341,233	765,552	583,136	91,122	17,781,043	17,543,563
Financial liabilities						
Short-term loans	(8,309,309)	—	—	—	(8,309,309)	(8,309,309)
Accounts payable and other payables	(11,505,867)	—	—	—	(11,505,867)	(11,505,867)
Long-term loans	(2,852,174)	(419,619)	(1,678,482)	(2,098,101)	(7,048,376)	(6,659,085)
Long-term payables	(107,499)	(71,161)	(53,746)	—	(232,406)	(216,442)
Subtotal	(22,774,849)	(490,780)	(1,732,228)	(2,098,101)	(27,095,958)	(26,690,703)
Net total	(6,433,616)	274,772	(1,149,092)	(2,006,979)	(9,314,915)	(9,147,140)

Item	2009 Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets						
Cash at bank and on hand	771,685	—	—	—	771,685	771,685
Accounts receivable and other receivables	773,615	—	—	—	773,615	730,221
Long-term receivables	69,563	90,020	57,545	1,362	218,490	202,978
Subtotal	1,614,863	90,020	57,545	1,362	1,763,790	1,704,884
Financial liabilities						
Short-term loans	(608,869)	—	—	—	(608,869)	(608,869)
Accounts payable and other payables	(869,798)	—	—	—	(869,798)	(869,798)
Long-term loans	(76,405)	(382,411)	(443,639)	—	(902,455)	(888,087)
Subtotal	(1,555,072)	(382,411)	(443,639)	—	(2,381,122)	(2,366,754)
Net total	59,791	(292,391)	(386,094)	1,362	(617,332)	(661,870)

Item	2009 Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Cash at bank and on hand	5,269,217	—	—	—	5,269,217	5,269,217
Accounts receivable and other receivables	5,282,395	—	—	—	5,282,395	4,986,093
Long-term receivables	474,990	614,675	392,929	9,300	1,491,894	1,385,978
Subtotal	11,026,602	614,675	392,929	9,300	12,043,506	11,641,288
Financial liabilities						
Short-term loans	(4,157,477)	—	—	—	(4,157,477)	(4,157,477)
Accounts payable and other payables	(5,939,158)	—	—	—	(5,939,158)	(5,939,158)
Long-term loans	(521,711)	(2,611,182)	(3,029,254)	—	(6,162,147)	(6,064,032)
Subtotal	(10,618,346)	(2,611,182)	(3,029,254)	—	(16,258,782)	(16,160,667)
Net total	408,256	(1,996,507)	(2,636,325)	9,300	(4,215,276)	(4,519,379)

(3) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group adopts an interest rate policy of ensuring that interest rate risk is reasonable. The Group has entered into interest rate swaps denominated in the currency of the loan, to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy.

(a) As at 31 December, the Group held the following interest-bearing financial instruments:

Item	2010		2009	
	Annual interest rate	Amount	Annual interest rate	Amount
		USD'000		USD'000
Fixed rates interest-bearing financial instruments				
Financial assets				
— Long-term receivables	6.63%-24.17%	202,780	5.50%-6.50%	145,271
— Long-term receivables due within one year	6.63%-24.17%	179,902	5.50%-6.50%	57,707
Financial liabilities				
— Short-term loans	2.34%-4.30%	(1,260,954)	1.53%-5.35%	(608,869)
— Long-term payable	4.97%~5.80%	(18,037)	—	—
— Long-term payable due within one year	4.97%~5.80%	(14,809)	—	—
Total		(911,118)		(405,891)

Item	2010 Annual interest rate	2010 Amount	2009 Annual interest rate	2009 Amount
		USD'000		USD'000
Variable rates interest-bearing financial instruments				
Financial assets				
— Cash and cash equivalents	0.40%-3.90%	706,511	0.36%-3.87%	771,685
Financial liabilities				
— Long-term loans due within one year	Refer to Note V.33	(416,853)	Refer to Note V.33	(66,705)
— Long-term loans	Refer to Note V.34	(593,676)	Refer to Note V.34	(821,382)
Total		(304,018)		(116,402)

(b) Sensitivity analysis

As at 31 December 2010, it is estimated that a general increase/decrease of 75 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by USD1,710,000 (2009: USD437,000), and equity by USD1,710,000 (2009: USD437,000).

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rate had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis was performed on the same basis for 2009.

(4) Foreign currency risk

The major currency received by the Group is USD and the major currency paid out is RMB. In order to avoid the risks resulting from the fluctuation of the exchange rate of RMB, in respect of accounts receivables and payables denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) Besides the exposure to currency risk arising from financial assets and financial liabilities disclosed in Note V.2 and V.23, the Group's exposure as at 31 December to currency risk arising from recognised assets or liabilities denominated in foreign currencies is follows. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

Item	2010 USD	2010 EUR	2010 HKD	2010 JPY	2009 USD	2009 EUR	2009 HKD	2009 JPY
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	1,521,592	396,971	128,125	34,616	2,618,973	570,726	32,560	24,942
Accounts receivable	5,327,812	401,886	17,054	4,323	1,796,322	323,664	6,971	70
Short-term loans	(3,035,638)	(287,944)	(423,878)	(10,021)	(1,553,020)	(607,232)	—	—
Long-term loans	(2,438,189)	(35,189)	—	—	(3,550,664)	(118,064)	(479,832)	—
Accounts payable	(2,924,606)	(156,227)	(169,893)	(3,551)	(1,454,578)	(60,113)	(91,544)	(346)
Provisions	(294,478)	(25,644)	(23,472)	—	(478,391)	(38,410)	(41,381)	—
Non-current liabilities due within one year	(658,970)	(70,385)	(17,581)	—	(273,128)	(78,708)	(61,618)	—
Gross balance sheet exposure	(2,502,477)	223,468	(489,645)	25,367	(2,894,486)	(8,137)	(634,844)	24,666

(b) Significant exchange rates applied by the Group are as follows at reporting date:

	Average exchange rate		Benchmark exchange rate	
Item	**2010**	**2009**	**2010**	**2009**
USD	6.7465	6.8305	6.5897	6.8282
EUR	8.8378	9.6055	8.7979	9.8388
HKD	0.8682	0.8813	0.8477	0.8805
JPY	7.7705	7.5400	8.0984	7.5634

(c) Sensitivity analysis

Assuming all other risk variables remained constant, 4%, 3%, 4% and 10% strengthening of the RMB against the USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2010 (1%, 3%, 1% and 1% strengthening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2009) would have increased (decreased) equity and net profit by the amount shown below, whose effect is in RMB and translated using the spot rate at the balance sheet date:

Item	**Equity**	**Net profit**
	RMB'000	**RMB'000**
31 December 2010		
USD	75,074	75,074
EUR	(5,028)	(5,028)
HKD	14,689	14,689
JPY	(1,903)	(1,903)
Total	82,832	82,832
31 December 2009		
USD	21,709	21,709
EUR	183	183
HKD	4,761	4,761
JPY	(185)	(185)
Total	26,468	26,468

4%, 3%, 4% and 10% weakening of the RMB against USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2010 (1%, 3%, 1% and 1% weakening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2009) would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, the analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for 2009.

The above sensitive analysis does not include exposure to currency risk arising from foreign future contracts, Japanese Yen exchange option and swap contact for interest rate disclosed in Note V.2 and V.23 about financial assets and financial liabilities, but the change in exchange rate may have effect on shareholders' equity and net profit.

(5) Other price risks

Other price risks are stock price risk. As at 31 December 2010, the Group held 32,291,152 tradable shares of China Merchants Securities and 11,526,000 tradable shares of China Merchants Bank.

As at 31 December 2010, it is estimated that a general increase/decrease of composite index of Shanghai A-share by 14.31% (2009: 58.46%), or 469 point (2009: 2,562 point), with all other variables held constant, would increase/decrease the Group's shareholders' equity by USD12,368,000 (2009:USD67,555,000).

The sensitivity analysis above arise assuming that the change in composite index of Shanghai A-share occurred at the balance sheet date is reasonable and had been applied to re-measure those investments in securities held by the Group. The sensitivity analysis is also based on another assumption, namely, the fair value of the investments in securities held by the Group is relevant to composite index of stock market, and available-for-sales securities investment has same risk factor as trading securities investment, and all other variables held constant. 14.31% change in composite index of Shanghai A-share is a reasonable expectation of the Group for the period from the balance date to the next balance sheet date.

(6) Fair values

(a) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value as at 31 December 2010 across the three levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		USD'000	**USD'000**	**USD'000**	**USD'000**
Financial assets held for trading					
Held for trading	V. 2	59,713	—	—	59,713
Derivative financial assets	V. 2	—	18,069	—	18,069
Hedging Instrument	V. 2	—	1,988	—	1,988
Subtotal		59,713	20,057	—	79,770
Available-for-sale financial assets	V. 10	116,616	—	—	116,616
Subtotal		116,616	—	—	116,616
Total		176,329	20,057	—	196,386

Liabilities	Note	Level 1	Level 2	Level 3	Total
		USD'000	USD'000	USD'000	USD'000
Financial liabilities held for trading					
Derivative financial liabilities	V. 23	—	(23,992)	—	(23,992)
Total		—	(23,992)	—	(23,992)

Assets	Note	Level 1	Level 2	Level 3	Total
		RMB'000	RMB'000	RMB'000	RMB'000
Financial assets held for trading					
held for trading	V.2	393,491	—	—	393,491
Derivative financial assets	V. 2	—	119,069	—	119,069
Hedging Instrument	V. 2	—	13,101	—	13,101
Subtotal		393,491	132,170	—	525,661
Available-for-sale financial assets	V. 10	768,467	—	—	768,467
Subtotal		768,467	—	—	768,467
Total		1,161,958	132,170	—	1,294,128

Liabilities	Note	Level 1	Level 2	Level 3	Total
		RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities held for trading					
Derivative financial liabilities	V. 23	—	(158,102)	—	(158,102)
Total		—	(158,102)	—	(158,102)

Excluding available-for-sale financial assets that invested in shares of China Merchants Securities Co., Ltd., there is no change in the fair value measurement of the Group's financial instruments in 2010. As at 31 December 2009, shares of China Merchants Securities Co., Ltd., that the Company held were restricted tradable shares, whose fair value were based on the market price of listed tradable shares of China Merchants Securities Co., Ltd. at balance sheet date, which were priced using Black Scholes Option Pricing Model, belonged to Level 2. The aforesaid restricted tradable shares listed and became tradable since 18 November 2010. The Company measured the shares' fair value using the market price of listed tradable shares, which belonged to Level 1.

(b) Fair value of other financial instruments (the carrying amounts are not measured at fair value)

All financial instruments are carried at amounts not materially different from their fair values as at 31 December.

(7) Estimation and assumption of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial assets and liabilities held for trading, available-for-sale financial assets, and items set out in Note XI.3.(6) that measured at fair value on the balance sheet date.

(a) Equity investments

Fair value is based on quoted market prices at the balance sheet date for financial assets and liabilities held for trading (excluding derivatives), and available-for-sale financial assets if there is an active market.

(b) Receivables

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

(c) Loans and other non-derivatives financial liabilities

The fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

(d) Derivatives

The fair value of forward exchange contracts is either based on their listed market prices or by discounting the contractual forward price and deducting the current spot rate. The fair value of interest rate swaps is based on broker quotes. The quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar interest rate instrument at the measurement date.

(e) 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 the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(f) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows are based on same term loans' rates announced by People Bank of China at the balance sheet date plus an adequate credit spread and are as follows:

	Interest rates used in 2010	**Interest rates used in 2009**
Loans	0.85%-5.23%	0.56%-5.94%
Receivables	5.35-6.40%	4.86%-5.94%

4. **Assets and liabilities measured at fair value**

Item	Balance at the beginning of the year	Change in fair value of the year	Accumulated change in fair value in equity	Provision of impairment for the year	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets					
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)	12,701	23,431	—	—	59,713
2. Derivative financial instrument	739	13,938	—	—	18,069
3. Hedging Instrument	3,164	—	2,053	—	1,988
4. Available-for-sale financial assets	172,196	—	106,071	—	116,616
Subtotal	188,800	37,369	108,124	—	196,386
Financial liabilities	(22,705)	(2,548)	—	—	(23,992)

Item	Balance at the beginning of the year	Change in fair value of the year	Accumulated change in fair value in equity	Provision of impairment for the year	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets					
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)	86,722	158,077	—	—	393,491
2. Derivative financial instrument	5,050	94,032	—	—	119,069
3. Hedging Instrument	21,565	—	14,070	—	13,101
4. Available-for-sale financial assets	1,175,785	—	727,466	—	768,467
Subtotal	1,289,122	252,109	741,536	—	1,294,128
Financial liabilities	(155,036)	(17,191)	—	—	(158,102)

5. Financial assets and liabilities in foreign currencies

Item	Note	Balance at the beginning of the year	Change in fair value of the year	Accumulated change in fair value in equity	Provision of impairment for the year	Balance at the end of the year
		USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets						
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)		12,286	16,753	—	—	34,938
2. Derivative financial instrument	(1)	739	13,938	—	—	18,069
3. Hedging Instrument		3,164	—	2,053	—	1,988
4. Loans and receivables	(2)	322,606	—	—	(1,526)	882,506
5. Available-for-sale financial assets		18,118	—	593	—	1,375
Subtotal		356,913	30,691	2,646	(1,526)	938,876
Financial liabilities	(3)	(1,363,890)	(2,548)	—	—	(1,865,586)

Item	Note	Balance at the beginning of the year	Change in fair value of the year	Accumulated change in fair value in equity	Provision of impairment for the year	Balance at the end of the year
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)		83,888	110,397	—	—	230,231
2. Derivative financial instrument	(1)	5,050	94,032	—	—	119,069
3. Hedging Instrument		21,565	—	14,070	—	13,101
4. Loans and receivables	(2)	2,202,816	—	—	(10,056)	5,815,450
5. Available-for-sales		123,715	—	3,935	—	9,066
Subtotal		2,437,034	204,429	18,005	(10,056)	6,186,917
Financial liabilities	(3)	(9,312,911)	(17,191)	—	—	(12,293,652)

Note:

(1) Derivative financial instrument in foreign currency includes foreign currency future contract.

(2) Loans and receivables in foreign currency includes accounts receivable, other receivables, prepayments and long-term receivable denominated in foreign currencies.

(3) Financial liabilities includes foreign currency loans, accounts payable, other payables, advances from customers, interest rate swap contracts and stock option contracts.

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY

1. Cash at bank and on hand

	2010				2009			
	Original currency	Exchange rate	USD	RMB	Original currency	Exchange rate	USD	RMB
	’000		’000	’000	’000		’000	’000
Cash at bank								
RMB	293,010	6.5897	44,464	293,010	80,767	6.8282	11,829	80,767
USD	2,953	1.0000	2,953	19,457	4,540	1.0000	4,540	31,002
HKD	94	7.7734	12	79	64	7.7546	8	56
JPY	384,917	81.37	4,730	31,172	311,795	90.28	3,454	23,583
EUR	2	0.7490	3	17	65	0.6940	93	637
Subtotal			52,162	343,735			19,924	136,045
Other momentary funds								
RMB	73,726	6.5897	11,188	73,726	1,635	6.8282	240	1,635
USD	377	1.0000	377	2,484	73,234	1.0000	73,234	500,058
Subtotal			11,565	76,210			73,474	501,693
Total			63,727	419,945			93,398	637,738

As at 31 December 2010, restricted cash at bank and on hand of the Company was USD377,000, equivalent to RMB2,484,000 (2009: USD73,234,000, equivalent to RMB500,058,000).

2. Financial assets held for trading

(1) Financial assets held for trading by categories:

Category	2010		2009	
	Amount	RMB equivalent	Amount	RMB equivalent
	USD’000	RMB’000	USD’000	RMB’000
1. Equity securities investments held for trading	24,629	162,298	—	—
Total	24,629	162,298	—	—

(2) There is no restriction in liquidity of financial assets held for trading for the current year.

3. Dividends receivable

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
SCIMC	85,038	560,378	85,039	580,659
SCIMCEL	22,742	149,861	55,157	376,621
XHCIMC	262	1,726	262	1,789
QDCC	5,213	34,355	5,213	35,599
DLCIMC	8,401	55,361	8,401	57,364
NBCIMC	4,856	32,001	11,733	80,115
SCRC	12,761	84,097	15,877	108,414
XHCIMCS	23,549	155,179	23,549	160,795
QDCSR	3,435	22,635	1,241	8,471
DLL	7,018	46,248	7,018	47,922
CIMC (HK)	461,838	3,043,364	462,834	3,160,330
TCCIMC	3,616	23,831	3,616	24,693
ZZCIMC	3,541	23,333	3,541	24,177
TJCIMCLE	949	6,253	—	—
SBWI	—	—	615	4,198
QDCRC	731	4,815	—	—
CIMCSD	—	—	9,480	64,727
Total	643,950	4,243,437	693,576	4,735,874

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of dividends receivable.

4. Other receivables

(1) Other receivables by customers' categories:

Category	2010		2009	
	Amount	RMB equivalent	Amount	RMB equivalent
	USD'000	RMB'000	USD'000	RMB'000
Amounts due from related parties	633,029	4,171,470	768,076	5,244,575
Deposits	122	804	119	814
Others	1,130	7,448	3,652	24,936
Subtotal	634,281	4,179,722	771,847	5,270,325
Less: provision for bad and doubtful debts	(691)	(4,554)	(691)	(4,719)
Total	633,590	4,175,168	771,156	5,265,606

(2) The ageing analysis of other receivables is as follows:

Category	2010		2009	
	Amount	RMB equivalent	Amount	RMB equivalent
	USD'000	RMB'000	USD'000	RMB'000
Within 1 year	611,677	4,030,771	749,260	5,116,097
1 to 2 years	—	—	22,587	154,228
2 to 3 years	22,604	148,951	—	—
More than 3 years	—	—	—	—
Subtotal	634,281	4,179,722	771,847	5,270,325
Less: provision for bad and doubtful debts	(691)	(4,554)	(691)	(4,719)
Total	633,590	4,175,168	771,156	5,265,606

The ageing is counted starting from the date the other receivable is recognised.

(3) Other receivables by categories:

Category	Note	2010 Gross carrying amount		2010 Provision for bad and doubtful debts		2009 Gross carrying amount		2009 Provision for bad and doubtful debts	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
		USD'000	(%)	USD'000	(%)	USD'000	(%)	USD'000	(%)
Individually significant other receivables	(4)	630,971	99.48%	—	—	744,953	96.52%	—	—
Other insignificant other receivables	(5)	3,310	0.52%	691	20.88%	26,894	3.48%	691	2.57%
Total		634,281	100.00%	691	0.11%	771,847	100.00%	691	0.09%

Category	Note	2010 Gross carrying amount		2010 Provision for bad and doubtful debts		2009 Gross carrying amount		2009 Provision for bad and doubtful debts	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
		RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Individually significant other receivables	(4)	4,157,910	99.48%	—	—	5,086,688	96.52%	—	—
Other insignificant other receivables	(5)	21,812	0.52%	4,554	20.88%	183,637	3.48%	4,719	2.57%
Total		4,179,722	100.00%	4,554	0.11%	5,270,325	100.00%	4,719	0.09%

There are no collaterals the Group holds for other receivable that made impairment aforesaid.

Individually significant items represent other receivables which individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements grouped in the consolidated financial statement.

(4) An analysis of other receivables individually significant and assessed for impairment individually is as follows:

There are no other receivables individually significant and individually assessed for impairment at the year end. (2009: Nil).

(5) An analysis of individually insignificant but assessed for impairment individually is as follows:

There are no other receivables individually insignificant but assessed for impairment individually at the year end. (2009: Nil).

(6) *Written-back or recovery of accounts receivable during the year*

There were no other receivables for which a full provision or a significant provision was made in previous years while were recovered in full or in significant amount during the year (2009: Nil).

(7) *Write-off of other receivables during the year*

There was no material write-off of other receivables during the year (2009: Nil).

(8) Other receivables due from the five largest debtors of the Company are as follows:

Debtor	**Relationship with the Company**	**USD'000**	**RMB'000**	**Aging**	**Proportion in total other receivables**
					(%)
1. Total amounts due from subsidiaries	Subsidiary	606,841	3,998,902	Within 1 year	95.67%
2. Shanghai Fengyang Real Estate Development Co., Ltd .	Associates	24,130	159,007	1 to 3 years	3.80%
3. China Merchants International Ltd.	Shareholder	1,169	7,704	Within 1 year	0.18%
4. Nanshan Construction Bureau.	Third Party	477	3,140	2 to 3 years	0.08%
5. Xietong Real Estate Company	Third Party	304	2,000	Within 1 year	0.05%
Total.	—	632,921	4,170,753		99.78%

The Group's top 5 other receivables as at 31 December 2009 amounted to USD482,398,000 (RMB3,293,918,000), accounting for 62.50% of the total other receivables.

(9) *Status of share holders holding to 5% or above voting rights, in the Company's other receivables*

Balance of other receivables due from shareholders who hold 5% or more of the voting rights of the Company as at balance sheet date represented withholding Corporate Income Tax of oversea shareholder dividend due from China Merchants International Ltd and COSCO Container, amounting to USD1,169,000 and USD286,000 respectively, equivalent to RMB7,704,000 and RMB1,886,000. (2009: Nil)

(10) Receivables due from related parties

Related party	Relationship with the Company	USD'000	RMB'000	Percentage in total other receivables (%)
Shareholders who hold 5% or more of the voting rights of the Company	Shareholders	1,455	9,590	0.23%
Associates	Associates	24,130	159,007	3.80%
Subsidiaries	Subsidiaries	606,841	3,998,902	95.67%
Others	Minority shareholders	603	3,971	0.10%
Total		633,029	4,171,470	99.80%

(11) Derecognition of other receivables due to transferring of financial assets

There was no derecognition of other receivables due to transferring of financial assets of the Company in 2010 (2009: Nil).

(12) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

There were no securitised other receivables during the year (2009: Nil).

5. Available-for-sale financial assets

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Available-for-sale equity instruments	115,241	759,401	154,077	1,052,070

Detailed analysis for the Company's available-for-sale financial assets, refer to Note V.10.

6. Long-term equity investments

(1) As at 31 December 2010, the Company's long-term equity investments are as follows:

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Investments to subsidiaries	496,771	3,273,573	377,130	2,575,120
Other long-term equity investments	59,482	391,970	59,482	406,155
Subtotal	556,253	3,665,543	436,612	2,981,275
Less: provision of impairment	465	3,065	465	3,175
Total	555,788	3,662,478	436,147	2,978,100

(2) As at 31 December 2010, the Company's investments on subsidiaries are as follows:

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage (%)	The Company subsidiaries voting right(%)	Whether voting right is different from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/ received of the year
	USD'000	USD'000	USD'000	USD'000				USD'000	USD'000	USD'000
Costing method — Investment in subsidiaries										
SCIMC	12,450	12,450	—	12,450	100.00%	100.00%	—	—	—	—
SCIMCEL	12,450	12,450	—	12,450	100.00%	100.00%	—	—	—	—
XHCIMC	5,539	5,539	—	5,539	100.00%	100.00%	—	—	—	—
CIMC Yuandong	17,338	17,338	—	17,338	100.00%	100.00%	—	—	—	—
TJCIMC	12,342	12,342	—	12,342	100.00%	100.00%	—	—	—	—
TJCIMCn	11,500	11,500	—	11,500	100.00%	100.00%	—	—	—	—
QDCC	9,139	9,139	—	9,139	100.00%	100.00%	—	—	—	—
DLCIMC	7,400	7,400	—	7,400	100.00%	100.00%	—	—	—	—
NBCIMC	3,750	3,750	—	3,750	100.00%	100.00%	—	—	—	—
SBWI	10,100	10,100	—	10,100	94.75%	100.00%	IV, 1, (4)(ii)	—	—	—
TCCIMC	19,979	19,979	—	19,979	100.00%	100.00%	—	—	—	—
ZZCIMC	15,266	15,266	—	15,266	100.00%	100.00%	—	—	—	—
SHYSLE	11,982	11,982	—	11,982	100.00%	100.00%	—	—	—	—
CQCIMC	5,994	5,994	—	5,994	100.00%	100.00%	—	—	—	—
SCRC	30,486	30,486	—	30,486	92.00%	100.00%	—	—	—	12,762
QDCRC	8,229	8,229	—	8,229	89.30%	89.30%	—	—	—	731
XHCIMCS	12,448	6,748	5,700	12,448	100.00%	100.00%	—	—	—	5,700
DLL	7,024	7,024	—	7,024	100.00%	100.00%	—	—	—	—
QDCSR	1,931	1,931	—	1,931	100.00%	100.00%	—	—	—	2,194
TJCIMCLE	2,498	2,498	—	2,498	100.00%	100.00%	—	—	—	949
CIMC (HK)	256	256	—	256	100.00%	100.00%	—	—	—	—
CIMC (USA)	26,009	26,009	—	26,009	100.00%	100.00%	—	—	—	—
CIMCSD	24,688	24,688	—	24,688	100.00%	100.00%	—	—	—	—
HI	41,906	41,906	—	41,906	80.00%	80.00%	—	—	—	—
SZVL	4	4	—	4	80.20%	80.20%	—	—	—	—
CIMC TEI	—	900	(900)	—	—	—	—	—	—	—
CIMC Tech	384	384	—	384	100.00%	100.00%	—	—	—	—
TCCIMC	9,073	9,073	—	9,073	100.00%	100.00%	—	—	—	—
YTLRC	—	1,645	(1,645)	—	—	—	—	—	—	—
CIMCWD	16,473	16,473	—	16,473	100.00%	100.00%	—	—	—	—
CIMC Management and Training (Shenzhen)	7,300	7,300	—	7,300	100.00%	100.00%	—	—	—	—
DLZH	16,857	16,857	—	16,857	100.00%	100.00%	—	—	—	—
MEA	3,293	3,293	—	3,293	100.00%	100.00%	—	—	—	—
SZW	527	527	—	527	100.00%	100.00%	—	—	—	—
TLC	12,375	12,375	—	12,375	100.00%	100.00%	—	—	—	—
SCIMCEL	3,295	3,295	—	3,295	100.00%	100.00%	—	—	—	—
Shenzhen CIMC Investment Company Limited	10,987	—	10,987	10,987	100.00%	100.00%	—	—	—	—
CWGS	73,234	—	73,234	73,234	100.00%	100.00%	—	—	—	—
CIMC Vehicle Finance and Leasing Co., Ltd.	28,180	—	28,180	28,180	100.00%	100.00%	—	—	—	—
QDSV	4,085	—	4,085	4,085	80.00%	100.00%	IV, 1, (4)(ii)	—	—	—
Subtotal	496,771	377,130	119,641	496,771	—	—	—	—	—	22,336
Costing method — Other long-term equity investment										
China Railway United Logistics	57,783	57,783	—	57,783	10.00%	10.00%	—	—	—	—
Beihai Yinjian	258	258	—	258	1.01%	1.01%	—	258	—	—
Guangdong Samsung	207	207	—	207	0.09%	0.09%	—	207	—	—
BOCM Schroder Stolt Fund Management	1,234	1,234	—	1,234	5.00%	5.00%	—	—	—	1,105
Subtotal	59,482	59,482	—	59,482				465	—	1,105
Total	556,253	436,612	119,641	556,253				465	—	23,441

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage (%)	The Company subsidiaries voting right(%)	Whether voting right is different from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/ received of the year
	RMB'000	RMB'000	RMB'000	RMB'000				RMB'000	RMB'000	RMB'000
Costing method — Investment in subsidiaries:										
SCIMC	82,042	85,011	(2,969)	82,042	100.00%	100.00%	—	—	—	—
SCIMCEL	82,042	85,011	(2,969)	82,042	100.00%	100.00%	—	—	—	—
XHCIMC	36,500	37,821	(1,321)	36,500	100.00%	100.00%	—	—	—	—
CIMB Yuandong	114,249	118,384	(4,135)	114,249	100.00%	100.00%	—	—	—	—
TJCIMC	81,333	84,276	(2,943)	81,333	100.00%	100.00%	—	—	—	—
TJCIMCn	75,780	78,523	(2,743)	75,780	100.00%	100.00%	—	—	—	—
QDCC	60,255	62,405	(2,180)	60,225	100.00%	100.00%	—	—	—	—
DLCIMC	48,764	50,529	(1,765)	48,764	100.00%	100.00%	—	—	—	—
NBCIMC	24,711	25,606	(895)	24,711	100.00%	100.00%	—	—	—	—
SBWI	66,558	68,967	(2,409)	66,558	94.75%	100.00%	IV, 1, (4)(ii)	—	—	—
TCCIMC	131,654	136,419	(4,765)	131,654	100.00%	100.00%	—	—	—	—
ZZCIMC	100,597	104,238	(3,641)	100,597	100.00%	100.00%	—	—	—	—
SHYSLE	78,955	81,812	(2,857)	78,955	100.00%	100.00%	—	—	—	—
CQVL	39,499	40,928	(1,429)	39,499	100.00%	100.00%	—	—	—	—
SCRC	200,892	208,163	(7,271)	200,892	92.00%	100.00%	—	—	—	86,098
QDCRC	54,225	56,188	(1,963)	54,225	89.30%	89.30%	—	—	—	4,929
XHCIMCS	82,026	46,074	35,952	82,026	100.00%	100.00%	—	—	—	38,455
DLL	46,284	47,959	(1,675)	46,284	100.00%	100.00%	—	—	—	—
QDCSR	12,743	13,204	(461)	12,743	100.00%	100.00%	—	—	—	14,804
TJCIMCLE	16,459	17,054	(595)	16,459	100.00%	100.00%	—	—	—	6,401
CIMC (HK)	1,690	1,751	(61)	1,690	100.00%	100.00%	—	—	—	—
CIMC (USA)	171,397	177,600	(6,203)	171,397	100.00%	100.00%	—	—	—	—
CIMCSD	162,686	168,574	(5,888)	162,686	100.00%	100.00%	—	—	—	—
HI	276,148	286,143	(9,995)	276,148	80.00%	80.00%	—	—	—	—
SCVL	24	25	(1)	24	80.20%	80.20%	—	—	—	—
CIMC TEI	—	6,145	(6,145)	—	—	—	—	—	—	—
CIMC Tech	2,526	2,618	(92)	2,526	100.00%	100.00%	—	—	—	—
TCCIMC	59,792	61,956	(2,164)	59,792	100.00%	100.00%	—	—	—	—
YTLRC	—	11,230	(11,230)	—	100.00%	100.00%	—	—		
CIMCWD	108,544	112,472	(3,928)	108,544	100.00%	100.00%	—	—	—	—
CIMC Management and Training (Shenzhen)	48,102	49,843	(1,741)	48,102	100.00%	100.00%	—	—	—	—
DLZH	111,083	115,103	(4,020)	111,083	100.00%	100.00%	—	—	—	—
MEA	21,703	22,488	(785)	21,703	100.00%	100.00%	—	—	—	—
SZW	3,472	3,598	(126)	3,472	100.00%	100.00%	—	—	—	—
TLC	81,548	84,499	(2,951)	81,548	100.00%	100.00%	—	—	—	—
SCIMCEL	21,717	22,503	(786)	21,717	100.00%	100.00%	—	—	—	—
Shenzhen CIMC Investment Company Limited	72,401	—	72,401	72,401	100.00%	100.00%	—	—	—	—
Finance Company	482,590	—	482,590	482,590	100.00%	100.00%	—	—	—	—
CIMC Vehicle Finance and Leasing Co., Ltd.	185,700	—	185,700	185,700	100.00%	100.00%	—	—	—	—
QDSV	26,912	—	26,912	26,912	80.00%	100.00%	IV, 1, (4)(ii)	—	—	—
Subtotal	3,273,573	2,575,120	698,453	3,273,573	100.00%	100.00%	—	—	—	150,687
Costing method — Other long-term equity investment										
China Railway United Logistics	380,780	394,561	(13,781)	380,780	10.00%	10.00%	—	—	—	—
Beihai Yinjian	1,700	1,762	(62)	1,700	1.01%	1.01%	—	1,700	—	—
Guangdong Samsung	1,365	1,413	(48)	1,365	0.09%	0.09%	—	1,365	—	—
BOCM Schroder Stolt Fund Management	8,125	8,419	(294)	8,125	5.00%	5.00%	—	—	—	7,458
Subtotal	391,970	406,155	(14,185)	391,970				3,065	—	7,458
Total	3,665,543	2,981,275	684,268	3,665,543				3,065	—	158,145

Information for the Company's subsidiaries see note IV.

7. Short-term loans

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Credit loans				
— RMB	72,977	480,897	94,690	646,564

8. Financial liabilities held for trading

	Note	2010		2009	
		USD'000	RMB'000	USD'000	RMB'000
Current:					
Derivative financial liabilities					
— Foreign exchange forward contract	V.2.(3)	84	556	—	—
Subtotal		84	556	—	—
Non-current:					
Derivative financial liabilities					
— Swap contract for interest rate	V.23(1)	8,896	58,620	10,782	73,623
— Foreign exchange option contracts	V.23(2)	11,871	78,226	10,486	71,601
Subtotal		20,767	136,846	21,268	145,224
Total		20,851	137,402	21,268	145,224

9. Bills payable

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Bank acceptance bills	30,350	200,000	—	—
Total	30,350	200,000	—	—

The above bills are due within one year.

No amount due to the shareholders who hold 5% or more of the voting rights of the Company in included in the above balance of bills payable.

10. Employee benefits payable

Item	Balance at the beginning of the year	Accrued during the year	Paid during the year	Balance at the end of the year
	USD'000	USD'000	USD'000	USD'000
Salaries, bonuses, and allowances	8,000	15,335	(8,335)	15,000
Senior management bonus	26,018	16,862	(1,987)	40,893
Social insurances and others	1	1,240	(1,248)	(7)
Total	34,019	33,437	(11,570)	55,886

Item	Balance at the beginning of the year	Accrued during the year	Paid during the year	Effect of foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, bonuses, and allowances	54,627	103,456	(56,226)	(3,000)	98,857
Senior management bonus	177,656	113,762	(13,405)	(8,538)	269,475
Social insurances and others	3	8,365	(8,420)	(5)	(57)
Total	232,286	225,583	(78,051)	(11,543)	368,275

11. Taxes payable

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Income tax payable	265	1,743	27,923	190,663
Withholding individual tax	8,860	58,384	8,480	57,900
Others	(159)	(1,047)	36	251
Total	8,966	59,080	36,439	248,814

12. Non-current liabilities due within one year

(1) The analysis of the Company's non-current liabilities due within one year by categories is as follows:

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Long-term loans due within one year — Credit loans	414,185	2,729,353	57,678	393,839

(2) The analysis of the Company's non-current liabilities by currencies due within one year is as follows:

	Annual interest rate	2010			2009		
		Original currency	Exchange rate	USD	Original currency	Exchange rate	USD
		'000		'000	'000		'000
Bank loans							
— RMB	3.51%~4.73%	2,000,000	6.5897	303,504	42,000	6.8282	6,151
— USD	LIBOR+90BP	100,000	1.0000	100,000	40,000	1.0000	40,000
— EUR	EURIBOR+65BP	8,000	0.7490	10,681	8,000	0.6940	11,527
				414,185			57,678

As at 31 December 2010, there was no renewal of past due long-term bank loans which was included in the above non-current liabilities due within one year (2009: Nil).

(a) As at 31 December 2010, the top four long-term loans due within one year is as follows:

Lender	Initial date	Maturity date	Currency	Interest rate (%)	2010		2009	
					Original currency	USD	Original currency	USD
					'000	'000	'000	'000
1. The Export-Import Bank of China	23 June 2008	23 June 2011	RMB	4.73%	1,400,000	212,453	42,000	6,151
2. China Development Bank.	12 December 2007	21 December 2011	USD	Six-month LIBOR+90BP	100,000	100,000	40,000	40,000
3. The Export-Import Bank of China	23 May 2008	23 May 2011	RMB	4.01%	600,000	91,051	—	—
4. The Export-Import Bank of China	18 June 2007	18 December 2011	EUR	EURIBOR+65BP	8,000	10,681	8,000	11,527
Total						414,185		57,678

(b) As at 31 December 2010, there was no overdue loan of non-current liabilities due within one year (2009: Nil).

13. Long-term loans

(1) Long-term loans by categories:

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Bank loans — Credit loans	375,340	2,473,381	743,787	5,078,728

(2) The analysis of the Company's long-term loans by currencies as follows:

	Annual interest rate	2010			2009		
		Original currency	Exchange rate	USD	Original currency	Exchange rate	USD
		'000		'000	'000		'000
Bank loans							
— RMB . . .	3.51%~4.23%	—	6.5897	—	1,410,000	6.8282	206,497
— USD. . . .	LIBOR+55~185BP	370,000	1.0000	370,000	520,000	1.0000	520,000
— EUR. . . .	EURIBOR+65BP	4,000	0.7490	5,340	12,000	0.6940	17,290
				375,340			743,787

No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term loans (2009: Nil).

(3) *As at 31 December 2010, the top four long-term loans (including all long-term loans) is as follows:*

Borrower	Initial date	Maturity date	Currency	Interest rate	2010 Original currency	2010 USD	2009 Original currency	2009 USD
				(%)	'000	'000	'000	'000
1. China Development Bank	12 December 2007	10 December 2013	USD	Six-month LIBOR+90BP	270,000	270,000	370,000	370,000
2. The Export-Import Bank of China	23 May 2008	23 May 2011	RMB	The first quarter 5.67%, renew quarterly	—	—	800,000	117,161
3. ABN-AMRO Bank	26 May 2010	21 May 2013	USD	Six-month LIBOR+185BP	50,000	50,000	—	—
4. Bank of China	19 October 2009	19 October 2012	USD	Three-month LIBOR+55BP	50,000	50,000	50,000	50,000
5. The Export-Import Bank of China	18 June 2007	18 June 2012	EUR	Six-month EURIBOR+65BP	4,000	5,340	12,000	17,291
Total						375,340		554,452

As at 31 December 2010, there was no renewal of past due long-term bank loans which was included in the above long-term loans (2009:Nil).

14. Deferred tax assets and liabilities

(1) *Deferred tax assets and liabilities after offsetting*

Item	Deductible/ (taxable) temporary difference 2010	Deferred tax assets/ (liabilities) 2010	Deductible/ (taxable) temporary difference 2009	Deferred tax assets/ (liabilities) 2009
	USD'000	USD'000	USD'000	USD'000
Deferred tax assets:				
Employee benefits payable	55,886	13,971	34,019	7,484
Movement for fair value of financial assets held for trading/derivative financial instruments	20,851	5,004	21,268	4,679
Subtotal	76,737	18,975	55,287	12,163
Offsetting amount	(76,737)	(18,975)	(55,287)	(12,163)
Net amount after offsetting	—	—	—	—
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/derivative financial instruments	(6,797)	(1,423)	—	—
Movement for fair value of available-for-sale financial assets charged to equity	(105,478)	(25,184)	(145,906)	(32,099)
Subtotal	(112,275)	(26,607)	(145,906)	(32,099)
Offsetting amount	76,737	18,975	55,287	12,163
Net amount after offsetting	(35,538)	(7,632)	(90,619)	(19,936)

Item	Deductible/ (taxable) temporary difference 2010	Deferred tax assets/ (liabilities) 2010	Deductible/ (taxable) temporary difference 2009	Deferred tax assets/ (liabilities) 2009
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets:				
Employee benefits payable	368,275	92,069	232,286	51,352
Movement for fair value of financial assets held for trading/derivative financial instruments	137,402	32,977	145,224	32,200
Subtotal	505,677	125,046	377,510	83,552
Offsetting amount	(505,677)	(125,046)	(377,510)	(83,522)
Net amount after offsetting	—	—	—	—
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/derivative financial instruments	(45,854)	(9,383)	—	—
Movement for fair value of available-for-sale financial assets charged to equity	(723,531)	(165,954)	(996,278)	(219,680)
Subtotal	(769,385)	(175,337)	(996,278)	(219,680)
Offsetting amount	505,677	125,046	377,510	83,552
Net amount after offsetting	(263,708)	(50,291)	(618,768)	(136,128)

As at 31 December 2010, there was no unrecognised deferred tax liabilities for the Company.

15. Capital reserve

	Note	Balance at the beginning of the year	Additions during the year	Reductions during the year	Balance at the end of the year
		USD'000	USD'000	USD'000	USD'000
Share premiums		21,245	—	—	21,245
Other capital reserves					
— Property revaluation reserve		6,640	—	—	6,640
— Exchange reserve on foreign currency capital		104	—	—	104
— Donated non-cash assets reserve		13	—	—	13
— Net changes in fair value of available-for-sale financial assets		145,906	—	(40,428)	105,478
— Deferred tax effect		(32,099)	—	6,915	(25,184)
— Amount of share-based payments charged to equity		—	3,866	—	3,866
		141,809	3,866	(33,513)	112,162

	Note	Balance at the beginning of the year	Additions during the year	Settlements during the year	Balance at the end of the year
		RMB'000	RMB'000	RMB'000	RMB'000
Share premiums		212,656	—	—	212,656
Other capital reserves					
— Property revaluation reserve		54,979	—	—	54,979
— Exchange reserve on foreign currency capital		861	—	—	861
— Donated non-cash assets reserve		108	—	—	108
— Net changes in fair value of available-for-sale financial assets		996,278	—	(272,747)	723,531
— Deferred tax effect		(219,680)	—	53,726	(165,954)
— Amount of share-based payments charged to equity		—	26,083	—	26,083
		1,045,202	26,083	(219,021)	852,264

16. Gains from changes in fair value

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Financial assets held for trading				
— Changes in fair value during the year	7,930	53,501	—	—
Including: Gains/losses from changes in fair value of derivative financial instrument	—	—	—	—
— Transfer to investment losses for derecognition of financial assets held for trading	(1,133)	(7,647)	—	—
Financial liabilities held for trading				
— Changes in fair value during the year	417	2,814	8,787	60,020
Including: Gains/losses from changes in fair value of derivative financial instrument	417	2,814	8,787	60,020
Total	7,214	48,668	8,787	60,020

17. Investment income

(1) The analysis of the Company's investment income is as follows:

	Note	2010		2009	
		USD'000	RMB'000	USD'000	RMB'000
Long-term equity investments in cost method	(2)	23,441	158,145	36,924	252,207
Losses on disposal of long-term equity investment		(249)	(1,680)	(2,184)	(14,917)
Investment gains on available-for-sale financial assets		2,735	18,452	202	1,381
Investment losses on sale of held-for-trading financial assets		(1,133)	(7,647)	—	—
Gains on sale of available-for-sale financial assets		1,649	11,126	213,363	1,457,378
Total		26,443	178,396	248,305	1,696,049

(2) Long-term investments in cost method with individual investment income over 5% of total investment income or less than 5% but the top five investment income for the year are as follows:

Investee	2010		2009		Reasons for variances between two years
	USD'000	RMB'000	USD'000	RMB'000	
SCRC	12,762	86,098	15,877	108,451	Dividend distributed in 2010 is less than that in 2009
XHCIMCS	5,700	38,455	13,416	91,637	Dividend distributed in 2010 is less than that in 2009
QDCSR	2,194	14,804	659	4,503	Dividend distributed in 2010 is more than that in 2009
BOCM Schroder Stolt Fund Management	1,105	7,458	732	4,999	Dividend distributed in 2010 is more than that in 2009
TJCIMCLE	949	6,401	2,198	15,016	Dividend distributed in 2010 is less than that in 2009
Total	22,710	153,216	32,882	224,606	

Note 1:

There was no significant restriction on the remittance of investment income to the investor

18. Income tax

	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Current tax expenses for the year	—	—	37,528	256,884
Deferred taxation	(5,389)	(36,359)	920	5,732
Total	(5,389)	(36,359)	38,448	262,616

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

	The Company			
Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
Profits before taxation	(10,355)	(69,855)	224,030	1,530,236
Expected income tax expenses at applicable tax rates	(2,278)	(15,368)	44,806	306,048
Tax effect of non- deductible expenses	364	2,458	3,204	21,877
Tax effect of tax losses of unrecognised deferred tax assets	4,449	30,012	—	—
Effect of tax rate change on deferred tax	(2,164)	(14,609)	(1,106)	(7,553)
Tax effect of non- taxable income	(5,760)	(38,852)	(8,456)	(57,756)
Income tax expenses	(5,389)	(36,359)	38,448	262,616

19. Other comprehensive income/(losses)

Item	2010		2009	
	USD'000	RMB'000	USD'000	RMB'000
1. (Losses)/gain on available-for-sale financial assets	(38,779)	(261,621)	203,667	1,391,831
Less: Effect of income tax arising from available-for-sale financial assets	(6,915)	(53,726)	981	7,315
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	1,649	11,126	213,363	1,457,378
2. Effect of foreign exchange rate changes	—	(267,693)	—	3,592
Total	(33,513)	(486,714)	(10,667)	(69,270)

20. Information to cash flow statement

(1) Supplement to cash flow statement:

Supplement	2010		2009	
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
1. Reconciliation of net profit to cash flow from operating activities:				
Net profit	(4,966)	(33,497)	185,582	1,267,620
Add: Depreciation of fixed assets	1,772	11,953	1,609	10,990
Amortisation of intangible assets	147	992	302	2,063
Amortisation of long-term deferred expenses	379	2,557	441	3,012
(Gains)/losses on disposal of fixed assets	(2,811)	(18,962)	73	500
Gains on changes in fair value	(7,214)	(48,668)	(8,787)	(60,020)
Financial income	(8,785)	(59,260)	(5,964)	(40,737)
Investment gains	(26,443)	(178,396)	(248,305)	(1,696,049)
Expenses recognized by share-based payments	3,866	26,083	—	—
(Increase)/decrease in deferred tax assets	(6,812)	(45,958)	920	5,732
Increase in deferred tax liabilities	1,423	9,599	—	—
Increase in operating receivables	104,304	703,590	(47,806)	(326,539)
Increase in operating payables	21,683	146,244	13,895	94,910
Effect of foreign exchange rate changes	—	31	—	554
Net cash outflows from operating activities	76,543	516,308	(108,040)	(737,964)
2. Net movement in cash and cash equivalents:				
Closing balance of cash and cash equivalents	63,350	417,461	20,164	137,680
Less: Opening balance of cash and cash equivalents	20,164	137,680	63,031	430,150
Net decrease of cash and cash equivalents	43,186	279,781	(42,867)	(292,470)

(2) Cash and cash equivalents held by the Group is as follows:

Item	2010		2009	
	USD'000	**RMB'000**	**USD'000**	**RMB'000**
1 Cash at bank and on hand				
Including: Bank deposits available on demand	52,162	343,735	19,924	136,045
Other monetary funds available on demand	11,188	73,726	240	1,635
2 Closing balance of cash and cash equivalents	63,350	417,461	20,164	137,680

Note:

Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

The following Company's financial information for the year ended 31 December 2011 is reproduced from the English version of the Company's 2011 annual report dated 22 March 2012.

KPMG

KPMG–C (2012) AR No. 0034

AUDITORS' REPORT

All shareholders of China International Marine Containers (Group) Co., Ltd.:

We have audited the accompanying financial statements of China International Marine Containers (Group) Co., Ltd. ("the Company"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2011, the consolidated income statement and income statement, the consolidated cash flow statement and cash flow statement, the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing these financial statements in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and fairly presenting them; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with China Code of Ethics for Certified Public Accountants, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

AUDITORS' REPORT (Continued)

KPMG–C (2012) AR No. 0034

OPINION

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position and financial position of the Company as at 31 December 2011, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

KPMG Huazhen

Certified Public Accountants
Registered in the People's Republic of China

Lei Iun Mei

China Beijing

Liang Jiebing

22 March 2012

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2011
(Expressed in thousands of Renminbi Yuan)

	NOTE	2011	2010
Current assets			
Cash at bank and on hand	V.1	7,788,126	4,655,696
Financial assets held for trading	V.2	186,134	525,661
Bills receivable	V.3	1,030,528	508,585
Accounts receivable	V.4	8,110,784	8,129,836
Prepayments	V.6	1,930,496	2,433,447
Interest receivable		2,020	4,732
Other receivables	V.5	2,709,665	2,236,272
Inventories	V.7	15,468,352	13,423,747
Non-current assets due within one year	V.8	2,635,287	1,185,502
Other current assets	V.9	865,633	688,030
Total current assets		40,727,025	33,791,508
Non-current assets			
Available-for-sale financial assets	V.10	571,954	768,467
Long-term receivables	V.11	2,311,235	1,336,257
Long-term equity Investments	V.12	1,957,187	1,548,332
Investment properties	V.13	126,983	77,356
Fixed assets	V.14	10,885,435	10,006,466
Construction in progress	V.15	1,898,330	1,697,664
Intangible assets	V.16	3,172,222	3,218,571
Goodwill	V.17	1,207,504	1,168,594
Long-term deferred expenses	V.18	34,892	27,978
Deferred tax assets	V.19	704,098	489,456
Other non-current assets	V.20	764,849	—
Total non-current assets		23,634,689	20,339,141
Total assets		64,361,714	54,130,649
Current liabilities			
Short-term loans	V.23	8,030,912	8,309,309
Financial liabilities held for trading	V.24	31,107	3,810
Bills payable	V.25	3,295,226	2,538,623
Accounts payable	V.26	7,328,966	9,117,500
Advances from customers	V.27	2,662,742	1,935,731
Employee benefits payable	V.28	2,012,608	1,365,532
Taxes payable	V.29	916,118	789,155
Interest payable	V.30	152,067	13,168
Dividends payable	V.31	116,253	16,046
Other payables	V.32	3,393,837	2,388,367
Provisions	V.33	736,179	649,573
Non-current liabilities due within one year	V.34	2,560,318	2,844,521
Total current liabilities		31,236,333	29,971,335

The notes on pages III-15 to III-149 form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2011 (Continued)
(Expressed in thousands of Renminbi Yuan)

	NOTE	2011	2010
Non-current liabilities			
Financial liabilities held for trading	V.24	74,836	154,292
Long-term loans	V.35	6,572,585	3,912,148
Notes payables	V.36	3,988,438	—
Long-term payables	V.37	86,846	118,858
Special payables	V.38	8,940	16,442
Deferred tax liabilities	V.19	581,500	572,866
Other non-current liabilities	V.39	198,564	178,008
Total non-current liabilities		11,511,709	4,952,614
Total liabilities		42,748,042	34,923,949
Shareholders' equity			
Share capital	V.40	2,662,396	2,662,396
Capital reserve	V.41	799,261	1,349,420
Surplus reserve	V.42	2,953,160	3,577,588
Retained earnings	V.43	12,785,092	10,689,335
Translation differences of financial statements denominated in foreign currency		(566,755)	(2,055,682)
Total equity attributable to shareholders of the Company		18,633,154	16,223,057
Minority interests		2,980,518	2,983,643
Total equity		21,613,672	19,206,700
Total liabilities and Shareholders' equity		64,361,714	54,130,649

These financial statements have been approved by the Board of Directors of the Company on 22 March 2012.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages III-15 to III-149 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2011
(Expressed in thousands of Renminbi Yuan)

	NOTE	2011	2010
Current assets			
Cash at bank and on hand	XII.1	430,350	419,945
Financial assets held for trading	XII.2	—	162,298
Bills receivable		—	31,000
Dividends receivable	XII.3	5,403,255	4,243,437
Other receivables	XII.4	6,798,779	4,175,168
Total current assets		12,632,384	9,031,848
Non-current assets			
Available-for-sale financial assets	XII.5	564,155	759,401
Long-term equity Investments	XII.6	4,341,151	3,662,478
Fixed assets		137,642	144,692
Construction in progress		14,457	25,224
Intangible assets		22,246	23,109
Long-term deferred expenses		5,683	4,999
Deferred tax assets	XII.15	71,554	—
Total non-current assets		5,156,888	4,619,903
Total assets		17,789,272	13,651,751
Current liabilities			
Short-term loans	XII.7	363,009	480,897
Financial liabilities held for trading	XII.8	21,290	556
Bills payable	XII.9	—	200,000
Employee benefits payable	XII.10	671,840	368,275
Taxes payable	XII.11	63,652	59,080
Interest payable	XII.12	133,106	5,522
Other payables		72,733	9,407
Non-current liabilities due within one year	XII.13	1,094,352	2,729,353
Total current liabilities		2,419,982	3,853,090
Non-current liabilities			
Financial liabilities held for trading	XII.8	74,836	136,846
Long-term loans	XII.14	4,223,180	2,473,381
Debenture payables	V.36	3,988,438	—
Deferred tax liabilities	VII.15	—	50,291
Total non-current liabilities		8,286,454	2,660,518
Total liabilities		10,706,436	6,513,608

The notes on pages III-15 to III-149 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2011 (Continued)
(Expressed in thousands of Renminbi Yuan)

	NOTE	2011	2010
Shareholders' equity			
Share capital	V.40	2,662,396	2,662,396
Capital reserve	XII.16	199,322	852,264
Surplus reserve	V.42	2,953,160	3,577,588
Retained earnings		1,267,958	1,579,889
Translation differences of financial statements denominated in foreign currency		—	(1,533,994)
Total equity		7,082,836	7,138,143
Total liabilities and Shareholders' equity		17,789,272	13,651,751

These financial statements have been approved by the Board of Directors of the Company on 22 March 2012.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages III-15 to III-149 form part of these financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011
(Expressed in thousands of Renminbi Yuan)

		NOTE	2011	2010
I.	Operating income	V.44	64,125,053	51,768,316
II.	*Less:* Operating costs	V.44	52,224,731	43,597,815
	Business taxes and surcharges	V.45	344,723	76,892
	Selling and distribution expenses	V.46	1,867,900	1,250,243
	General and administrative expenses	V.47	3,767,221	2,734,364
	Financial expenses	V.48	783,699	669,783
	Impairment loss	V.51	409,602	274,610
	Add: (Losses)/gains from changes in fair value	V.49	(100,577)	234,918
	Add: Investment income	V.50	108,693	38,641
	Including: Income from investment in associates and jointly controlled enterprises		44,120	102,938
III.	Operating profit		4,735,293	3,438,168
	Add: Non-operating Income	V.52	370,193	292,019
	Less: Non-operating Expenses	V.53	82,780	55,580
	Including: Losses from disposal of non-current assets		286	20,551
IV.	Profit before income tax		5,022,706	3,674,607
	Less: Income tax expenses	V.54	1,363,768	823,748
V.	Net profit for the year		3,658,938	2,850,859
	Attributable to:			
	Shareholders of the Company		3,690,926	3,001,851
	Minority interests		(31,988)	(150,992)
VI.	Earnings per share:			
	Basic earnings per share (RMB)	V.55	1.39	1.13
	Diluted earnings per share (RMB)	V.55	1.37	1.13
VII.	Other comprehensive income for the year	V.56	(486,403)	(536,354)
VIII.	Total comprehensive income for the year		3,172,535	2,314,505
	Attributable to:			
	Shareholders of the Company		3,302,938	2,506,058
	Minority interests		(130,403)	(191,553)

These financial statements have been approved by the Board of Directors of the Company on 22 March 2012.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages III-15 to III-149 form part of these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

(Expressed in thousands of Renminbi Yuan)

	NOTE	2011	2010
I. Operating income		946	1,503
II. *Less:* Operating costs		50	81
Business taxes and surcharges		12,906	—
General and administrative expenses		671,689	315,962
Financial expenses		259,050	7,884
Impairment loss		322	—
Add: Gains from changes in fair value	XII.17	2,191	48,668
Add: Investment income	XII.18	1,784,513	178,396
III. Operating profit/(loss)		843,633	(95,360)
Add: Non-operating Income		1,871	25,973
Less: Non-operating Expenses		737	469
Including: Gains/(losses) from disposal of non-current assets		557	(9)
IV. Profit/(loss) before income tax		844,767	(69,856)
Less: Income tax expenses	XII.19	(76,328)	(36,359)
V. Net profit/(loss) for the year		921,095	(33,497)
VI. Other comprehensive income for the year	XII.20	(149,727)	(486,714)
VII. Total comprehensive income for the year		771,368	(520,211)

These financial statements have been approved by the Board of Directors of the Company on 22 March 2012.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages III-15 to III-149 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

(Expressed in thousands of Renminbi Yuan)

	NOTE	2011	2010
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		66,772,464	53,883,978
Refund of taxes		3,606,931	1,600,081
Cash received relating to other operating activities	V.57(1)	363,735	199,730
Sub-total of cash inflows		70,743,130	55,683,789
Cash paid for goods and services		59,108,743	47,042,184
Cash paid to and for employees		4,454,158	3,525,509
Cash paid for all types of taxes		1,637,178	1,091,435
Cash paid relating to other operating activities	V.57(2)	3,288,614	2,541,760
Sub-total of cash outflows		68,488,693	54,200,888
Net cash inflow from operating activities	V.58(1)	2,254,437	1,482,901
II. Cash flows from investing activities			
Cash received from disposal of investments		342,872	105,461
Cash received from return on investments		42,550	47,637
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		85,898	67,182
Cash received from disposal of subsidiaries		—	21,076
Cash received relating to other investing activities	V.57(3)	220,654	64,240
Sub-total of cash inflows		691,974	305,596
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		2,998,389	2,116,817
Cash paid for acquisition of investments		1,179,827	582,250
Cash paid for acquisition of subsidiaries	V.58(2)	89,818	336,831
Sub-total of cash outflows		4,268,034	3,035,898
Net cash outflow from investing activities		(3,576,060)	(2,730,302)

The notes on pages III-15 to III-149 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011 (Continued)

(Expressed in thousands of Renminbi Yuan)

	NOTE	2011	2010
III. Cash flows from financing activities			
Cash received from investors		83,049	97,548
Including: Cash received from minority shareholders of subsidiaries		83,049	97,548
Cash received from borrowings		29,180,931	20,120,944
Cash received relating to other financing activities		—	216,684
Sub-total of cash inflows		29,263,980	20,435,176
Cash repayments of borrowings		22,895,986	19,119,035
Cash paid for dividends, profit distributions or interest		1,797,341	838,732
Including: Dividends and profits paid to minority shareholders of subsidiaries		100,652	56,057
Cash paid relating to other financing activities	V.57(4)	62,702	—
Sub-total of cash outflows		24,756,029	19,957,767
Net cash inflow from financing activities		4,507,951	477,409
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(420,490)	170,882
V. Net increase/(decrease) in cash and cash equivalents	V.58(1)	2,765,838	(599,110)
Add: Cash and cash equivalents at the beginning of the year		3,797,415	4,396,525
VI. Cash and cash equivalents at the end of the year		6,563,253	3,797,415

These financial statements have been approved by the Board of Directors of the Company on 22 March 2012.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages III-15 to III-149 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

(Expressed in thousands of Renminbi Yuan)

	NOTE	2011	2010
I. Cash flows from operating activities			
Cash received relating to other operating activities		10,977,238	8,533,690
Cash paid to and for employees		117,690	78,051
Cash paid for all types of taxes		26,820	218,517
Cash paid relating to other operating activities		13,828,276	7,720,814
Sub-total of cash outflows		13,972,786	8,017,382
Net cash (outflow)/inflow from operating activities	XII.21	(2,995,548)	516,308
II. Cash flows from investing activities			
Cash received from disposal of investments		292,788	84,266
Cash received from return on investments		465,415	472,880
Net cash received from disposal of fixed assets and intangible assets		1,209	101
Net cash received from disposal of subsidiary		—	15,488
Cash received relating to other investing activities		308,980	240,217
Sub-total of cash inflows		1,068,392	812,952
Cash paid for acquisition of fixed assets and other long-term assets		21,933	35,846
Cash paid for acquisition of investments		152,887	211,812
Cash paid for subsidiary establishment and increase of capital		679,695	74,118
Sub-total of cash outflows		854,515	321,776
Net cash inflow from investing activities		213,877	491,176
III. Cash flows from financing activities			
Cash received from borrowings and subtotal of cash inflows		9,201,687	1,743,522
Cash repayments of borrowings		5,216,339	1,970,531
Cash paid for dividend, profit distributions or interest		1,193,264	489,171
Sub-total of cash outflows		6,409,603	2,459,702
Net cash inflow/(outflow) from financing activities		2,792,084	(716,180)

The notes on pages III-15 to III-149 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011 (Continued)
(Expressed in thousands of Renminbi Yuan)

	NOTE	2011	2010
IV. Effect of foreign exchange rate changes on cash and cash equivalents		—	(11,523)
V. Net increase/(decrease) in cash and cash equivalents	XII.21	10,413	279,781
Add: cash and cash equivalents at the beginning of the year		417,461	137,680
VI. Cash and cash equivalents at the end of the year	XII.21	427,874	417,461

These financial statements have been approved by the Board of Directors of the Company on 22 March 2012.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages III-15 to III-149 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

(Expressed in thousands of Renminbi Yuan)

		2011							2010						
		Attributable to shareholders of the Company							Attributable to shareholders of the Company						
	NOTE	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Minority interests	Total equity
I. Balance at 1 January		2,662,396	1,349,420	3,577,588	10,689,335	(2,055,682)	2,983,643	19,206,700	2,662,396	1,557,703	3,577,588	8,229,532	(1,829,011)	1,628,423	15,826,631
II. Changes in equity for the year															
(I) Net profit for the year		—	—	—	3,690,926	—	(31,988)	3,658,938	—	—	—	3,001,851	—	(150,992)	2,850,859
(II) Other comprehensive income for the year	V.56	—	(146,828)	—	—	(241,160)	(98,415)	(486,403)	—	(269,122)	—	—	(226,671)	(40,561)	(536,354)
Sub-total of (I)&(II)		—	(146,828)	—	3,690,926	(241,160)	(130,403)	3,172,535	—	(269,122)	—	3,001,851	(226,671)	(191,553)	2,314,505
(III) Shareholders' contributions and decrease of capital															
1. Contributions by minority Shareholders	V.41	—	(58,964)	—	—	—	353,660	294,696	—	—	—	—	—	97,548	97,548
2. Acquisition of minority interests of subsidiary		—	—	—	—	—	—	—	—	1,274	—	—	—	(1,274)	—
3. Increase in minority interests resulted from acquisition of subsidiary		—	—	—	—	—	—	—	—	—	—	—	—	1,528,694	1,528,694
4. Decrease in minority interests resulted from disposal of subsidiary		—	—	—	—	—	—	—	—	—	—	—	—	(13,956)	(13,956)
5. Decrease in retained earnings resulted from acquisition of minority interest	V.43(2)	—	—	—	(19,843)	—	(29,856)	(49,699)	—	—	—	(222,560)	—	(33,803)	(256,363)
6. Increase in shareholders' equity resulted from share-based payments	VII.2	—	117,805	—	—	—	4,333	122,138	—	59,565	—	—	—	10,991	70,556
(IV) Appropriation of profits															
1. Appropriation of statutory surplus reserve	V.42	—	—	92,110	(92,110)	—	—	—	—	—	—	—	—	—	—
2. Distributions to shareholders	V.43(1)	—	—	—	(931,839)	—	(200,859)	(1,132,698)	—	—	—	(319,488)	—	(41,427)	(360,915)
(V) Effect of functional currency change	II.4	—	(462,172)	(716,538)	(551,377)	1,730,087	—	—	—	—	—	—	—	—	—
III. Balance at 31 December		2,662,396	799,261	2,953,160	12,785,092	(566,755)	2,980,518	21,613,672	2,662,396	1,349,420	3,577,588	10,689,335	(2,055,682)	2,983,643	19,206,700

These financial statements have been approved by the Board of Directors of the Company on 22 March 2012.

Mai Boliang	**Jin Jianlong**	**Jin Jianlong**	
Legal representative's authorised person	The person in charge of accounting affairs	The head of the accounting department	Company Stamp

The notes on pages III-15 to III-149 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

(Expressed in thousands of Renminbi Yuan)

		2011						2010					
	NOTE	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Total	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Total
I. Balance at 1 January		2,662,396	852,264	3,577,588	1,579,889	(1,533,994)	7,138,143	2,662,396	1,045,202	3,577,588	1,932,874	(1,266,301)	7,951,759
II. Changes in equity for the year													
(I) Net profit/(losses) for the year		—	—	—	921,095	—	921,095	—	—	—	(33,497)	—	(33,497)
(II) Other comprehensive income for the year	XII.20	—	(149,727)	—	—	—	(149,727)	—	(219,021)	—	—	(267,693)	(486,714)
Sub-total of (I)&(II)		—	(149,727)	—	921,095	—	771,368	—	(219,021)	—	(33,497)	(267,693)	(520,211)
(III) Shareholders' contributions and decrease of capital													
1. Increase in shareholders' equity resulted from share-based payment	VII.2	—	105,164	—	—	—	105,164	—	26,083	—	—	—	26,083
(IV) Appropriation of profits													
1. Appropriation for surplus reserve	V.42	—	—	92,110	(92,110)	—	—	—	—	—	—	—	—
2. Distribution to shareholders	V.43(1)	—	—	—	(931,839)	—	(931,839)	—	—	—	(319,488)	—	(319,488)
(V) Effect of functional currency change	II.4	—	(608,379)	(716,538)	(209,077)	1,533,994	—	—	—	—	—	—	—
III. Balance at 31 December		2,662,396	199,322	2,953,160	1,267,958	—	7,082,836	2,662,396	852,264	3,577,588	1,579,889	(1,533,994)	7,138,143

These financial statements have been approved by the Board of Directors of the Company on 22 March 2012.

Mai Boliang Legal representative's authorised person	**Jin Jianlong** The person in charge of accounting affairs	**Jin Jianlong** The head of the accounting department	Company Stamp

The notes on pages III-15 to III-149 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

I. COMPANY STATUS

China International Marine Containers (Group) Co., Ltd. (the "Company"), formerly "China International Marine Containers Co., Ltd.", was a Sino-foreign joint venture set up by China Merchants Group, the East Asiatic Company (Denmark) and Ocean Containers Inc. (USA). In December 1992, as approved by "Shen Fu Ban Fu [1992] 1736" issued by the General Office of the People's Government of Shenzhen and "Shen Ren Yin Fu Zi (1992) 261" issued by Shenzhen Special Economic Zone Branch of People's Bank of China, the Company was restructured as an incorporated company set up by directional subscription and was renamed as "China International Marine Containers Co., Ltd." by the original corporate shareholders of the Company. On 31 December 1993 and 17 January 1994 respectively, the Company issued ordinary shares in Renminbi for domestic investors (A Shares) and in foreign currency for overseas investors (B Shares), and commenced trading on Shenzhen Stock Exchange, pursuant to "Shen Fu Ban Fu [1993] 925" issued by the General Office of the People's Government of Shenzhen and "Shen Zheng Ban Fu [1994] 22" issued by Shenzhen Securities Administration Office.

On 1 December 1995, as approved by the State Administration of Industry and Commerce, the Company changed its name to "China International Marine Containers (Group) Co., Ltd". Up to 31 December 2011, the share capital of the Company amounted to 2,662,396,051 shares. Please refer to Note V.40 for details of the share capital.

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are the manufacturing of modern transportation facilities, facilities for energy, food, chemistry and rendering of relative services. Detailed activities are the manufacturing and repairing of containers and other relevant business; utilizing the Group's equipment to process and manufacture various parts, structure components and relevant machines; providing cutting, punching, moulding, riveting surface treatment (including sand/paint spraying, welding and assembly) and other processing services; developing, manufacturing and selling of various high-tech and high performance special vehicles and semi-trailers; leasing of containers; developing, production and sales of high-end fuel gas equipments such as pressure container and compressor; providing integrated services for natural gas distribution; production of static container and pot-type wharf equipments and providing EP+CS (engineering procurement and construction supervision) technical service for the storage and processing of LNG, LPG and other petrochemical gases. Apart from the above, the Group is also engaged in manufacturing of logistic equipment and related services, marine projects, railway trucks production and property development, etc.

CIMC Enric Holdings Limited, the subsidiary of the Group, is listed in the Main Board of the Stock Exchange of Hong Kong Limited. The principal activities of the Group are the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance service for, a wide spectrum of transportation, storage and processing equipment that is widely used in energy, chemical and liquid food industries.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation

The financial statements have been prepared on the basis of going concern.

2. Statement of compliance

The financial statements have been prepared in accordance with the requirements of "Accounting Standards for Business Enterprises — Basic Standard" and 38 Specific Standards issued by the Ministry of Finance (MOF) of the People's Republic of China (PRC) on 15 February 2006, and application guidance, bulletins and other relevant accounting regulations issued subsequently (collectively referred to as "Accounting Standards for Business Enterprises" or "CAS"). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2011, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission (CSRC) in 2010.

3. Accounting year

The accounting year of the Group is from 1 January to 31 December.

4. Functional currency

Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

The functional currency of the Company and certain subsidiaries domiciled in PRC was U.S dollar for the year of 2010 and prior years. Due to the fact that Renminbi becomes the currency in which major income and costs are denominated and settled, the functional currency of the Company and these subsidiaries was changed to be Renminbi starting from 1 January 2011. Hong Kong and certain overseas subsidiaries use local currencies as their functional currencies. Foreign currencies are defined as currency other than functional currency.

Financial statements of the Company are presented in Renminbi. For subsidiaries using currencies other than Renminbi as their functional currencies, the Company translates the financial statements of these subsidiaries into Renminbi (see Note II.8).

5. Accounting treatments for business combinations involving enterprises under and those not under common control

(1) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to capital premium in the capital reserve. If the balance of the capital premium is insufficient, any excess is adjusted to retained earnings. Any costs directly attributable to the combination shall be recognised in profit or loss for the current period when occurred. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

(2) Business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where 1) the aggregate of the fair value at the acquisition date of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds 2) the acquirer's interest in the fair value at the acquisition date of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note II.18). Where 1) is less than 2), the difference is recognised in profit or loss for the current period. The costs of the issuance of equity or debt securities as a part of the consideration paid for the acquisition are included as a part of initial recognition amount of the equity or debt securities. Other acquisition-related costs arising from the business combination are recognised as expenses in the periods in which the costs are incurred. The difference between the fair value and the carrying amount of the assets transferred is recognised in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if satisfying the recognition criteria, are recognised by the Group at their fair value at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

6. Preparation of consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. In assessing control, potential voting rights, such as warrants and convertible bonds, that are currently exercisable or convertible, are taken into account. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities based on their carrying amounts are included in the consolidated balance sheet, and financial performance is included in the consolidated income statement, respectively, from the date that the ultimate parent company of the Company obtains the control of the subsidiary to be consolidated.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, base on the fair value of those identifiable assets and liabilities at the acquisition date.

For a business combination not involving enterprises under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognised as investment income for the current period; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree is reclassified as investment income for the current period.

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the minority interests are adjusted and the amount of the consideration paid or received is adjusted to the capital reserve (capital premium) in the consolidated balance sheet. If the credit balance of capital reserve (capital premium) is insufficient, any excess is adjusted to retained earnings.

Where the Company acquired a minority interest from a subsidiary's minority shareholders before 7 August 2008, any excess of the investment cost for acquiring the minority interest over the Group's interest in the fair value of the identifiable net assets of the minority interest acquired is recognised as goodwill. Where the Company acquired a minority interest from a subsidiary's minority shareholders, the difference between the investment cost for acquiring the minority interest and the corresponding reduction of minority interest in the consolidated financial statements, is adjusted to the capital reserve in the consolidated balance sheet except for the portion that has been recognised as goodwill. If the credit balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment, the Group derecognises assets, liabilities, minority interests and other related items in owners' equity in relation to that subsidiary. The remaining equity investment is remeasured at its fair value at the date when control is lost. Any gains or losses therefore incurred are recognised as investment income for the current period when control is lost.

Minority interest is presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to minority shareholders is presented separately in the consolidated income statement below the net profit line item.

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess is allocated against the minority interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated 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.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8. Foreign currency transactions and translation of financial statements denominated in foreign currency

When the Group receives capital in foreign currencies from investors, the capital is translated to functional currency at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to functional currency at the rates that approximate the spot exchange rates at the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period or the weighted average exchange rate.

Monetary items denominated in foreign currencies are translated to functional currency at the spot exchange rate at the balance sheet date. The resulting exchange differences, except for those arising from the principal and interest of specific foreign currency borrowings for the purpose of acquisition, construction or production of qualifying assets (see Note II.16), are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to functional currency using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which are recognised as other comprehensive income in capital reserve.

The assets and liabilities of foreign operation are translated to functional currency at the spot exchange rates at the balance sheet date. The equity items, excluding "Retained earnings", are translated to functional currency at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to functional currency at the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in a separate component of equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

9. Financial instruments

Financial instruments include cash at bank and on hand, derivatives, investments in equity securities other than long-term equity investments (see Note II.12), receivables, payables, loans, borrowings, debentures payable and share capital.

(1) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Subsequent to initial recognition financial assets and liabilities are measured as follows:

— Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

A financial asset or financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is a derivative, unless the derivative is a designated and effective hedging instrument, or a financial guarantee contract or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

— Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method.

— Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sales and other financial assets which do not fall into any of the above categories.

Available-for-sale financial assets whose fair value cannot be measured reliably are measured at cost subsequent to initial recognition. Other available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein, except for impairment losses and foreign exchange gains and losses from monetary financial assets, which are recognised directly in profit or loss, are recognised as other comprehensive income in capital reserve. When an investment is derecognised, the cumulative gain or loss is reclassified from equity to profit or loss. Dividend income from the available-for-sale equity instruments is recognised in profit or loss when the investee declares the dividends.

— Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

Other financial liabilities include the liabilities arising from financial guarantee contracts. Financial guarantees are contracts that require the Group (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, subsequent to initial recognition, the guarantee is measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles of contingencies (see Note II.21).

Except for the liabilities arising from financial guarantee contracts described above, subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

(2) Offsetting a financial asset against financial liability

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount presented in the balance sheet when both of the following conditions are satisfied:

— the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable; and

— the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(3) Determination of fair value

If there is an active market for a financial asset or financial liability, the quoted price in the active market is used to establish the fair value of the financial asset or financial liability.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, option pricing models, and etc. The Group calibrates the valuation technique and tests it for validity periodically.

(4) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

— the carrying amount of the financial asset transferred;

— the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged, cancelled or expires.

(5) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised.

Objective evidences that a financial asset is impaired includes but is not limited to evidence arising from the following events:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisations;

(d) the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;

(e) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;

(f) a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

For the calculation method of impairment of receivables, refer to Note II.10, The impairment of other financial assets are measured as follows:

— Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis. When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in equity is reclassified to profit or loss even though the financial asset has not been derecognised.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

(6) Equity instrument

An equity instrument is a contract that proves the ownership interest of the assets after deducting all liabilities in the Company.

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity.

Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

10. Impairment of receivables

Receivables are assessed for impairment both on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable figures reflecting present economic conditions.

If, after an impairment loss has been recognised on receivables, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(a) Receivables that are individually significant and impairment provided on an individual basis:

Criteria of provision for receivable that are individually significant and impairment provided on an individual basis.	Individually significant receivables are the receivables with the individual amount over RMB10 million (inclusive) or accounting to 5% or more of the total receivables in the individual financial statements of subsidiaries within the consolidation scope of the Group.
Method of provision for receivable that are individually significant and impairment provided on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

(b) Receivable that are individually insignificant but impairment provided on an individual basis:

Criteria of provision for receivables that are individually insignificant but impairment provided on an individual basis.	Within the receivables whose amounts are individually insignificant, impairment is assessed on an individual basis for the overdue receivables unpaid after collection efforts or with unique characteristics.
Method of provision for receivable that are individually insignificant but impairment provided on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

(c) Receivables that are assessed for impairment on a collective group basis:

The assessment is made collectively where receivables share similar credit risk characteristics, including those having not been individually assessed as impaired.

Determination method of the group based on credit risk characteristics	Accounts receivable are divided into six groups of containers, vehicles, energy and chemistry equipment, offshore engineering, other business, and due from related parties, land lease prepayments and operating deposits according to the industry and business nature of customers and the characteristics of the receivables. As to offshore engineering groups, the relevant receivables within credit period have lower credit risk after the grouping based on credit risk characteristics according to individual credit risk assessment and historical data. No provision is provided accordingly. As to other groups like due from related parties, land lease prepayments operating deposits, and etc, if the credit risk is assessed low after grouping based on the assessment on credit risk and their historical loss experience, no impairment loss is recognised for those groups.
Group 1	Containers
Group 2	Trailers
Group 3	Tank equipments
Group 4	Other business

Methods of provision for receivables assessed on a collective group basis (based on an ageing analysis, a percentage of the total balance and others).

Containers	Provision is determined based on an ageing analysis.
Trailers	Provision is determined based on an ageing analysis.
Tank equipments	Provision is determined based on an ageing analysis.
Other business	Provision is determined based on an ageing analysis.

For the above groups, provision is made based on their respective ageing analysis follows:

	Percentage of total accounts receivable (%)			
Ageing	**Group 1**	**Group 2**	**Group 3**	**Group 4**
Within 1 year (inclusive)	5%	1.5–5%	5%	5%
1 to 2 years (inclusive)	30%	1.5–10%	30%	30%
2 to 3 years (inclusive)	100%	1.5–30%	100%	100%
Over 3 years	100%	100%	100%	100%

Note:

Aforesaid ageing group, the provision of Group 2 is determined based on natural age, while others are determined based on the overdue age.

11. Inventories

(1) Classification

Inventories include raw materials, work in progress, semi-finished goods, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

(2) Cost of inventories

Cost of inventories is calculated using the weighted average method.

(3) The underlying factors in the determination of net realisable value of inventories and the basis of provision for decline in value of inventories

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. Borrowing costs directly related to the production of qualifying inventories are also included in the cost of inventories (see Note II.16). In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. The net realisable value of materials held for use in the production of inventories is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the quantity of inventory held to satisfy sales or service contracts is based on the contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Group, the net realisable value of the excess portion of inventories shall be based on general selling prices.

Any excess of the cost over the net realisable value of each class of inventories is recognised in profit or loss as a provision for diminution in the value of inventories.

(4) Inventory system

The Group maintains a perpetual inventory system.

(5) Amortisation of reusable material including low-value consumables and packaging materials

Reusable materials including low-value consumables and packaging materials are amortised in full when received for use. The amounts of the amortisation are included in the cost of the related assets or profit or loss.

12. Long-term equity investments

(1) Investment cost

(a) Long-term equity investments acquired through a business combination

— The initial investment cost of a long-term equity investment obtained through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity at the combination date. The difference between the initial investment cost and the carrying amounts of the consideration given is adjusted to capital premium in capital reserve. If the balance of the capital premium is insufficient, any excess is adjusted to retained earnings.

— For a long-term equity investment obtained through a business combination not involving enterprises under common control, if it is achieved in stages, the initial cost comprises the carrying value of previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date; if it is achieved otherwise, the initial investment cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree; any other comprehensive income related to equity investment before the acquisition date would be transferred to investment income in the current period upon disposal or the respective investment.

(b) Long-term equity investments acquired otherwise than through a business combination

— An investment in a subsidiary acquired otherwise than through a business combination is initially recognised at actual payment cost if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities, or at the value stipulated in the investment contract or agreement if an investment is contributed by shareholders.

(2) Subsequent measurement

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment. The investments in subsidiaries are stated in the balance sheet at cost less impairment losses.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note II. 6.

(b) Investment in jointly controlled enterprises and associates

A jointly controlled enterprise is an enterprise which operates under joint control (see NoteII.12(3)) in accordance with a contractual agreement between the Group and other parties.

An associate is an enterprise over which the Group has significant influence (see NoteII.12(3)).

An investment in a jointly controlled enterprise or an associate is subsequently accounted for using the equity method, unless the investment is classified as held for sale (see Note II.28).

The Group makes the following accounting treatments when using the equity method:

— Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

— After the acquisition of the investment, the Group recognises its share of the investee's profit or loss after deducting the amortisation of the debit balance of equity investment difference, which was recognised by the Group before the first-time adoption of CAS, as investment income or losses, and adjusts the carrying amount of the investment accordingly. The debit balance of the equity investment difference is amortised using the straight-line method over the period of 10 years in accordance with previous accounting standards. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group.

  The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair values of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated to the extent of the Group's interest in the associates or jointly controlled enterprises. Unrealised losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

— The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate or the jointly controlled enterprise is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. Where net profits are subsequently made by the associate or jointly controlled enterprise, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

— The Group adjusts the carrying amount of the long-term equity investment for changes in owners' equity of the investee other than those arising from net profits or losses, and recognises the corresponding adjustment in equity.

(c) Other long-term equity investments

Other long-term equity investments refer to investments where the Group does not have control, joint control or significant influence over the investees, and the investments are not quoted in an active market and their fair value cannot be reliably measured.

Such investments are initially recognised at the cost determined in accordance with the same principles as those for jointly controlled enterprises and associates, and then accounted for using the cost method. Cash dividends or profit distributions declared by subsidiaries and attributed to the Company shall be recognised as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment, except those that have been declared but unpaid at the time of acquisition and therefore included in the price paid or the consideration.

(3) Basis for determining the existence of joint control or significant influence over an investee

Joint control is the contractual agreed sharing of control over an investee's economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control. The following evidences shall be considered when determining whether the Group can exercise joint control over an investee:

- no single venturer is in a position to control the operating activities unilaterally;
- operating decisions relating to the investee's economic activity require the unanimous consent of the parties sharing the control;

- if the parties sharing the control appoint one venturer as the operator or manager of the joint venture through the contractual arrangement, the operator must act within the financial and operating policies that have been agreed by the venturers in accordance with the contractual arrangement.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not control or joint control over those policies. The following one or more evidences shall be considered when determining whether the Group can exercise significant influence over an investee:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes;
- material transactions between the investor and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

(4) Method of impairment testing and measuring

For the method of impairment testing and measuring for subsidiaries, jointly controlled enterprises and associates, refer to Note II.20.

For other long-term equity investments, the carrying amount is required to be tested for impairment at the balance sheet date. If there is objective evidence that the investments may be impaired, the impairment shall be assessed on an individual basis. The impairment loss is measured as the amount by which the carrying amount of the investment exceeds the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed. The other long-term equity investments are stated at cost less impairment losses in the balance sheet.

13. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses. An investment property is depreciated or amortised, less its estimated residual value, using the straight line method over its estimated useful life, unless the investment properties are classified as held for sale (see Note II.28). For the method of impairment testing and measuring, refer to Note II.20.

The useful lives, residual value rate and depreciation/amortisation rate of each class of investment properties are as follows:

	Useful life (years)	Residual value rate	Depreciation/ Amortisation rate
		(%)	(%)
Land use rights	29–50 years	—	2–3.4%
Plant and buildings	20–30 years	10%	3–4.5%

14. Fixed assets

(1) Recognition

Fixed assets represent the tangible assets held by the Group for use in the production of goods or supply of services, for rental to others or for operation and administrative purposes with useful lives over one year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note II.15.

Where parts of an item of fixed asset have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

The subsequent costs including the cost of replacing part of an item of fixed assets are recognised in the carrying amount of the item if the criteria to recognise fixed assets are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation

Fixed assets are depreciated using the straight-line method over their estimated useful lives, unless the fixed asset is classified as held for sale (see Note II.28). The estimated useful lives, residual values and depreciation rates of each class of fixed assets are as follows:

Classes	**Depreciation period (years)**	**Residual value rate**	**Depreciation rate**
		(%)	(%)
Plants and buildings	20–30 years	10%	3–4.5%
Machinery and equipment	10–12 years	10%	7.5–9%
Office and other equipment	3–5 years	10%	18%
Motor vehicles	5 years	10%	18%
Dock, wharf	50 years	10%	1.8%
Offshore engineering equipment	15–30 years	10%	3–6%

Useful lives, residual value and depreciation methods are reviewed at least at each year-end.

(3) For the method of impairment testing and measuring, refer to Note II.20.

(4) Criteria of recognition and method of measuring for fixed assets under a finance lease

For criteria of recognition and method of measuring for fixed assets under a finance lease, refer to Note II 27(3).

(5) Disposal

The carrying amount of a fixed asset shall be derecognised:

- on disposal; or
- when no future economic benefits are expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset 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.

15. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note II.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is included in construction in progress before it is transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the balance sheet at cost less impairment losses (see Note II.20).

16. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset.

Except for the above, other borrowing costs are recognised as financial expenses in the income statement when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

— Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

— Where funds are borrowed generally and used for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense in the period in which they are incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Capitalisation of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally and the interruption lasts over three months.

17. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II.20). For an intangible asset with finite useful life, its cost less residual value and impairment loss is amortised on the straight-line method or other more appropriate methods that can reflect the pattern in which the asset's economic benefits are expected to be realised over its estimated useful life, unless the intangible asset is classified as held for sale (see Note II.28).

The respective amortisation periods for such intangible assets are as follows:

	Amortisation periods (years)
Land use rights	20–50
Maritime space use rights	40–50
Technological know-how and trademarks	5–10
Timber concession rights	20
Customer relationships	3–8
Customer contracts	3–4

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

Expenditures on an internal research and development project are classified into expenditures on the research phase and expenditures on the development phase. Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products or processes before the start of commercial production or use.

Expenditures on research phase are recognised in profit or loss when incurred. Expenditures on development phase are capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete development. Capitalised development costs are stated at cost less impairment losses (see Note II.20). Other development expenditures are recognised as expenses in the period in which they are incurred.

18. Goodwill

Goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination involving entities not under common control.

Goodwill is not amortised and is stated at cost less accumulated impairment losses (see Note II.20). On disposal of an asset group or a set of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

19. Long-term deferred expense

Long-term deferred expenses are amortised on a straight-line method within the beneficial period:

Item	**Amortisation period**
Water and electricity capacity enlargement expenses	5–10 years
Rental	2–10 years
Others	5–10 years

20. Impairment of assets other than inventories, financial assets and other long-term investments

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

— fixed assets;

— construction in progress;

— intangible assets;

— investment properties measured using a cost model;

— long-term equity investments in subsidiaries, associates and jointly controlled enterprises;

— goodwill and etc..

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at no later than each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset, asset group or set of asset groups is the higher of its fair value less costs to sell and its present value of expected future cash flows.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate.

If the result of the recoverable amount calculating indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current period. A provision for impairment of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount of an impaired asset will not be lower than the greatest amount of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

21. Provisions and contingent liabilities

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

In terms of a possible obligation resulting from a past transaction or event, whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

22. Share-based payments

(1) Classification

Share-based payment transactions in the Group are classified as equity-settled share-based payments and cash-settled share-based payments.

(2) Method to determine the fair value of equity instruments

Fair value of stock option is estimated based on binomial lattice model. Contract term of the stock option is used as the input variable of this model. And the binomial lattice model includes estimation of early execution of the option. The following factors are taken into account when using the binomial lattice model: (1) exercise price of the option; (2) vesting period; (3) current price of basic stocks; (4) expected fluctuation of stocks; (5) expected dividends of stocks; (6) risk-free rate within the option term.

(3) Basis of the best estimate of the number of equity instruments expected to vest

At each balance sheet date during the vesting period, the Group makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the estimate shall be equal to the number of equity instruments that ultimately vested.

(4) Accounting treatment for share-based payment

— Equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted to employees vest immediately, the fair value of the equity instruments granted is, on grant date, recognised as relevant cost or expenses with a corresponding increase in capital reserve. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. Based on the best estimation, the Group recognises the services received for the current period as related costs or expenses, with a corresponding increase in capital reserve, at an amount equal to the fair value of the equity instruments at the grant date.

For share-based payment transactions among entities within the group of companies (comprising the ultimate parent of the Group and all of its subsidiaries), the Group receiving services recognises the transaction as an equity-settled share-based payment transaction when the Group has no obligation to settle the transaction.

— Cash-settled share-based payments

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If the rights under a cash-settled share-based payment do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, recognises the services received for the current period as related costs or expenses, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting.

For share-based payment transactions among entities within the group of companies (comprising the ultimate parent of the Group and all of its subsidiaries), the Group receiving services recognises the transaction as a cash-settled share-based payment transaction if it has an obligation to settle the transaction and the awards granted to its employees are the equity instruments of other entities within the same group.

23. Revenue recognition

Revenue is the gross inflow of economic benefit in the periods arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met:

(1) Sale of goods

Revenue from sale of goods is recognised when all of the general conditions stated above and following conditions are satisfied:

— The significant risks and rewards of ownership of goods have been transferred to the buyer;

— The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the considerations received or receivable under the sales contract or agreement.

(2) Rendering of services

Revenue from rendering of services is measured at the fair value of the considerations received or receivable under the contract or agreement.

At the balance sheet date, where outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised by reference to the stage of completion of the transaction based on the progress of work performed.

Where outcome of rendering of services cannot be estimated reliably, if the costs incurred are expected to be recoverable, revenues are recognised to the extent that the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; if the costs incurred are not expected to be recoverable, the costs incurred are recognised in profit or loss and no service revenue is recognised.

(3) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognised at the balance sheet date using the percentage of completion method.

The stage of completion of a contract is determined based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably:

— If the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred;

— If the contract costs cannot be recovered, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

Construction contract revenue includes initial revenue stipulated by contract and increased amount generated by contract alteration.

Increased amount cannot be recognized as contract revenue unless the following contract alteration terms are all satisfied:

— Client accepts and confirms the increased amount generated by contract alteration;

— Increased amount can be reliably measured.

Contract anticipated loss is recognised when estimated total construction contract cost exceeds contract revenue. Provision should be made for contract anticipated loss and charged into profit and losses for the current period.

(4) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

24. Employee benefits

Employee benefits are all forms of considerations given and other relevant expenditures incurred in exchange for services rendered by employees. Except for termination benefits, employee benefits are recognised as a liability in the period in which the associated services are rendered by employees, with a corresponding increase in the cost of relevant assets or expenses in the current period.

(1) Social insurance and housing fund

Pursuant to the relevant laws and regulations of the PRC, employees of the Group participate in the social insurance system established and managed by government organisations. The Group makes social insurance contributions — including contributions to basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and etc. — as well as contributions to housing fund, at the applicable benchmarks and rates stipulated by the government for the benefit of its employees. The social insurance and housing fund contributions are recognised as part of the cost of assets or charged to profit or loss on an accrual basis. Except for the above contributions, the Group does not have any other obligations in this respect.

(2) Termination benefits

When the Group terminates the employment relationship with employees before the employment contracts expire, or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision for the termination benefits provided is recognised in profit or loss when both of the following conditions have are satisfied:

— The Group has a formal plan for the termination of employment or has made an offer to employees for voluntary redundancy, which will be implemented shortly;

— The Group is not allowed to withdraw from termination plan or redundancy offer unilaterally.

25. Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at no consideration except for the capital contribution from the government as an investor in the Group. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital contributions, and not regarded as government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the subsequent periods is recognised initially as deferred income and recognised in profit or loss in the same periods in which the expenses are recognised. A grant that compensates the Group for expenses incurred is recognised in profit or loss immediately.

26. Deferred tax assets and liabilities

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, which include the deductible losses and tax credits carry forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is recovered or the liability is settled in accordance with tax laws.

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

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

— the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities, and

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

27. Operating and finance leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(1) Operating lease charges

Rental payments under operating leases are recognised as costs or expenses on a straight-line basis over the lease term.

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment properties (see Note II.13) are depreciated in accordance with the Group's depreciation policies described in Note II.14(2). Impairment losses are provided for in accordance with the accounting policy described in Note II.20. Other leased out assets under operating leases are amortised using the straight-line method. Income derived from operating leases is recognised in the income statement using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(3) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the value of the leased assets and the minimum lease payments is recognised as unrecognised finance charges. Initial direct costs that are attributable to a finance lease incurred by the Group are added to the amounts recognised for the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes II.14(2) and II.20, respectively.

If there is a reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charge under finance lease is amortised using an effective interest method over the lease term. The amortisation is accounted for in accordance with principles of borrowing costs (see Note II.16).

At the balance sheet date, long-term payables arising from finance leases, net of the unrecognised finance charges, are presented as long-term payables or non-current liabilities due within one year, respectively, in the balance sheet.

(4) Assets leased out under finance leases

At the commencement of the lease term, the Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable. The difference between the aggregate of the minimum lease receipts, the initial direct costs, and the aggregate of their present value is recognised as unearned finance income.

Unearned finance income is allocated to each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivables, net of unearned finance income, are presented as long-term receivables or non-current assets due within one year, respectively in the balance sheet.

28. Assets held for sale

A held-for-sale asset is classified as held for sale when the Group has made a decision and signed a non-cancellable agreement on the transfer of the asset with the transferee, and the transfer is expected to be completed within one year. Such non-current assets may be fixed assets, intangible assets, and investment properties subsequently measured using the cost model, long-term equity investment etc. but not include financial assets and deferred tax assets. Non-current assets held for sale are stated at the lower of carrying amount and net realisable value. Any excess of the carrying amount over the net realisable value is recognised as impairment loss. At balance sheet date, non-current assets held for sale are still presented under corresponding asset classification as they were.

29. Hedge accounting

Hedge accounting is a method which recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item in the same accounting period(s).

Hedged items are the items that expose the Group to risks of changes in fair value or future cash flows and that are designated as being hedged. The Group's hedged item include a forecast transaction that is settled with a fixed amount of foreign currency and expose the Group to foreign currency risk.

A hedging instrument is a designated derivative whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item.

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it has been highly effective throughout the accounting periods for which the hedging relationship was designated. A hedge is regarded as highly effective if both of the following conditions are satisfied:

— at the inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;

— the actual results of offsetting are within a range of 80% to 125%;

— Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholders' equity as a separate component. That effective portion is adjusted to the lesser of the following in absolute amounts:

— the cumulative gain or loss on the hedging instrument from inception of the hedge;

— the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge is recognised in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period during which the non-financial asset or non-financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is removed from equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, the Group will discontinue the hedge accounting treatments prospectively. In this case, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall not be reclassified into profit or loss and is recognised in accordance with the above policy when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall be reclassified into profit or loss immediately.

30. Dividends appropriated to investors

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date, are not recognised as a liability at the balance sheet date but disclosed in the notes separately.

31. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

(a) the Company's parent;

(b) the Company's subsidiaries;

(c) enterprises that are controlled by the Company's parent;

(d) investors that have joint control or exercise significant influence over the Group;

(e) enterprises or individuals if a party has control, joint control over both the enterprises or individuals and the Group;

(f) joint ventures of the Group, including subsidiaries of joint ventures;

(g) associates of the Group, including subsidiaries of associates;

(h) principal individual investors and close family members of such individuals;

(i) key management personnel of the Group and close family members of such individuals;

(j) key management personnel of the Company's parent and close family members of such individuals;

(k) close family members of key management personnel of the Company's parent; and

(l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.

Besides the related parties stated above determined in accordance with the requirements of CAS, the following enterprises and individuals are considered as (but not restricted to) related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC:

(m) enterprises or persons that act in concert that hold 5% or more of the Company's shares;

(n) individuals and close family members of such individuals who directly or indirectly hold 5% or more of the Company's shares, supervisors for listed companies and their close family members;

(o) enterprises that satisfy any of the aforesaid conditions in (a), (c) and (m) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement;

(p) individuals who satisfy any of the aforesaid conditions in (i), (j) and (n) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement; and

(q) enterprises, other than the Company and subsidiaries controlled by the Company, which are controlled directly or indirectly by an individual defined in (i), (j), (n) or (p), or in which such an individual assumes the position of a director or senior executive.

32. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following conditions:

— It engages in business activities from which it may earn revenues and incur expenses;

— Its financial performance are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance;

— The Group is able to obtain its financial information regarding financial position, financial performance and cash flows, etc..

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics, and are similar in respect of the following aspects:

— the nature of each product and service;

— the nature of production processes;

— the type or class of customers for the products and services;

— the methods used to distribute the products or provide the services;

— the legal and regulatory impact on manufacturing of products and rendering of services.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

33. Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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.

Notes V.17, VII and XI.3 contain information about the assumptions and their risk factors relating to impairment of goodwill, share-based payments and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(1) Impairment of receivables

As described in Note II.10, receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there has been a change in the factors used to determine the provision for impairment which indicates that the value of the receivables has recovered, the impairment loss recognised in prior years is reversed.

(2) Provision for diminution in value of inventories

As described in Note II.11, the net realisable value of inventories is under management's regular review, and as a result, provision for diminution in value of inventories is recognised for the excess of inventories' carrying amounts over their net realisable value. When making estimates of net realisable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market conditions and product saleability, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for diminution in value of inventories. The net profit or loss may then be affected in the period when the provision for diminution in value of inventories is adjusted.

(3) Impairment of assets except inventories, financial assets and other long-term equity investment

As described in Note II.20, assets such as fixed assets, intangible assets and investment properties are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumption.

(4) Depreciation and amortisation of assets such as fixed assets, intangible assets and investment properties

As described in Note II.13, 14 and 17, investment properties, fixed assets and intangible assets are depreciated and amortised over their useful lives after taking into account residual value. The useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experiences of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

(5) Warranty provisions

As described in Note V.33, the Group makes provisions under the warranties it gives on the sale of its products based mainly on the Group's recent claim experience. Because it is possible that the recent claim experience may not be indicative of future claims that the Group will receive in respect of past sales, a considerable level of management's judgement is required and exercised to estimate the provision. Any increase or decrease in the provision will affect profit or loss in future years.

(6) Construction contract

As described in Note II.23, contract revenue and contract profit are recognised based on the stage of completion of a contract which is determined with reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Where a contract is completed to certain extent and its contract revenue and contract expenses to completion can be reliably measured, the Group estimates contract revenue and contract expenses with reference to its recent construction experience and the nature of the construction contracts. For a contract that is not completed to certain extent, contract revenue recognised and disclosed in the financial statements does not include the profit margin that might be realised by the Group in the future. Further, at the balance sheet date, actual total contract revenue and total contract cost may be higher or lower than the estimated total contract revenue and total contract cost and any change of estimated total contract revenue and total contract cost may have financial impact on future profit or loss.

(7) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

III. TAXATION

1. Main taxes and taxes rates

Types of tax	Taxable base	Tax rate
Value added tax (VAT)	The output VAT calculated based on taxable income from sales of goods and rendering of service, after subtracting the deductable input VAT of the period, is VAT payable	17%
Business tax	Taxable operating income	3–5%
Urban maintenance and construction tax	Business tax payable and VAT payable	7%
Income tax	Taxable income	Note 1
The Netherlands/Australia service tax rate	Calculated based on revenue arising from sales of goods and rendering of service, less deductible or refundable taxes for purchase of goods	10–19%

Note 1:

The income tax rates applicable to the Group for the year are as follows:

	2011	2010
The Company	24%	22%
Domestic subsidiaries	12–25%	10–25%
Subsidiaries registered in Hong Kong	16.5%	16.5%
Subsidiaries registered in British Virgin Islands	—	—
Subsidiary registered in Suriname	36%	36%
Subsidiary registered in Cambodia	20%	20%
Subsidiary registered in the United States	15–35%	15–35%
Subsidiary registered in Germany	31.6%	31.6%
Subsidiary registered in Britain	28%	26%
Subsidiary registered in Australia	30%	30%
Subsidiary registered in the Netherlands	25.5%	25.5%
Subsidiary registered in Belgium	34%	34%
Subsidiary registered in Denmark	25%	28%
Subsidiary registered in Finland	26%	26%
Subsidiary registered in Poland	19%	19%
Subsidiary registered in Thailand	30%	30%
Subsidiary registered in Singapore	17%	17%

2. Tax preference

The Group's subsidiaries that are entitled to preferential tax treatments are as follows:

	Name of enterprises	Local Statutory tax rate	Preferential rate	Reasons
1	Shenzhen CIMC – Tianda Airport Support Co., Ltd	24%	15%	Recognised as high-tech enterprises, in 2010 entitled to 15%preferential rate
2	Shanghai CIMC Yangshan Logistics Equipment Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
3	Tianjin CIMC Special Vehicle Co., Ltd	24%	12%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
4	CIMC SHAC (Xi'An) Special Vehicle Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
5	Gansu CIMC Huajun Vehicle Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fifth profit making year
6	Ianermongolia Holonbuir CIMC Wood Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
7	Tianjin CIMC Containers Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
8	Shanghai CIMC Yangshan Container Service Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
9	Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd.	25%	15%	Recognised as high-tech Enterprises in 2010, entitled to 15% preferential rate
10	Zhumadian CIMC Huajun Vehicle Co., Ltd.	25%	15%	Recognised as high-tech Enterprises in 2010, entitled to 15% preferential rate

	Name of enterprises	Local Statutory tax rate	Preferential rate	Reasons
11	Yangzhou Tonglee Reefer Equipment Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2011 is the fifth profit making year
12	Yangzhou Tonglee Reefer Container Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
13	Yangzhou CIMC Tonghua Tank Equipment Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
14	Enric (Bengbu) Compressor Co., Ltd	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
15	Shanghai CIMC Reefer Containers Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
16	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
17	Xinhui CIMC Special Transportation Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2010, entitled to 15% preferential rate
18	Dalian CIMC Logistics Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
19	Shenzhen CIMC Special Vehicle Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
20	CIMC Vehicle (Shandong) Co. Ltd.	25%	15%	Recognised as high-tech enterprises in 2010, entitled to 15% preferential rate
21	Qingdao CIMC Special Vehicle Co., Ltd.	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year

	Name of enterprises	Local Statutory tax rate	Preferential rate	Reasons
22	Luoyang CIMC Lingyu Automobile Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2010, entitled to 15% preferential rate
23	Dalian CIMC Railway Equipment Co., Ltd.	24%	12%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fifth profit making year
24	Wuhu CIMC RuiJiang Automobile Co., Ltd	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
25	CIMC Vehicle (Liaoning) Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
26	Chongqing CIMC Logistics Equipments Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
27	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
28	Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
29	Enric (Lang fang) Energy Equipment integration Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2010, entitled to 15% preferential rate
30	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
31	Yantai CIMC Raffles offshore Ltd	25%	15%	Recognised as high-tech enterprises in 2009, entitled to 15% preferential rate
32	Nantong CIMC Tank Equipment Co., Ltd	25%	15%	Recongnised as high-tech enterprises in 2011, entitled to 15% preferential rate

Corporate income tax law of the PRC ("New Tax Law") became effective on 1 January 2008. The statutory income tax rate for the Company and its domestic subsidiaries will be 25%. According to the Notice for Transitional Preferential Tax Policies of Enterprise, Income Tax Law (Guo Fa [2007] No. 39) issued by the State Council, the tax rate for the companies which were previously entitled to preferential tax rates will gradually transition to the statutory tax rate of 25% within 5 years. The tax rate for the enterprises which are entitled to preferential tax rate of 15% will be 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012; the tax rate for the enterprises whose applicable tax rates were 24% and above or equal to 25% will be 25% starting from 2008.

Effective from 1 January 2008, the companies which are previously entitled to tax holidays of "two-year exemption and three-year reduction" and "one-year exemption and two-year reduction" will continue to enjoy the tax holidays until their expirations. The reduced tax rates will be based on the applicable tax rate in the transitional period. The applicable tax rate will be the statutory tax rate after the expirations of tax holidays.

On 6 December 2007, State Council of People's Republic of China promulgated detailed implementation rules of the New Tax Law. According to the implementation rules started from 1 January 2008, a withholding tax is applied on dividends distributed by foreign-invested enterprises to Hong Kong or other overseas investors with a tax rate of 5% or 10%, respectively. Therefore, at 31 December 2011, temporary difference caused by the Group's subsidiaries' undistributed profits amounted to RMB3,665,929,000 (2010: RMB2,490,010,000). Accordingly, deferred tax liabilities amounting to RMB313,946,000 (2010: RMB187,213,000) were recognised by the Group at year end.

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

1. Company status of investment in subsidiaries

All subsidiaries of the Group were established or acquired through combination not under common control. There is no acquisition of subsidiaries through combination under common control.

In the reporting period, the number of companies included in the scope of consolidation added up to 284. Except for the subsidiaries listed as below, the number of other subsidiaries held by the Group was 147, with paid-in capital amounting to RMB57,775,000. Other subsidiaries mainly included those engaged in manufacturing or service provision, which have relatively small scale of operation and the paid-in capital was below RMB20 million or USD 3 million. Other subsidiaries also included those investment holding companies with no operating activities registered in Hong Kong, British Virgin Islands or other overseas countries.

(1) Subsidiaries obtained through establishment or business combination

(i) Domestic subsidiaries:

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency				RMB'000	RMB'000
1 Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (SCIMC)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture, repair and sale of container, container stockpiling business	USD	16,600,000.00	100.00%	100.00%	Yes	—	—
2 Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd. (SCIMCEL)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture and repair of container design and manufacture of new-style special road and port mechanical equipment	USD	16,600,000.00	100.00%	100.00%	Yes	—	—
3 Xinhui CIMC Container Co., Ltd. (XHCIMC)	Corporation	Guangdong, China	USD	24,000,000.00	Manufacture, repair and sale of containers	USD	16,800,000.00	70.00%	70.00%	Yes	47,444	—
4 Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	Corporation	Jiangsu, China	USD	7,700,000.00	Manufacture, repair and sale of containers	USD	5,467,000.00	71.00%	71.00%	Yes	69,014	—
5 Tianjin CIMC Containers Co., Ltd. (TJCIMC)	Corporation	Tianjin, China	USD	50,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	50,000,000.00	100.00%	100.00%	Yes	—	—
6 Dalian CIMC Containers Co., Ltd. (DLCIMC)	Corporation	Dalian, China	USD	17,400,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	17,400,000.00	100.00%	100.00%	Yes	—	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency				RMB'000	RMB'000
7 Ningbo CIMC Logistics Equipment Co., Ltd. (NBCIMC)	Corporation	Ningbo, China	USD	15,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	15,000,000.00	100.00%	100.00%	Yes	—	—
8 Taicang CIMC Containers Co., Ltd. (TCCIMC)	Corporation	Jiangsu, China	USD	40,000,000.00	Manufacture and repair of container	USD	40,000,000.00	100.00%	100.00%	Yes	—	—
9 Yangzhou Runyang Logistics Equipments Co., Ltd. (YZRYL)	Corporation	Jiangsu, China	USD	20,000,000.00	Manufacture, repair and sale of container	USD	20,000,000.00	100.00%	100.00%	Yes	—	—
10 Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. (SHYSLE)	Corporation	Shanghai, China	USD	20,000,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	20,000,000.00	100.00%	100.00%	Yes	—	—
11 Shanghai CIMC Reefer Containers Co., Ltd. (SCRC)	Corporation	Shanghai, China	USD	31,000,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat Preservation car	USD	28,520,000.00	92.00%	92.00%	Yes	57,913	—
12 Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	Corporation	Jiangsu, China	USD	10,000,000.00	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	USD	7,100,000.00	71.00%	71.00%	Yes	76,304	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency					
											RMB'000	RMB'000
13 Xinhui CIMC Special Transportation Equipment Co., Ltd. (XHCIMCS)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts; providing leasing and maintenance service	USD	16,600,000.00	100.00%	100.00%	Yes	—	—
14 Nantong CIMC Tank Equipment Co., Ltd (NTCIMCT)	Corporation	Jiangsu, China	USD	25,000,000.00	Manufacture and sale of various container, semi-finished container relevant components and parts	USD	25,000,000.00	78.22%	100.00%	Yes	Note 1	—
15 Dalian CIMC Railway Equipment Co., Ltd (DLCIMCS)	Corporation	Liaoning, China	USD	20,000,000.00	Design, manufacture and sale of various railway freight equipment products such as railway container flat car, open wagon and hopper wagon	USD	20,000,000.00	100.00%	100.00%	Yes	—	—
16 Nantong CIMC Large-sized Tank Co., Ltd.	Corporation	Jiangsu, China	USD	43,000,000.00	Design, production and sale of tank relevant parts; undertaking tank-related general contracting projects	USD	43,000,000.00	100.00%	100.00%	Yes	—	—
17 Shenzhen CIMC Special Vehicle Co., Ltd. (CIMCSV)	Corporation	Guangdong, China	RMB	200,000,000.00	Development, production and sales of various special-use vehicles, as well as relevant components and parts	RMB	160,000,000.00	80.00%	100.00%	Yes	Note 6	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency				RMB'000	RMB'000
18 Qingdao CIMC Special Vehicle Co., Ltd. (QDSV)	Corporation	Shandong, China	RMB	62,880,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	RMB	55,875,168.00	88.86%	100.00%	Yes	Note 6	—
19 Yangzhou CIMC Tonghua Tank Equipment Co., Ltd. (YZTHT)	Corporation	Jiangsu, China	USD	17,500,000.00	Development and production of various trailer, special-use vehicles and tank equipment as well as components and parts	USD	14,000,000.00	80.00%	100.00%	Yes	Note 6	—
20 Shanghai CIMC Vehicle Logistics Equipments Co., Ltd. (SHL)	Corporation	Shanghai, China	RMB	90,204,082.00	Development, construction, operation leasing, sales of warehousing and auxiliary facilities; property	RMB	72,163,265.60	80.00%	100.00%	Yes	Note 6	—
21 Beijing CIMC Vehicle Logistics Equipments Co., Ltd. (BJVL)	Corporation	Beijing, China	RMB	20,000,000.00	Construction and operation of auxiliary warehousing equipments management and relevant service	RMB	16,000,000.00	80.00%	100.00%	Yes	Note 6	—
22 CIMC Vehicle (Liaoning) Co., Ltd. (LNVS)	Corporation	Liaoning, China	RMB	40,000,000.00	Development and production of various trailer, special-use vehicles as well as components and parts	RMB	32,000,000.00	80.00%	100.00%	Yes	Note 6	—
23 Tianjin CIMC Special Vehicles Co., Ltd. (TJXV)	Corporation	Tianjin, China	RMB	30,000,000.00	Production and sales of box car, mechanical products, metal structure member; relevant advisory service	RMB	24,000,000.00	80.00%	100.00%	Yes	Note 6	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency					
											RMB'000	RMB'000
24 CIMC -SHAC (Xi'An) Special Vehicle Co., Ltd. (XASV)	Corporation	Xi'An, China	RMB	50,000,000.00	Development and production of various trailer, special vehicle and the components and parts; providing relevant technical service	RMB	30,000,000.00	60.00%	75.00%	Yes	Note 6	—
25 Gansu CIMC Huajun Vehicle Co., Ltd. (GSHJ)	Corporation	Gansu, China	RMB	25,000,000.00	Refitting of special vehicles, manufacture of trailer and fittings as well automobile fittings; sales of relevant materials	RMB	20,000,000.00	80.00%	100.00%	Yes	Note 6	—
26 Xinhui CIMC Composite Material Manufacture CO., LTD (XHCM).	Corporation	Guangdong, China	USD	16,000,000.00	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	USD	12,800,000.00	80.00%	100.00%	Yes	Note 6	—
27 Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)	Corporation	Shandong, China	RMB	137,930,000.00	Development, manufacture, sales and service for garbage treatment truck and the components and parts	RMB	56,275,440.00	40.80%	51.00%	Yes	Note 6	—
28 Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	Corporation	Shanghai, China	RMB	30,000,000.00	Development and production of box trailer, box car as well as relevant mechanical products	RMB	24,600,000.00	82.00%	100.00%	Yes	Note 6	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency				RMB'000	RMB'000
29 CIMC Financing and Leasing Co., Ltd. (CIMCVL) . . .	Corporation	Guangdong, China	RMB	20,000,000.00	Finance lease business; disposal and maintenance for residual value of leased property; advisory and warranty for leasing transaction	RMB	20,000,000.00	100.00%	100.00%	Yes	—	—
30 Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV)	Corporation	Shandong, China	USD	25,000,000.00	Manufacture and sales of various refrigeration, heat preservation and other transport equipments and spare parts	USD	20,000,000.00	80.00%	100.00%	Yes	Note 6	—
31 Nantong CIMC Tank Equipment Co., Ltd. (NTCY)	Corporation	Jiangsu, China	USD	10,000,000.00	Manufacture and repair of large-sized tank, production of various pressurization tank car, special pressurization trough, tank and parts	USD	8,500,000.00	85.00%	100.00%	Yes	Note 6	—
32 Shenzhen CIMC — Tianda Airport Support Ltd. (TAS)	Corporation	Guangdong, China	USD	13,500,000.00	Production and operation of various airport-purpose electromechanical equipment products	USD	9,450,000.00	70.00%	70.00%	Yes	89,075	—
33 Xinhui CIMC Wood Co., Ltd. (XHCIMCW)	Corporation	Guangdong, China	USD	15,500,000.00	Production of container-purpose wood floor and relevant products of various specifications; providing relevant technical advisory service	USD	15,500,000.00	100.00%	100.00%	Yes	—	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency					
											RMB'000	RMB'000
34 Inner Mongolia Holonbuir CIMC Wood Co., Ltd. (NMGW)	Corporation	Inner Mongolia, China	USD	12,000,000.00	Production and sales of various container wood floors and wood products for transport equipments	USD	12,000,000.00	100.00%	100.00%	Yes	—	—
35 Jiaxing CIMC Wood Co., Ltd. (JXW)	Corporation	Zhejiang, China	USD	5,000,000.00	Production and sales of container wood floors, wood products for transport equipments and other wood products	USD	5,000,000.00	100.00%	100.00%	Yes	—	—
36 Xuzhou CIMC Wood Co., Ltd. (XZW)	Corporation	Jiangsu, China	RMB	50,000,000.00	Production and sales of container wood floor; purchasing and sales of timber	RMB	50,000,000.00	100.00%	100.00%	Yes	—	—
37 Shenzhen Southern CIMC Containers Service Co., Ltd. (SCIMCL)	Corporation	Guangdong, China	USD	5,000,000.00	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance	USD	5,000,000.00	100.00%	100.00%	Yes	—	—
38 Ningbo CIMC Container Service Co., Ltd. (NBCIMCL)	Corporation	Ningbo, China	RMB	30,000,000.00	Goods traffic; goods package, sorting, examination and logistics advisory service	RMB	30,000,000.00	100.00%	100.00%	Yes	—	—
39 Shanghai CIMC Yangshan Container Service Co., Ltd. (SHYLE)	Corporation	Shanghai, China	USD	7,000,000.00	Container transshipment, stockpiling, devanning, vanning, and warehousing; container maintenance, try-off and technical service	USD	5,600,000.00	80.00%	80.00%	Yes	5,364	1,179

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency					
											RMB'000	RMB'000
40 CIMC Shenfa Development Co., Ltd. (CIMCSD) . . .	Corporation	Shanghai, China	RMB	204,122,966.00	Investment, construction and operation for infrastructure; real estate development and operation	RMB	204,122,966.00	100.00%	100.00%	Yes	—	—
41 CIMC Vehicle (Xinjiang) Co., Ltd. (SJ4S)	Corporation	Xinjiang, China	RMB	80,000,000.00	Production and sales of mechanical equipments as well as relevant technical development	RMB	64,000,000.00	80.00%	100.00%	Yes	Note 6	—
42 CIMC Vehicle (Group) Co., Ltd. (HI).	Corporation	Guangdong, China	USD	168,000,000.00	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	USD	134,400,000.00	80.00%	80.00%	Yes	Note 6	—
43 Qingdao CIMC Special Reefer Co., Ltd. (QDCSR)	Corporation	Shandong, China	USD	11,500,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts	USD	11,500,000.00	100.00%	100.00%	Yes	—	—
44 Tianjin CIMC Logistics Equipments Co., Ltd. (TJCIMCLE)	Corporation	Tianjin, China	USD	5,000,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	USD	5,000,000.00	100.00%	100.00%	Yes	—	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency					
											RMB'000	RMB'000
45 Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Corporation	Dalian, China	USD	14,000,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	USD	14,000,000.00	100.00%	100.00%	Yes	—	—
46 Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Corporation	Chongqing, China	USD	8,000,000.00	Design, manufacture, lease, maintenance of container, special container, other logistic equipment and relevant components and parts	USD	8,000,000.00	100.00%	100.00%	Yes	—	—
47 Dalian CIMC Heavy Logistics Equipments Co., Ltd. (DLZH)	Corporation	Liaoning, China	USD	33,700,000.00	International trade, entrepot trade, design, manufacture, sale, and relevant technical advisory of pressure vessel; manufacture and installation, other service of relevant components and parts of pressure vessel	USD	33,700,000.00	100.00%	100.00%	Yes	—	—
48 Shenzhen CIMC Intelligent Technology Co., Ltd. (CIMC Tech)	Corporation	Guangdong, China	RMB	20,000,000.00	Design, development, sale, surrogate of electron production, software and system	RMB	20,000,000.00	100.00%	100.00%	Yes	—	—
49 CIMC Taicang refrigeration equipment logistics Co., Ltd. (TCCRC)	Corporation	Jiangsu, China	RMB	90,000,000.00	Research and development, production and sale of reefer container and special container	RMB	90,000,000.00	100.00%	100.00%	Yes	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
				Currency	Amount of original currency		Currency	Amount of original currency					
												RMB'000	RMB'000
50	Hunan CIMC Bamboo Industry Development Co., Ltd. (HNW)	Corporation	Hunan, China	RMB	28,000,000.00	Manufacturing and sale of bamboo and wood product	RMB	28,000,000.00	100.00%	100.00%	Yes	—	—
51	CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd. (QHDV)	Corporation	Hebei, China	RMB	70,000,000.00	Sale of car and car components and parts	RMB	42,000,000.00	60.00%	75.00%	Yes	Note 6	—
52	CIMC Energy Chemical Engineering technology Co., Ltd.	Corporation	Guangdong, China	RMB	5,000,000.00	Design and development projects for energy, chemical food related equipment; contractor techniques transfer	RMB	5,000,000.00	100.00%	100.00%	Yes	—	—
53	CIMC Management and Training (Shenzhen) Co., Ltd.	Corporation	Guangdong, China	RMB	50,000,000.00	design of marketing activities scheme organization of academic and commercial conference and exhibition	RMB	50,000,000.00	100.00%	100.00%	Yes	—	—
54	Yangzhou Lijun Industry and Trade Co., Ltd. ("Yangzhou Lijun") . . .	Corporation	Jiangsu, China	RMB	70,000,000.00	Production and sales of mechanical equipments and relevant components and parts; technical advisory and other service	RMB	70,000,000.00	100.00%	100.00%	Yes	—	—
55	Yangzhou Taili Special Equipment Co., Ltd. ("Yangzhou Taili"). . . .	Corporation	Jiangsu, China	RMB	70,000,000.00	Design, manufacturing and maintenance of containers, board square cabin and relevant components and parts; relevant advisory and service	RMB	70,000,000.00	100.00%	100.00%	Yes	—	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency				RMB'000	RMB'000
56 Yantai CIMC Marine Engineering Academe Co., Ltd. ("MEA")	Corporation	Shandong, China	RMB	150,000,000.00	Research and development of marine operation platform and other marine engineering service	RMB	150,000,000.00	100.00%	100.00%	Yes	—	—
57 Shanghai Lifan Container Service Co., Ltd. ("Shanghai Lifan")	Corporation	Shanghai, China	RMB	1,000,000.00	Refitting and maintenance of containers; providing containers information system management and advisory service	RMB	420,000.00	42.00%	60.00%	Yes	550	—
58 CIMC Wood Development Co., Ltd. ("CIMCWD")	Corporation	Guangdong, China	RMB	150,000,000.00	Development, production and sales of wood products for various modern transportation equipment	RMB	150,000,000.00	100.00%	100.00%	Yes	—	—
59 Shenzhen CIMC Skyspace Real Estate Development Co., Ltd (CIMC Tianyu)	Corporation	Shenzhen, China	RMB	254,634,066.00	Real estate development	RMB	254,634,066.00	90.00%	90.00%	Yes	Note 2	—
60 Yangzhou CIMC grand space Real Estate Development Co., Ltd (CIMC Haoyu)	Corporation	Jiangsu, China	RMB	25,000,000.00	Real Estate Development, sales and leasing	RMB	23,500,000.00	94.00%	94.00%	Yes	Note 2	—
61 Jiangmen CIMC skyspace Real Estate Co., Ltd. ("Jiangmen Dichan")	Corporation	Guangdong, China	RMB	30,000,000.00	Real estate development, projects sale of decoration and building materials	RMB	15,000,000.00	90.00%	90.00%	Yes	Note 2	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency					
											RMB'000	RMB'000
62 Ningbo Runxin Container Co., Ltd	Corporation	Ningbo China	RMB	5,000,000.00	Cleaning and repair of containers, stockpiling, vanning and devanning service	RMB	3,000,000.00	60.00%	60.00%	Yes	(528)	—
63 Chengdu CIMC Vehicle Co., Ltd ("CD Vehicle") . . .	Corporation	Sichuan China	RMB	60,000,000.00	Development, production and sale of various special-use vehicles, as well as Warehouse equipment	RMB	48,000,000.00	80.00%	80.00%	Yes	Note 6	—
64 CIMC Finance Company ("Finance Company") . .	Corporation	Guangdong China	RMB	500,000,000.00	Providing financial service	RMB	500,000,000.00	100.00%	100.00%	Yes	—	—
65 Shenzhen CIMC Investment Holding Company ("SZ Investment Holding") . .	Corporation	Shenzhen China	RMB	75,000,000.00	Investment, sale and leasing of containers and container property	RMB	75,000,000.00	100.00%	100.00%	Yes	—	—
66 Zhumadian CIMC Huajun Vehicle Trading Co., Ltd ("HJQM")	Corporation	Henan China	RMB	10,000,000.00	Sales and repair of various vehicles, as well as relevant components and parts	RMB	8,000,000.00	80.00%	80.00%	Yes	Note 6	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency					
											RMB'000	RMB'000
67 Zhumadian CIMC Huajun Casting Co. Ltd. (HJCAST)	Corporation	Henan China	RMB	20,000,000.00	Casting manufacturing for vehicle and coal mining machinery	RMB	16,000,000.00	80.00%	100.00%	Yes	Note 6	—
68 Ocean Engineering Design & Research Institute of CIMC (SHOE)	Corporation	Shanghai China	RMB	50,000,000.00	Design and research of marine operation platform and other ocean engineering	RMB	50,000,000.00	100.00%	100.00%	Yes	—	—
69 Shenzhen CIMC Investment Co., Ltd (SZ Investment)	Corporation	Shenzhen China	RMB	60,000,000.00	Equity investment investment management and related investment business	RMB	60,000,000.00	100.00%	100.00%	Yes	—	—
70 Shenzhen Sky Capital Co., Ltd. (SESKYC) . . .	Corporation	Shenzhen China	RMB	90,000,000.00	Equity investment investment management and related investment business	RMB	90,000,000.00	100.00%	100.00%	Yes	—	—

(ii) Overseas Subsidiaries

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency				RMB'000	RMB'000
71 CIMC Holdings (B.V.I.) Limited (CIMC BVI)		British Virgin Islands	USD	34,001.00	Investment	USD	34,001.00	100.00%	100.00%	Yes	—	—
72 CIMC Tank Equipment Investment Holdings Co., Ltd.		Hong Kong	HKD	4,680,000.00	Investment	HKD	4,680,000.00	100.00%	100.00%	Yes	—	—
73 CIMC-SMM Vehicle (Thailand) CO., LTD. (Thailand V)		Thailand	Baht	260,000,000.00	Production and operation of various special vehicles	Baht	213,200,000.00	82.00%	82.00%	Yes	10,823	—
74 CIMC Vehicle Investment Holding Co., Ltd. (CIMC Vehicle)		Hong Kong	USD	50,000.00	Investment	USD	40,000.00	80.00%	100.00%	Yes	Note 6	—
75 CIMC Europe BVBA ("BVBA")		Belgium	EUR	18,550.00	Investment	EUR	18,550.00	100.00%	100.00%	Yes	—	—
76 China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong")		Hong Kong	HKD	2,000,000.00	Investment	HKD	2,000,000.00	100.00%	100.00%	Yes	—	—
77 CIMC Burg B.V. ("BV")		Holland	EUR	60,000,000.00	Investment	EUR	48,000,000.00	80.00%	80.00%	Yes	Note 3	Note 3
78 Tacoba Forestry Consultant Forestry N.V ("Tacoba")		Suriname	SF	3,000,000.00	Sale of wood	SF	3,000,000.00	100.00%	100.00%	Yes	—	—
79 Charm Wise Limited ("Charm Wise")		Hong Kong	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	—	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency				RMB'000	RMB'000
80 Gold Terrain Assets Limited ("GTA")		British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	—	—
81 Full Medal Holdings Ltd. ("Full Medal")		British Virgin Islands	USD	50,000.00	Investment	USD	39,110.00	78.22%	100.00%	Yes	Note 1	—
82 Charm Ray Holdings Limited ("Charm Ray")		Hong Kong	HKD	1.00	Investment	HKD	0.78	78.22%	100.00%	Yes	Note 1	—
83 Charm Beat Enterprises Limited ("Charm Beat") .		British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	—	—
84 Sharp Vision Holdings Limited ("Sharp Vision") .		Hong Kong	HKD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes	—	—
85 Sound Winner Holdings Limited ("Sound Winner").		British Virgin Islands	USD	10,000.00	Investment	USD	7,822.00	78.22%	100.00%	Yes	Note 1	—
86 Grow Rapid Limited ("Grow Rapid")		Hong Kong	HKD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes	—	—
87 Powerlead Holding Ltd. ("Powerlead")		British Virgin Islands	USD	10.00	Investment	USD	10.00	100.00%	100.00%	Yes	—	—
88 Cooperatie Vela U.A. . . .		Holland	EUR	18,000.00	Investment	EUR	14,080.00	78.22%	100.00%	Yes	Note 1	—
89 Vela Holding B.V.		Holland	EUR	18,000.00	Investment	EUR	14,080.00	78.22%	100.00%	Yes	Note 1	—
90 CIMC Financial Leasing (HK) Ltd. ("Financial Leasing") . .		Hong Kong	HKD	500,000.00	Finance Lease	HKD	500,000.00	100.00%	100.00%	Yes	—	—
91 CIMC Offshore Holdings Limited ("CIMC Offshore") . . .		Hong Kong	HKD	342,860,173.00	Investment	HKD	211,766,773.00	61.76%	61.76%	Yes	Note 5	Note 5

(2) The Group does not have subsidiaries obtained through combination under common control.

(3) *Subsidiaries acquired through combinations under non-common control:*

(i) Domestics Subsidiaries

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
				Currency	Amount of original currency		Currency	Amount of original currency					
												RMB'000	RMB'000
1	Luoyang CIMC Lingyu Automobile CO., LTD. (LYV)	Corporation	Henan, China	RMB	60,000,000.00	Production and sales of passenger car, tank car; machining; operation of import and export business	RMB	36,000,000.00	60.00%	75.00%	Yes	Note 6	—
2	Wuhu CIMC RuiJiang Automobile CO LTD (WHVS)	Corporation	Anhui, China	RMB	100,000,000.00	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB	60,000,000.00	60.00%	75.00%	Yes	Note 6	—
3	Liangshan Dongyue CIMC Vehicle Co., Ltd. (LSDYV)	Corporation	Shandong, China	RMB	90,000,000.00	Production and sales of mixing truck, special vehicle and components and parts	RMB	54,000,000.00	60.00%	75.00%	Yes	Note 6	—
4	Qingdao CIMC Container Manufacture Co., Ltd (QDCC)	Corporation	Shandong, China	USD	27,840,000.00	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipment	USD	27,840,000.00	100.00%	100.00%	Yes	—	—

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
				Currency	Amount of original currency		Currency	Amount of original currency					
												RMB'000	RMB'000
5	Qingdao CIMC Reefer Container Manufacture Co., Ltd. (QDCRC) . . .	Corporation	Shandong, China	USD	39,060,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing relevant technical advisory and maintenance service	USD	39,060,000.00	100.00%	100.00%	Yes	—	—
6	Tianjin CIMC North Ocean Container Co., Ltd. (TJCIMC)	Corporation	Tianjin, China	USD	15,469,300.00	Manufacture and sale of container as well as vehicle, ship, equipment and steel structure specially used for container; warehousing and after sales service for container	USD	15,469,300.00	100.00%	100.00%	Yes	—	—
7	Shanghai CIMC Baowell Industries Co. Ltd (SBWI).	Corporation	Shanghai, China	USD	28,500,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	27,000,900.00	94.74%	100.00%	Yes	17,942	—
8	CIMC Vehicle (Shandong) Co. Ltd. (KGR)	Corporation	Shandong, China	RMB	18,930,100.00	Development and manufacture of refrigerator car, tank car, trailer, box car, special vehicles and various series products	RMB	15,144,080.00	69.61%	87.01%	Yes	Note 6	—
9	Zhangzhou CIMC Container Co., Ltd. (ZZCIMC) . . .	Corporation	Fujian, China	USD	23,000,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	23,000,000.00	100.00%	100.00%	Yes	—	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency				RMB'000	RMB'000
10 Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH)	Corporation	Jiangsu, China	RMB	294,234,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	RMB	235,387,200.00	80.00%	100.00%	Yes	Note 6	—
11 Zhumadian CIMC Huajun Vehicle Co. Ltd. (HJCIMC)	Corporation	Henan, China	RMB	85,340,000.00	Refitting of special vehicles, sales of trailer and fittings; sales of vehicle-related materials	RMB	68,272,000.00	80.00%	100.00%	Yes	Note 6	—
12 Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY)	Corporation	Jiangsu, China	RMB	144,862,042.01	Development, manufacture and installation of deep freezing unit, petrochemical mechanical equipment, tank container, pressure vessel	RMB	113,311,089.26	78.22%	100.00%	Yes	Note 1	—
13 Donghwa Container Transportation Service Co., Ltd. (DHCTS)	Corporation	Shanghai, China	USD	4,500,000.00	Container cargo devanning, vanning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components and parts	USD	3,150,000.00	70.00%	70.00%	Yes	26,759	—
14 Yangzhou Tonglee Reefer Container Co., Ltd. (TLC)	Corporation	Jiangsu, China	USD	24,500,000.00	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	USD	24,500,000.00	100.00%	100.00%	Yes	—	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency					
											RMB'000	RMB'000
15 Qingdao Kooll Logistics Co., Ltd (QDHFL)	Corporation	Shandong, China	RMB	20,000,000.00	Container warehousing, stockpiling, devanning, vanning, load and unload, cleaning, maintenance; goods processing	RMB	16,000,000.00	80.00%	80.00%	Yes	1,090	188
16 Enric (Bengbu) Compressor Co., Ltd. (Enric Bengbu) .	Corporation	Anhui, China	HKD	60,808,385.00	Manufacturing base of NG compressor and related products	HKD	47,564,318.74	78.22%	100.00%	Yes	Note 1	—
17 Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Enric") . .	Corporation	Hebei, China	USD	7,000,000.00	Manufacturing pressure vessel	USD	5,475,400.00	78.22%	100.00%	Yes	Note 1	—
18 Enric (Lang fang) Energy Equipment integration Co., Ltd. (Langfang Enric) . .	Corporation	Hebei, China	HKD	50,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	39,110,000.00	78.22%	100.00%	Yes	Note 1	—
19 Enric (Beijing) Energy Technology Co., Ltd (Beijing Enric)	Corporation	Beijing, China	HKD	40,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	31,288,000.00	78.22%	100.00%	Yes	Note 1	—
20 CIMC Enric (Jingmen) Energy Equipment Co., Ltd.	Corporation	Hubei, China	HKD	50,000,000.00	Sales of chemical and gas machineries and equipments as well as after sales services; research and development of energy conservation techniques	HKD	39,110,000.00	78.22%	100.00%	Yes	Note 1	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency					
											RMB'000	RMB'000
21 Jingmen Hongtu Special Aircraft manufacturing Co., Ltd	Corporation	Hubei, China	RMB	20,000,000.00	Development and sales of flight vehicle manufacturing techniques, design, production and sales of specialized motor vehicles, tanks and pressure vessel	RMB	12,516,000.00	62.58%	80.00%	Yes	Note 1	—
22 Ningguo CIMC Wood Co., Ltd. ("NGCIMCW")	Corporation	Anhui China	USD	1,300,000.00	Construction of offshore project and supplement	USD	780,000.00	60.00%	60.00%	Yes	4,249	—
23 Yantai CIMC Raffles offshore Ltd (YCRO)	Corporation	Shandong China	RMB	1,042,690,000.00	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB	570,455,699.00	54.71%	54.71%	Yes	Note 5	Note 5
24 Yantai CIMC Raffles ship Co., Ltd ("YCRS")	Corporation	Shandong China	RMB	125,980,000.00	Construction of ship as well as component; Sales of container and offshore oil platform, channel and steel production	RMB	68,923,658.00	54.71%	54.71%	Yes	Note 5	Note 5
25 Haiyang CIMC Raffles offshore Ltd. ("HCRO")	Corporation	Shandong China	RMB	200,000,000.00	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB	109,420,000.00	54.71%	54.71%	Yes	Note 5	Note 5
26 Longkou CIMC Raffles offshore engineering Co., Ltd ("LCRO")	Corporation	Shandong China	RMB	290,000,000.00	Construction of offshore project and supplement	RMB	158,659,000.00	54.71%	54.71%	Yes	Note 5	Note 5

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency				RMB'000	RMB'000
27 Shandong Master Special Vehicle Manufacturing Co., Ltd ("SDMV") . . .	Corporation	Shandong China	RMB	22,000,000.00	Manufacture and sales of mixing truck, special vehicle and components and parts	RMB	13,200,000.00	60.00%	60.00%	Yes	Note 6	—
28 CIMC Rolling Stock Australia Pty Ltd. (CIMC Aus)	Corporation	Australia	AUD	50,000.00	Sales of vehicles	AUD	50,000.00	100.00%	100.00%	Yes	—	—

(ii) Overseas Subsidiaries

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency				RMB'000	RMB'000
29 Enric Energy Equipment Holdings Limited (Enric) Note IV.1(4)(i)		Cayman Islands	HKD	120,000,000.00	Investment holding	HKD	93,864,000.00	78.22%	100.00%	Yes	Note 1	—
30 Burg Industries B.V.		Holland	EUR	3,403,351.62	Investment	EUR	2,722,681.30	80.00%	100.00%	Yes	Note 3	Note 3
31 Holvrieka Holding B.V..		Holland	EUR	12,000,000.00	Investment	EUR	9,386,400.00	78.22%	100.00%	Yes	Note 1	—
32 Holvrieka Ido B.V.		Holland	EUR	136,200.00	Sales of tank equipment	EUR	106,535.64	78.22%	100.00%	Yes	Note 1	—
33 Holvrieka Nirota B.V.		Holland	EUR	680,670.32	Production, assembly and sale of tank equipment	EUR	532,420.32	78.22%	100.00%	Yes	Note 1	—
34 Noordkoel B.V.		Holland	EUR	500,000.00	Sales of tank equipment	EUR	391,100.00	78.22%	100.00%	Yes	Note 1	—
35 Beheermaatschappij Burg B.V.		Holland	EUR	453,780.22	Investment	EUR	453,780.22	80.00%	100.00%	Yes	Note 3	Note 3
36 Burg Carrosserie B.V.		Holland	EUR	90,756.04	Production of road transport vehicle	EUR	72,604.83	80.00%	100.00%	Yes	Note 3	Note 3
37 Exploitatiemaatschappij Intraprogres B.V		Holland	EUR	79,411.54	Trade, financing and leasing of road transport vehicle	EUR	63,529.63	80.00%	100.00%	Yes	Note 3	Note 3
38 Hobur Twente B.V.		Holland	EUR	226,890.11	Production and sale of oil and components and parts	EUR	181,512.09	80.00%	100.00%	Yes	Note 3	Note 3
39 Burg Service B.V.		Holland	EUR	250,000.00	Assembly and repair of road transport vehicle and tank equipment	EUR	200,000.00	80.00%	100.00%	Yes	Note 3	Note 3
40 LAG Trailers N.V.		Belgium	BEF	30,000,000.00	Manufacturing trailer	BEF	24,000,000.00	80.00%	100.00%	Yes	Note 3	Note 3
41 Holvrieka N.V.		Belgium	BEF	40,000,000.00	Manufacturing tank equipment	BEF	31,288,000.00	78.22%	100.00%	Yes	Note 1	—

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency					
											RMB'000	RMB'000
42 Immoburg N.V.		Belgium	BEF	10,000,000.00	Manufacturing road transport vehicle	BEF	8,000,000.00	80.00%	100.00%	Yes	Note 3	Note 3
43 Holvrieka Danmark A/S		Denmark	DKr	1,000,000.00	Manufacturing tank equipment	DKr	782,200.00	78.22%	100.00%	Yes	Note 1	—
44 Direct Chassis LLC ("DCEC")		USA	USD	10,000,000.00	Manufacturing and sales of special vehicles	USD	6,000,000.00	60.00%	100.00%	Yes	15,008	—
45 CIMC TGE Gas investment SA ("TGE SA")		Luxemburg	EUR	50,000.00	Investment holding	EUR	30,000.00	60.00%	60.00%	Yes	Note4	Note 4
46 TGE Gas Engineering GmbH ("TGE Gas")		Germany	EUR	1,000,000.00	Provide EP+CS (Design, Purchase and Construction Supervision) or other technical project services in LNG, LPG and storage and disposal of other	EUR	600,000.00	60.00%	100.00%	Yes	Note 4	Note 4
47 CIMC Raffles Offshore (Singapore) Limited ("Raffles")		Singapore	USD	624,541,970.96	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi-submersible drilling Platforms, FPSOs, FSOs	USD	341,686,912.31	54.71%	54.71%	Yes	Note 5	Note 5
48 CIMC Raffles Investments Limited		Hongkong China	HKD	2.00	Investment	HKD	1.09	54.71%	54.71%	Yes	Note 5	Note 5
49 CIMC Raffles Leasing Pte Ltd..		Singapore	SGD	2.00	Leasing of marine ship	SGD	1.09	54.71%	54.71%	Yes	Note 5	Note 5
50 Caspian Driller Pte. Ltd.		Singapore	USD	30,000,000.00	Leasing of marine ship	USD	16,413,000.00	54.71%	54.71%	Yes	Note 5	Note 5
51 Technodyne International Limited ("Technodyne")		Britain	GBP	1.00	Research and development of Energy equipment	GBP	0.60	60%	60%	Yes	Note 4	Note 4

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope	Amount of minority interest at the end of the year	Amount of loss for current period attributable to minority shareholders that allocated to minority interests
			Currency	Amount of original currency		Currency	Amount of original currency					
											RMB'000	RMB'000
52 Gadidae AB.		Sweden	SEK	1000.00	Investment holding	SEK	547.10	54.71%	54.71%	Yes	Note 5	Note 5
53 Perfect Victor Investments Limited ("Perfect Victor").		Hongkong China	USD	1.00	Investment holding	USD	1.00	100.00%	100.00%	Yes	—	—

Note 1 Enric and its subsidiaries' minority interests amounted to RMB743,446,000.

Note 2 CIMC Tianyu and its subsidiaries' minority interests amounted to RMB82,598,000.

Note 3 Burg and its subsidiaries' minority interests amounted to RMB102,212,000, against which RMB14,408,000 of loss attributed to minority shareholders was allocated.

Note 4 TGE SA and its subsidiaries' minority interests amounted to RMB70,931,000, against which RMB1,982,000 of loss attributed to minority shareholders was allocated.

Note 5 CIMC Offshore, Raffles and its subsidiaries' minority interests amounted to RMB753,070,000, against which RMB511,276,000 of loss attributed to minority shareholders was allocated.

Note 6 HI and its subsidiaries' minority interests amounted to RMB799,399,000.

(4) Subsidiaries whose shareholding held by the Company differs from their voting rights

(i) CIMC Enric Holdings Limited (Enric)

The ordinary shares that the Company hold in Enric take 56.59% of Enric's outstanding ordinary shares. Accompany with the convertible preferential shares that the Company hold, the Company's shareholding in Enric changed to 78.22%. Enric's issued convertible preferential shares enjoy the same rights for dividend distribution as ordinary shares while have no voting rights. Therefore the Company's shareholding percentage in Enric is 78.22% while the voting right is 56.59%.

(ii) Except for the subsidiary mentioned above in (i), the Company's voting rights in its indirect-owned subsidiaries which are held by the Company's non-wholly owned subsidiaries were presented according to the voting rights of its subsidiaries.

2. There are no entities set up for special purpose or operating entities controlled through entrusted operation and lease.

3. Changes in the scope of consolidation for the consolidation financial statements

Newly purchased (see Note IV.6) and established subsidiaries in the year change the scope of the consolidation financial statements.

4. Subsidiaries newly included in the scope of consolidation and excluded from the scope of consolidation for the current year

(1) Subsidiaries newly included in the scope of consolidation, special purpose entity, business entities that having control through being entrusted to manage or leasing

Company Name	**Basis to identify control**	**Notes**	**Net asset as at 31 December 2011**	**Net profit/ (loss) for 2011**
Gadidae AB	Over half of voting rights in the Board of directors		(77,419)	(113,853)
Technodyne		IV.6	9,960	(4,989)
Perfect Victor			123,519	123,519
HJCAST			4,443	(15,557)
SHOE			50,000	—
SZ investment			60,053	53
SESKYC			90,079	79
Others		Note 1	34,159	(382)

Note 1: Other subsidiaries newly included in the scope of consolidation mainly comprised of Qingdao Dechangyuan Transportation Co., Ltd., Yangzhou Dechangyuan Transportation Co., Ltd. and other 9 subsidiaries.

(2) There was no significant subsidiary, special purpose entity, business entity that having control through being entrusted to manage or leasing that was excluded from the scope of consolidation for the current year.

5. There is no acquisition through combination under common control for the current year (2010: Nil).

6. The Group's acquisition through combination not under common control for the current year

(1) Technodyne

Acquiree	Goodwill amount	Calculation method of goodwill
Technodyne	RMB30,371,000	TGE GAS, the Company's subsidiary, acquired 100% of the equity interests of Technodyne, the fair value of the identifiable net assets of which at the acquisition date amounted to EUR 2,013,000 (RMB18,189,000). The excess amount of acquisition cost over fair value amounting to EUR 3,360,000 (RMB30,371,000) was recognised as goodwill.

TGE Gas, a subsidiary of the Company (60.00% equity interests held by the Company), paid EUR 5,373,000 (RMB48,560,000) as an acquisition cost for 100% of the equity interests of Technodyne on 2 February 2011.

Technodyne was incorporated in Britain in July 1997 and located in Eastleigh. Technodyne mainly engages in research and development of energy and chemical equipment. Before the acquisition, the controlling parties of Technodyne are Punj Lloyd Pte Limited, Brian John Thompsin and John Michael Haworth.

Financial information of Technodyne is as follows:

Amount	Sales from acquisition date to 31 December 2011	Net loss from acquisition date to 31 December 2011	Net operating cash outflow flows from acquisition date to 31 December 2011
RMB'000	23,155	4,989	14,370

Acquiree's identifiable assets and liabilities:

Items	2 February 2011 Carrying amount	Fair value
Cash at bank and on hand	2,494	2,494
Accounts receivable	3,055	3,055
Other receivables and prepayments	13,575	13,575
Fixed assets and construction in progress	389	389
Intangible assets	—	6,914
Short-term loans	(596)	(596)
Accounts payable and bills payable	(3,561)	(3,561)
Other payables and receipt in advance	(1,600)	(1,600)
Taxes payables	(264)	(264)
Deferred tax liabilities	—	(2,217)
Identifiable net assets total	13,492	18,189

For the above identifiable assets which have an active market, the quoted prices in the active market are used to establish their fair values; if there is no active market, their fair values are estimated based on the market price of the same or similar types of assets which have an active market; if there is no active market for even the same asset or similar types of assets, valuation techniques will be used to determine the fair value.

For the above identifiable liability, the payable amount or the present value of the payable amount is its fair value.

7. **There is no significant loss of control of subsidiaries through sales of interests in the Group for the current year.**

8. **There is no reverse acquisition in the Group for the current year.**

9. **There is no consolidation by merger in the Group for the current year.**

10. **Exchange rate for foreign operating entities' major financial statement items**

	Average exchange rate		Benchmark rate on reporting date	
	2011	2010	2011	2010
USD	6.4503	6.7465	6.3009	6.5897
EUR	9.0377	8.8378	8.1625	8.7979
HKD	0.8287	0.8682	0.8107	0.8477
JPY	0.0810	0.0777	0.0811	0.0810

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

	2011			2010		
	Original currency	Exchange Rate	RMB equivalent	Original currency	Exchange Rate	RMB equivalent
	’000		’000	’000		’000
Cash on hand						
RMB	1,187	1.0000	1,187	1,866	1.0000	1,866
USD	51	6.3009	321	45	6.5897	298
HKD	320	0.8107	259	63	0.8477	54
JPY	197	0.0811	16	678	0.0810	54
AUD	1	6.4093	6	12	6.7050	83
EUR	76	8.1625	620	49	8.7979	434
Others			6			104
Subtotal			2,415			2,893
Deposits with banks						
RMB	3,352,210	1.0000	3,352,210	1,643,202	1.0000	1,643,202
USD	393,243	6.3009	2,477,785	220,781	6.5897	1,454,878
HKD	295,813	0.8107	239,816	151,076	0.8477	128,071
JPY	141,873	0.0811	11,506	426,769	0.0810	34,562
AUD	21,299	6.4093	136,512	7,636	6.7050	51,200
EUR	44,062	8.1625	359,656	45,072	8.7979	396,537
Others			77,279			33,068
Subtotal			6,654,764			3,741,518
Other monetary funds						
RMB	1,118,610	1.0000	1,118,610	844,869	1.0000	844,869
USD	1,958	6.3009	12,337	10,079	6.5897	66,416
Subtotal			1,130,947			911,285
Total			7,788,126			4,655,696

As at 31 December 2011, restricted cash at bank and on hand of the Group amounted to RMB1,224,873,000 (2010: RMB858,281,000). Refer to Note V.22 for details.

As at 31 December 2011, Finance Company, the subsidiary of the Group, had deposit with Central Bank and deposits with banks totalling of RMB3,340,071,000 (2010: RMB1,438,988,000). Finance Company is a finance institution authorised by the People's Bank of China.

2. Financial assets held for trading

(1) Classification

	Note	2011	2010
1. Equity securities investments held for trading		143,692	393,491
2. Derivative financial assets — forward contract	(3)	32,691	119,069
3. Hedging instrument		9,751	13,101
Total		186,134	525,661

(2) There is no restriction of the investment in financial assets held for trading.

(3) Details of derivative financial assets held for trading

As at 31 December 2011, the Group had certain open forward contracts (mainly unsettled forward contracts) denominated in U.S. dollars. The nominal value of these contracts amounted to USD457 million. The Group had other unsettled forward contracts of Japanese Yuan, Euro, Norwegian Krone and Australian Dollar. The nominal value of these amounted to JPY 1,091 million, EUR 95 million, NOK 126 million and AUD 8.63 million respectively. Pursuant to these forward contracts, the Group and the Company are required to buy/sell foreign currencies, such as USD, Euro, Japanese Yuan, and etc. of contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. These forwards contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forwards contracts range from 6 January 2012 to 17 December 2012.

As at 31 December 2011, the Group recognised the aforesaid forwards contracts in their fair values of RMB32,691,000 as held-for-trading financial assets and RMB4,816,000 as held-for-trading financial liabilities. Transaction costs on realisation have not been considered when calculating the fair values.

3. Bills receivable

(1) Classification of bills receivable

	2011	2010
Bank acceptance bills	924,183	396,670
Commercial acceptance bills	106,345	111,915
Total	1,030,528	508,585

All of the above bills receivable are due within one year.

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of bills receivable.

(2) As at the year end, the Group had no pledged bills receivable.

(3) At 31 December 2011, there were no amount transferred to accounts receivable from acceptance bills due to non-performance of the issuers and top 5 outstanding amount endorsed by the Group.

At 31 December 2011, the outstanding bills receivables endorsed by the Company are as follows:

Issuer	Issuing Date	Due date	Amount	Notes
Baotou Bei Ben Heavy-Duty Truck Co., Ltd.	6 September 2011	6 March 2012	8,900	Bank acceptance bill
Guangdong Fuwa Heavy Industry Co., Ltd.	11 October 2011	11 April 2012	5,000	Commercial acceptance bill
Shaxi Hande Axle Co., Ltd..	25 November 2011	25 May 2012	5,000	Bank acceptance bill
Guangdong Fuwa Heavy Industry Co., Ltd.	29 September 2011	29 March 2012	4,000	Bank acceptance bill
Erdos Shengbang Decoration Engineering Co., Ltd..	16 September 2011	16 March 2012	3,000	Bank acceptance bill
Total			25,900	

4. Accounts receivable

(1) Accounts receivable disclosed by customer categories:

Customer Type	2011	2010
Containers group	3,418,813	3,604,026
Trailers group	1,754,595	1,934,155
Tank equipments group	1,497,937	1,175,611
Offshore engineering group	1,152,280	1,242,446
Airport ground facilities group	246,873	247,412
Others	359,836	158,669
Subtotal	8,430,334	8,362,319
Less: provision for bad and doubtful debts	(319,550)	(232,483)
Total	8,110,784	8,129,836

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

Category	2011	2010
Within 1 year (inclusive)	7,732,052	7,662,297
1 to 2 years (inclusive)	433,462	542,292
2 to 3 years (inclusive)	169,828	94,341
More than 3 years	94,992	63,389
Subtotal	8,430,334	8,362,319
Less: provision for bad and doubtful debts	(319,550)	(232,483)
Total	8,110,784	8,129,836

The ageing is counted starting from the date the accounts receivable is recognised.

(3) Accounts receivable disclosed by categories:

Category	Note	2011 Gross carrying amount Amount RMB'000	2011 Gross carrying amount Percentage (%)	2011 Provision for bad and doubtful debts Amount RMB'000	2011 Provision for bad and doubtful debts Percentage (%)	2010 Gross carrying amount Amount RMB'000	2010 Gross carrying amount Percentage (%)	2010 Provision for bad and doubtful debts Amount RMB'000	2010 Provision for bad and doubtful debts Percentage (%)
Individually significant and assessed individually for impairment	(4)	1,107,112	13.13%	174,011	15.72%	121,099	1.44%	44,677	36.89%
Individually non-significant and assessed individually for impairment	(5)	49,777	0.59%	20,547	41.28%	56,718	0.67%	25,232	44.49%
Assessed for impairment collectively *									
Containers group	(6)	3,405,170	40.40%	3,723	0.11%	3,597,341	43.03%	1,455	0.04%
Trailers group	(6)	1,665,282	19.75%	58,587	3.52%	1,827,394	21.85%	92,824	5.08%
Tank equipments group	(6)	1,395,742	16.56%	49,374	3.54%	1,168,797	13.98%	59,206	5.07%
Offshore engineering group		247,266	2.93%	—	—	1,230,957	14.72%	—	—
Air ground facilities group	(6)	234,755	2.78%	12,735	5.42%	247,412	2.96%	8,944	3.62%
Others	(6)	325,230	3.86%	573	0.18%	112,601	1.35%	145	0.13%
Subtotal		7,273,445	86.28%	124,992	1.72%	8,184,502	97.89%	162,574	1.99%
Total		8,430,334	100.00%	319,550	3.79%	8,362,319	100.00%	232,483	2.78%

*Note *:* This category includes accounts receivable individually tested but not impaired.

There were no collaterals that the Group held for accounts receivable that were made impairment aforesaid.

Individually significant items represent accounts receivable with an individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total accounts receivable in individual financial statements included in the consolidated financial statement.

The analysis of the Group's accounts receivable by original currency is as follows:

Currency	2011 Original currency '000	2011 Exchange rate	2011 Amount USD'000	2010 Original currency '000	2010 Exchange rate	2010 Amount USD'000
RMB	2,588,052	1.0000	2,588,052	2,546,871	1.0000	2,546,871
USD	797,360	6.3009	5,024,086	808,506	6.5897	5,327,812
HKD	2,099	0.8107	1,702	20,121	0.8477	17,057
JPY	155,654	0.0811	12,624	53,378	0.0810	4,323
AUD	41,157	6.4093	263,789	4,160	6.7050	27,893
EUR	54,309	8.1625	443,299	45,679	8.7979	401,879
Others	—	—	96,782	—	—	36,484
			8,430,334			8,362,319

(4) An analysis of accounts receivable individually significant and impairment provided individually is as follows:

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reason
Trailers group	62,135	28,408	45.72%	
Tank equipments group	102,195	18,246	17.85%	
Offshore engineering group	896,587	107,114	11.95%	
Airport equipments group	12,119	3,636	30.00%	
Others	34,076	16,607	48.74%	
Total	1,107,112	174,011	15.72%	Note1

Note 1: Provision was made based on the credit risk assessment of customers and historical loss experiences.

(5) An analysis of accounts receivable individually insignificant but impairment provided individually is as follows:

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reason
Containers group	13,643	2,735	20.05%	Provision is made based on the estimated recoverable amount according to assessment of credit risk and historical data
Trailers group	27,178	14,079	51.80%	
Offshore engineering group	8,426	3,574	42.42%	
Others	530	159	30.00%	
Total	49,777	20,547	41.28%	

(6) An ageing analysis of account receivable assessed for impairment collectively is as follows:

	2011			2010		
Ageing	Amount	Percentage	Provision for bad and doubtful debts	Amount	Percentage	Provision for bad and doubtful debts
		(%)			(%)	
Within 1 year	6,649,283	78.87%	34,096	6,432,794	76.93%	62,713
1 to 2 years	247,577	2.94%	13,569	383,213	4.58%	22,117
2 to 3 years	69,382	0.82%	17,390	81,648	0.98%	21,854
More than 3 years	59,937	0.71%	59,937	55,890	0.67%	55,890
Total	7,026,179	83.34%	124,992	6,953,545	83.16%	162,574

The ageing is counted starting from the date the account receivable is recognised.

(7) *The recovery of provision within this year*

There was no such accounts receivable which have been made full or larger proportion of provision in the previous years but recovered within this year (2010: Nil).

(8) *Actual written-off of accounts receivable within this year*

There were no material actual written-off of accounts receivable during the year (2010: Nil).

(9) Accounts receivable due from the five biggest debtors of the Group are as follows:

Company Name	Relationship with the company	Amount	Ageing	Percentage in total accounts receivable
		RMB'000		(%)
1. A.P. Moller-Maersk A/S . . .	None	1,055,530	Within 1 year	12.52%
2. Soratu Drilling LLC	None	532,677	Within 1 year	6.32%
3. United Arab Shipping Co. Kuwait.	None	485,378	Within 1 year	5.76%
4. Baerfield Drilling LLC . . .	None	363,910	Within 1 year	4.32%
5. Cronos Containers Ltd. . . .	None	310,480	Within 1 year	3.68%
Total		2,747,975		32.60%

The total amount of the Group's top 5 accounts receivable at 31 December 2010 was RMB2,018,771,000, 24.14% of the total accounts receivable.

(10) *Accounts receivable due from shareholders who hold 5% or more of the voting rights of the Company*

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of accounts receivable (2010:Nil).

(11) *Accounts receivable due from related parties*

The Group's accounts receivable due from related parties amount to RMB109,096,000(2010: RMB89,035,000), accounting for 1.30% of the total accounts receivable (2010: 1.06%).

Company name	Relationship with the Company	Amount	Percentage in total accounts receivable
			(%)
Sumitomo Corporation Group ("Sumitomo")	Minority shareholders of subsidiaries	9,181	0.11%
Xiamen Hongji Container Development Co., Ltd. ("XMHJ")	Associate company	86,595	1.03%
GXNFWL	Joint venture	4,261	0.05%
Shaanxi Heavy Duty Automobile Co., Ltd ("SXHDA")	Minority shareholders of subsidiaries	9,059	0.11%
Total		109,096	1.30%

(12) *Derecognition of accounts receivable due to transferring of financial assets*

Item	Amount	Gain or loss due to derecognition
Derecognition due to sold out	166,790	—

There were no derecognition of accounts receivable due to transferring of financial assets in the Group as at 31 December 2010.

(13) Amount of assets and liabilities recognised due to the continuing involvement of securitised accounts receivable

There were no securitised accounts receivable during the year (2010: Nil).

As at 31 December 2011, restricted accounts receivable amounted to RMB471,026,000 (2010: RMB962,096,000). Refer to Note V.22.

5. Other receivables

(1) Other receivables by categories:

Customer Type	**2011**	**2010**
Amounts due from related parties	980,115	557,348
Loans.	562,343	427,445
Tax refund receivable	312,888	786,039
Prepayment for land and equipment	86,475	73,336
Deposit.	105,533	72,004
Fixed term and secured principal investment	415,000	—
Others	367,742	421,717
Subtotal	2,830,096	2,337,889
Less: provision for bad and doubtful debts	(120,431)	(101,617)
Total	2,709,665	2,236,272

Raffles entered into loan agreement with Sea Biscuit International Inc ("Sea Biscuit"), whereby the total amount borrowed by Sea Biscuit from Raffles is USD66,126,000 (RMB416,651,000) as at 31 December 2011. The repayment is expected to be settled in cash. As a result, the amount due from Sea Biscuit was recorded as other receivables by Raffles.

The Group has made provision of RMB12,602,000 for the amount above as at 31 December 2011.

Raffles completed its acquisition of Gadidae AB (formerly known as Consafe MSV AB) on 31 January 2011. Since December 2007, Gadidae AB had been making loans to its associate, Marine Subsea & Consafe ("MSC"), which amounted to USD35,625,000 (RMB224,470,000) as at 31 December 2011. Raffles recognised interest income according to loan agreement and recorded expenses paid on behalf of MSC with total amount of USD10,116,000 (RMB63,747,000) from 2007 to 31 January 2011.

(2) The ageing analysis of other receivables is as follows:

Category	**2011**	**2010**
Within 1 year (Inclusive)	1,584,992	1,827,466
1 to 2 years (Inclusive).	484,326	253,754
2 to 3 years (Inclusive).	513,136	151,166
More than 3 years	247,642	105,503
Subtotal	2,830,096	2,337,889
Less: provision for bad and doubtful debts	(120,431)	(101,617)
Total	2,709,665	2,236,272

The ageing is counted starting from the date the other receivable is recognised.

(3) Other receivables by categories:

		2011				2010			
				Provision for bad and doubtful debts				Provision for bad and doubtful debts	
Category	Note	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
		USD'000	(%)	USD'000	(%)	USD'000	(%)	USD'000	(%)
Individually significant other receivables . . .	(4)	1,953,906	69.04%	71,176	3.64%	950,622	40.66%	58,574	6.16%
Insignificant other receivables	(5)	876,190	30.96%	49,255	5.62%	1,387,267	59.34%	43,043	3.10%
Total		2,830,096	100.00%	120,431	4.26%	2,337,889	100.00%	101,617	4.35%

There were no collaterals that the Group held for other receivables that were made impairment aforesaid.

Individually significant items represent other receivables with an individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements included in the consolidated financial statement.

(4) An analysis of individually significant other receivables assessed for impairment individually are as follows:

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reasons
Individually significant:				
Capital increment amount due from subsidiaries	122,438	—	—	Note 1
Amounts due from associates	455,889	—	—	Note 1
Receivables arising from transfer of equity investment	386,385	—	—	Note 1
Receivables arising from purchase of land use right	20,099	—	—	Note 1
Receivables arising from financing to third parties	495,412	12,602	2.54%	Note 1
Receivables arising from fixed term and secured principle investment . .	415,000	—	—	Note 1
Others.	58,683	58,574	99.81%	Note 2
Total	1,953,906	71,176	3.64%	

Note 1: The estimated risk of loss is relatively low. The provision for bad and doubtful debts is individually assessed based on the recoverability of individual balance.

Note 2: Provision was made based on the credit risk assessment of creditors and historical loss experiences.

(5) An analysis of individually insignificant other receivables but assessed for impairment recognised individually is as follows:

The Group assessed impairment of the insignificant other receivable and made provision of impairment of RMB49,255,000 as at 31 December 2011.

(6) Provision written back or recovered

There were no other receivables for which a full provision or a significant provision was made in the previous years while were recovered in full or in significant amount during the year (2010: Nil).

(7) The recovery of other receivables by restructuring within this year

There were no other receivables recovered during the year by means of restructuring.

(8) Actual written-off of other receivables within this year

There were no material actual written-off of other receivables during the year (2010: Nil).

(9) Other receivables due from the five biggest debtors of the Group are as follows:

Company Name	Relationship with the company	Amount	Aging	Percentage in total other receivables
		RMB'000		(%)
1. Sea Biscuit	None	416,651	1 to 2 years	14.72%
2. Leung Kee Holding Ltd. ("Leung Kee")	Minority shareholders of subsidiaries	315,735	Within 1 year	11.16%
3. MSC	Associate	288,217	1 to 3 years and more than 3 years	10.18%
4. Agricultural Bank of China Co., Ltd. Shenzhen Pingshan Branch	None	290,000	Within 1 year	10.25%
5. Shanghai Fengyang Real Estate Development Co., Ltd ("Shanghai Fengyang")	Associate	167,672	1 to 3 years and more than 3 years	5.92%
Total		1,478,275		52.23%

The Group's top 5 other receivables as at 31 December 2010 amounted to RMB821,398,000, accounting for 35.13% of the total other receivables.

(10) Other receivables due from shareholders who hold 5% or more of the voting rights of the Company

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of other receivables.

(11) Other receivables due from related parties

Company Name	Relationship with the company	Amount	Percentage in total other receivables
		RMB'000	(%)
1. P.G.M Holding B.V. (PGM)	Minority shareholders of subsidiaries	122,438	4.33%
2. Shanghai Fengyang	Associate	167,672	5.92%
3. China Merchant Property Development Co., Ltd ("SZMPD")	Significant shareholder of the Group	70,650	2.50%
4. Leung Kee	Minority shareholders of subsidiaries	315,735	11.16%
5. C & C Trucks Co., Ltd. ("C&C Trucks")	Associate	10,790	0.38%
6. MSC	Associate	288,217	10.18%
7. Others	—	4,613	0.16%
Total		980,115	34.63%

The Group's other receivables due from related parties as at 31 December 2010 amounted to RMB557,348,000, accounting for 23.84% of total other receivables.

(12) Derecognition of other receivables due to transferring of financial assets

There are no derecognition of other receivables due to transferring of financial assets during the year (2010: Nil).

(13) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

There were no securitised other receivables during the year (2010: Nil).

6. Prepayments

(1) Prepayments by category are as follows:

	2011	2010
Raw material	1,433,583	1,832,516
Construction Cost	506,620	600,546
Other	87,033	97,472
Subtotal	2,027,236	2,530,534
Less: provision for bad and doubtful debts	(96,740)	(97,087)
Total	1,930,496	2,433,447

(2) The ageing analysis of prepayments is as follows:

	2011		2010	
	Amount	Percentage	Amount	Percentage
	RMB'000	(%)	RMB'000	(%)
Within 1 year (inclusive)	1,577,538	77.82%	2,156,578	85.22%
1 and 2 years (inclusive)	114,381	5.64%	57,744	2.28%
2 and 3 years (inclusive)	36,279	1.79%	280,565	11.09%
More than 3 years	299,038	14.75%	35,647	1.41%
Subtotal	2,027,236	100.00%	2,530,534	100.00%
Less: provision for bad debts	(96,740)	4.77%	(97,087)	3.84%
Total	1,930,496	95.23%	2,433,447	96.16%

The ageing is counted starting from the date of recognition of prepayments.

Prepayments aged over 1 year included steel purchase prepayment made to a supplier in total of RMB92,140,000 in 2008. The supplier has not delivered the steels within due date for its own reasons. As at 31 December 2011, the Group had made full provision of RMB87,640,000 for unsettled balances (2010: RMB87,640,000).

Other than the prepayments mentioned above, the remaining prepayments aged over 1 year mainly represented equipment purchase prepayment for offshore engineering projects. The prepayments are not settled because the construction period of the offshore engineering project usually last more than 1 year.

(3) The Group's top 5 prepayments are as follows:

Company name	Relationship with the company	Amount	Percentage of the total prepayments	Time of recognition	Reason for unsettlement
		RMB'000	(%)		
1. THRUSTMASTER OF EXAS, INC.	None	169,363	8.35%	2010 to 2011	equipments not yet received within due date
2. EMER International Ltd	None	106,041	5.23%	2011	equipments not yet received within due date
3. Friede & Goldman Marketing BV	None	97,492	4.81%	2011	projects not yet completed within due date
4. OJSC 'Krasnye Barrikady' Shipyard	None	89,548	4.42%	2011	services not yet completed within due date
5. Tian Jin Yinze sheet metal Co., Ltd.	None	87,640	4.32%	2008	materials not yet received within due date
Total		550,084	27.13%		

(4) *Prepayments due from shareholders who hold 5% or more of the voting rights of the Company*

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of prepayments (2010: Nil).

7. Inventories

(1) Inventories by categories

Category	2011 Cost amount	2011 Provision for diminution in value	2011 Carrying amount	2010 Cost amount	2010 Provision for diminution in value	2010 Carrying amount
Raw materials	4,816,337	(221,791)	4,594,546	5,230,667	(89,821)	5,140,846
Work in progress	1,698,356	(23,079)	1,675,277	1,728,783	(21,816)	1,706,967
Finished goods	3,156,015	(68,790)	3,087,225	3,193,352	(41,032)	3,152,320
Consignment stocks	320,254	(158)	320,096	339,038	(95)	338,943
Spare parts	57,526	—	57,526	43,434	—	43,434
Low-valued consumables	37,097	—	37,097	21,696	—	21,696
Materials in transit	10,920	—	10,920	12,487	—	12,487
Completed properties held for sale	38,072	—	38,072	25,835	—	25,835
Properties under development	591,783	—	591,783	449,938	—	449,938
Ship under construction	5,078,579	(102,237)	4,976,342	2,096,854	(106,923)	1,989,931
Offshore engineering equipment	79,468	—	79,468	541,350	—	541,350
Total	15,884,407	(416,055)	15,468,352	13,683,434	(259,687)	13,423,747

The Group's closing balances of inventories included capitalised borrowing cost amounting to RMB164,010,000 (2010: Nil). The interest rate per annum at which the borrowing costs were capitalised was 5.73%.

As at 31 December 2011, the Group had inventories with restricted ownership amounting to RMB7,671,000 (2010: Nil).

(2) Inventories movement for the year is as follows:

Category	Opening balance at the beginning of the year	Additions for the year	Diminutions for the year	Effect of foreign exchange rate changes	Closing balance at the end of the year
Raw materials	5,230,667	56,051,491	(56,411,455)	(54,366)	4,816,337
Work in progress	1,728,783	47,973,246	(47,986,433)	(17,240)	1,698,356
Finished goods	3,193,352	54,840,895	(54,874,529)	(3,703)	3,156,015
Consignment stocks	339,038	4,490,062	(4,508,846)	—	320,254
Ship under construction	2,096,854	3,144,238	—	(162,513)	5,078,579
Other	1,094,740	1,382,715	(1,648,806)	(13,783)	814,866
Subtotal	13,683,434	167,882,647	(165,430,069)	(251,605)	15,884,407
Less: provision for diminution in value of inventories	(259,687)	(199,138)	37,777	4,993	(416,055)
Total	13,423,747	167,683,509	(165,392,292)	(246,612)	15,468,352

(3) *Provision for diminution in value of inventories*

Category	Opening balance at the beginning of the year	Provision made for the year	Written back during the year: Reversal	Written back during the year: Write-off	Effect of foreign exchange rate changes	Closing balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	89,821	151,573	(6,691)	(12,519)	(393)	221,791
Work in progress	21,816	4,686	(2,313)	(1,312)	202	23,079
Finished goods	41,032	42,679	(5,880)	(8,925)	(116)	68,790
Consignment stocks	95	200	(42)	(95)	—	158
Vessels under construction	106,923	—	—	—	(4,686)	102,237
Total	259,687	199,138	(14,926)	(22,851)	(4,993)	416,055

(a) The provision for diminution in value of the Group's inventories during the year was recognised mainly for the price drop of certain products and the slow-moving or waste materials.

(b) Written back of provision for diminution in value of the Group's inventories during the year is as follows:

Category	Basis of provision for diminution in value of inventories	Reasons for written back of provision	Percentage of provision written back over total inventories balance at year end
Raw materials	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.14%
Work in progress	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.14%
Finished goods	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.19%
Consignment stocks	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.01%

8. Non-current assets due within one year

	2011	2010
Finance leases	2,488,562	758,786
Sales of goods by instalments	168,709	446,031
Others	2,478	—
Subtotal	2,659,749	1,204,817
Less: Provision for impairment	(24,462)	(19,315)
Total	2,635,287	1,185,502

9. Other current assets

	2011	2010
Tax deductible/withheld	857,885	684,560
Other	7,748	3,470
Total	865,633	688,030

10. Available-for-sale financial assets

	2011	2010
Available-for-sale equity instruments	571,954	768,467

During the year, available-for-sale financial assets held by the Group and the Company included shares of China Merchants Bank and of China Merchants Securities Co., Ltd, with a carrying value of RMB136,814,000 and RMB427,341,000 respectively. Besides, the Group and the Company held equity investment of Otto Energy Limited of RMB7,799,000.

11. Long-term receivables

Item	2011	2010
Finance Leases	1,888,126	934,554
including: Unearned finance income	431,044	75,060
Sales of goods by instalment	455,835	406,161
Others	9,240	13,528
Subtotal	2,353,201	1,354,243
Less: Provision for impairment	(41,966)	(17,986)
Total	2,311,235	1,336,257

The total future minimum lease receipts under finance leases after the balance sheet date, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date), are receivable as follows:

	2011	2010
Within 1 year (inclusive)	2,725,141	867,858
1 and 2 years (inclusive)	878,900	428,028
2 and 3 years (inclusive)	450,400	284,333
Over 3 years	979,633	303,918
Subtotal	5,034,074	1,884,137
Less: Unearned finance income	657,386	190,797
Total	4,376,688	1,693,340

Derecognition of long term receivables due to transferring of financial assets:

Item	Amount	Gain or loss due to derecognition
Derecognition of long term receivables under finance leases due to sold out	1,461,931	164,468

12. Long-term equity investments

(1) As at 31 December 2011, the Group's long-term equity investments by categories are as follows:

	2011	2010
Investments in joint ventures	33,282	39,812
Investments in associates	1,534,672	1,119,285
Other long-term equity investments	392,300	392,300
Subtotal	1,960,254	1,551,397
Less: Provision for impairment	(3,067)	(3,065)
Total	1,957,187	1,548,332

(2) An analysis of long-term equity investments movement of the year is as follows:

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage	The Company subsidiaries voting right	Whether voting right is different from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/ received of the year
					(%)	(%)				
Equity method — Joint ventures										
Yangzhou Maxi-CUBE Tong Composite Co., Ltd ("MST")	—	14,497	(14,497)	—	—	—	N/A	—	—	2,593
RuiJi Logistics (Wuhu) Co., Ltd ("WHRJL")	9,884	10,020	791	10,811	50.00%	50.00%	N/A	—	—	—
GXNFWL	15,000	15,295	4,574	19,869	50.00%	50.00%	N/A	—	—	—
Supercool (Shanghai) Refrigeration Equipment Co. Ltd ("SCSCRC")	3,600	—	2,602	2,602	50.00%	50.00%	N/A	—	—	—
Subtotal	28,484	39,812	(6,530)	33,282	—	—	—	—	—	2,593
Equity method — Associates										
KYH	27,625	120,753	1,017	121,770	31.83%	31.83%	N/A	—	—	2,638
TJCIMCZL	21,403	41,115	1,930	43,045	36.00%	36.00%	N/A	—	—	—
DLJLL	16,844	37,693	1,121	38,814	30.00%	30.00%	N/A	—	—	—
Xiamen Haitou	11,479	13,999	2,813	16,812	45.00%	45.00%	N/A	—	—	—
TJZL	302,144	467,681	11,916	479,597	38.22%	38.22%	N/A	—	—	11,466
NBBL	3,579	3,533	(37)	3,496	21.00%	21.00%	N/A	—	—	735
XYW	2,916	2,850	(70)	2,780	20.00%	20.00%	N/A	—	—	—
Shanghai Fengyang	12,000	84,313	50,098	134,411	40.00%	40.00%	N/A	—	—	—
TRS Transportkoeling	12,030	13,133	(1,262)	11,871	32.00%	32.00%	N/A	—	—	1,188
Eurotank Oy	6,946	8,204	(292)	7,912	40.00%	40.00%	N/A	—	—	800
XMHLC	6,153	5,087	200	5,287	49.00%	49.00%	N/A	—	—	—
C&C TRUCKS	540,000	102,065	352,923	454,988	45.00%	45.00%	N/A	—	—	—
TSC	167,591	167,161	—	167,161	14.60%	14.60%	N/A	—	—	—
XMHJ	4,900	4,900	1,975	6,875	49.00%	49.00%	N/A	—	—	—
Consafe	—	6,315	(6,315)	—	—	—	N/A	—	—	—
HBIO	9,000	18,884	(268)	18,616	30.00%	30.00%	N/A	—	—	—
Vostok	16,474	16,474	(722)	15,752	25.00%	25.00%	N/A	—	—	—
SJKJ	6,072	5,125	358	5,483	30.00%	30.00%	N/A	—	—	—
MSC	2	—	2	2	40.00%	40.00%	N/A	2	2	—
Subtotal	1,167,158	1,119,285	415,387	1,534,672	—	—	—	2	2	16,827
Costing method										
BOCM Schroder Stolt Fund Management	8,125	8,125	—	8,125	5.00%	5.00%	N/A	—	—	10,000
Donghua Container	270	270	—	270	5.00%	5.00%	N/A	—	—	100
China Railway United Logistics	380,780	380,780	—	380,780	10.00%	10.00%	N/A	—	—	—
Guangdong Samsung	1,365	1,365	—	1,365	0.09%	0.09%	N/A	1,365	—	—
Beihai Yinjian	1,700	1,700	—	1,700	1.01%	1.01%	N/A	1,700	—	—
Jinmen General Aviation Company Limited	60	60	—	60	39.00%	39.00%	N/A	—	—	—
Subtotal	392,300	392,300	—	392,300	—	—	—	3,065	—	10,100
Total	1,587,942	1,551,397	408,857	1,960,254	—	—	—	3,067	2	29,520

As at 31 December 2011, there is no need for the Group to made provision for long-term equity investments in joint ventures and associates based on the provision testing result that compared the estimated recoverable amount and book value of long-term equity investments in joint ventures and associates.

On 31 January 2010, CIMC Hong Kong, a subsidiary of the Group, and Raffles entered into an agreement to act in concert with Mr. Brian Chang, a shareholder and director of TSC, in respect of the exercise of their voting rights in TSC Offshore Group Ltd ("TSC") with CIMC Hong Kong empowered as the ultimate decision maker. Accordingly, the Group had significant influence over TSC with effect from 31 January 2010 and investment in TSC is accounted for using the equity method. The concerted action agreement ceased after CIMC Hong Kong acquired the shares of TSC from Raffles in May 2011. However, the Group remains significance influence over TSC since Mr. Yu Yuqun, the Group's secretary of the Board, was assigned as non-executive director of TSC on 15 March 2011. Therefore the accounting method of the investment in TSC remains for subsequent measurement.

(3) Information for major joint ventures and associates is as follows:

Investee	Total assets at year end	Total liabilities at year end	Net assets at year end	Total revenue for the year	Net profit/(loss) for the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
a. Joint ventures					
WHRJL	41,771	20,162	21,609	47,618	1,582
GXNFWL	65,710	25,968	39,742	40,899	5,416
SCSCRC	5,680	477	5,203	606	(1,997)
b. Associates					
KYH	1,098,615	716,040	382,575	1,756,152	23,908
TJCIMCZL	126,067	6,498	119,569	35,260	5,360
DLJLL	247,618	136,159	111,459	47,755	3,738
Xiamen Haitou	68,025	30,665	37,360	85,550	6,229
TJZL	2,045,342	921,131	1,124,211	5,538,289	61,186
NBBL	21,724	5,080	16,644	45,534	3,281
XYW	27,490	20,034	7,456	—	(3)
Shanghai Fengyang	1,003,099	667,072	336,027	309,030	125,245
XMHLC	12,968	2,178	10,790	6,559	441
C&C TRUCKS	2,893,206	1,873,457	1,019,749	266,098	(113,372)
TSC	1,715,391	624,122	1,091,269	892,826	22,228
XMHJ	172,279	158,248	14,031	79,605	4,031
SJKJ	29,503	11,228	18,275	56,506	1,275
Vostok	49,823	588	49,235	1,070	(5,328)
HBIO	84,385	22,540	61,845	98,532	194
MSC	10	537,248	(537,238)	—	(71)

(a) As at 31 December 2011, the fair value of investment in TSC amounting to RMB88,775,000 (2010: RMB156,551,000).

(4) There is no restriction on the ability of the invested enterprises to transfer funds to the Group.

13. Investment properties

	Buildings	Land use rights	Total
	RMB	RMB	RMB
Cost:			
Balance at the beginning of the year	32,172	64,051	96,223
Additions during the year	57,008	—	57,008
Disposal during the year	(15,102)	—	(15,102)
Balance at the end of the year	74,078	64,051	138,129
Less: Accumulated depreciation or amortisation			
Balance at the beginning of the year	11,108	7,759	18,867
Charge for the year	1,732	1,722	3,454
Written back during the year	(11,175)	—	(11,175)
Balance at the end of the year	1,665	9,481	11,146
Carrying amounts:			
At the end of the year	72,413	54,570	126,983
At the beginning of the year	21,064	56,292	77,356

The depreciation and amortisation charged for investment properties in 2011 were RMB: 3,454,000. There was no provision for impairment for investment properties in 2011.

14. Fixed assets

(1) Fixed assets by categories

	Plant & buildings	Machinery & equipment	Office & other equipment	Motor vehicles	Offshore engineering special equipment	Dock & port	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Cost:							
Balance at the beginning of	5,701,348	6,184,262	717,369	762,974	613,499	563,676	14,543,128
Additions during the year	70,198	129,141	28,836	25,452	49	35,543	289,219
Additions due to business combination	—	—	389	—	—	—	389
Transfer from construction in progress	515,756	597,192	46,313	38,214	2,929	353,682	1,554,086
Disposal during the year	(72,499)	(181,928)	(31,585)	(23,264)	—	—	(309,276)
Effect of the foreign exchange rate changes	(65,433)	(33,437)	(13,093)	(3,903)	(17,006)	(8,337)	(141,209)
Balance at the end of the year	6,149,370	6,695,230	748,229	799,473	599,471	944,564	15,936,337
Less: Accumulated depreciation							
Balance at the beginning of the year	1,355,622	2,140,279	413,954	271,557	44,406	80,631	4,306,449
Charge for the year	217,785	445,407	65,533	42,901	30,730	15,342	817,698
Written off on disposal	(38,540)	(157,636)	(21,438)	(16,764)	—	—	(234,378)
Effect of the foreign exchange rate changes	(21,567)	(14,991)	(7,871)	(3,303)	(1,235)	(21)	(48,988)
Balance at the end of the year	1,513,300	2,413,059	450,178	294,391	73,901	95,952	4,840,781
Less: Provision for impairment							
Balance at the beginning of the year	149,699	79,783	573	158	—	—	230,213
Charge for the year	2,269	5,384	129	—	—	—	7,782
Written off on disposal	(22)	(20,764)	(176)	(146)	—	—	(21,108)
Effect of the foreign exchange rate changes	(6,487)	(279)	—	—	—	—	(6,766)
Balance at the end of the year	145,459	64,124	526	12	—	—	210,121
Carrying amounts:							
At the end of the year	4,490,611	4,218,047	297,525	505,070	525,570	848,612	10,885,435
At the beginning of the year	4,196,027	3,964,200	302,842	491,259	569,093	483,045	10,006,466

As at 31 December 2011, restricted fixed assets of the Group amounted to RMB87,439,000. Refer to Note V.22 for details.

In 2009, as a result of change of governmental land use plan and management operation strategy, part of buildings and machineries of the containers segment would be dismantled or disposed. Also, as a result of decrease in demand in the European and American market and the corresponding poor performance in operation and continuing downturn in property market, indication existed that some of machineries and buildings in the Netherland belonging to the trailers segment might be impaired. Therefore, the Group performed impairment test for these fixed assets. Based on the result of the test, the Group made RMB168,461,000 of provision for impairment for the aforesaid fixed assets. The recoverable amount is determined as either its fair value less costs to sell or its present value of expected future cash flows.

If there is an active market for aforesaid fixed assets, net realisable value is the quoted price in the active market less the estimated selling expenses according to the management's disposal plan. The realisable value of fixed assets, which have no value in use and are pending for dismantling, is their fair value less the estimated disposal expenses.

For fixed assets still in use and without an active market, the realisable value is the present value of expected future cash flows, which is calculated based on the discounting rate. The benchmark rate of bank loans will be adopted as the discounting rate.

(2) As at the end of 2011, the Group had no temporarily idle fixed assets.

(3) *Fixed assets held under finance leases*

	2011			2010		
Item	**Cost**	**Accumulated depreciation**	**Carrying amount**	**Cost**	**Accumulated depreciation**	**Carrying amount**
Machinery and equipment	314,463	(34,139)	280,324	308,118	(23,974)	284,144
Motor vehicles	1,293	(1,077)	216	1,352	(856)	496
Offshore engineering special equipment	214,737	(34,842)	179,895	220,326	(11,120)	209,206

(4) *Fixed assets leased out under operating leases*

Item	**Net book value**
	RMB'000
Plant & buildings	13,956
Machinery and equipment	630
Total	14,586

(5) *Fixed assets held for sale at the year end*

As at 31 December 2011, there were no fixed assets held for sale (2010: Nil).

(6) *Fixed assets with pending certificates for ownership*

Item	**Carrying amount**	**Reasons for pending**	**Expected time of getting certificate of ownership**
	RMB'000		
Factory	474,822	Certificate being in the progress	By the end of 2012
Workshop	158,316	Incomplete procedure, certificate being in the progress	By the end of 2012
Office building	164,146	Put to use, certificate being in the progress	September 2012
Warehouse	54,361	Lack of reporting materials, under preparation	By the end of 2012
Dormitory and Canteen	17,541	Put to use, certificate being in the process	June 2012
Others	44,045	Certificate being in the progress	By the end of 2012
Total	913,231		

15. Construction in progress

(1) Construction in progress

Item	2011 Cost	2011 Impairment	2011 Carrying amount	2010 Cost	2010 Impairment	2010 Carrying amount
DLZH Plant Project	—	—	—	18,774	—	18,774
Nantong CIMC Special Transportation Equipment Third Workshop Project	5,874	—	5,874	3,367	—	3,367
Enric Roller-type Rotary Machine and Top-and-bottom Machine	—	—	—	1,601	—	1,601
KGR Vehicle Installation Project	—	—	—	3,427	—	3,427
Nantong Sunda Container Complete-line and Coating-line project	—	—	—	198	—	198
Dalian Heavy Logistics Equipments Pressure Vessels Project	—	—	—	185	—	185
Enric First Stage Project	—	—	—	8,672	—	8,672
Dalian Heavy Logistics Production Line equipment	13,962	—	13,962	17,324	—	17,324
CIMC Grand Sky Light Hotel Project	—	—	—	36,337	—	36,337
XHCIMCS Production Line and Power Facilities Reconstruction Project	7,129	—	7,129	13,298	—	13,298
Enric Heavy Pressure Vessel Workshop	22,452	—	22,452	12,777	—	12,777
Xinhui Wood Factory 5th and 6th Project	1,678	—	1,678	13,200	—	13,200
Southern Salt Square 2nd Stage Project	—	—	—	39,815	—	39,815
LYLY vehicle 2nd Phase Project	—	—	—	8,800	—	8,800
Head office residential facilities for Haigong research center	—	—	—	19,453	—	19,453
YZTL Steel Structure Factory Project	—	—	—	8,218	—	8,218
Enric 3rd Phase Project	1,651	—	1,651	7,213	—	7,213
Eastern Logistic 3rd Phase Project	291,621	—	291,621	36,355	—	36,355
Raffles Offshore Drilling Platform outfitting quay project	—	—	—	304,892	—	304,892
Raffles harbor basin project	119,218	—	119,218	82,851	—	82,851
Raffles Dredging Offshore Project	38,588	—	38,588	38,588	—	38,588
Raffles No 1 and No 2 slideway project	89,168	—	89,168	99,275	—	99,275
Raffles sea route project	30,920	—	30,920	11,718	—	11,718
Raffles Longmen Crane Project	—	—	—	22,018	—	22,018
Raffles Plant Road Project	—	—	—	10,243	—	10,243
Raffles Jack-up Drilling Platform	810,879	—	810,879	541,542	—	541,542
Raffles Canteen Project	11,979	—	11,979	—	—	—
MEA 1st stage R&D Project	76,793	—	76,793	—	—	—
TAS New Plant Project	21,758	—	21,758	—	—	—
Shijiazhuang Enric 2nd Phase Project	68,327	—	68,327	—	—	—
Others	286,333	—	286,333	337,523	—	337,523
Total	1,898,330	—	1,898,330	1,697,664	—	1,697,664

The carrying amounts of construction in progress at the end of the year included capitalised borrowing cost of RMB41,780,000 (2010: RMB17,912,000). The interest rate adopted for determining capitalised at borrowing cost for the current year was 5.36% (2010: 5.09%).

As at 31 December 2011, there were no construction in progress of the Group with restrictions in ownership (2010: RMB36,337,000). Refer to Note V.22 for details.

(2) The Group's major construction projects in progress were set out as follows:

Project	Budget	Balance at the beginning of the year	Additions	Transfer to fixed assets	Other deduction	Balance at the end of the year	Percentage of current input over budget	Progress	Accumulated capitalised borrowing cost	Including: current year capitalised borrowing cost	Capitalised rate	Sources of funds	Effect of the foreign exchange rate changes
							(%)				(%)		
DLZH Plant Project	170,705	18,774	14,751	(33,525)	—	—	89.95%	100.00%	5,196	—	4.78%	Bank Loan	—
Nantong CIMC Special Transportation Equipment Third Workshop Project	35,519	3,367	10,425	(7,918)	—	5,874	66.17%	98.00%	—	—	0.00%	Self-funding	—
Enric Roller-type Rotary Machine and Top-and-bottom Machine	10,336	1,601	10,404	(12,005)	—	—	100.00%	100.00%	—	—	0.00%	Self-funding	—
Enric First Stage Project	51,950	8,672	8	(8,680)	—	—	88.78%	100.00%	—	—	0.00%	Self-funding	—
Dalian Heavy Logistics Production Line Equipment	143,392	17,324	9,800	(13,162)	—	13,962	30.54%	30.54%	—	—	0.00%	Self-funding	—
CIMC Grand Sky Light Hotel Project	86,000	36,337	34,281	(70,618)	—	—	81.91%	100.00%	610	176	5.09%	Bank Loan	—
XHCIMCS Production Line and Power Facilities Reconstruction Project	19,802	13,298	10,232	(16,401)	—	7,129	118.82%	91.53%	—	—	0.00%	Self-funding	—
Enric Heavy Pressure Vessel Workshop	25,570	12,777	9,675	—	—	22,452	87.80%	87.80%	—	—	0.00%	Self-funding	—
XHW 5th and 6th stage Factory	32,831	13,200	2,863	(14,385)	—	1,678	48.92%	57.66%	—	—	0.00%	Bank Loan	—
Southern Salt Square Project	66,520	39,815	—	(39,815)	—	—	59.85%	100.00%	—	—	0.00%	Self-funding	—
LYLY vehicle 2nd Phase Project	19,620	8,800	5,137	(13,937)	—	—	70.93%	100.00%	—	—	0.00%	Self-funding	—
Head office residential facilities for Haigong research center	19,769	19,453	—	(19,453)	—	—	98.40%	100.00%	—	—	0.00%	Self-funding	—
YZTL Steel Structure Factory Project	19,000	8,218	19,328	(27,546)	—	—	101.73%	100.00%	—	—	0.00%	Self-funding	—
Enric 3rd Phase Project	28,132	7,213	10,994	(16,556)	—	1,651	64.71%	64.71%	—	—	0.00%	Self-funding	—
Eastern Logistic 3rd Phase Project	350,000	36,355	315,575	(60,309)	—	291,621	90.16%	90.70%	—	—	0.00%	Self-funding	—
Raffles Offshore Drilling Platform outfitting quay project	400,523	304,892	26,290	(322,213)	—	—	82.68%	100.00%	28,614	16,593	5.76%	Bank Loan	(8,969)
Raffles harbor basin project	163,859	82,851	38,776	—	(95)	119,218	72.75%	72.75%	—	—	0.00%	Self-funding	(2,314)
Raffles Dredging Offshore Project	62,445	38,588	—	—	—	38,588	61.00%	62.00%	—	—	0.00%	Self-funding	—
Raffles No1 and No 2 slideway project	119,822	99,275	18	(40,035)	—	59,168	86.25%	86.25%	—	—	0.00%	Self-funding	(90)
Raffles sea route project	73,737	11,721	19,199	—	—	30,920	41.00%	41.00%	—	—	0.00%	Self-funding	—
Raffles Longmen Crane Project	32,772	22,018	4,869	(26,881)	—	—	86.68%	100.00%	—	—	0.00%	Bank Loan	(6)
Raffles Plant Road Project	11,265	10,243	645	(10,874)	—	—	96.65%	100.00%	—	—	0.00%	Self-funding	(14)
Raffles Jack-up Drilling Platform	1,214,370	541,542	300,020	—	—	810,879	74.00%	74.00%	34,216	34,216	5.76%	Self-funding	(30,683)
Raffles Canteen	15,190	9,046	2,933	—	—	11,979	79.00%	79.00%	—	—	0.00%	Self-funding	—
Project MEA 1st stage R&D	350,000	642	76,151	—	—	76,793	21.00%	45.00%	—	—	0.00%	Self-funding	
Project TAS new Plant Project	30,000	339	21,419	—	—	21,758	72.52%	72.52%	—	—	0.00%	Self-funding	—
Shijiazhuang Enric Gas 2nd Project	75,000	—	68,327	—	—	68,327	91.10%	91.10%	—	—	0.00%	Self-funding	—
Total		1,366,361	1,012,120	(754,313)	(95)	1,581,997			68,636	50,985			(42,076)

(3) *Provision for impairment*

As at There was no provision for impairment for work in progress in 2011 (2010: Nil)

16. Intangible assets

(1) Intangible assets by categories

	Land use rights	Technical know-how and trademarks	Timber concession rights	Customer relationships	Customer contracts	Maritime use rights	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Cost:							
Balance at the beginning of the year	2,871,554	811,573	236,992	108,736	136,128	26,642	4,191,625
Additions during the year	153,804	92,664	—	—	—	53,129	299,597
Additions due to business	—	—	—	1,338	5,576	—	6,914
Disposal during the year	(50,096)	(3,844)	—	—	—	—	(53,940)
Effect of the foreign exchange rate changes	3,624	(22,882)	(10,351)	(6,104)	(5,130)	313	(40,530)
Balance at the end of the year	2,978,886	877,511	226,641	103,970	136,574	80,084	4,403,666
Less: Accumulated amortisation							
Balance at the beginning of the year	266,250	368,783	95,425	48,843	83,864	5,055	868,220
Charge for the year	76,506	145,620	3,351	20,256	3,411	3,791	252,935
Written off on disposal	(17,829)	(3,717)	—	—	—	—	(21,546)
Effect of the foreign exchange rate changes	3,052	(9,268)	(4,241)	(4,462)	(5,461)	(1)	(20,381)
Balance at the end of the year	327,979	501,418	94,535	64,637	81,814	8,845	1,079,228
Less: Provision for impairment							
Balance at the beginning of the year	—	—	104,834	—	—	—	104,834
Charge for the year	—	—	—	—	52,264	—	52,264
Written off on disposal	—	—	—	—	—	—	—
Effect of the foreign exchange rate changes	—	—	(4,882)	—	—	—	(4,882)
Balance at the end of the year	—	—	99,952	—	52,264	—	152,216
Carrying amounts:							
At the end of the year	2,650,907	376,093	32,154	39,333	2,496	71,239	3,172,222
At the beginning of the year	2,605,304	442,790	36,733	59,893	52,264	21,587	3,218,571

As at 31 December 2011, there were no intangible assets without certificates of ownership.

As at 31 December 2011, the Group had intangible assets with restriction in ownership amounting to RMB127,844,000. (2010: RMB156,607,000).

The timber concession right amounting to RMB116,769,000, in respect of the 450,000 acres in Suriname was acquired by Topco Forestry N.V, a wholly owned subsidiary of Gold Terrain Assets Limited, a subsidiary of the Group Since around 75,000 acres of the forest in the above timber concession rights were located in a nature reservation zone, the government of Suriname took back the timber concession rights in 2003. The Group had negotiated with the Suriname government for a plan to substitute the original 75,000 acres with other forest locations. Since there were no clear results of the negotiation, a full provision for impairment of RMB13,303,000 was made to this part of timber concession rights.

In 1998, Silveroad Wood Products Limited, a wholly owned subsidiary of Gold Terrain Assets Limited purchased 315,460 acres of timber concession rights in Cambodia amounting to RMB110,022,000. The government of Cambodia has suspended all timber concession rights in its region, including those of the Group since 2001. In view of this, full provision for impairment amounting to RMB86,649,000 was made on the carrying value of the above timber concession rights.

Regarding the client contracts obtained in 2010 through the acquisition of Raffles, the Group had preformed impairment test based on the execution of these contracts in 2011 and consequently made a full impairment loss of RMB52,264,000.

The Group acquired Technodyne in 2011 (refer to Note IV.6 (1)). The intangible assets of Technodyne recorded in the consolidated financial statements are based on the revaluated fair value. Intangible assets over 1 million of Technodyne as at 31 December 2011 are as follows:

	Recorded Value		Revaluation method
	EUR'000	RMB'000	
— Client contracts	617	5,576	discounted cash flow
— Client relationships	148	1,338	discounted cash flow
	765	6,914	

As at 31 December 2011, there were no intangible assets with indefinite useful lives.

17. Goodwill

Name of investee or goodwill items	Note	Balance at the beginning of the year	Additions	Deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Provision for impairment
Enric	(2)(a)	607,004	—	—	—	607,004	—
TGE SA	(2)(b)	180,749	—	—	(4,785)	175,964	—
Technodyne	IV. 6 (1)	—	30,371	—	(2,941)	27,430	—
Gadidae AB	(1)	—	12,254	(12,254)	—	—	12,254
Others		380,841	21,995	—	(5,730)	397,106	11,578
Total		1,168,594	64,620	(12,254)	(13,456)	1,207,504	23,832

(1) The Group acquired 100% equity interest of Technodyne for the consideration of EUR 5,373,000, equivalent to RMB48,560,000, in 2011. After the acquisition, the excess amount of acquisition cost over the fair value of the identifiable net assets of Technodyne, which at the acquisition date amounted to RMB30,371,000, was recognised as goodwill.

Raffles (the Group holding 54.71% equity interest), a subsidiary of the Company acquired 64% equity interest of Gadidae AB for the consideration of USD6,953,000 (RMB43,849,000) in 2011. Upon the foresaid combination, Raffles hold 100% equity interest of Gadidae AB, along with 36% equity interest acquired before. The excess amount of acquisition cost over Raffles' interest in the fair value of the identifiable net assets of Gadidae AB, which at the acquisition date amounted to USD1,900,000, equivalent to RMB12,254,000, was recognised as goodwill.

In the acquisition of Gadidae AB, Raffles recognised goodwill of RMB12,254,000 base on the assumption that MSC, an associate of Gadidae AB, would generate sufficient future income in the leasing contract with a third party. However, Gadidae AB is unlikely to receive profits from MSC as at 31 December 2011 due to the lease agreement between the third party and MSC expired with no indication of renewal. Consequently, Raffles made full impairment provision on the goodwill of RMB12,254,000.

(2) *Impairment test for asset group including goodwill*

The Group's allocation of goodwill to asset group according to operation segments or business segments is as follows:

Item	2011	2010
Container Industry group	127,524	127,524
Trailers group	77,752	77,752
Tank equipments industry group	868,869	841,439
Asset groups with insignificant allocation percentage of goodwill group	133,359	121,879
Total	1,207,504	1,168,594

(a) Goodwill attributable to Enric

The Group paid RMB1,094,076,000 as acquisition cost for acquiring 41.55% equity interest in Enric in 2007. The excess of acquisition cost over the Group's interest in the fair value of Enric's identifiable assets and liabilities was recognised as goodwill attributable to Enric. As at 31 December 2011, goodwill attributable to Enric amounted to RMB607,004,000.

The recoverable amount of Enric is determined based on the present value of expected future cash flows. The present value of expected future cash flows was calculated based on the most recent ten-year financial budgets approved by management of the Group and a discounting rate of 7.05%. The cash flows beyond the ten-year budget period was assumed to keep stable. There was no impairment considered necessary for the goodwill based on the calculations. As key assumptions on which management has made the future cash projections are subject to change, management believes that any adverse change in the key assumptions would cause the carrying amount exceeding its recoverable amount.

The calculation of present value of expected future cash flows of Enric was based on key assumptions of 19% of gross profit ratio and 10% of operating sales growth, which was determined by management on the basis of past performance before the budget period.

(b) Goodwill attributable to TGE SA

The Group paid RMB243,096,000 as acquisition cost for the 60% equity interests in TGE SA in 2008. The excess of acquisition cost over the Group's interest in the fair value of TGE SA's identifiable assets and liabilities was recognised as goodwill attributable to TGE SA. As at 31 December 2011, goodwill attributable to TGE SA amounted to RMB175,964,000.

The recoverable amount of TGE SA is determined based on the present value of expected future cash flows. The present value of expected future cash flows was calculated based on the most recent ten-year financial budgets approved by management of the Group and a discounting rate of 7.05%. The cash flows beyond the ten-year budget period was assumed to keep stable. There was no impairment considered necessary for the goodwill based on the calculations. As key assumptions on which management has made the future cash projections are subject to change, management believes that any adverse change in the key assumptions would cause the carrying amount exceeding its recoverable amount.

The calculation of present value of expected future cash flows of TGE SA was based on key assumptions of 9% of gross profit ratio and 5% of operating sales growth, which was determined by management on the basis of past performance before the budget period.

18. Long-term deferred expenses

Item	Balance at the beginning of the year	Additions	Amortisation	Other deduction	Effect of the foreign exchange rate changes	Balance at the end of the year	Reasons for other deduction
Water and electricity capacity enlargement expenses	1,178	980	(586)	—	—	1,572	None
Rental	6,040	4,161	(3,390)	—	—	6,811	None
Others	20,760	23,467	(17,717)	—	(1)	26,509	None
Subtotal	27,978	28,608	(21,693)	—	(1)	34,892	None
Less: provision for impairment	—	—	—	—	—	—	None
Total	27,978	28,608	(21,693)	—	(1)	34,892	None

19. Deferred tax assets and liabilities

(1) Deferred tax assets or liabilities after offsetting and corresponding deductable or taxable timing differences

Item	2011 Deductible/ (taxable) temporary difference	2011 Deferred tax assets/ (liabilities)	2010 Deductible/ (taxable) temporary difference	2010 Deferred tax assets/ (liabilities)
Deferred tax assets:				
Provisions for impairment	917,376	183,799	634,562	133,922
Provisions	498,649	97,469	453,035	91,669
Employee benefits payable	1,314,557	309,184	885,946	198,409
Accrued expenses	495,601	96,826	288,965	46,405
Tax losses carry-forward	651,188	123,537	895,395	153,362
Movement for fair value of financial assets held for trading/hedging instruments	96,958	24,156	137,488	33,001
Others	146,182	16,156	66,668	21,285
Subtotal	4,120,511	851,127	3,362,059	678,053
Offsetting amount	(599,278)	(147,029)	(810,909)	(188,597)
Net amount after offsetting	3,521,233	704,098	2,551,150	489,456
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/hedging instruments	(26,046)	(5,763)	(77,324)	(16,046)
Available-for-sale financial assets	(499,820)	(120,437)	(723,531)	(172,414)
Movement for fair value of hedging instrument	(12,784)	(3,196)	(14,070)	(3,858)
Revaluation gain through combination	(537,605)	(163,771)	(990,755)	(276,049)
Estimated dividend income earned for non-resident foreign enterprises	(3,665,929)	(313,946)	(2,490,010)	(187,213)
Others	(463,670)	(121,416)	(591,535)	(105,883)
Subtotal	(5,205,854)	(728,529)	(4,887,225)	(761,463)
Offsetting amount	599,278	147,029	810,909	188,597
Net amount after offsetting	(4,606,576)	(581,500)	(4,076,316)	(572,866)

(2) *Unrecognised deferred tax assets*

Item	2011	2010
Tax losses carry-forward	330,324	361,682
Impairment losses of timber Concession rights	53,205	55,769
Others	35,572	170,765
Total	419,101	588,216

(3) Expiry dates of tax credit for unrecognised deferred tax assets are as follows:

Year	2011	2010	Note
2011	—	89,119	
2012	31,464	42,477	
2013	210,243	225,447	
2014	353,630	289,578	
2015	423,272	525,845	
More than 5 years	357,743	392,779	Note 1
Total	1,376,352	1,565,245	

At 31 December 2011, the Group had no unrecognised deferred tax liabilities.

Note 1: By the end of 2010 and 2011, unrecognised deferred tax assets aged over 5 years (inclusive) arising from deductible tax losses resulted from foreign subsidiaries' operating losses. Deductible tax losses generated from Hong Kong, the United States of America, the United Kingdom of Great Britain and Australia can be offset with future profit indefinitely; deductible tax losses generated from the Netherlands can be offset in the subsequent nine years.

20. Other non-current assets

Item	2011	2010
Prepayment for land use right	764,849	—

21. Provisions for impairment

Item	Note	Balance at the beginning of the year	Charge for the year	Decrease during the year		Effect of foreign exchange rate changes	Balance at the end of the year
				Reversal	Write off		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Receivables	V.4	232,483	169,615	(71,563)	(11,676)	691	319,550
Other Receivables	V.5	101,617	42,938	(20,684)	2,063	(5,503)	120,431
Prepayments	V.6	97,087	37	—	(382)	(2)	96,740
Inventories	V.7	259,687	199,138	(14,926)	(22,851)	(4,993)	416,055
Non-current assets due within one year	V.8	19,315	5,148	—	—	(1)	24,462
Long-term receivables	V.11	17,986	29,119	(1,522)	(3,587)	—	41,996
Long-term equity Investments	V.12	3,065	2	—	—	—	3,067
Fix assets	V.14	230,213	7,782	—	(21,108)	(6,766)	210,121
Intangible assets	V.16	104,834	52,264	—	—	(4,882)	152,216
Goodwill	V.17	11,578	12,254	—	—	—	23,832
Total		1,077,865	518,297	(108,695)	(57,541)	(21,456)	1,408,470

Please refer to the respective notes of the assets for reasons of the provisions.

22. Restricted assets

As at 31 December 2011, assets with restrictions in their ownership are as follows:

Item	Note	Balance at the beginning of the year	Additions for the year	Decrease during the year	Effect of foreign exchange rate changes	Balance at the end of the year
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets guaranteed						
— Cash at bank and on hand	V.1	858,281	1,723,088	(1,217,609)	(138,887)	1,224,873
— Accounts receivable	V.4	962,096	283,947	(743,496)	(31,521)	471,026
— Inventories	V.7	—	7,671	—	—	7,671
— Fix assets	V.14	161,120	58,252	(130,440)	(1,493)	87,439
— Construction in progress	V.15	36,337	—	(36,337)	—	—
— Intangible assets	V.16	156,607	13,907	(36,656)	(6,014)	127,844
Total		2,174,441	2,086,865	(2,164,538)	(177,915)	1,918,853

The above inventories, fixed assets and intangible assets were secured for bank loans. Accounts receivable was pledged for borrowings. Refer to Note V.23, Note V.34 and Note V.35 for short-term and long-term secured loans analysis.

23. Short-term loans

(1) Short-term loans by categories:

Item	Note	2011	2010
Guarantee loans	(a)		
— RMB		2,760,263	3,836,026
— USD		2,401,895	450,471
— JPY		1,733	10,021
— GBP		—	38,343
— EUR		—	76,351
— SGD		376	4,710
Subtotal		5,164,267	4,415,922
Secured loans			
— USD		—	86,325
— EUR		—	17,346
— SGD		—	624
Subtotal		—	104,295
Pledge loans			
— USD		—	962,096
Subtotal		—	962,096
Loans on credit			
— RMB		572,336	672,125
— USD		1,386,579	1,536,746
— EUR		203,957	194,247
— HKD		682,994	423,878
— AUD		20,779	—
Subtotal		2,866,645	2,826,996
Total		8,030,912	8,309,309

(a) As at 31 December 2011, guarantee loans of the Group included bank loans amounting to RMB2,229,917,000 guaranteed by the Company for its subsidiaries, RMB54,751,000 guaranteed by HI for its subsidiaries, RMB333,919,000 guaranteed by Enric for its subsidiaries and RMB2,545,680,000 guaranteed by Raffles for its subsidiaries.

(b) As at 31 December 2011, no amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties was included in the above balance of short-term loans.

(2) As at 31 December 2011, the Group had no outstanding past due short-term loans.

24. Financial liabilities held for trading

Item	Note	2011	2010
Current:			
Derivative financial liabilities			
— foreign future contracts	V.2.(3)	4,816	3,810
— swap contract for interest rate	V.24(1)	8,138	—
— foreign exchange option	V.24(2)	18,153	—
Subtotal		31,107	3,810
Non-current:			
Derivative financial liabilities			
— swap contract for interest rate	V.24(1)	74,836	76,066
— foreign exchange option	V.24(2)	—	78,226
Subtotal		74,836	154,292
Total		105,943	158,102

(1) As at 31 December 2011, the Company and subsidiaries separately had 10 and 4 unsettled interest rate swap contracts denominated in U.S. dollars. The nominal value of these contracts amounted to USD425,000,000. The maturity dates of these interest rate swap contracts range from 23 November 2012 to 29 December 2018. As at 31 December 2011, the Group recognised on the foresaid contracts in their fair values of RMB82,974,000 (including RMB77,973,000 of fair value recognised by the Company) as expenses and financial liabilities held for trading. Transaction costs on realisation have not been considered when calculating the fair values.

(2) As at 31 December 2011, the Company had 1 unsettled forward contracts denominated in Japanese Yen. The nominal value of these contracts amounted to Japanese Yen 2,840,000,000. Pursuant to these forward contracts, the Company is entitled to buy U.S. dollar at an amount equivalent to contracted nominal value at agreed rates where the market spot rates at the settlement dates are higher than the agreed rates. These forwards contracts are not executed where the market spot rates at the settlement dates are equal to or lower than the agreed rates. The settlement date of the aforesaid forward contract is 29 June 2012.

As at 31 December 2011, the Company recognised the aforesaid forwards contract in its fair value of RMB18,153,000 as expenses and financial liabilities held for trading. Transaction costs on realisation haven not been considered when calculating the fair values.

25. Bills payable

	2011	2010
Bank acceptance bills	1,184,861	2,435,043
Commercial acceptance bills	2,110,365	103,580
Total	3,295,226	2,538,623

The above bills are due within one year.

26. Accounts payable

(1) The Group's accounts payable is as follows:

Item	2011	2010
Raw materials suppliers	7,328,966	9,117,500

As at 31 December 2011, there was no individual major accounts payable aged over one year.

Group's accounts payable is analysed by currencies as follows:

	2011			2010		
Currency	**Original currency**	**Exchange rate**	**RMB**	**Original currency**	**Exchange rate**	**RMB**
	'000		**'000**	**'000**		**'000**
RMB	5,870,263	1.0000	5,870,263	5,806,328	1.0000	5,806,328
USD	151,009	6.3009	951,496	443,815	6.5897	2,924,606
HKD	19,969	0.8107	16,189	200,411	0.8477	169,893
JPY	7,082	0.0811	574	43,843	0.0810	3,551
EUR	43,272	8.1625	353,209	17,757	8.7979	156,227
AUD	18,870	6.4093	120,946	8,255	6.7050	55,350
Others			16,289			1,545
Total			7,328,966			9,117,500

(2) No amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties is included in the balance of accounts payable.

27. Advances from customers

(1) The Group's advances from customers is as follows:

	2011	**2010**
Advances for goods	1,310,878	811,674
Advances for construction	955,546	620,826
Advances for property	396,318	502,573
Others	—	658
Total	2,662,742	1,935,731

No amount due to shareholders who hold 5% or more of the voting rights of the Company is included in the balance of advances from customers.

As at 31 December 2011, there was no significant advances aged over one year.

28. Employee benefits payable

Item	**Balance at the beginning of the year**	**Accrued during the year**	**Paid during the year**	**Effect of foreign exchange rate changes**	**Balance at the end of the year**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Salaries, bonus, and allowances	781,343	4,250,221	(3,586,165)	(3,716)	1,441,683
Senior management bonus	269,475	119,476	(16,947)	—	372,004
Severance payment	79	6,095	(2,227)	(1)	3,946
Cash-settled share-based payments	—	504	—	(12)	492
Social insurances and others	314,635	728,682	(848,819)	(15)	194,483
Total	1,365,532	5,104,978	(4,454,158)	(3,744)	2,012,608

Please refer to Note VII for cash-settled shared-based payments.

As at 31 December 2011, there was no delayed payment of employee benefits.

As at 31 December 2011, aforesaid "social insurances and others" included labour union fees and employee education fees amounting to RMB30,626,000. The non-monetary benefits during the year amounted to RMB55,000.

Salaries, bonus and allowances payables represent salaries accrued for current month and bonus accrued for subsidiaries in accordance with the result of annual performance and the performance assessment plan of the Group. According to the requirement of the performance assessment plan, annual accrued bonus would be paid over three years based on the percentage determined by the management, therefore, there was a balance of such accrued bonus at the end of the year.

Senior management bonus is determined on the assessment of certain key performance index. The above bonus is proposed by Chief Executive Officer of the Group and the payment is subject to review and approval by board chairman and vice board chairman of the Group. The balance of senior management bonus payable was unpaid balance accrued in prior years.

29. Taxes payable

	2011	**2010**
VAT payable	52,069	66,744
Business tax payable	17,697	8,533
Income tax payable	663,749	590,029
Withholding tax	68,833	79,699
Urban maintenance and construction tax payable	38,936	2,051
Education surcharges payable	27,740	2,254
Other	47,094	39,845
Total	916,118	789,155

30. Interest payable

	2011	**2010**
Interest payable for long-term loan	12,224	3,120
Interest payable for short-term loan	17,810	10,048
Interest payable for corporate bonds	122,033	—
Total	152,067	13,168

31. Dividends payable

	2011	**2010**
Minority shareholders of subsidiaries	116,253	16,046

32. Other payables

(1) The analysis of the Group's other payables is as follows:

Item	Notes	2011	2010
Quality guarantees		305,596	141,932
Advance received		899,441	469,371
Transportation expenses		280,289	256,492
Equipment or land use rights		160,047	395,583
Accruals		656,916	532,578
Housing maintenance fees		34,933	11,096
Current account with subsidiary's minority		46,698	245,728
Professional and training fees		19,221	17,833
Insurances		19,662	10,000
Advance received for shipbuilding	V.32(4)	424,051	—
Royalties		1,614	4,187
Others		545,369	303,567
Total		3,393,837	2,388,367

The analysis of the Group's other payables by currencies is as follows:

Currency	2011 Original currency	2011 Exchange rate	2011 RMB	2010 Original currency	2010 Exchange rate	2010 RMB
	’000		’000	’000		’000
RMB	1,404,982	1.0000	1,404,982	721,950	1.0000	721,950
USD	252,612	6.3009	1,591,679	170,943	6.5897	1,126,461
HKD	330,546	0.8107	267,974	254,149	0.8477	215,448
JPY	126,276	0.0811	10,241	264,082	0.0810	21,387
EUR	10,770	8.1625	87,908	27,106	8.7979	238,476
AUD	4,602	6.4093	29,496	9,582	6.7050	64,245
Others	—	—	1,557	—	—	400
Total			3,393,837			2,388,367

(2) Other payables due to shareholders or related parties who hold 5% or more of the voting rights of the Company:

Organization name	Relationship with the Group	2011	2010
1. Gasfin Investment S.A. (“Gasfin”)	Minority shareholder of subsidiary	38,698	20,806
2. Bright Touch Investment Limited (“Bright Touch”)	Minority shareholder of subsidiary	—	60,231
3. Leung Kee	Minority shareholder of subsidiary	—	104,919
4. Yantai Shipyard	Minority shareholder of subsidiary	—	46,497
5. Wuhu Ruijiang Investment Co., Ltd. (“WHRJI”)	Minority shareholder of subsidiary	8,000	—
6. HBIO	Associate	58,305	—
7. MSC	Associate	424,051	—
Total		529,054	232,453

(3) Significant other payables aged over one year:

As at 31 December 2011, significant other payables aged over one year represented quality guarantee, vehicle mortgage guarantee and various deposits.

(4) Raffles and Gadidae AB entered into a shipbuilding contract, which was terminated afterwards, for the construction and sale of a submersible drilling rig from Raffles to Gadidae AB in 2007. Subsequently Gadidae AB and MSC entered into a contract which Gadidae AB would sell this vessel to MSC. Gadidae AB received USD67,300,000, equivalent to RMB424,051,000, progress billing from MSC in 2007.

33. Provisions

	Note	Balance at the beginning of the year	Charges for the year	Payment during the year	Reversal during the year	Effect of foreign exchange rate changes	Balance at the end of the year
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current							
Warranties for product quality.	(1)	555,341	340,940	(54,071)	(162,516)	(15,860)	663,834
Letter of guarantees for third parties	(2)	12,478	9,274	(2,047)	(1,217)	(431)	18,057
Others		81,754	6,724	(19,603)	(13,290)	(1,297)	54,288
Total		649,573	356,938	(75,721)	(177,023)	(17,588)	736,179

(1) The Group provides after-sales repair warranty to the customers, ranging from two to seven years for containers, one year for trailers, one to seven years for tank equipments, one to two years for airport ground facilities and one year for offshore business after delivery of vessels. The Group will provide repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems. The balance of "Provisions - Warranties for product quality" represents the Group's estimated obligation for such warranties of products sold out during the year and in the previous fiscal years.

(2) The amount represents the possible loss for a bank guarantee letter issued by the Company's subsidiary - TAS.

34. Non-current liabilities due within one year

(1) The analysis of the Group's non-current liabilities due within one year by categories is as follows:

	Note	2011	2010
Long-term loans due within one year			
— Credit loans		1,094,352	2,729,353
— Pledge loans	(a)	649,072	—
— Guarantee loans	(b)	750,000	17,584
Subtotal		2,493,424	2,746,937
Long-term payables due within year		66,894	97,584
Total		2,560,318	2,844,521

(a) As at 31 December 2011, the Group's long term loans due within one year include pledge loans of Raffles amounting to RMB649,072,000, which was pledged by accounts receivables of Raffles and 100% equity interest of LCRO, a subsidiary of Raffles.

(b) As at 31 December 2011, the Group's long term loans due within one year include guarantee loans amounting to RMB50,000,000 guaranteed by HI for its subsidiaries and RMB700,000,000 guaranteed by Raffles for its subsidiaries.

(2) The analysis of the Group's non-current liabilities due within one year by categories is as follows:

(a) The analysis of the Group's non-current liabilities by currencies due within one year is as follows:

	2011				2010			
	Annual interest rate	Original currency	Exchange rate	RMB	Annual interest rate	Original currency	Exchange rate	RMB
		'000		'000		'000		'000
Bank loans								
— RMB	PBOC*'s Benchmark Rate–PBOC's Benchmark Rate +10%	895,000	1.0000	895,000	4.01%–4.73%	2,000,000	1.0000	2,000,000
— USD	LIBOR+55BP –LIBOR+2.08%	248,500	6.3009	1,565,774	LIBOR+90BP	100,000	6.5897	658,970
— HKD	—	—	0.8107	—	HKIBOR+17BP	20,743	0.8477	17,584
— EUR	EURIBOR+65BP	4,000	8.1625	32,650	EURIBOR +65BP	8,000	8.7979	70,383
Total				2,493,424				2,746,937

* PBOC stands for People's Bank of China

As at 31 December 2011, there was no renewal of past due long-term included in the balance of long-term loans due within one year.

(b) As at 31 December 2011, the top five long-term loans due within one year are as follows:

					2011		2010	
Lender	Initial date of the loans	Maturity date of the loans	Currency	Interest rate	Original currency	RMB	Original Currency	RMB
				(%)	'000	'000	'000	'000
1. China Development Bank	19/06/2009	18/06/2012	USD	LIBOR +2.08%	80,000	504,702	—	—
2. Bank of Communications	21/07/2009	17/07/2012	RMB	PBOC Benchmark Rate	500,000	500,000	—	—
3. China Development Bank	12/12/2007	21/06/2012	USD	6-month LIBOR+90BP	60,000	378,054	—	—
4. China Development Bank	12/12/2007	21/12/2012	USD	6-month LIBOR+90BP	60,000	378,054	—	—
5. Bank of China	19/10/2009	19/10/2012	USD	3-month LIBOR+55BP	48,500	305,594	—	—
Total						2,066,404		—

(3) *Long-term payables due within one year*

As at 31 December 2011, long-term payables due within one year included net financial leasing payable of RMB66,894,000, which is total amount of RMB73,234,000 minus unrecognised financing expenses of RMB6,340,000. As at 31 December 2010, long-term payables due within one year included net financial leasing payable of RMB97,584,000, which is total amount of RMB107,499,000 minus unrecognised financing expenses of RMB9,915,000.

The Group had no financial leasing guaranteed by independent third parties.

As at 31 December 2011, long-term payable due within one year was as follows:

Lender	Period	Initial Cost	Interest Rate	Interest Payable	Ending Balance	Requirement
			(%)			
1. China Merchant Finance Leasing Ltd.	from 19 September 2010 to 19 September 2013	312,300	PBOC Benchmark Rate-8.00%	6,340	66,894	Nil

35. **Long-term loans**

(1) The analysis of the Group's long-term loans is as follows:

Item	Note	2011	2010
Bank loans			
— Credit loans		4,424,142	2,534,754
— Secured loans	(a)	344,500	772,202
— Guarantee loans	(c)	1,371,698	460,146
— Pledge loans	(b)	432,245	145,046
Total		6,572,585	3,912,148

Long-term loans in original currencies are as follows:

	2011				2010			
	Annual interest rate	Original currency	Exchange rate	RMB	Annual interest rate	Original currency	Exchange rate	RMB
		’000		’000		’000		’000
Bank loans								
— RMB	PBOC*’s Benchmark Rate+10%–PBOC’s Benchmark Rate -5%	3,642,400	1.0000	3,642,400	3.51%–5.85%	1,438,770	1.0000	1,438,770
— USD	LIBOR+55BP–4.88%	383,206	6.3009	2,414,544	LIBOR+30–185BP	370,000	6.5897	2,438,189
— HKD	HKIBOR+1.7%–2.3%	634,451	0.8107	514,350	HKIBOR +17–33BP	—	—	—
— AUD	—	201	6.4093	1,291	—	—	6.7050	—
— EUR	—	—	8.1625	—	EURIBOR +65BP	4,000	8.7979	35,189
Total				6,572,585				3,912,148

(a) As at December 31, 2011, Raffles, the subsidiary of the Group borrowed RMB310,000,000 secured with its marine space using right, and CIMC Tianyu borrowed RMB34,500,000 secured with the land use right and buildings owned by Huayu Hotel, a subsidiary of CIMC Tianyu.

(b) As at 31 December 2011, the Group's pledge loan borrowed by Raffles amounted to USD68,600,000, equivalent to RMB432,245,000, which was pledged by equity interest of Caspin Driller Pte. Ltd., a subsidiary of Raffles.

(c) As at 31 December 2011, the Group's long-term guarantee loans included bank loans amounting to RMB1,027,130,000, guaranteed by the Company for its subsidiaries; RMB150,000,000 guaranteed by Raffles for its subsidiaries; RMB194,568,000, guaranteed by Enric for its subsidiaries.

(d) No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term loans.

(2) As at 31 December 2011, the top five long-term loans are as follows:

Lender	Initial date of the loans	Maturity date of the loans	Currency	Interest rate	2011 Original currency	2011 RMB	2010 Original currency	2010 RMB
				(%)	’000	’000	’000	’000
1. China Development Bank	12/12/2007	10/12/2013	USD	6-month LIBOR +90BP	150,000	945,135	270,000	1,701,243
2. ABN AMRO	30/04/2011	30//04/2014	USD	LIBOR + 1.5%–1.7%	112,850	711,057	—	—
3. The Export-Import Bank of China	01/02/2011	01/02/2014	RMB	4.76% for the 1st quarter and will be reviewed every quarter	500,000	500,000	—	—
4. China Development Bank	30/11/2011	30/11/2018	USD	4.88%	68,601	432,245	—	—
5. The Export-Import Bank of China	20/01/2011	07/01/2014	RMB	4.76% for the 1st quarter and will be reviewed every quarter	400,000	400,000	—	—
Total						2,988,437		1,701,243

As at 31 December 2011, there was no renewal of past due long-term bank loans included in the above balance of long-term loans.

36. Debentures payable

Item	Balance at the beginning of the year	Addition during the year	Decrease during the year	Balance at the end of the year
medium-term notes — 11 CIMC MTN1	—	3,988,438	—	3,988,438

(1) The analysis of debentures payable is set out as follows:

Debenture name	Face value	Issuance date	Period	Issuance amount	Balance of interest payable at the beginning of the year	Interest accrued	Interest paid	Balance of interest payable at the end of the year	Balance at the end of the year
medium-term notes — 11 CIMC MTN1	4,000,000	23 May 2011	5 years	4,000,000	—	(11,562)	—	(11,562)	3,988,438

The company issued medium-term notes (MTN) on 20 May 2011 with a ceiling of RMB6 billion to institutional investors in the national inter-bank bond market. The first phase of MTN with a total amount of RMB4 billion, a term of five years from 23 May 2011 to 22 May 2016, par value of RMB100 per note and fixed interest rate of 5.23% per annum was successfully issued publicly. Interest is to be paid on 23rd May each year in the arrears until redemption and par value is to be paid on 23 May 2016. The notes are unsecured and targets institutional investors in the national inter-bank market. China Merchants Bank Co., Ltd. is the lead underwriter. Book building and centralised placing were adopted for this issue. The MTN recorded as debenture was subsequently measured at amortized cost using the effective interest.

37. Long-term payable

Item	Note	2011	2010
Financial Leasing payables	(2)	86,846	118,858

(1) As at 31 December 2011, the top three of long-term payables (including all long-term payable) were as follows:

Lender	Period	Initial Cost	Interest Rate	Interest Payable	Ending Balance	Requirement
			(%)			
1. CMB Financial Leasing Co., Ltd.	from 19 September 2010 to 19 September 2013	312,300	PBOC benchmark rate-8%	1,746	53,179	Nil
2. Bank of America	from 20 December 2011 to 20 September 2018	17,397	3.13%	—	17,397	Nil
3. Bank of America	from 4 November 2011 to 4 September 2018	16,270	3.15%	—	16,270	Nil
Total				1,746	86,846	

As at 31 December 2011, balance of the long-term payable of the Group included balance amounting to RMB33,667,000 denominated in USD. There was no balance denominated in foreign currency as at 31 December 2010.

(2) *Breakdown of financial leasing payable*

As at 31 December 2011, the total future minimum lease payments under finance leases, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current interest rate at the balance sheet date), were as follows:

	2011	2010
Within 1 year (inclusive)	73,234	107,499
After 1 year but within 2 (inclusive)	54,925	73,234
After 2 year but within 3 (inclusive)	—	51,675
After 3 years	33,667	—
Subtotal	161,826	232,408
Less: unrecognised finance charges	(8,086)	(15,966)
Carrying amounts	153,740	216,442

Please refer to note V.34 for net financial leasing payable due within one year minus unrecognised financing expenses.

The Group had no financial leasing guaranteed by third party in the year.

The Group had no amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties.

38. Special payables

Item	Balance at the beginning of the year	Additions during the year	Settlements during the year	Effect of foreign exchange rate changes	Balance at the end of the year
Project funds	16,442	2,566	10,068	—	8,940

39. Other non-current liabilities

	2011	2010
Deferred income	198,564	178,008

40. Share capital

The Company's share capital status at 31 December is as follows:

	Balance at the beginning of the year	Additions during the year	Change of shares subject to selling restriction	Balance at the end of the year
Shares subject to selling restriction				
— Shares held by overseas legal persons	—	—	—	—
— Share held by domestic natural persons	620	—	(247)	373
Shares not subject to selling restriction				
— RMB denominated ordinary shares	1,231,297	—	247	1,231,544
— Domestically listed foreign shares	1,430,479	—	—	1,430,479
	2,662,396	—	—	2,662,396

The face value of the aforesaid shares was RMB1.00 per share.

41. Capital reserve

Item	Balance at the beginning of the year	Additions during the year	Settlements during the year	Effect of functional currency change	Balance at the end of the year
Capital premiums	201,222	—	—	—	201,222
Other capital reserves					
— Property revaluation reserve	54,979	—	—	(11,225)	43,754
— Exchange reserve on foreign currency capital	866	—	—	(174)	692
— Donations of non-cash assets reserve	324	—	—	(67)	257
— Net changes in fair value of available-for-sale financial assets	727,466	—	(195,700)	(28,490)	503,276
— Effective portion of changes in fair value of cash flow hedges	14,070	—	(745)	(541)	12,784
— Equity related tax effect	(176,272)	46,922	—	6,594	(122,756)
— Equity settled share-based payment	82,432	117,805	—	(3,283)	196,954
— Capital reserves due to minority shareholders' contribution	88,251	—	—	(9,227)	79,024
— Capital reserves arising from acquiring minority shareholders' equity	256,078	—	—	(8,964)	247,114
— Decreased capital reserves due to minority shareholders' contributor	—	—	(58,964)	—	(58,964)
— Others	100,004	2,695	—	(406,795)	(304,096)
	1,349,420	167,422	(255,409)	(462,172)	799,261

42. Surplus reserve

Item	Balance at the beginning of the year	Additions during the year	Settlements during the year	Effect of functional currency change	Balance at the end of the year
Statutory surplus reserve	1,331,198	92,110	—	(260,240)	1,163,068
Discretionary surplus reserve	2,246,390	—	—	(456,298)	1,790,092
Total	3,577,588	92,110	—	(716,538)	2,953,160

43. Retained earnings

Item	Note	Amount	Appropriation proportion
Retained earnings brought forward		10,689,335	—
Add: profit attributable to shareholders of the Company		3,690,926	—
Less: appropriation to statutory surplus reserve		(92,110)	10% of the net profit was appropriated to statutory surplus reserve
Dividends of ordinary shares	(1)	(931,839)	—
Decrease in retained earnings resulted from acquiring minority interest	(2)	(19,843)	—
Decrease in retained earnings resulted from functional currency change		(551,377)	—
Retained earnings carry forward	(3)	12,785,092	—

(1) Dividends of ordinary shares declared during the year

Pursuant to the shareholders' approval at the Shareholders' Meeting on 13 April 2011, a cash dividend of RMB0.35 per share (2010: RMB0.12 per share) totaling RMB931,839,000 (2010: RMB319,488,000) was declared and paid to the Company's ordinary shareholders on 31 May 2011.

(2) Decrease from acquisition of minority interests

CIMCHK, a wholly-owned subsidiary of the Company, entered in an equity transfer agreement on 25 August 2011 with Jiaozhou Economic and Technological Development and Construction Corporation ("JZETDC"), the minority equity holder of the Company's subsidiary QDCRC. Pursuant to the agreement, CIMC Hong Kong acquired 10.70% equity interest of QDCRC from JZETDC at a cash consideration of USD7,190,000 (RMB46,099,000). After the transaction, the share of equity in interest in QDCRC held by CIMC Hong Kong increased from 68.23% to 78.93%. Therefore, the direct or indirect share of equity in interest in QDCRC held by the Company increased from 89.30% to 100%. Because share premium was insufficient to be reversed, retained earnings amounting to RMB18,686,000 of CIMC Hong Kong were reversed based on the excess of acquisition cost for the additional equity interest over CIMCHKI's share of the carrying value of QDCRC's net assets amount for the additionally acquired equity interest.

According to the equity transfer agreement entered into between Enric, a subsidiary of the Company, and He Hongxing, a minority shareholder of Jingmen Hongtu Machinery Manufacturing Company Limited ("JMHT"), a subsidiary of Enric on 30 December 2011, Enric purchased 40.00% equity of JMHT from He Hongxing in the consideration of RMB3,600,000. After the equity transfer, Enric increased its equity interest in JMHT from 60% to 100%. The excess amount of additional investment cost over Enric's additional interest in the carrying amount of the net assets of JMHT amounting to RMB1,157,000 should have been adjusted to share premium in capital reserve. However, as the balance of the share premium was insufficient, the excess was adjusted to retained earnings.

(3) Retained earnings at the end of the year

As at 31 December 2011, the retained earnings attributable to the Company included an appropriation of RMB674,381,000 to surplus reserve made by the subsidiaries (2010: RMB583,087,000).

44. Operating income and operating cost

(1)

Item	2011	2010
Revenue	62,799,402	50,663,426
Other operating income	1,325,651	1,104,890
Operating cost	52,224,731	43,597,815

There was no individual construction contract whose revenue amounted to more than 10% of the total revenue.

(2) Revenue and Cost (by industries and by products)

	2011		2010	
Industry	Revenue	Cost	Revenue	Cost
Containers	34,531,285	27,861,725	24,949,668	20,210,417
Trailers	16,492,375	14,229,990	16,255,487	14,019,450
Tank equipments	8,087,583	6,683,434	5,081,191	4,225,770
Offshore Engineering	540,920	918,822	2,391,112	3,218,922
Air ground facilities	544,289	350,893	307,079	229,260
Others	2,602,950	1,664,405	1,678,889	1,161,946
Total	62,799,402	51,709,269	50,663,426	43,065,765

(3) *Revenue and Cost (by regions)*

	2011		2010	
Regions	**Revenue**	**Cost**	**Revenue**	**Cost**
P.R China	57,619,027	47,211,361	47,521,140	40,261,708
America	1,762,144	1,620,224	956,129	917,356
Europe	2,153,273	1,881,668	1,670,704	1,444,836
Asia	192,147	168,113	106,315	92,736
Others	1,072,811	827,903	409,138	349,129
Total	62,799,402	51,709,269	50,663,426	43,065,765

The geographical revenue and cost is determined on the location at which the services were provided or the goods were delivered.

(4) Revenue of top five customers in 2011 is as follows:

Customer	**Operating income**	**Percentage of total operating income**
		(%)
1. A.P. Moller-Maersk A/S.	4,621,630	7.21%
2. TAL International Container Corporation	2,229,910	3.48%
3. Mediterranean Shipping Co. S.A.	1,897,313	2.96%
4. Compagnie Maritime. d' Affretement	1,493,308	2.33%
5. Cronos Containers Ltd.	1,362,007	2.12%
Total	11,604,168	18.10%

The Group's revenue of top five customers in 2010 totaled RMB12,871,529,000, accounting for 24.86% of total Revenue.

45. Business taxes and surcharges

Category	**2011**	**2010**	**Taxation basis and rate**
Business tax	89,765	43,947	3%–5% of operating income
Urban maintenance and construction tax	114,746	23,527	7% of VAT and business tax paid
Education fee and surcharges	84,051	5,150	3%–5% of VAT and business tax paid
Land appreciation Tax	14,009	511	Appreciation amount in transferring property and applicable tax rate
Others	42,152	3,757	
	344,723	76,892	

46. Selling and distribution expenses

Category	**2011**	**2010**
Transportation and distribution charges	944,824	623,084
External sales commission	83,486	64,320
Employ benefit	213,927	180,967
Warranty	164,388	41,405
Others	461,275	340,467
Total	1,867,900	1,250,243

47. General and administrative expenses

Category	2011	2010
Low-value consumables and materials consumed	87,845	60,271
Rental	66,302	43,411
Depreciation	170,771	147,697
Employee Benefit	1,283,015	891,417
Taxes and surcharges	140,576	118,005
Agency fee	141,716	158,554
Technology development costs	359,597	226,503
Amortisation	233,689	249,010
Performance Bonus and president bonus	487,499	289,171
Share-based payment expenses	122,642	70,556
Office expenditure, entertainment fee and others	673,569	479,769
Total	3,767,221	2,734,364

48. Financial expenses

	2011	2010
Interest expenses from loans and payables	903,749	472,312
Less: Borrowing costs capitalised	240,988	12,717
Interest income from deposits and receivables	(217,942)	(69,085)
Net exchange losses/(gains)	208,872	225,878
Other financial expenses	130,008	53,395
Total	783,699	669,783

49. (Losses)/gains from changes in fair value

Sources of gain/loss from changes in fair value	2011	2010
Financial assets held for trading		
— Changes in fair value during the year		
1. Gains from changes in fair value of held for trading investments	(33,905)	171,617
2. (Losses)/gains from changes in fair value of derivative financial instrument	(86,378)	94,032
— Income for derecognised financial assets held for trading	(32,453)	(13,540)
Subtotal	(152,736)	252,109
Financial liabilities held for trading		
— Changes in fair value during the year		
1. Gains/(losses) from changes in fair value of derivative financial instrument	52,159	(17,191)
Total	(100,577)	234,918

50. Investment income

(1) The analysis of the Group's investment income is as follows:

Category	Note	2011	2010
Long-term equity investments in cost method	(2)	10,100	7,458
Long-term equity investments in equity method	(3)	44,120	102,938
Gains/(losses) on disposal of long-term equity investments		13,286	(144,206)
Investment gains of held-for-trading financial assets		—	2,280
Investment gains of available-for-sale financial assets		13,030	18,452
Gains on sale of held-for-trading financial assets		32,453	13,540
Gains on sale of available-for-sale financial assets		—	40,641
Others		(4,296)	(2,462)
Total		108,693	38,641

(2) Long-term investments in cost method with individual investment income over 5% of total investment income or less than 5% but ranked the top five investment income for the year are as follows:

Investee	2011	2010	Reasons for variances between two years
BOCM Schroder Stolt Fund Management	10,000	7,458	More cash dividend was distributed during the year
Stolt-Nielsen Limited	100	—	More cash dividend distribution during the year
Total	10,100	7,458	

(3) Long-term investments in equity method with individual investment income over 5% of total investment income or less than 5% but ranked the top five investment income for the year of 2011 are as follows:

Investee	2011	2010	Reasons for variances between two years
TJCIMCZL	23,385	87,698	Changes in profit and loss of the investee
Shanghai Fengyang	50,098	20,010	Changes in profit and loss of the investee
KYH	7,610	8,696	Changes in profit and loss of the investee
NCIMCL	4,574	297	Changes in profit and loss of the investee
Xiamen Haitou	2,813	1,835	Changes in profit and loss of the investee
Total	88,480	118,536	

Note 1: Only top five investees with largest profits before income tax are listed above.

Note 2: There was no significant restriction on the remittance of investment income to the investor.

51. Impairment losses

Item	2011	2010
Accounts receivable	98,052	70,744
Prepayments	37	61,176
Other receivables	22,254	48,660
Inventories	184,212	57,610
Non-current assets due within one year	5,148	8,932
Long-term receivables	27,597	9,785
Long-term equity Investments	2	—
Fixed assets	7,782	17,703
Intangible assets	52,264	—
Goodwill	12,254	—
Total	409,602	274,610

52. Non-operating income

(1) The analysis of the Group's non-operating income is as follows:

Item	Note	2011	2010	Amount included in non-operating income/ losses for the year
Gains on disposal of fixed assets		9,150	1,452	9,150
Gains on disposal of intangible assets		18,646	1,315	18,646
Compensation income		14,757	24,607	14,757
Penalty income		4,265	8,307	4,265
Gains on fixed assets surplus		254	128	254
Government grants	(2)	267,349	93,685	267,349
Recovery due to accrual of contingent consideration on enterprise combination		—	40,805	—
Gain on enterprise combination		—	84,166	—
Others		55,772	37,554	55,772
Total		370,193	292,019	370,193

(2) *Government grants*

Item	2011	2010
Financial subsidies	265,819	92,370
Tax refund	1,530	1,315
Total	267,349	93,685

53. Non-operating expenses

Item	2011	2010	Amount included in non-operating income/ losses for the year
Losses on disposal of fixed assets	28,082	23,318	28,082
Donation expenses	1,911	2,751	1,911
Penalty expenses	1,939	2,173	1,939
Compensation expenses	1,827	4,974	1,827
Others	49,021	22,364	49,021
Total	82,780	55,580	82,780

54. Income tax

(1) Income tax expenses:

	2011	2010
Current tax expenses for the year	1,477,811	853,500
Deferred taxation	(114,043)	(29,752)
Total	1,363,768	823,748

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

Item	2011	2010
Profits before taxation	5,022,706	3,674,607
Expected income tax expenses at applicable tax rates	1,255,677	884,453
Effect of tax incentive	(281,600)	(150,204)
Tax effect of non-deductible expenses	61,881	28,983
Tax effect of non-taxable income	(25,814)	(75,642)
Tax effect of utilisation of tax losses not recognised in prior years	(52,029)	(247,273)
Tax effect of unrecognised tax losses	215,727	167,057
Deductible temporary differences of unrecognised deferred tax assets	88,809	120,945
Effect of tax rate change on deferred tax	12,144	17,224
Tax refund for income tax annual filing	(35,098)	(17,966)
Domestic purchased equipment tax refund	(2,662)	(8,022)
Income tax accruals for profit of foreign holding companies in current year	126,733	104,193
Income tax expenses	1,363,768	823,748

55. Calculation of earnings per share and diluted earnings per share

(1) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company during the year and the weighted average ordinary shares in issue:

	2011	2010
Consolidated profit attributable to ordinary equity shareholders of the Company	3,690,926	3,001,851
Weighted average of ordinary shares in issue ('000)	2,662,396	2,662,396
Basic earnings per share	1.39	1.13

Calculation of weighted average number of ordinary shares	**2011**	**2010**
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Weighted average number of ordinary shares at 31 December ('000)	2,662,396	2,662,396

(2) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company during the year and the adjusted weighted average of ordinary shares in issue:

	Note	2011	2010
Consolidated profit attributable to ordinary equity shareholders of the Company (diluted)	(a)	3,690,926	3,001,851
Weighted average of ordinary shares in issue (diluted) ('000)	(b)	2,684,722	2,666,555
Diluted earnings per share		1.37	1.13

(a) Calculation of Consolidated profit attributable to ordinary equity shareholders of the Company (diluted):

	2011	2010
Consolidated profit attributable to ordinary equity shareholders of the Company	3,690,926	3,001,851

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

	2011	2010
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Effect of share options ('000)	22,326	4,159
Weighted average number of ordinary shares at 31 December (diluted) ('000)	2,684,722	2,666,555

The board of directors the Company was authorised to grant 60,000,000 shares (2.25% of the total issued shares 2,662,396,051 of the Company) to the senior management and other staff. According to the share options plan in Note VII.2, there is no exercisable share options during the year. Please refer to note VII for the details of share options.

56. Other comprehensive income

Item	2011	2010
1. Losses on available-for-sale financial assets	(195,700)	(257,827)
Less: Effect of income tax arising from available-for-sale financial assets	(45,517)	(46,652)
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	—	51,388
Subtotal	(150,183)	(262,563)
2. Gain on cash flow hedges financial instrument	3,162	6,531
Less: Effect of income tax arising from cash flow hedges financial instrument	(119)	(864)
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	2,621	14,026
Subtotal	660	(6,631)
3. Effect of foreign exchange rate changes	(339,575)	(267,232)
4. Others	2,695	72
Total	(486,403)	(536,354)

57. Notes to cash flow statement

(1) Other cash received from operating activities

Item	Amount
Cash received from government grants related to assets	20,556
Cash received from government grants related to income	265,819
Cash received from penalty	4,265
Cash received from quality compensation	14,757
Others	58,338
Total	363,735

(2) Other cash paid for operating activities

Item	Amount
Cash paid for transportation expenses	944,824
Cash paid for rental, insurance and other selling expenses	447,602
Cash paid for technical development fee	359,597
Cash paid for warranty	54,071
Cash paid for commission of external sales	83,486
Cash paid for entertainment	109,777
Cash paid for travelling, office expenses and other expenses in ordinary operation	1,289,257
Total	3,288,614

(3) *Other cash paid for investing activities*

Item	Amount
	RMB'000
Interest income received from deposits and receivables	220,654

(4) *Other cash paid for financing activities*

Item	Amount
Cash paid for finance leases	62,702

58. Information to cash flow statement

(1) Supplement to cash flow statement:

1 Reconciliation of net profit to cash flow from operating activities:

Supplement	2011	2010
Net profit	3,658,938	2,850,859
Add: Impairment for assets	409,602	274,610
Depreciation of fixed assets	817,698	1,149,802
Amortisation of intangible assets	252,935	209,506
Amortisation of long-term deferred expenses and investment properties	25,147	25,218
Losses on disposal of fixed assets, intangible assets and other long-term assets	286	20,551
Reverse of gains from accrued contingent consideration of enterprise combination	—	(40,805)
Gains from enterprise combination	—	(84,166)
Losses/(Gains) on changes in fair value	100,577	(234,918)
Financial expenses	444,819	390,510
Investment income	(108,693)	(38,641)
Share-based payment expenses	122,642	70,556
Increase in deferred tax assets	(173,074)	(191,493)
Increase in deferred tax liabilities	19,705	170,592
Increase in gross inventories	(2,223,824)	(5,245,471)
Increase in operating receivables	(2,333,121)	(3,917,112)
Increase in operating payables	1,544,272	5,883,231
Effect of foreign exchange rate changes	(303,472)	190,072
Net cash inflow from operating activities	2,254,437	1,482,901

2 Significant investment or finance activities not related to cash is as follows:

Item	2011	2010
Assets acquired under finance leases	—	216,442

3 Cash and cash equivalents held by the Group is as follows:

Item	2011	2010
Cash at bank and on hand at the end of the year	6,563,253	3,797,415
Less: Cash at bank and on hand at the beginning of the year	3,797,415	4,396,525
Net increase/(decrease) of cash at bank and on hands	2,765,838	(599,110)

(2) *Information on acquisition of subsidiaries and other business units during the year*

Item	2011	2010
1. Consideration for acquiring subsidiaries and other business units	92,409	1,110,516
2. Cash and cash equivalents paid for acquiring subsidiaries and other business units	92,409	1,110,516
Less: Cash and cash equivalents held by subsidiaries and other business units	2,591	773,685
Less: Cash and cash equivalents already paid	—	—
3. Net cash paid for the acquisition	89,818	336,831
4. Non-cash assets and liabilities held by the acquired subsidiaries and other business units		
Current assets	312,006	5,763,900
Non-current assets	8,796	3,573,722
Current liabilities	(263,258)	(5,278,977)
Non-current liabilities	(2,217)	(1,592,747)
Minority interest	—	(95,164)

(3) Cash and cash equivalents held by the Group is as follows:

Item	2011	2010
Cash at bank and on hand		
Including: Cash at bank	2,415	2,893
Bank deposits available on demand	6,197,423	3,741,518
Other monetary funds available on demand	363,415	53,004
Closing balance of cash and cash equivalents	6,563,253	3,797,415

Note:

Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. The Company does not have immediate holding company.

2. For the information on the subsidiaries of the Company, refer to Note IV.1.

3. For the information about the associates and joint ventures of the Group, refer to Note V.12(3).

4. Other related parties relationships

Organisation name	Relationship with the Group	Organisation code
Florens Container Services Ltd.	Subsidiary of significant shareholder	N/A
Florens Container Corporation S.A.	Subsidiary of significant shareholder	N/A
Florens Maritime Limited	Subsidiary of significant shareholder	N/A
Shenzhen China Merchants Real Estated Co., Ltd	Subsidiary of significant shareholder	61884513-6
Shenzhen CIMC Skyspace Real Estate Development	Minority shareholder of subsidiary	71526714-7
Gasfin	Minority shareholder of subsidiary	N/A
WHRJI	Minority shareholder of subsidiary	78858986-8
PGM	Minority shareholder of subsidiary	N/A
COSCO Container Industries Limited	Significant shareholder	N/A
China Merchants (CIMC) Investment Limited	Significant shareholder	N/A
Bright Touch	Minority shareholder of subsidiary	N/A
Yantai Shipyard	Minority shareholder of subsidiary	N/A
Xiamen Haitou	Associates of the Group	66473091-1
XMHJ	Associates of the Group	55624298-8
DLJLL	Associates of the Group	71696834-0
GXNFWL	Joint venture of the Group	56158545-9
HBIO	Associates of the Group	66934186-X
Qingdao Global International Airline Services Ltd.	Minority shareholder of subsidiary	74722427-2
Leung Kee	Minority shareholder of subsidiary	N/A
C & C Trucks	Associates of the Group	68685184-5
Shaanxi Heavy Duty Automobile Co., Ltd.	Minority shareholder of subsidiary	74127207-0
MSC	Associates of the Group	N/A
Sumitomo	Minority shareholder of subsidiary	N/A

Note:

Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

5. Transactions with related parties

The following transactions with related parties were conducted under normal commercial terms or relevant agreements.

(1) Purchase of goods and receiving of services

The Group

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2011 Amount	2011 Percentage on similar deals	2010 Amount	2010 Percentage on similar deals
					(%)		(%)
Other related party	Purchase	Purchase of raw material	conducted under normal non-related party transaction commercial terms	12,990	0.03%	5,802	0.03%
Other related party	Receiving services	Processing services		3,745	0.73%	—	—
Key management staff	Remuneration			30,568	—	20,758	—

The Company

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2011 Amount	2011 Percentage on similar deals	2010 Amount	2010 Percentage on similar deals
					(%)		(%)
Key management staff	Remuneration			30,568	—	20,758	—

(2) Sales of goods and provision of services

The Group

Related party	Nature of transaction	Transaction details	Pricing Mechanism	2011 Amount	2011 Percentage on similar deals	2010 Amount	2010 Percentage on similar deals
					(%)		(%)
Other related party	Sales	Sales of containers	conducted under normal non-related party transaction commercial terms	2,408,908	4.74%	1,542,395	6.18%

(3) Funding

The Group

Related party	Funding amount	Initial date	Maturity date	Earned interest income/ recognised interest expense during the year	Note
Borrowings					
Gasfin	38,698	19 September 2008	Not fixed repayment date	256	Shareholder loans
Lending					
Shanghai Fengyang	167,672	25 December 2007	Not fixed repayment date	8,665	Shareholder loans
XYW	3,952	20 June 2006	Not fixed repayment date	—	Shareholder loans
PGM	122,438	14 August 2009	Not fixed repayment date	—	Advance payment for capital injection to subsidiary
MSC	288,217	1 December 2007	Not fixed repayment date	—	Shareholder loans

The Company

Related party	Funding amount	Initial date	Maturity date	Earned interest income/recognised interest expense during the year	Note
Lending					
Shanghai Fengyang	167,672	25 December 2007	Not fixed repayment date	8,665	Shareholder loans

(4) Other related party transactions

(i) Sale of a subsidiary

In 2007, CIMC Shenfa Development Co., Ltd. ("CIMCSD"), a subsidiary of the Group and Shenzhen China Merchants Real Estate Co., Ltd., entered into a share transfer agreement, in which CIMCSD will transfer 60% of the equity of Shanghai Fengyang to Shenzhen China Merchants Real Estate Co., Ltd for a price of RMB353,250,000. As at 31 December 2011, RMB70,650,000 of the total price had not been paid.

(ii) Purchase of minority shareholder interest yet to be completed

CIMC Hong Kong, a wholly own subsidiary of the Group had entered into an agreement with Leung Kee, Bright Touch, and Yantai Shipyard, minority shareholders of CIMC Offshore, to acquire a total of 38.24% equity of CIMC Offshore for the consideration of USD113,724,000, equivalent to RMB716,561,000. After the equity transaction, CIMC Hong Kong will increase its equity interest in CIMC Offshore from 61.76% to 100%. The purchase of minority shareholder interest is yet to be completed as at 31 December 2011 and CIMC Hong Kong has recorded payment USD50,000,000 (RMB315,735,000) to Leung Kee in other receivables.

(iii) Share options granted to key management personnel

The Company adopted a new share options scheme since 28 September 2010 (see note VII). Details of share options granted to key management personnel are as follows:

Name	Position	Number of granted share options
		(in'000)
Mai Boliang	President, Chairman	3,800
Zhao Qingsheng	Vice Chairman	1,500
Li Ruiting	Vice Chairman	1,300
Wu Fapei	Vice Chairman	1,000
Li Yinhui	Vice Chairman	1,000
Yu Ya	Vice Chairman	1,000
Liu Xuebin	Vice Chairman	1,500
Jin Jianlong	General Manager of Finance Department	1,000
Zeng Beihua	General Manager of Treasury Department	1,000
Yu Yuqun	Secretary of the Board	1,000
Total		14,100

Some key management personnel were not only granted the above share options of the Company but also were granted share options of Enric, the subsidiary of the Company. Details are as follows:

Name	Position	Number of granted share options
		(in'000)
Zhao Qingsheng	Vice Chairman	1,450
Wu fapei	Vice Chairman	500
Jin Jianlong	General Manager of Finance Department	1,100
Yu Yuquan	Secretary of the Board	1,100
Total		4,150

For detailed information for fair value of the granted share options aforesaid, please refer to Note VII.

6. The balances with related parties as at 31 December are set out as follows:

Receivables:

		The Group	
Caption	**Note**	**2011**	**2010**
Accounts receivable	V.4	109,096	89,035
Other receivables	V.5	980,115	557,348

Payables:

		The Group	
Caption	**Note**	**2011**	**2010**
Accounts payable		2,334	1,263
Other payables	V.32	529,054	232,453

VII. SHARE-BASED PAYMENTS

1. Information about share-based payments

			RMB'000
Total equity instruments granted during the year			83,555
Total equity instruments exercised during the year			—
Total equity instruments forfeited during the year			45,769
The exercise price of outstanding share options at the end of the year and residual life of the share options contracts	1.	Equity-settled share options granted by Enric in 2009 and 2011: HKD4 and HKD2.48 per share respectively, the residual life of contract is 7.83 and 9.82 years respectively;	
	2.	Equity-settled share options granted by Raffles in 2007 and 2008: from USD1.64 to USD4.39 per share, the residual life of contract is 0.5 and 5.72 years respectively; cash-settle share options granted by Raffles in 2011: RMB17.57 per share, the residual life of contract is 3.73 and 8.75 years.	
	3.	Equity-settled share options granted by the Company in 2010 and 2011: RMB12.04 and RMB17.57 per share respectively, the residual life of contracts is both 8.74 years	
The price of other outstanding equity instruments at the end of the year and residual life of relevant contracts			—

Expenses recognised for the year arising from share-based payments are as follows:

	2011	2010
Equity-settled share-based payment	122,138	70,556
Cash-settled share-based payment	504	—
Total	122,642	70,556

2. Information on equity-settled share-based payment

(1) Information on equity-settled share-based payment of Enric

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan I"), which was approved by the shareholders' meeting on 11 November 2009. According to the Plan, the key management personnel and other employees in Enric were granted share options of Enric at nil consideration to subscribe for shares of Enric. The options are 50% exercisable after one year from the date of grant and are then 100% exercisable after two years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 43,750,000, with the exercise price of HKD4 per share.

Enric carried out another share options plan (the "Plan II"), which was approved by the shareholders' meeting on 28 October 2011. According to Plan II, the board of directors of the Company was authorised to grant share options to the key management personnel and other employees of Enric at nil consideration to subscribe for shares of Enric. The options are 40% exercisable after one year from the date of grant and, 70% exercisable after 2 years from the date of grant, and then 100% exercisable after 3 years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 38,200,000, with exercise price of HKD2.48 per share.

(2) Information on equity-settled share-based payment of the Company

A share options scheme (the "Scheme") was approved in the shareholders' meeting of the Company held on 28 September 2010. According to the Scheme, the board of directors of the Company was authorised to grant share potions to the key management personnel and other employees to subscribe for shares of the Company. The effective period of the Scheme is ten years from the first grant date of share options. The options are exercisable in two periods. The options are 25% exercisable from the first transaction date after 24 months since the grant date to the last transaction date after 48 months since grant date. The remaining 75% are exercisable from the first transaction date after 48 months since grant date to the last transaction date of the Scheme. Each option gives the holder the right to subscribe for one ordinary share in the Company. The total number of share options granted was 60,000,000, 54,000,000 among which were for the initial grant with exercise price of RMB12.39 per share while the remaining 6,000,000 options were for reservation.

As mentioned in Note V.43(1), the Company distributed a cash dividend of RMB0.35 per share on 31 May 2011 to ordinary shareholders which was approved by the Shareholders' General Meeting on 13 April 2011. In accordance with the Scheme, upon the implementation of the annual dividend distribution plan for 2010, the Board of Directors would adjust the exercise price of the aforementioned 54,000,000 share options granted on 29 September 2010. The adjusted exercise price is RMB12.04 per share.

According to the resolution approved by the Shareholders' General Meeting on 22 September 2011, the aforementioned 6,000,000 share options for reservation in the Scheme on 28 September 2010 were granted with exercise price of RMB17.57 per share.

(3) Information on equity-settled share-based payment of Raffles

As mentioned in Note IV 6(1), before Raffles was acquired by the Company, Raffles carried out a share option plan approved by the shareholders' meeting on 21 June 2006. According to the share options plan, the board of directors was authorised to grant share options to the key management personnel and other employees to subscribe for shares of Raffles. Each eligible participant purchased the share options at the cost of SGD1. The numbers of options were 6,355,003 and 1,154,003 granted in 2007 and 2008 respectively by the board of directors, with the exercise prices of from USD1.64 to USD1.65, from NOK10.50 to NOK26.00, and from USD1.6425 to USD1.65. The longest effective period of the share options plan was ten years from the first grant date of share options.

(4) Fair value of share options and data input in the valuation model is as follows:

Fair value of share option is estimated based on binomial lattice model. Contract term of the share option is used as the input variable of this model. And the binomial lattice model includes estimation of early execution of the option.

The followings are data of fair value of share options and factors taken into account when using the binomial lattice model:

(a) Enric

	2011	**2010**
Fair value of share options	HKD0.96 to HKD1.08	—
Current share price	HKD2.48	—
Exercise price	HKD2.48	—
Expected fluctuation of stocks	55.98%	—
Vesting period	10 years	—
Expected dividends	2.67%	—
Risk-free rate	1.566%	—

Enric had no share option granted in 2010.

(b) the Group

	2011	**2010**
Fair value of share options	RMB6.06 and RMB8.57	RMB4.08 and RMB6.80
Current share price	RMB16.84	RMB13.21
Exercise price	RMB17.57	RMB12.39
Expected fluctuation of stocks	45%	45%
Vesting period	10 years	10 years
Expected dividends	0.00%	0.60%
Risk-free rate	3.87% and 3.95%	2.60% and 3.40%

(5) Basis of the best estimate of the number of equity instruments expected to vest is as follows:

At each balance sheet date during the vesting period, the Company makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the estimate shall be equal to the number of equity instruments that ultimately vested.

There was no significant difference of estimation between current year and last year.

Accumulated amount recognised in capital reserve for equity-settled share-based payments	196,954
Total expenses recognised for equity-settled share-based payments for current year	122,138
Including:	
— attributable to the Company	105,164
— attributable to Enric	13,681
— attributable to Raffles	3,293

There is no share option exercised for the year (2010: Nil).

3. Information on cash-settled share-based payment

According to the approved Share Appreciation Rights Scheme (draft) Revised ("Scheme") during the board meeting of Raffles held on 27 September 2011, a subsidiary of the Group, Raffles adopted Share Appreciation Rights ("SARs") which is to grant the relevant incentive recipients the right to receive incentive amount in cash from Raffles upon the satisfaction of relevant financial performance of Raffles. Incentive amount is the excess of fair market price of A share of the Company on a particular date over the exercise price.

The scope of incentive recipients of this scheme: the appointed senior management who is non-Chinese nationality of Raffles and its subsidiaries or associates as well as person(s) who made special contribution to the company in the discretion of the board. Accordingly, the there are 4 incentive recipients in the scope with total 760,000 SARs granted.

The Scheme is conditional, which sets stipulations for appraisal result of incentive recipients' performance, misconduct activity and financial performance standards of the Group to fulfill.

The SARs are exercisable in 2 installments periods after 2 years from the rights grant date upon the satisfaction of exercisable conditions.

(1) The SARs are up to 25% exercisable from the first transaction date after 24 months since grant date to the last transaction date after 48 months since grant date.

(2) The remaining SARs up to 75% are exercisable from the first transaction date after 48 months since grant date to the last transaction date of the Scheme.

Raffles will write off the unexercised SARs after each exercise period expires if the SARs being requested for exercise by the grantee satisfying exercise conditions is less than the number of effective SARs during each period.

Raffles will write off unexercised SARs, which was granted but invalid due to un-satisfaction of the exercise condition during the exercise period, after each period expires.

The amount of accrued liabilities to cash-settled share-based payment amounted to RMB504,000 as at 31 December 2011 and the expenses recognised for cash-settle share-based payment was 504,000 for 2011.

VIII. CONTINGENCIES

1. Contingent liabilities

Raffles and its subsidiaries entered into shipbuilding and leasing contract with buyers for the construction, sale and lease of the vessel, of which the contract clauses involve compensation for delivery postponement and termination terms and conditions. As at 31 December 2011, buyers and Raffles were in the process of negotiating reduction in compensation for delivery postponement and continuing execution of the contract due to the fact that delivery date or lease commencing date of certain projects were behind schedule in the contracts. Raffles did not provision for the compensation for delivery postponement based on the judgment of the Group's management from the negotiation.

Based on negotiation result, as at 31 December 2011 the maximum amount of the compensation for delivery postponement of contracted delivery date that Raffles may need to bear is USD4,500,000, equivalent to RMB28,354,000.

While the actual amount of compensation for delivery postponement in future is subject to the actual delivery date in the future, the maximum amount of the compensation for delivery postponement from contracted delivery date to future estimated actual delivery date that Raffles may need to bear is USD20,290,000, equivalent to RMB127,845,000.

2. Guarantees provided for other entities

During the year, HI signed contracts with China Construction Bank, Bank of China, China Merchants Bank and China Everbright Bank, to provide 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 31 December 2011, the Group has the above outstanding guarantees totaling RMB963,600,000 (2010: RMB1,044,329,000).

3. Bills issued but not recorded on books, outstanding letter of credit and performance guarantee

The Group does not recognise bills payable or letter of credit issued as deposits. Corresponding inventories, prepayment and bills receivable are recognised at the earlier of delivery of the goods by the suppliers and the maturity of the bill issued.

As at 31 December 2011, the Group had bills issued to suppliers but not recorded on books and outstanding letter of credit totaling RMB710,862,000 (2010: RMB772,281,000).

As at 31 December 2011, Raffles had outstanding balance of performance guarantees issued by bank totaling to USD495,248,000, equivalent to RMB3,120,658,000, among which balance issued for ship buyer was USD491,064,000, equivalent to RMB3,094,289,000 and balance issued to supplier was USD4,184,000 equivalent to RMB26,369,000 (2010:RMB738,890,000).

As at 31 December 2011, TAS had outstanding balance of performance guarantees issued by bank totaling to RMB207,006,000. The balance included RMB84,765,000 of performance guarantee, RMB11,160,000 of bid guarantee, RMB6,558,000 of quality guarantee and RMB104,523,000 of guarantee issued to suppliers (2010: RMB112,307,000).

4. Significant outstanding litigation

Raffles and its subsidiaries entered into a contract to build semi submersible oil drilling rig named SS PANTANAL and SS AMAZONIA for SCHAHIN Group which incorporated in Brazil, and delivered the rig on November 2010 and April 2011 respectively. Raffles and its subsidiaries lodged a law suit against SCHAHIN Group, which included SCHAHIN HOLDINGS SA and other two subsidiaries, to claim the overdue milestone of USD64,861,000, equivalent to RMB408,682,000 as SCHAHIN Group failed to pay the amount. The company is optimistic on the litigation result and will take positive legal act in favor of shareholders' interests, however, the case has yet hold hearing or come to any conclusion which would cause uncertainties to the profits of 2012 or subsequent periods.

IX. COMMITMENTS

1. Significant commitments

(1) Capital commitments

Item	2011	2010
Significant fixed assets purchase contracts entered into under performance or preparation of performance	316,805	501,727
Investment contracts entered into but not performed or performed partially	401,516	—
Significant contracts entered into for Ships to be manufactured for sales or lease	1,602,307	1,281,930
External investment approved by the Board of Directors	546,888	—
Total	2,867,516	1,783,657

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of properties, fixed assets and so on were payable as follows:

Item	2011	2010
Within 1 year (inclusive)	73,225	47,578
After 1 year but within 2 years (inclusive)	35,470	46,365
After 2 years but within 3 years (inclusive)	27,849	22,437
After 3 years	121,050	104,998
Total	257,594	221,378

X. NON-ADJUSTING POST BALANCE SHEET EVENTS

1. Information about profit distributions after balance sheet date

Dividend proposed to be distributed after balance sheet date	Note 1	1,224,702

(1) Dividend for ordinary shares proposed after balance sheet date

Board of directors proposed to distribute cash dividend of RMB0.46 per share (2010: RMB0.35 per share) to ordinary shareholders of the Company on 22 March 2012, totally RMB1,224,702,000 (2010: RMB931,839,000). The proposal is pending for approval of the Shareholders Meeting. The cash dividend proposed after the balance sheet date had not been recognised as a liability at the balance sheet date.

2. Acquisition of minority interests

CIMC Hong Kong, the subsidiary of the Company, made the remaining payment as mentioned in Note VI.5(4)(ii), amounting to USD63,724,000, equivalent to RMB402,194,000, to Leung Kee, Bright Touch and Yantai Shipyard in January 2012, and completed relevant procedures of equity transfer. Therefore, the aforementioned acquisition of CIMC Offshore's minority interest made by CIMC Hong Kong was complete.

XI. OTHER SIGNIFICANT MATTERS

1. Finance lease

Please read Note V.11 and Note V.37 for reference of the Group's Accounts Receivables and Accounts Payables related to finance lease.

2. Segment reporting

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, eight reportable segments are identified by the Group including containers, trailers, energy chemistry and food equipment, marine projects, airport facilities, logistic equipments and services, railway trucks manufactory and property development. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segment as different technical and market strategy are adopted. The Group reviews the financial information of individual segment regularly to determine resources allocation and performance assessment.

(1) Segment revenue, expenses, assets and liabilities

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

Segment assets include tangible assets, intangible assets, other long-term assets and accounts receivable, etc, but exclude deferred tax assets and other un-allocated headquarter assets. Segment liabilities include payables, bank loans, provision, special payables and other liabilities, while deferred tax liabilities are exclude.

Segment profit represents revenue (including external operating income and inter-segment operating income), offsetting segment expenses, depreciation and amortisation, impairment losses, interest expenses and income attributable to individual segment. Transactions conducted among segments are under normal non-related party transaction commercial terms. The Group does not allocate non-operating income/expenses and income tax expenses to individual segment.

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/ (losses), assets and liabilities is set out as follows:

Item	Containers	Trailers	Energy chemistry and food equipment	Offshore business	Airport facilities	Others	Elimination between segments	Unallocated items	Total
	2011	2011	2011	2011	2011	2011	2011	2011	2011
External transaction	35,039,953	16,724,683	8,283,673	576,576	571,030	2,929,138	—	—	64,125,053
Inter segment transaction	31,597	473,993	244,800	—	—	415,459	(1,165,849)	—	—
Investment income/(losses) in joint ventures and associates	31,975	(49,745)	—	(262)	—	55,341	—	6,811	44,120
Impairment loss for the year	152,478	4,492	9,260	206,936	7,782	28,654	—	—	409,602
Depreciation and amortisation expenses	341,017	252,195	288,143	146,325	3,556	64,544	—	—	1,095,780
Interest income	44,632	14,107	19,061	8,779	273	107,860	—	23,230	217,942
Interest expenses	30,955	84,680	21,917	154,440	16	79,425	—	291,328	662,761
Segment operating profit/(losses)	4,719,961	691,488	613,504	(1,174,147)	55,493	1,127,478	—	(1,011,071)	5,022,706
Income tax expenses	1,090,818	178,714	120,283	(57,762)	11,846	33,740	—	(13,871)	1,363,768
Net profit/(losses)	3,629,143	512,774	493,221	(1,116,385)	43,647	1,093,738	—	(997,200)	3,658,938
Segment total assets	13,662,205	10,982,265	9,087,139	15,184,945	563,804	11,465,921	—	3,415,435	64,361,714
Segment total liabilities	5,901,562	3,675,676	3,745,818	11,497,409	263,767	6,604,023	—	11,059,787	42,748,042
Supplementary information:									
— Segment expenditures other than depreciation and amortization	142,333	5,463	6,881	13,233	14,029	26,491	—	84,079	292,509
— Long-term equity investment of joint ventures and associates	622,096	480,254	—	201,528	—	134,411	—	129,665	1,567,954
— Segment expenditures raising from additions of non-current assets	1,401,736	488,759	803,762	1,146,280	26,753	260,025	—	—	4,127,315

Item	Containers	Trailers	Energy chemistry and food equipment	Offshore business	Airport facilities	Others	Elimination between segments	Unallocated items	Total
	2010	2010	2010	2010	2010	2010	2010	2010	2010
External transaction	25,342,782	16,628,173	5,229,401	2,444,034	342,614	1,781,312	—	—	51,768,316
Inter segment transaction	97,190	3,380	121,397	—	—	276,957	(498,924)	—	—
Investment income/(losses) in joint ventures and associates	92,744	(23,444)	—	4,770	—	20,091	—	8,777	102,938
Impairment loss for the year	21,245	104,638	(2,935)	104,658	4,122	42,882	—	—	274,610
Depreciation and amortisation expenses	368,754	556,793	292,187	181,564	3,619	47,600	—	—	1,450,517
Interest income	19,740	15,335	14,707	8,575	142	2,713	—	7,873	69,085
Interest expenses	27,937	50,977	24,618	157,288	479	10,885	—	187,411	459,595
Segment operating profit/(losses)	3,893,013	708,565	159,096	(1,228,362)	30,515	130,811	—	(19,031)	3,674,607
Income tax expenses	551,978	151,533	92,400	(85,984)	5,249	106,831	—	1,741	823,748
Net profit/(losses)	3,341,035	557,032	66,696	(1,142,378)	25,266	23,980	—	(20,772)	2,850,859
Segment total assets	13,854,245	10,966,282	6,330,323	11,977,241	473,042	6,030,049	—	4,499,467	54,130,649
Segment total liabilities	6,825,058	5,304,438	2,550,273	9,526,301	210,660	1,826,904	—	8,680,315	34,923,949
Supplementary information:									
— Segment expenditures other than depreciation and amortization	—	—	39,683	4,790	—	—	—	86,126	130,599
— Long-term equity investment of joint ventures and associates	582,167	143,029	—	208,833	—	84,311	—	140,757	1,159,097
— Segment expenditures raising from additions of non-current assets	1,245,268	1,215,549	1,019,849	1,999,667	117,203	283,419	—	61,455	5,942,410

(2) Geographic information

The following table sets out information about the geographical information of the Group's revenue from external customers and the Group's non-current assets (excluding financial assets and deferred tax assets, same for the below). The geographical locations of customers are based on the location at which the services were provided or the goods were delivered. The geographical locations of the specified non-current assets are based on the physical location of the assets (for fixed assets), or the location of the business to which they are allocated (for intangible assets and goodwill), or the location of operations of the associates and joint ventures.

Geographic information

Country/Region	**Revenue from external customers**		**Non-current assets**	
	2011	**2010**	**2011**	**2010**
P.R.China	22,450,481	19,234,663	18,496,639	16,177,074
Asia (exclusive of China)	5,606,815	4,217,055	36,863	42,840
America	15,778,210	15,802,084	325,886	295,449
Europe	18,057,672	11,616,461	1,143,609	1,180,426
Others	2,231,875	898,053	44,405	49,172
Total	64,125,053	51,768,316	20,047,402	17,744,961

3. Risk analysis, sensitivity analysis, and fair values of financial instruments

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks and etc.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

(1) Credit risk

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

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

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

Most of the Group's and the Company's customers have been transacting with the Group or the Company for a long time, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date. This Group has made the provision for the significant overdue receivables at 31 December 2011.

Guideline from the Group basis to the assets of associates and jointly controlled, profit forecast of development project provide fund to associates and jointly controlled entity and continue to monitor the project progress and its operating to ensure the recoverability of the fund.

In addition, the debtors of the Group that are neither past due nor impaired mainly due to a wide range of customers for whom there was no recent history of default.

The Group's exposure to credit risk is influenced mainly by the individual characteristics and industries of each customer rather than country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, the Group and the Company had a certain concentration of credit risk, as 25.40% (2010: 19.47%) of the total accounts receivable and other receivables were due from the five largest customers of the Group.

Investments are normally made only in liquid securities quoted on a recognised stock exchange, except where entered into for long-term strategic purposes. Transactions involving derivative financial instruments are made with counterparties of sound credit standing and with whom the Group has a signed netting ISDA agreement (International Swap Derivative Association). Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. Except for the financial guarantees given by the Group as set out in Note VIII, the Group and the Company do not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note VIII.

(2) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Company is responsible for the cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, for individual subsidiaries subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial assets and financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on prevailing interest rates at 31 December) and the earliest date the Group can be required to pay:

	2011 Contractual undiscounted cash flow					
Item	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
Financial assets						
Cash at bank and on hand	7,788,126	—	—	—	7,788,126	7,788,126
Accounts receivable and other receivables	10,820,449	—	—	—	10,820,449	10,820,449
Long-term receivables	3,002,110	1,330,588	889,346	631,378	5,853,422	4,946,522
Subtotal	21,610,685	1,330,588	889,346	631,378	24,461,997	23,555,097
Financial liabilities						
Short-term loans	(8,030,912)	—	—	—	(8,030,912)	(8,030,912)
Debentures payable	(209,200)	(209,200)	(4,627,600)	—	(5,046,000)	(3,988,438)
Accounts payable and other payables	(10,722,803)	—	—	—	(10,722,803)	(10,722,803)
Long-term loans	(2,556,258)	(1,295,764)	(5,147,355)	(453,339)	(9,452,716)	(9,066,009)
Long-term payables	(73,234)	(54,925)	—	(33,667)	(161,826)	(153,740)
Subtotal	(21,592,407)	(1,559,889)	(9,774,955)	(487,006)	(33,414,257)	(31,961,902)
Net total	18,278	(229,301)	(8,885,609)	144,372	(8,952,260)	(8,406,805)

	2010 Contractual undiscounted cash flow					
Item	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
Financial assets						
Cash at bank and on hand	4,655,696	—	—	—	4,655,696	4,655,696
Accounts receivable and other receivables	10,366,108	—	—	—	10,366,108	10,366,108
Long-term receivables	1,319,429	765,552	583,136	91,122	2,759,239	2,521,759
Subtotal	16,341,233	765,552	583,136	91,122	17,781,043	17,543,563
Financial liabilities						
Short-term loans	(8,309,309)	—	—	—	(8,309,309)	(8,309,309)
Accounts payable and other payables	(11,505,867)	—	—	—	(11,505,867)	(11,505,867)
Long-term loans	(2,852,174)	(419,619)	(1,678,482)	(2,098,101)	(7,048,376)	(6,659,085)
Long-term payables	(107,499)	(71,161)	(53,746)	—	(232,406)	(216,442)
Subtotal	(22,774,849)	(490,780)	(1,732,228)	(2,098,101)	(27,095,958)	(26,690,703)
Net total	(6,433,616)	274,772	(1,149,092)	(2,006,979)	(9,314,915)	(9,147,140)

(3) *Interest rate risk*

The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(a) As at 31 December, the Group held the following interest-bearing financial instruments:

	2011		2010	
Item	**Annual interest rate**	**Amount**	**Annual interest rate**	**Amount**
Fixed rates interest-bearing financial instruments				
Financial assets				
— Long-term receivables	4.20% –19.89%	2,311,235	6.63%–24.17%	1,336,257
— Long-term receivables due within one year	4.20%–19.89%	2,635,287	6.63%–24.17%	1,185,502
Financial liabilities				
— Short-term loans	3.28%–7.20%	(2,980,294)	2.34%–4.30%	(8,309,308)
— Long-term debenture payable	5.23%	(3,988,438)	—	—
Total		(2,022,210)		(5,787,549)

	2011		2010	
Item	**Annual interest rate**	**Amount**	**Annual interest rate**	**Amount**
Variable rates interest-bearing financial instruments				
Financial assets				
— Cash and cash equivalents	0.50%–4.40%	7,788,126	0.40%–3.90%	4,655,696
Financial liabilities				
— Long-term loans due within one year	Note V.34	(2,493,424)	Note V.34	(2,746,937)
— Long-term loans	Note V.35	(6,572,585)	Note V.35	(3,912,148)
— Short-term loans	LIBOR+0.33%– PBOC*'s Benchmark Rate + 10%	(5,050,618)	—	—
— Long-term payables	Note V.37	(86,846)	Note V.37	(118,858)
— Long-term payables within one year	Note V.34	(66,894)	Note V.34	(97,587)
Total		(6,482,241)		(2,219,834)

(b) Sensitivity analysis

As at 31 December 2011, it is estimated that a general increase/decrease of 75 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by RMB36,463,000 (2010: RMB12,487,000), and equity by RMB36,463,000 (2010: RMB12,487,000).

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rate had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis was performed on the same basis for the previous year.

(4) *Foreign currency risk*

The major currency received by the Group is USD and the major currency paid out is RMB. In order to avoid the risks resulting from the fluctuation of the exchange rate of RMB, in respect of accounts receivable and payables denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) Besides the exposure to currency risk arising from financial assets and financial liabilities disclosed in Note V.2 and V.24, the Group's exposure as at 31 December to currency risk arising from recognised assets or liabilities denominated in foreign currencies is follows. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	2011				2010			
Item	**USD**	**EUR**	**HKD**	**JPY**	**USD**	**EUR**	**HKD**	**JPY**
Cash at bank and on hand	2,490,443	360,276	240,075	11,522	1,521,592	396,971	128,125	34,616
Accounts receivable	5,024,086	443,299	1,702	12,624	5,327,812	401,879	17,057	4,323
Short-term loans	(3,788,474)	(203,957)	(682,994)	(1,733)	(3,035,638)	(287,944)	(423,878)	(10,021)
Long-term loans	(2,414,544)	—	(514,350)	—	(2,438,189)	(35,189)	—	—
Accounts payable	(951,496)	(353,209)	(16,189)	(574)	(2,924,606)	(156,227)	(169,893)	(3,551)
Provisions	(446,176)	(5,873)	—	—	(294,478)	(25,644)	(23,472)	—
Non-current liabilities due within one year	(1,565,774)	(32,650)	—	—	(658,970)	(70,383)	(17,584)	—
Gross balance sheet exposure	(1,651,935)	207,886	(971,756)	21,839	(2,502,477)	223,463	(489,645)	25,367

(b) The following are the exchange rates for Renminbi against foreign currencies applied by the Group and the Company:

	Average exchange rate		**Benchmark exchange rate**	
Item	**2011**	**2010**	**2011**	**2010**
USD	6.4503	6.7465	6.3009	6.5897
EUR	9.0377	8.8378	8.1625	8.7979
HKD	0.8287	0.8682	0.8107	0.8477
JPY	0.0810	0.0777	0.0811	0.0810

(c) Sensitivity analysis

Assuming all other risk variables remained constant, 2.33%, 2.00%, 2.40% and 1.00% strengthening of the RMB against the USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2011 (4%, 3%, 4% and 10% strengthening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2010) would have increased (decreased) equity and net profit by the amount shown below; whose effect is in RMB and translated using the spot rate at the balance sheet date:

		RMB'000
Item	**Equity**	**Net profit**
31 December 2011		
USD	28,868	28,868
EUR	(3,118)	(3,118)
HKD	17,492	17,492
JPY	(164)	(164)
Total	43,078	43,078
31 December 2010		
USD	75,074	75,074
EUR	(5,028)	(5,028)
HKD	14,689	14,689
JPY	(1,903)	(1,903)
Total	82,832	82,832

2.33%, 2.00%, 2.40% and 1.00% weakening of the RMB against USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2011 (4%, 3%, 4% and 10% weakening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2010) would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, the analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous year.

The above sensitive analysis does not include exposure to currency risk arising from foreign future contracts, Japanese Yen exchange option and swap contact for interest rate disclosed in Note V.2 and V.24 about financial assets and financial liabilities, but the change in exchange rate may have effect on shareholders' equity and net profit.

(5) Other price risks

Other price risks are stock price risk. As at 31 December 2011, the Group held 41,978,498 tradable shares of China Merchants Securities and 11,526,000 tradable shares of China Merchants Bank.

As at 31 December 2011, it is estimated that a general increase/decrease of composite index of Shanghai A-share 21.69% (2010: 14.31%), or 609 point (2010: 469 point), with all other variables held constant, would increase/decrease the Group's shareholders' equity by RMB93,043,000 (2010: RMB81,501,000).

The sensitivity analysis above arise assuming that the change in composite index of Shanghai A-share occurred at the balance sheet date is reasonable and had been applied to re-measure those investments in securities held by the Group. The sensitivity analysis is also based on another assumption, namely, the fair value of the investments in securities held by the Group is relevant to composite index of stock market, and available-for-sales securities investment has same risk factor as trading securities investment, and all other variables held constant. 21.69% change in composite index of Shanghai A-share is a reasonable expectation of the Group for the period from the balance date to the next balance sheet date.

(6) Fair values

(a) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value as at 31 December 2011 across the three levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2011

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities held for trading					
Held for trading	V.2	143,692	—	—	143,692
Derivative financial assets	V.2	—	32,691	—	32,691
Hedging Instrument	V.2	—	9,751	—	9,751
Subtotal		143,692	42,442	—	186,134
Available-for-sale financial assets	V.10	571,954	—	—	571,954
Subtotal		571,954	—	—	571,954
Total		715,646	42,442	—	758,088

Liabilities	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities held for trading					
Derivative financial liabilities	V.24	—	(105,943)	—	(105,943)
Total		—	(105,943)	—	(105,943)

As at 31 December 2010

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading					
Held for trading	V.2	393,491	—	—	393,491
Derivative financial assets	V.2	—	119,069	—	119,069
Hedging Instrument	V.2	—	13,101	—	13,101
Subtotal		393,491	132,170	—	525,661
Available-for-sale financial assets	V.10	768,467	—	—	768,467
Subtotal		768,467	—	—	768,467
Total		1,161,958	132,170	—	1,294,128

Liabilities	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities held for trading					
Derivative financial liabilities	V.24	—	(158,102)	—	(158,102)
Total		—	(158,102)	—	(158,102)

During the year ended 31 December 2011, there were no significant transfers between instruments in Level 1 and Level 2.

During the year ended 31 December 2011, there were no changes in valuation technique of fair value.

(b) Fair value of other financial instruments (the carrying amounts are not measured at fair value

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2011.

(7) Estimation and assumption of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial assets and liabilities held for trading, available-for-sale financial assets, and items set out in Note XI.3.(6) that measured at fair value on the balance sheet date.

(a) Equity investments

Fair value is based on quoted market prices at the balance sheet date for financial assets and liabilities held for trading (excluding derivatives), and available-for-sale financial assets if there is an active market.

(b) Receivables

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

(c) Loans, debenture payable, long-term payables and other non-derivatives financial liabilities

The fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

(d) Derivatives

The fair value of forward exchange contracts is either based on their listed market prices or by discounting the contractual forward price and deducting the current spot rate. The fair value of interest rate swaps is based on broker quotes. The quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar interest rate instrument at the measurement date.

(e) 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 the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(f) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows are based on same term loans' rates announced by People's Bank of China at the balance sheet date plus an adequate credit spread and are as follows:

	Interest rates used in 2011	**Interest rates used in 2010**
Long-term loans	1.03%–6.10%	0.85%–5.23%
Receivables	6.10%–7.05%	5.35%–6.40%

4. Assets and liabilities measured at fair value

Item	**Balance at the beginning of the year**	**Change in fair value of the year**	**Accumulated change in fair value in equity**	**Provision of impairment for the year**	**Balance at the end of the year**
Financial assets					
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)	393,491	(66,358)	—	—	143,692
2. Derivative financial instrument	119,069	(86,378)	—	—	32,691
3. Hedging Instrument	13,101	—	12,784	—	9,751
4. Available-for-sale financial assets	768,467	—	503,276	—	571,954
Subtotal	1,294,128	(152,736)	516,060	—	758,088
Financial liabilities	(158,102)	52,159	—	—	(105,943)

5. Financial Assets and Liabilities in Foreign Currencies

Item	Note	Balance at the beginning of the year	Change in fair value of the year	Accumulated change in fair value in equity	Provision of impairment for the year	Balance at the end of the year
Financial assets						
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)		230,231	(27,472)	—	—	143,692
2. Derivative financial instrument	(1)	119,069	(86,378)	—	—	32,691
3. Hedging Instrument		13,101	—	12,784	—	9,751
4. Loans and receivables	(2)	5,815,450	—	—	(162,938)	7,910,913
5. Available-for-sales		9,066	—	(870)	—	7,799
Subtotal		6,186,917	(113,850)	11,914	(162,938)	8,104,846
Financial liabilities	(3)	(12,293,652)	52,159	—	—	(13,495,209)

Note:

(1) Derivative financial instrument in foreign currency includes foreign currency future contract.

(2) Loans and receivables in foreign currency includes accounts receivable, other receivables, prepayments and long-term receivable denominated in foreign currencies.

(3) Financial liabilities includes foreign currency loans, accounts payable, other payables, advances from customers, long term payables, interest rate swap contracts and stock option contracts.

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY

1. Cash at bank and on hand

	2011			2010		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
	’000		’000	’000		’000
Cash at bank						
RMB	98,805	1.0000	98,805	293,010	1.0000	293,010
USD	15,909	6.3009	100,239	2,953	6.5897	19,457
HKD	58	0.8107	47	94	0.8477	79
JPY	141,750	0.0811	11,496	384,917	0.0810	31,172
EUR	35	8.1625	288	2	8.7979	17
Subtotal			210,875			343,735
Other momentary funds						
RMB	217,099	1.0000	217,099	73,726	1.0000	73,726
USD	377	6.3009	2,376	377	6.5897	2,484
Subtotal			219,475			76,210
Total			430,350			419,945

As at 31 December 2011, restricted cash at bank and on hand of the Company was RMB2,476,000 (2010: RMB2,484,000).

2. Financial assets held for trading

(1) Financial assets held for trading by categories:

Category	2011	2010
1. Equity securities investments held for trading	—	162,298

3. Dividends receivable

	2011	2010
SCIMC	722,920	560,378
SCIMCEL	551,157	149,861
XHCIMC	3,595	1,726
QDCC	24,967	34,355
DLCIMC	55,361	55,361
NBCIMC	37,168	32,001
SCRC	54,186	84,097
XHCIMCS	228,775	155,179
QDCSR	27,461	22,635
DLL	104,674	46,248
CIMC Hong Kong	3,113,070	3,043,364
TCCIMC	21,202	23,831
ZZCIMC	57,125	23,333
TJCIMCLE	16,540	6,253
SBWI	49,826	—
QDCRC	918	4,815
SHYSLE	21,115	—
TJCIMC	20,237	—
TJCIMCN	44,762	—
HI	246,836	—
SHENZHEN SOUTH CIMC LOGISTICS CO., LTD (“SZSCIMCL”)	1,360	—
Total	5,403,255	4,243,437

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of dividends receivable.

4. Other receivables

(1) Other receivables by customers’ categories:

Category	2011	2010
Amounts due from related parties	6,776,661	4,171,470
Deposits	444	804
Others	26,550	7,448
Subtotal	6,803,655	4,179,722
Less: provision for bad and doubtful debts	(4,876)	(4,554)
Total	6,798,779	4,175,168

(2) The ageing analysis of other receivables is as follows:

Category	**2011**	**2010**
Within 1 year	6,652,704	4,030,771
1 to 2 years	2,000	—
2 to 3 years	—	148,951
More than 3 years	148,951	—
Subtotal	6,803,655	4,179,722
Less: provision for bad and doubtful debts	(4,876)	(4,554)
Total	6,798,779	4,175,168

The aging is counted starting from the date the other receivable is recognised.

(3) Other receivables by categories:

		2011				2010			
		Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
Category	**Note**	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**
Individually significant other receivables	(4)	6,776,307	99.60%	—	—	4,157,910	99.48%	—	—
Other insignificant other receivables	(5)	27,348	0.40%	4,876	17.83%	21,812	0.52%	4,554	20.88%
Total		6,803,655	100.00%	4,876	0.07%	4,179,722	100.00%	4,554	0.11%

There are no collaterals the Group holds for accounts receivable that made impairment aforesaid.

Individually significant items represent other receivables which individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements grouped in the consolidated financial statement.

(4) An analysis of other receivables individually significant and assessed for impairment individually is as follows:

There are no other receivables individually significant and individually assessed for impairment at the year end. (2010: Nil).

(5) An analysis of individually insignificant but assessed for impairment individually is as follows:

There are no other receivables individually insignificant but assessed for impairment individually at the year end (2010: Nil).

(6) *Written-back or recovery of accounts receivable during the year*

There were no other receivables for which a full provision or a significant provision was made in previous years while were recovered in full or in significant amount during the year (2010: Nil).

(7) *Write-off of other receivables during the year*

There was no material write-off of other receivables during the year (2010: Nil).

(8) Other receivables due from the five largest debtors of the Group are as follows:

Debtor	Relationship with the Company	RMB	Aging	Proportion in total other receivables
		’000		(%)
1. Total amounts due from subsidiaries . . .	Subsidiaries	6,608,635	Within 1 year	97.13%
2. Shanghai Fengyang Real Estate Development Co., Ltd	Associates	167,672	1 to 3 years	2.46%
3. Yantai Hi-tech Industrial Park Finance Bureau	Nil	20,000	Within 1 year	0.29%
4. Xietong Ltd.	Nil	2,000	1 to 2 years	0.03%
5. Ping An Insurance (Group) Company of China, Ltd..	Nil	860	Within 1 year	0.01%
Total		6,799,167		99.92%

The Group’s top 5 other receivables at the end of 2010 amounted to RMB4,170,753,000, accounting for 99.78% of the total other receivables.

(9) *Status of share holders holding to 5% or above voting rights, in the Company’s other receivables*

No balance of other receivables due from shareholders who hold 5% or more of the voting rights of the Group as at balance sheet date.

(10) *Receivables due from related parties*

Related party	Relationship with the Company	Amount	Percentage in total other receivables
			(%)
Associates.	Associates	167,672	2.46%
Subsidiaries.	Subsidiaries	6,608,635	97.13%
Others	Minority shareholders of associates and subsidiaries	354	0.01%
Total		6,776,661	99.60%

(11) *Derecognition of other receivables due to transferring of financial assets*

There was no derecognition of other receivables due to transferring of financial assets of the Company (2010: Nil).

(12) *Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables*

There were no securitised other receivables during the year (2010: Nil).

5. Available-for-sale financial assets

Item	2011	2010
Available-for-sale equity instruments	564,155	759,401

Detailed analysis for the Group’s available-for-sale financial assets, refer to Note V.10.

6. **Long-term equity investments**

(1) As at 31 December 2010, the Company's long-term equity investments are as follows:

Item	2011	2010
Investments to subsidiaries	3,949,644	3,273,573
Investment to associates	2,602	—
Other long-term equity investments	391,970	391,970
Subtotal	4,344,216	3,665,543
Less: provision of impairment	(3,065)	(3,065)
Total	4,341,151	3,662,478

(2) The Company's investments on subsidiaries are as follows:

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage	The Company subsidiaries voting right	Whether voting right is different from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/ received of the year
					(%)	(%)				
Costing method — Investment in subsidiaries:										
SCIMC	82,042	82,042	—	82,042	100.00%	100.00%	—	—	—	162,542
SCIMCEL	82,042	82,042	—	82,042	100.00%	100.00%	—	—	—	414,435
XHCIMC	36,500	36,500	—	36,500	100.00%	100.00%	—	—	—	2,883
CIMB Yuandong	114,249	114,249	—	114,249	100.00%	100.00%	—	—	—	—
TJCIMC	75,421	81,333	(5,912)	75,421	100.00%	100.00%	—	—	—	20,237
TJCIMCN	239,960	75,780	164,180	239,960	100.00%	100.00%	—	—	—	44,762
QDCC	60,255	60,225	—	60,225	100.00%	100.00%	—	—	—	26,845
DLCIMC	48,764	48,764	—	48,764	100.00%	100.00%	—	—	—	—
NBCIMC	24,711	24,711	—	24,711	100.00%	100.00%	—	—	—	38,175
SBWI	66,558	66,558	—	66,558	94.75%	100.00%	IV.1.4.ii	—	—	49,826
TCCIMC	131,654	131,654	—	131,654	100.00%	100.00%	—	—	—	101,230
ZZCIMC	100,597	100,597	—	100,597	100.00%	100.00%	—	—	—	57,125
SHYSLE	78,955	78,955	—	78,955	100.00%	100.00%	—	—	—	21,115
CQVL	39,499	39,499	—	39,499	100.00%	100.00%	—	—	—	—
SCRC	200,892	200,892	—	200,892	92.00%	100.00%	—	—	—	113,471
QDCRC	54,225	54,225	—	54,225	100.00%	100.00%	—	—	—	4,897
XHCIMCS	82,026	82,026	—	82,026	100.00%	100.00%	—	—	—	79,718
DLL	46,284	46,284	—	46,284	100.00%	100.00%	—	—	—	58,565
QDCSR	12,743	12,743	—	12,743	100.00%	100.00%	—	—	—	7,730
TJCIMCLE	16,459	16,459	—	16,459	100.00%	100.00%	—	—	—	11,316
CIMC Hong Kong	1,690	1,690	—	1,690	100.00%	100.00%	—	—	—	207,175
CIMC (USA)	171,397	171,397	—	171,397	100.00%	100.00%	—	—	—	—
CIMCSD	162,686	162,686	—	162,686	100.00%	100.00%	—	—	—	75,550
HI	496,863	276,148	220,715	496,863	80.00%	80.00%	—	—	—	246,836
CIMC TEI	—	24	(24)	—	—	—	—	—	—	—
CIMC Tech	13,726	2,526	11,200	13,726	100.00%	100.00%	—	—	—	—
TCCRC	59,792	59,792	—	59,792	100.00%	100.00%	—	—	—	—
CIMCWD	108,544	108,544	—	108,544	100.00%	100.00%	—	—	—	—
CIMC Management and Training (Shenzhen)	48,102	48,102	—	48,102	100.00%	100.00%	—	—	—	—
DLZH	111,083	111,083	—	111,083	100.00%	100.00%	—	—	—	—
MEA	111,703	21,703	90,000	111,703	100.00%	100.00%	—	—	—	—
SZW	3,472	3,472	—	3,472	100.00%	100.00%	—	—	—	—

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the year	Balance at the end of the year	Shareholding percentage	The Company subsidiaries voting right	Whether voting right is different from the shareholding interest	Provision for impairment	Impairment loss of the year	Dividend receivable/ received of the year
					(%)	(%)				
TLC	81,548	81,548	—	81,548	100.00%	100.00%	—	—	—	—
SZSCIMCL	21,717	21,717	—	21,717	100.00%	100.00%	—	—	—	1,360
SZ investment	72,401	72,401	—	72,401	100.00%	100.00%	—	—	—	—
Finance Company	482,590	482,590	—	482,590	100.00%	100.00%	—	—	—	—
CIMC Vehicle Finance and Leasing Co., Ltd.	185,700	185,700	—	185,700	100.00%	100.00%	—	—	—	—
QDSV	26,912	26,912	—	26,912	80.00%	100.00%	IV.1.4.ii	—	—	—
SHGYTY	40,000	—	40,000	40,000	100.00%	100.00%	—	—	—	—
CIMCI	60,000	—	60,000	60,000	100.00%	100.00%	—	—	—	—
SZSKYC	90,000	—	90,000	90,000	100.00%	100.00%	—	—	—	—
Tianjin Kangde Logistics Equipment Co., Ltd	5,912	—	5,912	5,912	100.00%	100.00%	—	—	—	—
Subtotal	3,949,644	3,273,573	676,071	3,949,644	—	—	—	—	—	1,745,793
Equity method — Associates										
SCSCRC	3,600	—	2,602	2,602	50.00%	50.00%	—	—	—	—
Total	3,600	—	2,602	2,602	—	—	—	—	—	—
Costing method — Other long-term equity investment										
China Railway United Logistics	380,780	380,780	—	380,780	10.00%	10.00%	—	—	—	—
Beihai Yinjian	1,700	1,700	—	1,700	1.01%	1.01%	—	1,700	—	—
Guangdong Samsung	1,365	1,365	—	1,365	0.09%	0.09%	—	1,365	—	—
BOCM Schroder Stolt Fund Management	8,125	8,125	—	8,125	5.00%	5.00%	—	—	—	10,000
Subtotal	391,970	391,970	—	391,970	—	—	—	3,065	—	10,000
Total	4,345,214	3,665,543	678,673	4,344,216	—	—	—	3,065	—	1,755,793

Information for the Company's subsidiaries see note IV.

7. Short-term loans

	2011	2010
Credit loans		
— RMB	363,009	480,897

As at 31 December 2011, balance of short-term loan includes balance of USD10,000,000, equivalent to RMB63,009,000.

8. Financial Liabilities held for Trading

	Note	2011	2010
Current:			
Derivative financial liabilities			
— Foreign exchange forward contract	V.2.3	—	556
— Interest swap contract	V.24.1	3,137	—
— Foreign exchange option contracts	V.24.2	18,153	—
Subtotal		21,290	556
Non-current:			
Derivative financial liabilities			
— Swap contract for interest rate	V.24.1	74,836	58,620
— Foreign exchange option contracts	V.24.2	—	78,226
Subtotal		74,836	136,846
Total		96,126	137,402

9. Bills payable

	2011	2010
Bank acceptance bills	—	200,000

The above bills are due within one year.

No amount due to the shareholders who hold 5% or more of the voting rights of the Group in included in the above balance of bills payable.

10. Employee benefits payable

Item	Balance at the beginning of the year	Accrued during the year	Paid during the year	Balance at the end of the year
Salaries, bonuses, and allowances	98,857	284,497	(83,354)	300,000
Senior management bonus	269,475	119,476	(16,947)	372,004
Social insurances and others	(57)	17,282	(17,389)	(164)
Total	368,275	421,255	(117,690)	671,840

11. Taxes Payable

	2011	2010
Income tax payable	1,867	1,743
Withholding individual income tax	58,191	58,384
Others	3,594	(1,047)
Total	63,652	59,080

12. Interest payable

Item	2011	2010
Interest on long-term loans where principal repay at maturity	10,348	3,120
Interest on short-term loan	725	2,402
Interest on corporate bonds	122,033	—
Total	133,106	5,522

13. Non-current Liabilities due within one year

(1) The analysis of the Company's non-current liabilities due within one year by categories is as follows:

	2011	2010
Long-term loans due within one year — Credit loans	1,094,352	2,729,353

(2) The analysis of the Company's non-current liabilities by currencies due within one year is as follows:

	Annual interest rate	2011			2010		
		Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Bank loans							
— RMB	3.51%~4.73%	—	1.0000	—	2,000,000	1.0000	2,000,000
— USD	LIBOR+55~90BP	168,500	6.3009	1,061,702	100,000	6.5897	658,970
— EUR	EURIBOR+65BP	4,000	8.1625	32,650	8,000	8.7979	70,383
				1,094,352			2,729,353

As at 31 December 2011, there was no renewal of past due long-term bank loans which was included in the above non-current liabilities due within one year (2010: Nil).

(a) As at 31 December 2011, the top four long-term loans due within one year is as follows:

Lender	Initial date	Maturity date	Currency	Interest rate	2011 Original currency	2011 Exchange rate	2011 RMB	2010 Original currency	2010 Exchange rate	2010 RMB
				(%)	'000		'000	'000		'000
1. China Development Bank	2007.12.12	2012.12.21	USD	6-month LIBOR+90BP	60,000	6.3009	378,054	100,000	6.5897	658,970
2. China Development Bank	2007.12.12	2012.06.21	USD	6-month LIBOR+90BP	60,000	6.3009	378,054	—	6.5897	—
3. Bank of China	2009.10.19	2012.10.19	USD	3-month LIBOR+55BP	48,500	6.3009	305,594	—	6.5897	—
4. The Export-Import Bank of China	2007.06.18	2012.06.18	EUR	EURIBOR+65BP	4,000	8.1625	32,650	—	8.7979	—
Total							1,094,352			658,970

(b) As at 31 December 2011, there was no overdue loan of non-current liabilities due within one year (2010: Nil).

14. Long-term loans

(1) Long-term loans by categories:

	2011	2010
Bank loans		
— Credit loans	4,223,180	2,473,381

(2) The analysis of the Company's long-term loans by currencies as follows:

	Annual interest rate	2011 Original currency	2011 Exchange rate	2011 RMB	2010 Original currency	2010 Exchange rate	2010 RMB
		'000		'000	'000		'000
Bank loans							
— RMB	3.51%~4.23%	2,963,000	1.0000	2,963,000	—	1.0000	—
— USD	LIBOR+55~185BP	200,000	6.3009	1,260,180	370,000	6.5897	2,438,189
— EUR	EURIBOR+65BP	—	8.1625	—	4,000	8.7979	35,192
Total				4,223,180			2,473,381

No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term loans (2010: Nil).

(3) As at 31 December 2011, the top five long-term loans is as follows:

Borrower	Initial date	Maturity date	Currency	Interest rate	2011 Original currency	2011 Exchange rate	2011 RMB	2010 Original currency	2010 Exchange rate	2010 RMB
				(%)	'000		'000	'000		'000
1. China Development Bank	2007.12.12	2013.12.10	USD	6 Months LIBOR+90BP	150,000	6.3009	945,135	270,000	6.5897	1,779,219
2. The Export-Import Bank of China	2011.02.01	2014.02.01	RMB	1st quarter 4.76%, reviewed every quarter	500,000	1.0000	500,000	—	1.0000	—
3. The Export-Import Bank of China	2011.06.15	2014.06.15	RMB	1st quarter 4.76%, reviewed every quarter	400,000	1.0000	400,000	—	1.0000	—
4. The Export-Import Bank of China	2011.01.20	2014.01.07	RMB	1st quarter 4.76%, reviewed every quarter	400,000	1.0000	400,000	—	1.0000	—
5. The Export-Import Bank of China	2011.08.10	2014.08.10	RMB	1st quarter 5.48%, reviewed every quarter	300,000	1.0000	300,000	—	1.0000	—
6. The Export-Import Bank of China	2011.07.25	2014.07.18	RMB	1st quarter 5.48%, reviewed every quarter	300,000	1.0000	300,000	—	1.0000	—
Total							2,845,135			1,779,219

As at 31 December 2011, there was no renewal of past due long-term bank loans which was included in the above long-term loans (2010: Nil).

15. Deferred tax assets and liabilities

(1) Deferred tax assets and liabilities after offsetting

Item	2011 Deductible/ (taxable) temporary difference	2011 Deferred tax assets/ (liabilities)	2010 Deductible/ (taxable) temporary difference	2010 Deferred tax assets/ (liabilities)
Deferred tax assets:				
Employee benefits payable	671,840	167,960	368,275	92,069
Movement for fair value of financial assets held for trading/derivative financial instruments	96,126	24,031	137,402	32,977
Subtotal	767,966	191,991	505,677	125,046
Offsetting amount	(499,820)	(120,437)	(505,677)	(125,046)
Net amount after offsetting	268,146	71,554	—	—
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/derivative financial instruments	—	—	(45,854)	(9,383)
Movement for fair value of available-for-sale financial assets charged to equity	(499,820)	(120,437)	(723,531)	(165,954)
Subtotal	(499,820)	(120,437)	(769,385)	(175,337)
Offsetting amount	499,820	120,437	505,677	125,046
Net amount after offsetting	—	—	(263,708)	(50,291)

As at 31 December 2011, there was no unrecognised deferred tax liabilities for the Company.

16. Capital reserve

	Note	Balance at the beginning of the year	Additions during the year	Settlements during the year	Effect of change of functional currency	Balance at the end of the year
Share premiums		212,656	—	—	—	212,656
Other capital reserves						
— Property revaluation reserve		54,979	—	—	(11,225)	43,754
— Exchange reserve on foreign currency capital		861	—	—	(174)	687
— Donated non-cash assets reserve		108	—	—	(21)	87
— Net changes in fair value of available-for-sale financial assets		723,531	—	(195,244)	(28,467)	499,820
— Deferred tax effect		(165,954)	45,517	—	—	(120,437)
— Amount of share-based payments charged to equity		26,083	105,164	—	—	131,247
— Effect of change of functional currency		—	—	—	(568,492)	(568,492)
		852,264	150,681	(195,244)	(608,379)	199,322

17. Gains from changes in fair value

	2011	2010
Financial assets held for trading		
— Changes in fair value during the year	(22,399)	53,501
Including: Gains/losses from changes in fair value of derivative financial instrument	—	—
— Transfer to investment losses for derecognition of financial assets held for trading	(16,687)	(7,647)
Financial liabilities held for trading		
— Changes in fair value during the year	41,277	2,814
Including: Gains/losses from changes in fair value of derivative financial instrument	41,277	2,814
Total	2,191	48,668

18. Investment Income

(1) The analysis of the Company's investment income is as follows:

	Note	2011	2010
Long-term equity investments in cost method	(2)	1,755,793	158,145
Long-term equity loss on investments in equity method		(998)	—
Losses on disposal of long-term equity investment.		1	(1,680)
Investment gains on available-for-sale financial assets		13,030	18,452
Investment losses on sale of held-for-trading financial assets		16,687	(7,647)
Gains on sale of available-for-sale financial assets.		—	11,126
Total		1,784,513	178,396

(2) Long-term investments in cost method with individual investment income over 5% of total investment income or less than 5% but the top five investment income for the year are as follows:

Investee	2011	2010	Reasons for variances between two years
SCIMCEL	414,435	—	Dividend distributed in 2011 is more than that in 2010
HI	246,836	—	Dividend distributed in 2011 is more than that in 2010
CIMC Hong Kong	207,175	—	Dividend distributed in 2011 is more than that in 2010
SCIMC	162,542	—	Dividend distributed in 2011 is more than that in 2010
SCRC	113,471	86,098	Dividend distributed in 2011 is more than that in 2010
Total	1,144,459	86,098	

Note 1:

There was no significant restriction on the remittance of investment income to the investor

19. Income tax

	2011	2010
Current tax expenses for the year	—	—
Deferred taxation movement	(76,328)	(36,359)
Total	(76,328)	(36,359)

Reconciliation between income tax expenses and accounting profits/(loss) is as follows:

	The Company	
Item	**2011**	**2010**
Profits before taxation	844,767	(69,856)
Expected income tax expenses at applicable tax rates	202,744	(15,368)
Tax effect of non-deductible expenses	3,897	2,458
Tax effect of tax losses of unrecognised deferred tax assets	145,229	30,012
Effect of tax rate change on deferred tax	(3,920)	(14,609)
Tax effect of non-taxable income	(424,278)	(38,852)
Income tax expenses	(76,328)	(36,359)

20. Other comprehensive income/(losses)

Item	**2011**	**2010**
1. (Losses)/Gain on available-for-sale financial assets	(195,244)	(261,621)
Less: Effect of income tax arising from available-for-sale financial assets	(45,517)	(53,726)
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	—	11,126
2. Effect of foreign exchange rate changes	—	(267,693)
Total	(149,727)	(486,714)

21. Information to cash flow statement

(1) Supplement to cash flow statement:

Supplement	2011	2010
1. Reconciliation of net profit (loss) to cash flow from operating activities:		
Net profit	921,095	(33,497)
Add: Impairment	322	—
Depreciation of fixed assets	16,183	11,953
Amortisation of intangible assets	684	992
Amortisation of long-term deferred expenses	1,880	2,557
Gains on disposal of fixed assets and intangible assets	(557)	(18,962)
Gains on changes in fair value	(2,191)	(48,668)
Financial expense/(income)	223,620	(59,260)
Investment gains	(1,784,513)	(178,396)
Expenses recognised by share-based payments	105,164	26,083
Increase in deferred tax assets	(66,945)	(45,958)
(Decrease)/increase in deferred tax liabilities	(9,383)	9,599
(Increase)/decrease in operating receivables	(2,572,738)	703,590
Increase in operating payables	171,831	146,244
Effect of foreign exchange rate changes	—	31
Net cash (outflows)/inflow from operating activities	(2,995,548)	516,308
2. Net movement in cash and cash equivalents:		
Closing balance of cash and cash equivalents	427,874	417,461
Less: Opening balance of cash and cash equivalents	417,461	137,680
Net increase of cash and cash equivalents	10,413	279,781

(2) Cash and cash equivalents held by the Group is as follows:

Item		2011	2010
1	Cash at bank and on hand		
	Including: Bank deposits available on demand	210,875	343,735
	Other monetary funds available on demand	216,999	73,726
2	Closing balance of cash and cash equivalents	427,874	417,461

Note:

Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

The following is the reproduction of the Company's unaudited consolidated interim financial information for the six months ended 30 June 2012. As disclosed on page 60 under heading "Waivers From Strict Compliance With The Hong Kong Listing Rules", our Reporting Accountant has performed certain agreed upon factual finding procedures in accordance with China Standards on Related Services 4101 "Engagement to Perform Agreed-Upon Procedures Regarding Financial Information". Such procedures does not constitute any assurance engagement performed in accordance with China Standards on Auditing, China Standards on Review Engagements or China Standards on Other Assurance Engagements, thus, our Reporting Accountant does not express any assurance on below interim financial information.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2012

	Note	30 June 2012	31 December 2011
		RMB'000	RMB'000
Assets			
Current assets			
Cash at bank and on hand	V.1	4,931,305	7,788,126
Financial assets held for trading	V.2	378,440	186,134
Bills receivable	V.3	557,965	1,030,528
Accounts receivable	V.4	10,349,376	8,110,784
Prepayments	V.6	2,035,275	1,930,496
Interest receivable		5,141	2,020
Other receivables	V.5	2,298,503	2,709,665
Inventories	V.7	16,749,710	15,468,352
Non-current assets due within one year	V.8	3,142,843	2,635,287
Other current assets	V.9	948,263	865,633
Total current assets		41,396,821	40,727,025
Non-current assets			
Available-for-sale financial assets	V.10	621,216	571,954
Long-term receivables	V.11	1,996,331	2,311,235
Long-term equity investments	V.12	1,941,456	1,957,187
Investment property	V.13	145,493	126,983
Fixed assets	V.14	10,805,255	10,885,435
Construction in progress	V.15	2,287,206	1,898,330
Intangible assets	V.16	3,270,125	3,172,222
Goodwill	V.17	1,289,950	1,207,504
Long-term deferred expenses	V.18	34,418	34,892
Deferred tax assets	V.19	678,095	704,098
Other non-current assets	V.20	765,381	764,849
Total non-current assets		23,834,926	23,634,689
Total assets		65,231,747	64,361,714

	Note	30 June 2012	31 December 2011
		RMB'000	RMB'000
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	V.23	7,190,444	8,030,912
Financial liabilities held for trading	V.24	18,111	31,107
Bills payable	V.25	1,370,738	3,295,226
Accounts payable	V.26	8,041,510	7,328,966
Advances from customers	V.27	3,127,090	2,662,742
Employee benefits payable	V.28	1,913,019	2,012,608
Taxes payable	V.29	666,997	916,118
Interest payable	V.30	65,554	152,067
Dividends payable	V.31	297,409	116,253
Other payables	V.32	3,563,860	3,393,837
Provisions	V.33	830,677	736,179
Non-current liabilities due within one year	V.34	1,827,158	2,560,318
Total current liabilities		28,912,567	31,236,333
Non-current liabilities			
Financial liabilities held for trading	V.24	86,914	74,836
Long-term loans	V.35	8,285,995	6,572,585
Bond payable	V.36	5,989,610	3,988,438
Long-term payable	V.37	350,182	86,846
Special payable	V.38	10,730	8,940
Deferred tax liabilities	V.19	653,453	581,500
Other non-current liabilities	V.39	200,379	198,564
Total non-current liabilities		15,577,263	11,511,709
Total liabilities		44,489,830	42,748,042
Shareholders' equity			
Share capital	V.40	2,662,396	2,662,396
Capital reserve	V.41	854,158	799,261
Surplus reserve	V.42	2,953,160	2,953,160
Retained earnings	V.43	12,494,100	12,785,092
Foreign currency translation differences		(548,318)	(566,755)
Total equity attributable to equity holders of the Company		18,415,496	18,633,154
Minority interests		2,326,421	2,980,518
Total equity		20,741,917	21,613,672
Total liabilities and shareholders' equity		65,231,747	64,361,714

BALANCE SHEET AS AT 30 JUNE 2012

Item	Note	30 June 2012	31 December 2011
		RMB'000	RMB'000
Current assets			
Cash at bank and on hand	XII.1	1,026,534	430,350
Financial assets held for trading	XII.2	195,993	—
Dividends receivable	XII.3	5,313,114	5,403,255
Other receivables	XII.4	7,417,830	6,798,779
Total current assets		13,953,471	12,632,384
Non-current assets			
Available-for-sale financial assets	XII.5	613,234	564,155
Long-term equity investments	XII.6	4,835,214	4,341,151
Fixed assets		135,802	137,642
Construction in progress		10,294	14,457
Intangible assets		22,044	22,246
Long-term deferred expenses		6,733	5,683
Deferred tax assets	XII.16	80,890	71,554
Total non-current assets		5,704,211	5,156,888
Total assets		19,657,682	17,789,272
Current liabilities			
Short-term loans	XII.7	570,000	363,009
Financial liabilities held for trading	XII.8	—	21,290
Employee benefits payable	XII.9	761,719	671,840
Taxes payable	XII.10	164,791	63,652
Interest payable	XII.11	24,394	133,106
Dividends payable	XII.12	198,800	—
Other payables		43,868	72,733
Non-current liabilities due within one year	XII.13	1,688,748	1,094,352
Total current liabilities		3,452,320	2,419,982
Non-current liabilities			
Financial liabilities held for trading		84,518	74,836
Long-term loans	XII.14	4,187,490	4,223,180
Bonds payable	V.36	5,989,610	3,988,438
Deferred tax liabilities	XII.16	—	—
Total non-current liabilities		10,261,618	8,286,454
Total liabilities		13,713,938	10,706,436

Item	Note	30 June 2012	31 December 2011
		RMB'000	RMB'000
Shareholders' equity			
Share capital	V.40	2,662,396	2,662,396
Capital reserve	XII.17	289,649	199,322
Surplus reserve	V.42	2,953,160	2,953,160
Retained earnings		38,539	1,267,958
Translation differences of financial statements denominated in foreign currency		—	—
Total equity		5,943,744	7,082,836
Total liabilities and Shareholders' equity		19,657,682	17,789,272

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2012

Item	Note	From 1 January to 30 June 2012	From 1 January to 30 June 2011
		RMB'000	RMB'000
Operating income	V.44	27,364,446	36,478,098
Less: Operating costs	V.44	23,013,597	29,499,900
Business taxes and surcharges	V.45	162,351	73,154
Selling and distribution expenses	V.46	863,756	968,591
General and administrative expenses	V.47	1,655,709	1,715,951
Financial expenses	V.48	236,439	399,962
Impairment loss (reversal)	V.51	(24,986)	73,709
Add: Loss from changes in fair value	V.49	(14,934)	(88,256)
Investment income	V.50	(3,522)	71,207
(Including: Income from investment in associates and jointly controlled enterprises)		(10,095)	28,739
Operating profit		1,439,124	3,729,782
Add: Non-operating income	V.52	77,031	103,013
Less: Non-operating expenses	V.53	23,104	15,276
(Including: Gain/(loss) from non-current assets disposal		4,705	(7,041)
Profit before income tax		1,493,051	3,817,519
Less: Income tax expenses	V.54	485,373	1,024,118
Net profit for the period		1,007,678	2,793,401
Attributable to:			
Equity shareholders of the Company		933,710	2,807,629
Minority shareholders		73,968	(14,228)
Earnings per share			
Basic earnings per share RMB	V.55	0.3507	1.0545
Diluted earnings per share RMB	V.55	0.3495	1.0545
Other comprehensive income	V.56	35,279	49,193
Total comprehensive income		1,042,957	2,842,594
Attributable to:			
Equity shareholders of the Company		980,741	2,794,047
Minority shareholders		62,216	48,547

INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2012

Item	Note	From 1 January to 30 June 2012	From 1 January to 30 June 2011
		RMB'000	RMB'000
I. Operating income		233	700
II. Operating costs		17	39
Business tax and surcharges		11,947	—
General and administrative expenses		277,077	285,548
Financial expenses		107,311	(36,153)
Add: Gains/(losses) from changes in fair value	XII.18	3,458	(8,719)
Investment income	XII.19	364,578	222,704
III. Operating (loss)/profit		(28,083)	(34,749)
Add: Non-operating income	XII.20	2,082	1,186
Less: Non-operating expenses		322	310
Including: Losses from disposal of non-current assets		(1,319)	(608)
IV. (Loss)/Profit before income tax		(26,323)	(33,873)
Less: Income tax expenses	XII.21	(21,606)	(37,687)
V. Net (loss)/profit for the period		(4,717)	3,814
VI. Other comprehensive income	XII.22	36,809	(15,153)
VII. Total comprehensive income		32,092	(11,339)

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2012

Item	Note	From 1 January to 30 June 2012	From 1 January to 30 June 2011
		RMB'000	RMB'000
Cash flows from operating activities			
Cash received from sale of goods and rendering of services		25,950,382	30,785,201
Refund of taxes		1,089,739	2,088,686
Other cash received relating to operating activities	V.57(1)	152,728	227,162
Sub-total of cash inflows		27,192,849	33,101,049
Cash paid for goods and services		24,935,924	31,152,788
Cash paid to and for employees		2,051,733	2,195,235
Cash paid for all types of taxes		1,343,578	1,309,083
Other cash paid relating to operating activities	V.57(2)	968,657	2,605,387
Sub-total of cash outflows		29,299,892	37,262,493
Net cash (outflow)/inflow from operating	V.58(1)	(2,107,043)	(4,161,444)
Cash flows from investing activities			
Cash received from disposal of investments		—	68,353
Cash received from return on investments		26,100	24,617
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		21,949	7,301
Cash received from disposal of subsidiaries		—	—
Cash received relating to other investing activities		—	—
Sub-total of cash inflows		48,049	100,271
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		870,260	1,083,498
Cash paid for acquisition of investments		244,528	295,502
Cash paid for acquisition of subsidiaries		718,944	49,936
Other cash paid relating to investing activities		—	—
Sub-total of cash outflows		1,833,732	1,428,936
Net cash outflow from investing activities		(1,785,683)	(1,328,665)

Item	Note	From 1 January to 30 June 2012	From 1 January to 30 June 2011
		RMB'000	RMB'000
Cash flows from financing activities			
Cash received from investors		—	—
Including: Cash received from minority shareholders of subsidiaries		—	—
Cash received from borrowings		15,241,020	20,968,220
Other cash received relating to financing activities		—	—
Sub-total of cash inflows		15,241,020	20,968,220
Cash repayments of borrowings		12,309,686	12,913,949
Cash paid for dividends, profits distribution or interest		1,581,590	1,252,464
Including: Dividends and profits paid to minority shareholders of subsidiaries		23,224	214
Other cash paid relating to financing activities	V.57(3)	14,460	—
Sub-total of cash outflows		13,905,736	14,166,413
Net cash inflow/(outflow) from financing		1,335,284	6,801,807
Effect of foreign exchange rate changes on cash and cash equivalents		(101,374)	(4,728)
Net increase/(decrease) in cash and cash equivalents	V.58(1)	(2,658,816)	1,306,970
Add: cash and cash equivalents at the beginning of the period		6,563,253	3,797,415
Cash and cash equivalents at the end of the period		3,904,437	5,104,385

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2012

Item	Note	From 1 January to 30 June 2012	From 1 January to 30 June 2011
		RMB'000	RMB'000
I. Cash flows from operating activities			
Other cash received relating to operating activities and subtotal of cash inflows		8,948,916	5,852,855
Cash paid to and for employees		47,532	49,433
Cash paid for all types of taxes		16,801	7,420
Other cash paid relating to operating activities		9,860,729	7,983,815
Sub-total of cash outflows		9,925,062	8,040,668
Net cash inflow/(outflow) from operating activities	XII.23	(976,146)	(2,187,813)
II. Cash flows from investing activities			
Cash received from disposal of investments		—	45,853
Cash received from return on investments		427,796	133,002
Net cash received from disposal of fixed assets		2,005	1,975
Cash received from disposal of subsidiaries		4,218	—
Sub-total of cash inflows		434,019	180,830
Cash paid for acquisition of fixed assets and other long-term assets		7,683	24,596
Cash paid for acquisition of investments		703,657	93,600
Sub-total of cash outflows		711,340	118,196
Net cash inflow/(outflow) from investing activities		(277,321)	62,634

Item	Note	From 1 January to 30 June 2012	From 1 January to 30 June 2011
		RMB'000	RMB'000
III. Cash flows from financing activities			
Cash received from borrowings and subtotal of cash inflows		3,997,130	7,732,083
Cash repayments of borrowings		784,267	3,626,511
Cash paid for dividends, profits distribution or interest		1,349,880	905,494
Payments relating to other financing activities cash		14,461	—
Sub-total of cash outflows		2,148,608	4,532,005
Net cash inflow/(outflow) from financing activities		1,848,522	3,200,078
IV. Effect of foreign exchange rate changes on cash and cash equivalents		916	(919)
V. Net increase/(decrease) in cash and cash equivalents	XII.23	595,971	1,073,980
Add: cash and cash equivalents at the beginning of the period		427,874	417,461
VI. Cash and cash equivalents at 30 June 2012	XII.23	1,023,845	1,491,441

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2012

Item	Note	From 1 January to 30 June 2012							2011						
		Attributable to equity shareholders of the Company							Attributable to equity shareholders of the Company						
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Foreign currency exc. diff	Minority interests	Total	Share capital	Capital reserve	Surplus reserve	Retained earnings	Foreign currency exc. diff	Minority interests	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
I. Balance at 1 January 2012/2011		2,662,396	799,261	2,953,160	12,785,092	(566,755)	2,980,518	21,613,672	2,662,396	1,349,420	3,577,588	10,689,335	(2,055,682)	2,983,643	19,206,700
II. Changes in equity for the period															
(I) Net profit for the period		—	—	—	933,710	—	73,968	1,007,678	—	—	—	3,690,926	—	(31,988)	3,658,938
(II) Other comprehensive income for the year	V.56	—	28,594	—	—	18,437	(11,752)	35,279	—	(146,828)	—	—	(241,160)	(98,415)	(486,403)
Sub-total of (I)&(II)		—	28,594	—	933,710	18,437	62,216	1,042,957	—	(146,828)	—	3,690,926	(241,160)	(130,403)	3,172,535
(III) Shareholders' contributions and decrease of capital															
1. Contributions by minority Shareholders		—	—	—	—	—	—	—	—	(58,964)	—	—	—	353,660	294,696
2. Acquisition of minority interests of subsidiary		—	(33,003)	—	—	—	(684,774)	(717,777)	—	—	—	—	—	—	—
3. Increase in minority interests resulted from acquisition of subsidiary		—	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Decrease in minority interests resulted from disposal of subsidiary		—	—	—	—	—	—	—	—	—	—	—	—	—	—
5. Decrease in retained earnings resulted from acquisition of minority interests		—	—	—	—	—	—	—	—	—	—	(19,843)	—	(29,856)	(49,699)
6. Increase in shareholders' equity resulted from share-based payments	VII.2	—	59,306	—	—	—	—	59,306	—	117,805	—	—	—	4,333	122,138
(IV) Appropriation of profits															
1. Extracting surplus reserve		—	—	—	—	—	—	—	—	—	92,110	(92,110)	—	—	—
2. Distributions to shareholders	V.43	—	—	—	(1,224,702)	—	(31,539)	(1,256,241)	—	—	—	(931,839)	—	(200,859)	(1,132,698)
(V) Effect of change in functional currency	II.4	—	—	—	—	—	—	—	—	(462,172)	(716,538)	(551,377)	1,730,087	—	—
III. Balance at 30 June 2012/ 31 December 2011		2,662,396	854,158	2,953,160	12,494,100	(548,318)	2,326,421	20,741,917	2,662,396	799,261	2,953,160	12,785,092	(566,755)	2,980,518	21,613,672

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2012

Item	Note	From 1 January to 30 June 2012						2011					
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Total	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
I. Balance at 1 January 2012/2011		2,662,396	199,322	2,953,160	1,267,958	—	7,082,836	2,662,396	852,264	3,577,588	1,579,889	(1,533,994)	7,138,143
II. Changes in equity for the period													
(I) Net loss/(profit) for the period		—	—	—	(4,717)	—	(4,717)	—	—	—	921,095	—	921,095
(II) Other comprehensive income for the period	XII.22	—	36,809	—	—	—	36,809	—	(149,727)	—	—	—	(149,727)
Sub-total of (I)&(II)		—	36,809	—	(4,717)	—	32,092	—	(149,727)	—	921,095	—	771,368
(III) Shareholders' contributions and decrease of capital													
1. Increase in shareholders equity resulted from share-based payment	VII.2	—	53,518	—	—	—	53,518	—	105,164	—	—	—	105,164
(IV) Appropriation of profits													
1. Extracting surplus reserve	V.42	—	—	—	—	—	—	—	—	92,110	(92,110)	—	—
2. Distributions to shareholders	V.43	—	—	—	(1,224,702)	—	(1,224,702)	—	—	—	(931,839)	—	(931,839)
(V) Effect of change in functional currency		—	—	—	—	—	—	—	(608,379)	(716,538)	(209,077)	1,533,994	—
III. Balance at 30 June 2012/ 31 December 2011		2,662,396	289,649	2,953,160	38,539	—	5,943,744	2,662,396	199,322	2,953,160	1,267,958	—	7,082,836

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi Yuan unless otherwise indicated)

I. COMPANY STATUS

China International Marine Containers (Group) Co., Ltd. (the "Company"), formerly "China International Marine Containers Co., Ltd.", was a Sino-foreign joint venture set up by China Merchants Group, the East Asiatic Company (Denmark) and Ocean Containers Inc. (USA). In December 1992, as approved by "Shen Fu Ban Fu [1992] 1736" issued by the General Office of the People's Government of Shenzhen and "Shen Ren Yin Fu Zi (1992) 261" issued by Shenzhen Special Economic Zone Branch of People's Bank of China, the Company was restructured as an incorporated company set up by directional subscription and was renamed as "China International Marine Containers Co., Ltd." by the original corporate shareholders of the Company. On 31 December 1993 and 17 January 1994 respectively, the Company issued ordinary shares denominated in Renminbi for domestic investors (A Shares) and for foreign shares issued domestically (B Shares), and commenced trading on Shenzhen Stock Exchange. Pursuant to "Shen Fu Ban Fu [1993] 925" issued by the General Office of the People's Government of Shenzhen and "Shen Zheng Ban Fu [1994] 22" issued by Shenzhen Securities Administration Office.

On 1 December 1995, as approved by the State Administration of Industry and Commerce, the Company changed its name to "China International Marine Containers (Group) Co., Ltd". Up to 30 June 2012, the share capital of the Company amounted to 2,662,396,051 shares. Please refer to Note V.40 for details of the share capital.

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are the manufacturing of modern transportation facilities, facilities for energy, food, chemistry and rendering of relative services. Detailed activities are the manufacturing and repairing of containers and other relevant business; utilizing the Group's equipment to process and manufacture various parts, structure components and relevant machines; providing cutting, punching, moulding, riveting surface treatment (including sand/paint spraying, welding and assembly) and other processing services; developing, manufacturing and selling of various high-tech and high performance special vehicles and semi-trailers; leasing of containers; developing, production and sales of high-end fuel gas equipment such as pressure container and compressor; providing integrated services for natural gas distribution; production of static container and pot-type wharf equipment and providing EP+CS (engineering procurement and construction supervision) technical service for the storage and processing of LNG, LPG and other petrochemical gases. Apart from the above, the Group is also engaged in manufacturing of logistic equipment and related services, marine projects, railway trucks production and property development, etc.

CIMC Enric Holdings Limited, the subsidiary of the Group, is listed in the Main Board of the Stock Exchange of Hong Kong Limited. The principal activities of the Group are the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance service for, a wide spectrum of transportation, storage and processing equipment that is widely used in energy, chemical and liquid food industries.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of financial reporting

The financial statements have been prepared on the basis of going concern.

2. Statement of compliance

The financial statements have been prepared in accordance with the requirements of "Accounting Standards for Business Enterprises No. 32 — Interim Financial Reporting" issued by the Ministry of Finance (MOF) of the People's Republic of China (PRC), and "Regulation on the Contents and Formats of Companies Issuing Public Shares, No. 3: Contents and Formats for Half-year Financial Reports" as revised by the China Securities Regulatory Commission (CSRC) in 2007.The same accounting policies are followed in the interim financial statements as compared with financial statements for the year 2011.

According to "Accounting Standards for Business Enterprises No. 32 — Interim Financial Reporting", notes to interim financial statements are properly compared with annual report.

3. Accounting year

The accounting year of the Group is from 1 January to 31 December.

4. Functional currency

Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

The functional currency of the Company and certain subsidiaries domiciled in PRC was U.S. dollar for the year of 2010 and prior years. Due to the fact that Renminbi becomes the currency in which major income and costs are denominated and settled, the functional currency of the Company and these subsidiaries was changed to be Renminbi starting from 1 January 2011. Hong Kong and certain overseas subsidiaries use local currencies as their functional currencies. Foreign currencies are defined as currency other than functional currency.

Financial statements of the Company are presented in Renminbi. For subsidiaries using currencies other than Renminbi as their functional currencies, the Company translates the financial statements of these subsidiaries into Renminbi (see Note II.8).

5. Accounting treatments for business combinations involving enterprises under and those not under common control

(1) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to capital premium in the capital reserve. If the balance of the capital premium is insufficient, any excess is adjusted to retained earnings. Any costs directly attributable to the combination shall be recognised in profit or loss for the current period when occurred. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

(2) Business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination.

Where 1) the aggregate of the fair value at the acquisition date of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds 2) the acquirer's interest in the fair value at the acquisition date of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note II.18). Where 1) is less than 2), the difference is recognised in profit or loss for the current period. The costs of the issuance of equity or debt securities as a part of the consideration paid for the acquisition are included as a part of initial recognition amount of the equity or debt securities. Other acquisition-related costs arising from the business combination are recognised as expenses in the periods in which the costs are incurred. The difference between the fair value and the carrying amount of the assets transferred is recognised in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if satisfying the recognition criteria, are recognised by the Group at their fair value at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

6. Preparation of consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. In assessing control, potential voting rights, such as warrants and convertible bonds, that are currently exercisable or convertible, are taken into account. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities based on their carrying amounts are included in the consolidated balance sheet, and financial performance is included in the consolidated income statement, respectively, from the date that the ultimate parent company of the Company obtains the control of the subsidiary to be consolidated.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

For a business combination not involving enterprises under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognised as investment income for the current period; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree is reclassified as investment income for the current period.

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the minority interests are adjusted and the amount of the consideration paid or received is adjusted to the capital reserve (capital surplus) in the consolidated balance sheet. If the credit balance of capital reserve (capital surplus) is insufficient, any excess is adjusted to retained earnings.

Where the Company acquired a minority interest from a subsidiary's minority shareholders before 7 August 2008, any excess of the investment cost for acquiring the minority interest over the Group's interest in the fair value of the identifiable net assets of the minority interest acquired is recognised as goodwill. Where the Company acquired a minority interest from a subsidiary's minority shareholders, the difference between the investment cost for acquiring the minority interest and the corresponding reduction of minority interest in the consolidated financial statements, is adjusted to the capital reserve in the consolidated balance sheet except for the portion that has been recognised as goodwill. If the credit balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment, the Group derecognises assets, liabilities, minority interests and other related items in owners' equity in relation to that subsidiary. The remaining equity investment is remeasured at its fair value at the date when control is lost. Any gains or losses therefore incurred are recognised as investment income for the current period when control is lost.

Minority interest is presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to minority shareholders is presented separately in the consolidated income statement below the net profit line item.

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess is allocated against the minority interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated 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.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8. Foreign currency transactions and translation of financial statements denominated in foreign currency

When the Group receives capital in foreign currencies from investors, the capital is translated to functional currency at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to functional currency at the rates that approximate the spot exchange rates at the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period or the weighted average exchange rate.

Monetary items denominated in foreign currencies are translated to functional currency at the spot exchange rate at the balance sheet date. The resulting exchange differences, except for those arising from the principal and interest of specific foreign currency borrowings for the purpose of acquisition, construction or production of qualifying assets (see Note II.16), are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to functional currency using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which are recognised as other comprehensive income in capital reserve.

The assets and liabilities of foreign operation are translated to functional currency at the spot exchange rates at the balance sheet date. The equity items, excluding "Retained earnings", are translated to functional currency at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to functional currency at the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in a separate component of equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

9. Financial instruments

Financial instruments include cash at bank and on hand, derivatives, investments in equity securities other than long-term equity investments (see Note II.12), receivables, payables, loans, borrowings, debentures payable and share capital.

(1) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Subsequent to initial recognition financial assets and liabilities are measured as follows:

— Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

A financial asset or financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is a derivative, unless the derivative is a designated and effective hedging instrument, or a financial guarantee contract or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

— Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method.

— Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sales and other financial assets which do not fall into any of the above categories.

Available-for-sale financial assets whose fair value cannot be measured reliably are measured at cost subsequent to initial recognition. Other available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein, except for impairment losses and foreign exchange gains and losses from monetary financial assets, which are recognised directly in profit or loss, are recognised as other comprehensive income in capital reserve. When an investment is derecognised, the cumulative gain or loss is reclassified from equity to profit or loss. Dividend income from the available-for-sale equity instruments is recognised in profit or loss when the investee declares the dividends.

— Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

Other financial liabilities include the liabilities arising from financial guarantee contracts. Financial guarantees are contracts that require the Group (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, subsequent to initial recognition, the guarantee is measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles of contingencies (see Note II.21).

Except for the liabilities arising from financial guarantee contracts described above, subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

(2) Offsetting a financial asset against a financial liability

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount presented in the balance sheet when both of the following conditions are satisfied:

— the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable; and

— the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(3) Determination of fair value

If there is an active market for a financial asset or financial liability, the quoted price in the active market is used to establish the fair value of the financial asset or financial liability.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, option pricing models, and etc. The Group calibrates the valuation technique and tests it for validity periodically.

(4) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

— the carrying amount of the financial asset transferred;

— the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged, cancelled or expires.

(5) Impairment of assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised.

Objective evidences that a financial asset is impaired includes but is not limited to evidence arising from the following events:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisations;

(d) the disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(e) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;

(f) a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

For the calculation method of impairment of receivables, refer to Note II.10, the impairment of other financial assets are measured as follows:

— Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis. When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in equity is reclassified to profit or loss even though the financial asset has not been derecognised.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

(6) Equity instrument

An equity instrument is a contract that proves the ownership interest of the assets after deducting all liabilities in the Company.

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity.

Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

10. Impairment of receivables

Receivables are assessed for impairment both on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable figures reflecting present economic conditions.

If, after an impairment loss has been recognised on receivables, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(a) Receivables that are individually significant and impairment provided on an individual basis:

Criteria of provision for receivable that are individually significant and impairment provided on an individual basis.	Individually significant receivables are the receivables with the individual amount over RMB10 million (inclusive) or accounting to 5% or more of the total receivables.
Method of provision for receivable that are individually significant and impairment provided on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

(b) Receivable that are individually insignificant but impairment provided on an individual basis:

Criteria of provision for receivables that are individually insignificant but impairment provided on an individual basis.	Within the receivables whose amounts are individually insignificant, impairment is assessed on an individual basis for the overdue receivables unpaid after collection efforts or with unique characteristics.
Method of provision for receivable that are individually insignificant but impairment provided on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

(c) Receivables that are assessed for impairment on a collective group basis:

The assessment is made collectively where receivables share similar credit risk characteristics, including those having not been individually assessed as impaired.

Determination method of the group based on credit risk characteristics	Accounts receivable are divided into six groups of containers, vehicles, energy and chemistry equipment, offshore engineering, other business, and due from related parties, land lease prepayments and operating deposits according to the industry and business nature of customers and the characteristics of the receivables. As to offshore engineering groups and other groups, the relevant receivables within credit period have lower credit risk after the grouping based on credit risk characteristics according to individual credit risk assessment and historical data. No provision is provided accordingly. As to other groups like due from related parties, land lease prepayments operating deposits, and etc, if the credit risk is assessed low after grouping based on the assessment on credit risk and their historical loss experience, no impairment loss is recognised for those groups.
Group 1	Containers
Group 2	Trailers
Group 3	Tank equipments
Group 4	Other business

Methods of provision for receivables assessed on a collective group basis (based on an ageing analysis, a percentage of the total balance and others).

Containers	Provision is determined based on an ageing analysis.
Trailers	Provision is determined based on an ageing analysis.
Tank equipment	Provision is determined based on an ageing analysis.
Other business	Provision is determined based on an ageing analysis.

For the above groups, provision is made based on their respective ageing analysis follows:

	Percentage of total accounts receivable (%)			
Ageing	**Group 1**	**Group 2**	**Group 3**	**Group 4**
Within 1 year (inclusive)	5%	1.5–5%	5%	5%
1 to 2 years (inclusive)	30%	1.5–10%	30%	30%
2 to 3 years (inclusive)	100%	1.5–30%	100%	100%
Over 3 years	100%	100%	100%	100%

Note:

Aforesaid ageing group, the provision of Group 2 is determined based on natural age, while others are determined based on the overdue age.

11. Inventories

(1) Classification

Inventories include raw materials, work in progress, semi-finished goods, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

(2) Cost of inventories

Cost of inventories is calculated using the weighted average method.

(3) The underlying factors in the determination of net realisable value of inventories and the basis of provision for decline in value of inventories

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. Borrowing costs directly related to the production of qualifying inventories are also included in the cost of inventories (see Note II.16). In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. The net realisable value of materials held for use in the production of inventories is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the quantity of inventory held to satisfy sales or service contracts is based on the contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Group, the net realisable value of the excess portion of inventories shall be based on general selling prices.

Any excess of the cost over the net realisable value of each class of inventories is recognised in profit or loss as a provision for diminution in the value of inventories.

(4) *Inventory system*

The Group maintains a perpetual inventory system.

(5) *Amortisation of reusable material including low-value consumables and packaging materials*

Reusable materials including low-value consumables and packaging materials are amortised in full when received for use. The amounts of the amortisation are included in the cost of the related assets or profit or loss.

12. Long-term equity investments

(1) *Investment cost*

(a) Long-term equity investments acquired through a business combination

— The initial investment cost of a long-term equity investment obtained through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity at the combination date. The difference between the initial investment cost and the carrying amounts of the consideration given is adjusted to share premium in capital reserve. If the balance of the share premium is insufficient, any excess is adjusted to retained earnings.

— For a long-term equity investment obtained through a business combination not involving enterprises under common control, if it is achieved in stages, the initial cost comprises the carrying value of previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date; if it is achieved otherwise, the initial investment cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree; any other comprehensive income related to equity investment before the acquisition date would be transferred to investment income in the current period upon disposal on the respective investment.

(b) Long-term equity investments acquired otherwise than through a business combination

— An investment in a subsidiary acquired otherwise than through a business combination is initially recognised at actual payment cost if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities, or at the value stipulated in the investment contract or agreement if an investment is contributed by shareholders.

(2) *Subsequent measurement*

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment. The investments in subsidiaries are stated in the balance sheet at cost less impairment losses.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note II. 6.

(b) Investment in jointly controlled enterprises and associates

A jointly controlled enterprise is an enterprise which operates under joint control (see Note II.12(3)) in accordance with a contractual agreement between the Group and other parties.

An associate is an enterprise over which the Group has significant influence (see Note II.12(3)).

An investment in a jointly controlled enterprise or an associate is subsequently accounted for using the equity method, unless the investment is classified as held for sale (see Note II.28).

The Group makes the following accounting treatments when using the equity method:

— Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

— After the acquisition of the investment, the Group recognises its share of the investee's profit or loss after deducting the amortisation of the debit balance of equity investment difference, which was recognised by the Group before the first-time adoption of CAS, as investment income or losses, and adjusts the carrying amount of the investment accordingly. The debit balance of the equity investment difference is amortised using the straight-line method over the period of 10 years in accordance with previous accounting standards. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group.

The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair values of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated to the extent of the Group's interest in the associates or jointly controlled enterprises. Unrealised losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

— The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate or the jointly controlled enterprise is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. Where net profits are subsequently made by the associate or jointly controlled enterprise, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

— The Group adjusts the carrying amount of the long-term equity investment for changes in owners' equity of the investee other than those arising from net profits or losses, and recognises the corresponding adjustment in equity.

(c) Other long-term equity investments

Other long-term equity investments refer to investments where the Group does not have control, joint control or significant influence over the investees, and the investments are not quoted in an active market and their fair value cannot be reliably measured.

Such investments are initially recognised at the cost determined in accordance with the same principles as those for jointly controlled enterprises and associates, and then accounted for using the cost method. Cash dividends or profit distributions declared by subsidiaries and attributed to the Company shall be recognised as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment, except those that have been declared but unpaid at the time of acquisition and therefore included in the price paid or the consideration.

(3) Basis for determining the existence of joint control or significant influence over an investee

Joint control is the contractual agreed sharing of control over an investee's economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control. The following evidences shall be considered when determining whether the Group can exercise joint control over an investee:

- no single venturer is in a position to control the operating activities unilaterally;
- operating decisions relating to the investee's economic activity require the unanimous consent of the parties sharing the control;

- if the parties sharing the control appoint one venturer as the operator or manager of the joint venture through the contractual arrangement, the operator must act within the financial and operating policies that have been agreed by the venturers in accordance with the contractual arrangement.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not control or joint control over those policies. The following one or more evidences shall be considered when determining whether the Group can exercise significant influence over an investee:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes;
- material transactions between the investor and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

(4) Method of impairment testing and measuring

For the method of impairment testing and measuring for subsidiaries, jointly controlled enterprises and associates, refer to Note II.20.

For other long-term equity investments, the carrying amount is required to be tested for impairment at the balance sheet date. If there is objective evidence that the investments may be impaired, the impairment shall be assessed on an individual basis. The impairment loss is measured as the amount by which the carrying amount of the investment exceeds the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed. The other long-term equity investments are stated at cost less impairment losses in the balance sheet.

13. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses. An investment property is depreciated or amortised, less its estimated residual value, using the straight line method over its estimated useful life, unless the investment properties are classified as held for sale (see Note II.28). For the method of impairment testing and measuring, refer to Note II.20.

The useful lives, residual value rate and depreciation/amortisation rate of each class of investment properties are as follows:

	Useful life	Residual value rate	Depreciation/ Amortisation rate
		(%)	(%)
Land use rights	29–50years	—	2–3.4%
Plant and buildings	20–30years	10%	3–4.5%

14. Fixed assets

(1) Recognition

Fixed assets represent the tangible assets held by the Group for use in the production of goods or supply of services, for rental to others or for operation and administrative purposes with useful lives over one year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note II.15.

Where parts of an item of fixed asset have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

The subsequent costs including the cost of replacing part of an item of fixed assets are recognised in the carrying amount of the item if the to recognise fixed assets criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) *Depreciation*

Fixed assets are depreciated using the straight-line method over their estimated useful lives, unless the fixed asset is classified as held for sale (see Note II.28). The estimated useful lives, residual values and depreciation rates of each class of fixed assets are as follows:

Classes	**Period (years)**	**Residual value rate**	**Depreciation rate**
		(%)	(%)
Plants and buildings	20–30 years	10%	3–4.5%
Machinery and equipment	10–12 years	10%	7.5–9%
Office and other equipment	3–5 years	10%	18%
Motor vehicles	5 years	10%	18%
Dock, wharf	50 years	10%	1.8%
Offshore engineering equipment	15–30 years	10%	3–6%

Useful lives, residual value and depreciation methods are reviewed at least at each year-end.

(3) For the method of impairment testing and measuring, refer to Note II.20.

(4) *Criteria of recognition and method of measuring for fixed assets under a finance lease*

For criteria of recognition and method of measuring for fixed assets under a finance lease, refer to Note II 27(3).

(5) *Disposal*

The carrying amount of a fixed asset shall be derecognised:

- on disposal; or

- when no future economic benefits are expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset 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.

15. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note II.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is included in construction in progress before it is transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the balance sheet at cost less impairment losses (see Note II.20).

16. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset.

Except for the above, other borrowing costs are recognised as financial expenses in the income statement when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

— Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

— Where funds are borrowed generally and used for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense in the period in which they are incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Capitalisation of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally and the interruption lasts over three months.

17. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II.20). For an intangible asset with finite useful life, its cost less residual value and impairment loss is amortised on the straight-line method or other more appropriate methods that can reflect the pattern in which the asset's economic benefits are expected to be realised over its estimated useful life, unless the intangible asset is classified as held for sale (see Note II.28).

The respective amortisation periods for such intangible assets are as follows:

	Amortisation periods (years)
Land use rights	20–50
Maritime space use rights	40–50
Technological know-how and trademarks	5–10
Timber concession rights	20
Customer relationships	3–8
Customer contracts	3–4

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

Expenditures on an internal research and development project are classified into expenditures on the research phase and expenditures on the development phase. Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products or processes before the start of commercial production or use.

Expenditures on research phase are recognised in profit or loss when incurred. Expenditures on development phase are capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete development. Capitalised development costs are stated at cost less impairment losses (see Note II.20). Other development expenditures are recognised as expenses in the period in which they are incurred.

18. Goodwill

Goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination involving entities not under common control.

Goodwill is not amortised and is stated at cost less accumulated impairment losses (see Note II.20). On disposal of an asset group or a set of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

19. Long-term deferred expense

Long-term deferred expenses are amortised on a straight-line method within the beneficial period:

Item	Amortisation period
Water and electricity capacity enlargement expenses	5–10 years
Rental	2–10 years
Others	5–10 years

20. Impairment of assets other than inventories, financial assets and other long-term investments

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

— fixed assets

— construction in progress

— intangible assets

— investment properties measured using a cost model

— long-term equity investments in subsidiaries, associates and jointly controlled enterprises

— goodwill and etc.

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at no later than each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset, asset group or set of asset groups is the higher of its fair value less costs to sell and its present value of expected future cash flows.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate.

If the result of the recoverable amount calculating indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current period. A provision for impairment of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount of an impaired asset will not be lower than the greatest amount of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

21. Provisions and contingent liabilities

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

In terms of a possible obligation resulting from a past transaction or event, whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

22. Share-based payments

(1) Classification

Share-based payment transactions in the Group are classified as equity-settled share-based payments and cash-settled share-based payments.

(2) Method to determine the fair value of equity instruments

Fair value of stock option is estimated based on binomial lattice model. Contract term of the stock option is used as the input variable of this model. And the binomial lattice model includes estimation of early execution of the option. The following factors are taken into account when using the binomial lattice model: (1) exercise price of the option; (2) vesting period; (3) current price of basic stocks; (4) expected fluctuation of stocks; (5) expected dividends of stocks; (6) risk-free rate within the option term.

(3) Basis of the best estimate of the number of equity instruments expected to vest

At each balance sheet date during the vesting period, the Group makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the estimate shall be equal to the number of equity instruments that ultimately vested.

(4) Accounting treatment for share-based payment

— Equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted to employees vest immediately, the fair value of the equity instruments granted is, on grant date, recognised as relevant cost or expenses with a corresponding increase in capital reserve. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. Based on the best estimation, the Group recognises the services received for the current period as related costs or expenses, with a corresponding increase in capital reserve, at an amount equal to the fair value of the equity instruments at the grant date.

For share-based payment transactions among entities within the group of companies (comprising the ultimate parent of the Group and all of its subsidiaries), the Group receiving services recognises the transaction as an equity-settled share-based payment transaction when the Group has no obligation to settle the transaction.

— Cash-settled share-based payments

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If the rights under a cash-settled share-based payment do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, recognises the services received for the current period as related costs or expenses, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting.

For share-based payment transactions among entities within the group of companies (comprising the ultimate parent of the Group and all of its subsidiaries), the Group receiving services recognises the transaction as a cash-settled share-based payment transaction if it has an obligation to settle the transaction and the awards granted to its employees are the equity instruments of other entities within the same group.

23. Revenue recognition

Revenue is the gross inflow of economic benefit in the periods arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met:

(1) Sale of goods

Revenue from sale of goods is recognised when all of the general conditions stated above and following conditions are satisfied:

— The significant risks and rewards of ownership of goods have been transferred to the buyer;

— The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the considerations received or receivable under the sales contract or agreement.

(2) Rendering of services

Revenue from rendering of services is measured at the fair value of the considerations received or receivable under the contract or agreement.

At the balance sheet date, where outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised by reference to the stage of completion of the transaction based on the progress of work performed.

Where outcome of rendering of services cannot be estimated reliably, if the costs incurred are expected to be recoverable, revenues are recognised to the extent that the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; if the costs incurred are not expected to be recoverable, the costs incurred are recognised in profit or loss and no service revenue is recognised.

(3) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognised at the balance sheet date using the percentage of completion method.

The stage of completion of a contract is determined based on completion of a physical proportion of the contract work.

When the outcome of a construction contract cannot be estimated reliably:

— If the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred;

— If the contract costs cannot be recovered, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

Construction contract revenue includes initial revenue stipulated by contract and increased amount generated by contract alteration.

Increased amount cannot be recognized as contract revenue unless the following contract alteration terms are all satisfied:

— Client accepts and confirms the increased amount generated by contract alteration;

— Increased amount can be reliably measured.

Contract anticipated loss is recognised when estimated total construction contract cost exceeds contract revenue. Provision should be made for contract anticipated loss and charged into profit and losses for the current period.

(4) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

24. Employee benefits

Employee benefits are all forms of considerations given and other relevant expenditures incurred in exchange for services rendered by employees. Except for termination benefits, employee benefits are recognised as a liability in the period in which the associated services are rendered by employees, with a corresponding increase in the cost of relevant assets or expenses in the current period.

(1) Social insurance and housing fund

Pursuant to the relevant laws and regulations of the PRC, employees of the Group participate in the social insurance system established and managed by government organisations. The Group makes social insurance contributions — including contributions to basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and etc. — as well as contributions to housing fund, at the applicable benchmarks and rates stipulated by the government for the benefit of its employees. The social insurance and housing fund contributions are recognised as part of the cost of assets or charged to profit or loss on an accrual basis. Except for the above contributions, the Group does not have any other obligations in this respect.

(2) Termination benefits

When the Group terminates the employment relationship with employees before the employment contracts expire, or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision for the termination benefits provided is recognised in profit or loss when both of the following conditions have are satisfied:

— The Group has a formal plan for the termination of employment or has made an offer to employees for voluntary redundancy, which will be implemented shortly;

— The Group is not allowed to withdraw from termination plan or redundancy offer unilaterally.

25. Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at no consideration except for the capital contribution from the government as an investor in the Group. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital contributions, and not regarded as government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the subsequent periods is recognised initially as deferred income and recognised in profit or loss in the same periods in which the expenses are recognised. A grant that compensates the Group for expenses incurred is recognised in profit or loss immediately.

26. Deferred tax assets and liabilities

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, which include the deductible losses and tax credits carry forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is recovered or the liability is settled in accordance with tax laws.

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

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

— the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities, and

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

27. Operating and finance leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(1) Operating lease charges

Rental payments under operating leases are recognised as costs or expenses on a straight-line basis over the lease term.

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment properties (see Note II.13) are depreciated in accordance with the Group's depreciation policies described in Note II.14(2). Impairment losses are provided for in accordance with the accounting policy described in Note II.20. Other leased out assets under operating leases are amortised using the straight-line method. Income derived from operating leases is recognised in the income statement using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(3) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the value of the leased assets and the minimum lease payments is recognised as unrecognised finance charges. Initial direct costs that are attributable to a finance lease incurred by the Group are added to the amounts recognised for the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes II.14(2) and II.20, respectively.

If there is a reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charge under finance lease is amortised using an effective interest method over the lease term. The amortisation is accounted for in accordance with principles of borrowing costs (see Note II.16).

At the balance sheet date, long-term payables arising from finance leases, net of the unrecognised finance charges, are presented as long-term payables or non-current liabilities due within one year, respectively, in the balance sheet.

(4) Assets leased out under finance leases

At the commencement of the lease term, the Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable. The difference between the aggregate of the minimum lease receipts, the initial direct costs, and the aggregate of their present value is recognised as unearned finance income.

Unearned finance income is allocated to each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivables, net of unearned finance income, are presented as long-term receivables or non-current assets due within one year, respectively in the balance sheet.

28. Assets held for sale

A held-for-sale asset is classified as held for sale when the Group has made a decision and signed a non-cancellable agreement on the transfer of the asset with the transferee, and the transfer is expected to be completed within one year. Such non-current assets may be fixed assets, intangible assets, and investment properties subsequently measured using the cost model, long-term equity investment etc. but not include financial assets and deferred tax assets. Non-current assets held for sale are stated at the lower of carrying amount and net realisable value. Any excess of the carrying amount over the net realisable value is recognised as impairment loss. At balance sheet date, non-current assets held for sale are still presented under corresponding asset classification as they were.

29. Hedge accounting

Hedge accounting is a method which recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item in the same accounting period(s).

Hedged items are the items that expose the Group to risks of changes in fair value or future cash flows and that are designated as being hedged. The Group's hedged item include a forecast transaction that is settled with a fixed amount of foreign currency and expose the Group to foreign currency risk.

A hedging instrument is a designated derivative whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, a non-derivative financial asset or non-derivative financial liability may also be used as a hedging instrument.

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it has been highly effective throughout the accounting periods for which the hedging relationship was designated. A hedge is regarded as highly effective if both of the following conditions are satisfied:

— at the inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;

— the actual results of offsetting are within a range of 80% to 125%;

— cash flow hedges.

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholders' equity as a separate component. That effective portion is adjusted to the lesser of the following in absolute amounts:

— the cumulative gain or loss on the hedging instrument from inception of the hedge;

— the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge is recognised in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is removed from equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, the Group will discontinue the hedge accounting treatments prospectively. In this case, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall not be reclassified into profit or loss and is recognised in accordance with the above policy when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall be reclassified into profit or loss immediately.

30. Dividends appropriated to investors

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date, are not recognised as a liability at the balance sheet date but disclosed in the notes separately.

31. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

(a) the Company's parent;

(b) the Company's subsidiaries;

(c) enterprises that are controlled by the Company's parent;

(d) investors that have joint control or exercise significant influence over the Group;

(e) enterprises or individuals if a party has control, joint control over both the enterprises or individuals and the Group;

(f) joint ventures of the Group, including subsidiaries of joint ventures;

(g) associates of the Group, including subsidiaries of associates;

(h) principal individual investors and close family members of such individuals;

(i) key management personnel of the Group and close family members of such individuals;

(j) key management personnel of the Company's parent and close family members of such individuals;

(k) close family members of key management personnel of the Company's parent; and

(l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.

Besides the related parties stated above determined in accordance with the requirements of CAS, the following enterprises and individuals are considered as (but not restricted to) related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC:

(m) enterprises or persons that act in concert that hold 5% or more of the Company's shares;

(n) individuals and close family members of such individuals who directly or indirectly hold 5% or more of the Company's shares, supervisors for listed companies and their close family members;

(o) enterprises that satisfy any of the aforesaid conditions in (a), (c) and (m) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement;

(p) individuals who satisfy any of the aforesaid conditions in (i), (j) and (n) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement; and

(q) enterprises, other than the Company and subsidiaries controlled by the Company, which are controlled directly or indirectly by an individual defined in (i), (j), (n) or (p), or in which such an individual assumes the position of a director or senior executive.

32. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following conditions:

— It engages in business activities from which it may earn revenues and incur expenses;

— Its financial performance are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance;

— The Group is able to obtain its financial information regarding financial position, financial performance and cash flows, etc..

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics, and are similar in respect of the following aspects:

— the nature of each product and service;

— the nature of production processes;

— the type or class of customers for the products and services;

— the methods used to distribute the products or provide the services;

— the legal and regulatory impact on manufacturing of products and rendering of services.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

33. Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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.

Notes V.17, VII and XI.3 contain information about the assumptions and their risk factors relating to impairment of goodwill, share-based payments and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(1) Impairment of receivables

As described in Note II.10, receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there has been a change in the factors used to determine the provision for impairment which indicates that the value of the receivables has recovered, the impairment loss recognised in prior years is reversed.

(2) Provision for diminution in value of inventories

As described in Note II.11, the net realisable value of inventories is under management's regular review, and as a result, provision for diminution in value of inventories is recognised for the excess of inventories' carrying amounts over their net realisable value. When making estimates of net realisable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market conditions and product saleability, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for diminution in value of inventories. The net profit or loss may then be affected in the period when the provision for diminution in value of inventories is adjusted.

(3) Impairment of assets except inventories, financial assets and other long-term equity investment

As described in Note II.20, assets such as fixed assets, intangible assets and investment properties are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumption.

(4) Depreciation and amortisation of assets such as fixed assets, intangible assets and investment properties

As described in Note II.13, 14 and 17, investment properties, fixed assets and intangible assets are depreciated and amortised over their useful lives after taking into account residual value. The useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experiences of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

(5) Warranty provisions

As described in Note V.33, the Group makes provisions under the warranties it gives on the sale of its products based mainly on the Group's recent claim experience. Because it is possible that the recent claim experience may not be indicative of future claims that the Group will receive in respect of past sales, a considerable level of management's judgement is required and exercised to estimate the provision. Any increase or decrease in the provision will affect profit or loss in future years.

(6) Construction contract

As described in Note II.23, contract revenue and contract profit are recognised based on the stage of completion of a contract which is determined with reference to the proportion of the physical construction work completed to the total estimated construction work. Where a contract is completed substantially and its contract revenue and contract expenses to completion can be reliably measured, the Group estimates contract revenue and contract expenses with reference to its recent construction experience and the nature of the construction contracts. For a contract that is not completed substantially, contract revenue that should be recognised based on its stage of completion, is not recognised and disclosed in the financial statements. Therefore, at the balance sheet date, actual total contract revenue and total contract cost may be higher or lower than the estimated total contract revenue and total contract cost and any change of estimated total contract revenue and total contract cost may have financial impact on future profit or loss.

(7) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

III. TAXATION

1. Main taxes and taxes rates

Types of tax	Taxable base	Tax rate
Value added tax (VAT)	The output VAT calculated based on taxable income from sales of goods and rendering of service, after subtracting the deductable input VAT of the period, is VAT payable	17%
Business tax	Taxable operating income	3–5%
Urban maintenance and construction tax	Business tax payable and VAT payable	7%
Income tax	Taxable income	Note 1
The Netherlands/Australia service tax rate	Calculated based on revenue arising from sales of goods and rendering of service, less deductible or refundable taxes for purchase of goods	10–19%

Note 1:

The income tax rates applicable to the Group for the year are as follows:

	2012	2011
The Company	25%	24%
Domestic subsidiaries	12.5–25%	12.5–25%
Subsidiaries registered in Hong Kong	16.5%	16.5%
Subsidiaries registered in British Virgin Islands	—	—
Subsidiary registered in Suriname	36%	36%
Subsidiary registered in Cambodia	20%	20%
Subsidiary registered in US	15–35%	15–35%
Subsidiary registered in Germany	31.6%	31.6%
Subsidiary registered in Britain	28%	28%
Subsidiary registered in Australia	30%	30%
Subsidiary registered in the Netherlands	25.5%	25.5%
Subsidiary registered in Belgium	34%	34%
Subsidiary registered in Denmark	25%	25%
Subsidiary registered in Finland	26%	26%
Subsidiary registered in Poland	19%	19%
Subsidiary registered in Thailand	30%	30%
Subsidiary registered in Singapore	17%	17%

2. Tax preference

The Group's subsidiaries that are entitled to preferential tax treatments are as follows:

Name of enterprises		Local Statutory tax rate	Preferential rate	Reasons
1	Shenzhen CIMC — Tianda Airport Support Co., Ltd	25%	15%	Recognised as high-tech enterprises, in 2010 entitled to 15% preferential rate
2	Shanghai CIMC Yangshan Logistics Equipment Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2012 is the fifth profit making year
3	Tianjin CIMC Special Vehicle Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2012 is the fifth profit making year
4	CIMC SHAC (Xi'An) Special Vehicle Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2012 is the fifth profit making year
5	Shenzhen CIMC Intelligent Technology Co., Ltd.	25%	12.5%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate

Name of enterprises		Local Statutory tax rate	Preferential rate	Reasons
6	Ianermongolia Holonbuir CIMC Wood Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2012 is the fifth profit making year
7	Tianjin CIMC Containers Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2012 is the fifth profit making year
8	Shanghai CIMC Yangshan Container Service Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2012 is the fifth profit making year
9	Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd	25%	15%	Recognised as high-tech Enterprises in 2010, entitled to 15% preferential rate
10	Zhumadian CIMC Huajun Vehicle Co., Ltd.	25%	15%	Recognised as high-tech Enterprises in 2010, entitled to 15% preferential rate
11	Yangzhou Tonglee Reefer Container Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2012 is the fifth profit making year
12	Yangzhou CIMC Tonghua Tank Equipment Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2012 is the fifth profit making year
13	Enric (Bengbu) Compressor Co., Ltd	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
14	Shanghai CIMC Reefer Containers Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
15	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
16	Xinhui CIMC Special Transportation Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2010, entitled to 15% preferential rate

Name of enterprises		Local Statutory tax rate	Preferential rate	Reasons
17	Dalian CIMC Logistics Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
18	Shenzhen CIMC Special Vehicle Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
19	CIMC Vehicle (Shandong) Co. Ltd	25%	15%	Recognised as high-tech enterprises in 2010, entitled to 15% preferential rate
20	Qingdao CIMC Special Vehicle Co., Ltd.	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2012 is the fifth profit making year
21	Luoyang CIMC Lingyu Automobile Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2010, entitled to 15% preferential rate
22	Wuhu CIMC RuiJiang Automobile Co., Ltd	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
23	CIMC Vehicle (Liaoning) Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2012 is the fifth profit making year
24	Chongqing CIMC Logistics Equipments Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2012 is the fifth profit making year
25	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
26	Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
27	Enric (Lang fang) Energy Equipment integration Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2010, entitled to 15% preferential rate

Name of enterprises		Local Statutory tax rate	Preferential rate	Reasons
28	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate
29	Yantai CIMC Raffles offshore Ltd	25%	15%	Recognised as high-tech enterprises in 2009, entitled to 15% preferential rate
30	Nantong CIMC Tank Equipment Co., Ltd	25%	15%	Recognised as high-tech enterprises in 2011, entitled to 15% preferential rate

Corporate income tax law of the PRC ("New Tax Law") became effective on 1 January 2008. The statutory income tax rate for the Company and its domestic subsidiaries will be 25%. According to the Notice for Transitional Preferential Tax Policies of Enterprise, Income Tax Law (Guo Fa [2007] No. 39) issued by the State Council, the tax rate for the companies which were previously entitled to preferential tax rates will gradually transition to the statutory tax rate of 25% within 5 years. The tax rate for the enterprises which are entitled to preferential tax rate of 15% will be 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012; the tax rate for the enterprises whose applicable tax rates were 24% and above or equal to 25% will be 25% starting from 2008.

Effective from 1 January 2008, the companies which are previously entitled to tax holidays of "two-year exemption and three-year reduction" and "one-year exemption and two-year reduction" will continue to enjoy the tax holidays until their expirations. The reduced tax rates will be based on the applicable tax rate in the transitional period. The applicable tax rate will be the statutory tax rate after the expirations of tax holidays.

On 6 December 2007, State Council of People's Republic of China promulgated detailed implementation rules of the New Tax Law. According to the implementation rules started from 1 January 2008, a withholding tax is applied on dividends distributed by foreign-invested enterprises to Hong Kong or other overseas investors with a tax rate of 5% or 10%, respectively. Therefore, at 30 June 2012, temporary difference caused by the Group's subsidiaries' undistributed profits amounted to RMB4,395,489,000 (2011: RMB3,665,929,000). Accordingly, deferred tax liabilities amounting to RMB362,761,000 (2011: RMB313,946,000) were recognised by the Group at year end.

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

1. Company status of investment in subsidiaries

All subsidiaries of the Group were established or acquired through combination not under common control. There is no acquisition of subsidiaries through combination under common control.

In the reporting period, the number of companies included in the scope of consolidation added up to 287. Except for the subsidiaries listed as below, the number of other subsidiaries held by the Group was 149, with paid-in capital amounting to RMB77,775,000. Other subsidiaries mainly included those engaged in manufacturing or service provision, which have relatively small scale of operation and the paid-in capital was below RMB20 million or USD3 million. Other subsidiaries also included those investment holding companies with no operating activities registered in Hong Kong, British Virgin Islands or other overseas countries.

(1) Subsidiaries obtained through establishment or business combination

(i) Domestic subsidiaries:

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope
				Currency	Amount of original currency		Currency	Amount of original currency			
1	Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (SCIMC)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture, repair and sale of container, container stockpiling business	USD	16,600,000.00	100.00%	100.00%	Yes
2	Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd. (SCIMCEL)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture and repair of container design and manufacture of new-style special road and port mechanical equipment	USD	16,600,000.00	100.00%	100.00%	Yes
3	Xinhui CIMC Container Co., Ltd. (XHCIMC)	Corporation	Guangdong, China	USD	24,000,000.00	Manufacture, repair and sale of containers	USD	16,800,000.00	70.00%	70.00%	Yes
4	Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	Corporation	Jiangsu, China	USD	7,700,000.00	Manufacture, repair and sale of containers	USD	5,467,000.00	71.00%	71.00%	Yes
5	Tianjin CIMC Containers Co., Ltd. (TJCIMC)	Corporation	Tianjin, China	USD	50,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	50,000,000.00	100.00%	100.00%	Yes
6	Dalian CIMC Containers Co., Ltd. (DLCIMC)	Corporation	Dalian, China	USD	17,400,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	17,400,000.00	100.00%	100.00%	Yes
7	Ningbo CIMC Logistics Equipment Co., Ltd. (NBCIMC)	Corporation	Ningbo, China	USD	15,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	15,000,000.00	100.00%	100.00%	Yes
8	Taicang CIMC Containers Co., Ltd. (TCCIMC)	Corporation	Jiangsu, China	USD	40,000,000.00	Manufacture and repair of container	USD	40,000,000.00	100.00%	100.00%	Yes
9	Yangzhou Runyang Logistics Equipments Co., Ltd. (YZRYL)	Corporation	Jiangsu, China	USD	20,000,000.00	Manufacture, repair and sale of container	USD	20,000,000.00	100.00%	100.00%	Yes
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. (SHYSLE)	Corporation	Shanghai, China	USD	20,000,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	20,000,000.00	100.00%	100.00%	Yes
11	Shanghai CIMC Reefer Containers Co., Ltd. (SCRC)	Corporation	Shanghai, China	USD	31,000,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat Preservation car	USD	28,520,000.00	92.00%	92.00%	Yes

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope
			Currency	Amount of original currency		Currency	Amount of original currency			
12 Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	Corporation	Jiangsu, China	USD	10,000,000.00	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	USD	7,100,000.00	71.00%	71.00%	Yes
13 Xinhui CIMC Special Transportation Equipment Co., Ltd. (XHCIMCS)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts; providing leasing and maintenance service	USD	16,600,000.00	100.00%	100.00%	Yes
14 Nantong CIMC Tank Equipment Co., Ltd (NTCIMCT)	Corporation	Jiangsu, China	USD	25,000,000.00	Manufacture and sale of various container, semi-finished container relevant components and parts	USD	25,000,000.00	78.22%	100.00%	Yes
15 Dalian CIMC Railway Equipment Co., Ltd (DLCIMCS)	Corporation	Liaoning, China	USD	20,000,000.00	Design, manufacture and sale of various railway freight equipment products such as railway container flat car, open wagon and hopper wagon	USD	20,000,000.00	100.00%	100.00%	Yes
16 Nantong CIMC Large-sized Tank Co., Ltd.	Corporation	Jiangsu, China	USD	43,000,000.00	Design, production and sale of tank relevant parts; undertaking tank-related general contracting projects	USD	43,000,000.00	100.00%	100.00%	Yes
17 Shenzhen CIMC Special Vehicle Co., Ltd. (CIMCSV)	Corporation	Guangdong, China	RMB	200,000,000.00	Development, production and sales of various special-use vehicles, as well as relevant components and parts	RMB	160,000,000.00	80.00%	100.00%	Yes
18 Qingdao CIMC Special Vehicle Co., Ltd. (QDSV)	Corporation	Shandong, China	RMB	62,880,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	RMB	55,875,168.00	88.86%	100.00%	Yes
19 Yangzhou CIMC Tonghua Tank Equipment Co., Ltd. (YZTHT)	Corporation	Jiangsu, China	USD	17,500,000.00	Development and production of various trailer, special-use vehicles and tank equipment as well as components and parts	USD	14,000,000.00	80.00%	100.00%	Yes
20 Shanghai CIMC Vehicle Logistics Equipments Co., Ltd. (SHL)	Corporation	Shanghai, China	RMB	90,204,082.00	Development, construction, operation leasing, sales of warehousing and auxiliary facilities; property	RMB	72,163,265.60	80.00%	100.00%	Yes

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope
			Currency	Amount of original currency		Currency	Amount of original currency			
21 Beijing CIMC Vehicle Logistics Equipments Co., Ltd. (BJVL)	Corporation	Beijing, China	RMB	20,000,000.00	Construction and operation of auxiliary warehousing equipments management and relevant service	RMB	16,000,000.00	80.00%	100.00%	Yes
22 CIMC Vehicle (Liaoning) Co., Ltd. (LNVS)	Corporation	Liaoning, China	RMB	40,000,000.00	Development and production of various trailer, special-use vehicles as well as components and parts	RMB	32,000,000.00	80.00%	100.00%	Yes
23 Tianjin CIMC Special Vehicles Co., Ltd. (TJXV) service	Corporation	Tianjin, China	RMB	30,000,000.00	Production and sales of box car, mechanical products, metal structure member; relevant advisory	RMB	24,000,000.00	80.00%	100.00%	Yes
24 CIMC — SHAC (Xi'An) Special Vehicle Co., Ltd. (XASV)	Corporation	Xi'An, China	RMB	50,000,000.00	Development and production of various trailer, special vehicle and the components and parts; providing relevant technical service	RMB	30,000,000.00	60.00%	75.00%	Yes
25 Gansu CIMC Huajun Vehicle Co., Ltd. (GSHJ)	Corporation	Gansu, China	RMB	25,000,000.00	Refitting of special vehicles, manufacture of trailer and fittings as well automobile fittings; sales of relevant materials	RMB	20,000,000.00	80.00%	100.00%	Yes
26 Xinhui CIMC Composite Material Manufacture CO., LTD (XHCM)	Corporation	Guangdong, China	USD	16,000,000.00	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	USD	12,800,000.00	80.00%	100.00%	Yes
27 Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)	Corporation	Shandong, China	RMB	137,930,000.00	Development, manufacture, sales and service for garbage treatment truck and the components and parts	RMB	56,275,440.00	40.80%	51.00%	Yes
28 Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	Corporation	Shanghai, China	RMB	30,000,000.00	Development and production of box trailer, box car as well as relevant mechanical products	RMB	24,600,000.00	82.00%	100.00%	Yes
29 CIMC Financing and Leasing Co., Ltd. (CIMCVL)	Corporation	Guangdong, China	RMB	20,000,000.00	Finance lease business; disposal and maintenance for residual value of leased property; advisory and warranty for leasing transaction	RMB	20,000,000.00	100.00%	100.00%	Yes
30 Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV)	Corporation	Shandong, China	USD	25,000,000.00	Manufacture and sales of various refrigeration, heat preservation and other transport equipments and spare parts	USD	20,000,000.00	80.00%	100.00%	Yes

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope
			Currency	Amount of original currency		Currency	Amount of original currency			
31 Nantong CIMC Tank Equipment Co., Ltd. (NTCY)	Corporation	Jiangsu, China	USD	10,000,000.00	Manufacture and repair of large-sized tank, production of various pressurization tank car, special pressurization trough, tank and parts	USD	8,500,000.00	85.00%	100.00%	Yes
32 Shenzhen CIMC – Tianda Airport Support Ltd. (TAS) . .	Corporation	Guangdong, China	USD	13,500,000.00	Production and operation of various airport-purpose electromechanical equipment products	USD	9,450,000.00	70.00%	70.00%	Yes
33 Xinhui CIMC Wood Co., Ltd. (XHCIMCW)	Corporation	Guangdong, China	USD	15,500,000.00	Production of container-purpose wood floor and relevant products of various specifications; providing relevant technical advisory service	USD	15,500,000.00	100.00%	100.00%	Yes
34 Inner Mongolia Holonbuir CIMC Wood Co., Ltd. (NMGW) . .	Corporation	Inner Mongolia, China	USD	12,000,000.00	Production and sales of various container wood floors and wood products for transport equipments	USD	12,000,000.00	100.00%	100.00%	Yes
35 Jiaxing CIMC Wood Co., Ltd. (JXW)	Corporation	Zhejiang, China	USD	5,000,000.00	Production and sales of container wood floors, wood products for transport equipments and other wood products	USD	5,000,000.00	100.00%	100.00%	Yes
36 Xuzhou CIMC Wood Co., Ltd (XZW)	Corporation	Jiangsu, China	RMB	50,000,000.00	Production and sales of container wood floor; purchasing and sales of timber	RMB	50,000,000.00	100.00%	100.00%	Yes
37 Shenzhen Southern CIMC Containers Service Co., Ltd. (SCIMCL)	Corporation	Guangdong, China	USD	5,000,000.00	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance	USD	5,000,000.00	100.00%	100.00%	Yes
38 Ningbo CIMC Container Service Co., Ltd. (NBCIMCL)	Corporation	Ningbo, China	RMB	30,000,000.00	Goods traffic; goods package, sorting, examination and logistics advisory service	RMB	30,000,000.00	100.00%	100.00%	Yes
39 Shanghai CIMC Yangshan Container Service Co., Ltd. (SHYLE)	Corporation	Shanghai, China	USD	7,000,000.00	Container transshipment, stockpiling, devanning, vanning, and warehousing; container maintenance, try-off and technical service	USD	5,600,000.00	80.00%	80.00%	Yes
40 CIMC Shenfa Development Co., Ltd. (CIMCSD)	Corporation	Shanghai, China	RMB	204,122,966.00	Investment, construction and operation for infrastructure; real estate development and operation	RMB	204,122,966.00	100.00%	100.00%	Yes

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope
			Currency	Amount of original currency		Currency	Amount of original currency			
41 CIMC Vehicle (Xinjiang) Co., Ltd. (SJ4S)	Corporation	Xinjiang, China	RMB	80,000,000.00	Production and sales of mechanical equipments as well as relevant technical development	RMB	64,000,000.00	80.00%	100.00%	Yes
42 CIMC Vehicle (Group) Co., Ltd. (HI)	Corporation	Guangdong, China	USD	168,000,000.00	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	USD	134,400,000.00	80.00%	80.00%	Yes
43 Qingdao CIMC Special Reefer Co., Ltd. (QDCSR)	Corporation	Shandong, China	USD	11,500,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts	USD	11,500,000.00	100.00%	100.00%	Yes
44 Tianjin CIMC Logistics Equipments Co., Ltd. (TJCIMCLE)	Corporation	Tianjin, China	USD	5,000,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	USD	5,000,000.00	100.00%	100.00%	Yes
45 Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Corporation	Dalian, China	USD	14,000,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	USD	14,000,000.00	100.00%	100.00%	Yes
46 Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Corporation	Chongqing, China	USD	8,000,000.00	Design, manufacture, lease, maintenance of container, special container, other logistic equipment and relevant components and parts	USD	8,000,000.00	100.00%	100.00%	Yes
47 Dalian CIMC Heavy Logistics Equipments Co., Ltd. (DLZH)	Corporation	Liaoning, China	USD	33,700,000.00	International trade, entrepot trade, design, manufacture, sale, and relevant technical advisory of pressure vessel; manufacture and installation, other service of relevant components and parts of pressure vessel	USD	33,700,000.00	100.00%	100.00%	Yes
48 Shenzhen CIMC Intelligent Technology Co., Ltd. (CIMC Tech)	Corporation	Guangdong China,	RMB	20,000,000.00	Design, development, sale, surrogate of electron production, software and system	RMB	20,000,000.00	100.00%	100.00%	Yes
49 CIMC Taicang refrigeration equipment logistics Co., Ltd. (TCCRC)	Corporation	Jiangsu, China	RMB	90,000,000.00	Research and development, production and sale of reefer container and special container	RMB	90,000,000.00	100.00%	100.00%	Yes

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope
			Currency	Amount of original currency		Currency	Amount of original currency			
50 Hunan CIMC Bamboo Industry Development Co., Ltd. (HNW)	Corporation	Hunan, China	RMB	28,000,000.00	Manufacturing and sale of bamboo and wood product	RMB	28,000,000.00	100.00%	100.00%	Yes
51 CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd (QHDV)	Corporation	Hebei, China	RMB	70,000,000.00	Sale of car and car components and parts	RMB	42,000,000.00	60.00%	75.00%	Yes
52 CIMC Energy Chemical Engineering Technology Co., Ltd.	Corporation	Guangdong, China	RMB	5,000,000.00	Design and development projects for energy, chemical food related equipment; contractor techniques transfer	RMB	5,000,000.00	100.00%	100.00%	Yes
53 CIMC Management and Training (Shenzhen) Co., Ltd.	Corporation	Guangdong, China	RMB	50,000,000.00	Design of marketing activities scheme organization of academic and commercial conference and exhibition	RMB	50,000,000.00	100.00%	100.00%	Yes
54 Yangzhou Lijun Industry and Trade Co., Ltd. ("Yangzhou Lijun")	Corporation	Jiangsu, China	RMB	70,000,000.00	Production and sales of mechanical equipments and relevant components and parts; technical advisory and other service	RMB	70,000,000.00	100.00%	100.00%	Yes
55 Yangzhou Taili Special Equipment Co., Ltd. ("Yangzhou Taili")	Corporation	Jiangsu, China	RMB	70,000,000.00	Design, manufacturing and maintenance of containers, board square cabin and relevant components and parts; relevant advisory and service	RMB	70,000,000.00	100.00%	100.00%	Yes
56 Yantai CIMC Marine Engineering Academe Co., Ltd. ("MEA")	Corporation	Shandong, China	RMB	150,000,000.00	Research and development of marine operation platform and other marine engineering service	RMB	150,000,000.00	100.00%	100.00%	Yes
57 Shanghai Lifan Container Service Co., Ltd. ("Shanghai Lifan") .	Corporation	Shanghai, China	RMB	1,000,000.00	Refitting and maintenance of containers; providing containers information system management and advisory service	RMB	420,000.00	42.00%	60.00%	Yes
58 CIMC Wood Development Co., Ltd. ("CIMCWD")	Corporation	Guangdong, China	RMB	150,000,000.00	Development, production and sales of wood products for various modern transportation equipment	RMB	150,000,000.00	100.00%	100.00%	Yes
59 Shenzhen CIMC Skyspace Real Estate Development Co., Ltd (CIMC Tianyu)	Corporation	Shenzhen, China	RMB	254,634,066.00	Real estate development	RMB	254,634,066.00	90.00%	90.00%	Yes

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope
			Currency	Amount of original currency		Currency	Amount of original currency			
60 Yangzhou CIMC grand space Real Estate Development Co., Ltd (CIMC Haosun)	Corporation	Jiangsu, China	RMB	25,000,000.00	Real estate development, sales and leasing	RMB	23,500,000.00	94.00%	94.00%	Yes
61 Jiangmen CIMC skyspace Real Estate Co., Ltd. ("Jiangmen Dichan")	Corporation	Guangdong, China	RMB	30,000,000.00	Real estate development, projects sale of decoration and building materials	RMB	15,000,000.00	90.00%	90.00%	Yes
62 Ningbo Runxin Container Co., Ltd	Corporation	Ningbo China	RMB	5,000,000.00	Cleaning and repair of containers, stockpiling, vanning and devanning service	RMB	3,000,000.00	60.00%	60.00%	Yes
63 Chengdu CIMC Vehicle Co., Ltd ("CD Vehicle")	Corporation	Sichuan China	RMB	60,000,000.00	Development, production and sale of various special-use vehicles, as well as Warehouse equipment	RMB	48,000,000.00	80.00%	80.00%	Yes
64 CIMC Finance Company ("Finance Company")	Corporation	Guangdong China	RMB	500,000,000.00	Providing financial service	RMB	500,000,000.00	100.00%	100.00%	Yes
65 Shenzhen CIMC Investment Holding company ("SZ Investment Holding")	Corporation	Shenzhen China	RMB	75,000,000.00	Investment, sale and leasing of containers and container property	RMB	75,000,000.00	100.00%	100.00%	Yes
66 Zhumadian CIMC Huajun Vehicle Trading Co., Ltd ("HJQM")	Corporation	Henan China	RMB	10,000,000.00	Sales and repair of various vehicles, as well as relevant components and parts	RMB	8,000,000.00	80.00%	80.00%	Yes

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope
			Currency	Amount of original currency		Currency	Amount of original currency			
67 Zhumadian CIMC Huajun Casting Co. Ltd. (HJCAST)	Corporation	Henan China	RMB	20,000,000.00	Casting manufacturing for Vehicle and coal mining machinery	RMB	16,000,000.00	80.00%	100.00%	Yes
68 Ocean Engineering Design & Research Institute of CIMC (SHOE)	Corporation	Shanghai China	RMB	50,000,000.00	Design and research of marine operation platform and other ocean engineering	RMB	50,000,000.00	100.00%	100.00%	Yes
69 Shenzhen CIMC Investment Co., Ltd (SZ Investment)	Corporation	Shenzhen China	RMB	60,000,000.00	Equity investment investment management and related investment business	RMB	60,000,000.00	100.00%	100.00%	Yes
70 Shenzhen Sky Capital Co., Ltd (SESKYC)	Corporation	Shenzhen China	RMB	90,000,000.00	Equity investment investment management and related investment business	RMB	90,000,000.00	100.00%	100.00%	Yes

(ii) Overseas subsidiaries:

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope
			Currency	Amount of original currency		Currency	Amount of original currency			
71 CIMC Holdings (B.V.I.) Limited (CIMC BVI)		British Virgin Islands	USD	34,001.00	Investment	USD	34,001.00	100.00%	100.00%	Yes
72 CIMC Tank Equipment Investment Holdings Co., Ltd.		Hong Kong	HKD	4,680,000.00	Investment	HKD	4,680,000.00	100.00%	100.00%	Yes
73 CIMC-SMM Vehicle (Thailand) CO., LTD. (Thailand V)		Thailand	Baht	260,000,000.00	Production and operation of various special vehicles	Baht	213,200,000.00	82.00%	82.00%	Yes
74 CIMC Vehicle Investment Holding Co., Ltd. (CIMC Vehicle)		Hong Kong	USD	50,000.00	Investment	USD	40,000.00	80.00%	100.00%	Yes
75 CIMC Europe BVBA		Belgium	EUR	18,550.00	Investment	EUR	18,550.00	100.00%	100.00%	Yes

	Name	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the year		Shareholding percentage	Voting rights	Within consolidation scope
			Currency	Amount of original currency		Currency	Amount of original currency			
76	China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong")	Hong Kong	HKD	2,000,000.00	Investment	HKD	2,000,000.00	100.00%	100.00%	Yes
77	CIMC Burg B.V. ("BV")	Holland	EUR	60,000,000.00	Investment	EUR	48,000,000.00	80.00%	80.00%	Yes
78	Tacoba Forestry Consultant Forestry N.V ("Tacoba")	Suriname	SF	3,000,000.00	Sale of wood	SF	3,000,000.00	100.00%	100.00%	Yes
79	Charm Wise Limited ("Charm Wise")	Hong Kong	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes
80	Gold Terrain Assets Limited ("GTA")	British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes
81	Full Medal Holdings Ltd. ("Full Medal")	British Virgin Islands	USD	50,000.00	Investment	USD	39,110.00	78.22%	100.00%	Yes
82	Charm Ray Holdings Limited ("Charm Ray")	Hong Kong	HKD	1.00	Investment	HKD	0.78	78.22%	100.00%	Yes
83	Charm Beat Enterprises Limited ("Charm Beat")	British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes
84	Sharp Vision Holdings Limited ("Sharp Vision")	Hong Kong	HKD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes
85	Sound Winner Holdings Limited ("Sound Winner")	British Virgin Islands	USD	10,000.00	Investment	USD	7,822.00	78.22%	100.00%	Yes
86	Grow Rapid Limited ("Grow Rapid")	Hong Kong	HKD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes
87	Powerlead Holding Ltd. ("Powerlead")	British Virgin Islands	USD	10.00	Investment	USD	10.00	100.00%	100.00%	Yes
88	Cooperatie Vela U.A.	Holland	EUR	18,000.00	Investment	EUR	14,080.00	78.22%	100.00%	Yes
89	Vela Holding B.V.	Holland	EUR	18,000.00	Investment	EUR	14,080.00	78.22%	100.00%	Yes
90	CIMC Financial Leasing (HK) Ltd ("Financial Leasing")	Hong Kong	HKD	500,000.00	Finance Lease	HKD	500,000.00	100.00%	100.00%	Yes
91	CIMC Offshore Holdings Limited ("CIMC Offshore")	Hong Kong	HKD	342,860,173.00	Investment	HKD	211,766,773.00	100.00%	100.00%	Yes
92	Perfect Victor Investments Limited ("Perfect Victor")	Hong Kong	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes

(2) The Group does not have subsidiaries obtained through combination under common control.

(3) Subsidiaries acquired through combinations under non-common control:

(i) Domestics subsidiaries:

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage	Voting rights	Within consolidation scope
				Currency	Amount of original currency		Currency	Amount of original currency			
1	Luoyang CIMC Lingyu Automobile CO., LTD. (LYV)	Corporation	Henan, China	RMB	60,000,000.00	Production and sales of passenger car, tank car; machining; operation of import and export business	RMB	36,000,000.00	60.00%	75.00%	Yes
2	Wuhu CIMC RuiJiang Automobile CO LTD (WHVS)	Corporation	Anhui, China	RMB	100,000,000.00	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB	60,000,000.00	60.00%	75.00%	Yes
3	Liangshan Dongyue CIMC Vehicle Co., Ltd. (LSDYV)	Corporation	Shandong, China	RMB	90,000,000.00	Production and sales of mixing truck, special vehicle and components and parts	RMB	54,000,000.00	60.00%	75.00%	Yes
4	Qingdao CIMC Container Manufacture Co., Ltd (QDCC)	Corporation	Shandong, China	USD	27,840,000.00	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipment	USD	27,840,000.00	100.00%	100.00%	Yes
5	Qingdao CIMC Reefer Container Manufacture Co., Ltd. (QDCRC)	Corporation	Shandong, China	USD	39,060,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing relevant technical advisory and maintenance service	USD	39,060,000.00	100.00%	100.00%	Yes
6	Tianjin CIMC North Ocean Container Co., Ltd. (TJCIMC)	Corporation	Tianjin, China	USD	15,469,300.00	Manufacture and sale of container as well as vehicle, ship, equipment and steel structure specially used for container; warehousing and after sales service for container	USD	15,469,300.00	100.00%	100.00%	Yes
7	Shanghai CIMC Baowell Industries Co. Ltd (SBWI)	Corporation	Shanghai, China	USD	28,500,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	27,000,900.00	94.74%	100.00%	Yes
8	CIMC Vehicle (Shandong) Co. Ltd. (KGR)	Corporation	Shandong, China	RMB	18,930,100.00	Development and manufacture of refrigerator car, tank car, trailer, box car, special vehicles and various series products	RMB	15,144,080.00	69.61%	87.01%	Yes

	Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage	Voting rights	Within consolidation scope
				Currency	Amount of original currency		Currency	Amount of original currency			
9	Zhangzhou CIMC Container Co., Ltd. (ZZCIMC)	Corporation	Fujian, China	USD	23,000,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	23,000,000.00	100.00%	100.00%	Yes
10	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH)	Corporation	Jiangsu, China	RMB	294,234,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	RMB	235,387,200.00	80.00%	100.00%	Yes
11	Zhumadian CIMC Huajun Vehicle Co. Ltd. (HJCIMC)	Corporation	Henan, China	RMB	85,340,000.00	Refitting of special vehicles, sales of trailer and fittings; sales of vehicle-related materials	RMB	68,272,000.00	80.00%	100.00%	Yes
12	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY)	Corporation	Jiangsu, China	RMB	144,862,042.01	Development, manufacture and installation of deep freezing unit, petrochemical mechanical equipment, tank container, pressure vessel	RMB	113,311,089.26	78.22%	100.00%	Yes
13	Donghwa Container Transportation Service Co., Ltd. (DHCTS)	Corporation	Shanghai, China	USD	4,500,000.00	Container cargo devanning, vanning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components and parts	USD	3,150,000.00	70.00%	70.00%	Yes
14	Yangzhou Tonglee Reefer Container Co., Ltd. (TLC)	Corporation	Jiangsu, China	USD	24,500,000.00	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	USD	24,500,000.00	100.00%	100.00%	Yes
15	Qingdao Kooll Logistics Co., Ltd (QDHFL)	Corporation	Shandong, China	RMB	20,000,000.00	Container warehousing, stockpiling, devanning, vanning, load and unload, cleaning, maintenance; goods processing	RMB	16,000,000.00	80.00%	80.00%	Yes
16	Enric (Bengbu) Compressor Co., Ltd. (Enric Bengbu)	Corporation	Anhui, China	HKD	60,808,385.00	Manufacturing base of NG compressor and related products	HKD	47,564,318.74	78.22%	100.00%	Yes
17	Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Enric")	Corporation	Hebei, China	USD	7,000,000.00	Manufacturing pressure vessel	USD	5,475,400.00	78.22%	100.00%	Yes
18	Enric (Lang fang) Energy Equipment integration Co., Ltd. (Langfang Enric) Note IV.1(4)	Corporation	Hebei, China	HKD	50,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	39,110,000.00	78.22%	100.00%	Yes

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage	Voting rights	Within consolidation scope
			Currency	Amount of original currency		Currency	Amount of original currency			
19 Enric (Beijing) Energy Technology Co., Ltd (Beijing Enric)	Corporation	Beijing, China	HKD	40,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	31,288,000.00	78.22%	100.00%	Yes
20 CIMC Enric (Jingmen) Energy Equipment Co., Ltd.	Corporation	Hubei, China	HKD	50,000,000.00	Sales of chemical and gas machineries and equipments as well as after sales services; research and development of energy conservation techniques	HKD	39,110,000.00	78.22%	100.00%	Yes
21 Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd (Jingmen Hongtu)	Corporation	Hubei, China	RMB	20,000,000.00	Development and sales of flight vehicle manufacturing techniques, design, production and sales of specialized motor vehicles, tanks and pressure vessel	RMB	12,516,000.00	62.58%	80.00%	Yes
22 Ningguo CIMC Wood Co., Ltd. ("NGCIMCW")	Corporation	Anhui China	USD	1,300,,000.00	Construction of offshore project and supplement	USD	780,000.00	60.00%	60.00%	Yes
23 Yantai CIMC Raffles Offshore Ltd (YCRO)	Corporation	Shandong China	RMB	1,042,690,000.00	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB	570,455,699.00	54.71%	54.71%	Yes
24 Yantai CIMC Raffles Ship Co., Ltd ("YCRS")	Corporation	Shandong China	RMB	125,980,000.00	Construction of ship as well as component; Sales of container and offshore oil platform, channel and steel production	RMB	68,923,658.00	54.71%	54.71%	Yes
25 Haiyang CIMC Raffles Offshore Ltd. ("HCRO")	Corporation	Shandong China	RMB	200,000,000.00	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB	109,420,000.00	54.71%	54.71%	Yes
26 Longkou CIMC Raffles offshore engineering Co., Ltd ("LCRO")	Corporation	Shandong China	RMB	290,000,000.00	Construction of offshore project and supplement	RMB	158,659,000.00	54.71%	54.71%	Yes
27 Shandong Master Special Vehicle Manufacturing Co., Ltd ("SDMV")	Corporation	Shandong China	RMB	22,000,000.00	Manufacture and sales of mixing truck, special vehicle and components and parts	RMB	13,200,000.00	60.00%	60.00%	Yes

Name	Entity type	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage	Voting rights	Within consolidation scope
			Currency	Amount of original currency		Currency	Amount of original currency			
28 Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("YPDI")	Corporation	Jiangsu China	RMB	30,000,000.00	Consultancy, planning, design, service, procurement and contracting for petrochemical projects; pressure vessels and pressure piping design; computer software development and utilisation	RMB	165,000,000.00	100%	100%	Yes

(ii) Overseas subsidiaries:

Name	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage	Voting rights	Within consolidation scope
		Currency	Amount of original currency		Currency	Amount of original currency	%	%	
29 CIMC Rolling Stock Australia Pty Ltd. (CIMC Aus)	Australia	AUD	50,000.00	Sales of vehicles	AUD	50,000.00	100.00%	100.00%	Yes
30 Enric Energy Equipment Holdings Limited (Enric) (4)(i)	Cayman Islands	HKD	120,000,000.00	Investment holding	HKD	93,864,000.00	78.22%	100.00%	Yes
31 Burg Industries B.V.	Holland	EUR	3,403,351.62	Investment	EUR	2,722,681.30	80.00%	100.00%	Yes
32 Holvrieka Holding B.V.	Holland	EUR	12,000,000.00	Investment	EUR	9,386,400.00	78.22%	100.00%	Yes
33 Holvrieka Ido B.V.	Holland	EUR	136,200.00	Sales of tank equipment	EUR	106,535.64	78.22%	100.00%	Yes
34 Holvrieka Nirota B.V.	Holland	EUR	680,670.32	Production, assembly and sale of tank equipment	EUR	532,420.32	78.22%	100.00%	Yes
35 Noordkoel B.V.	Holland	EUR	500,000.00	Sales of tank equipment	EUR	391,100.00	78.22%	100.00%	Yes
36 Beheermaatschappij Burg B.V.	Holland	EUR	453,780.22	Investment	EUR	453,780.22	80.00%	100.00%	Yes

	Name	Registration place	Registered capital		Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage	Voting rights	Within consolidation scope
			Currency	Amount of original currency		Currency	Amount of original currency	%	%	
37	Burg Carrosserie B.V.	Holland	EUR	90,756.04	Production of road transport vehicle	EUR	72,604.83	80.00%	100.00%	Yes
38	Exploitatiemaatschappij Intraprogres B.V	Holland	EUR	79,411.54	Trade, financing and leasing of road transport vehicle	EUR	63,529.63	80.00%	100.00%	Yes
39	Hobur Twente B.V.	Holland	EUR	226,890.11	Production and sale of oil and components and parts	EUR	181,512.09	80.00%	100.00%	Yes
40	Burg Service B.V.	Holland	EUR	250,000.00	Assembly and repair of road transport vehicle and tank equipment	EUR	200,000.00	80.00%	100.00%	Yes
41	LAG Trailers N.V.	Belgium	BEF	30,000,000.00	Manufacturing trailer	BEF	24,000,000.00	80.00%	100.00%	Yes
42	Holvrieka N.V.	Belgium	BEF	40,000,000.00	Manufacturing tank equipment	BEF	31,288,000.00	78.22%	100.00%	Yes
43	Immoburg N.V.	Belgium	BEF	10,000,000.00	Manufacturing road transport vehicle	BEF	8,000,000.00	80.00%	100.00%	Yes
44	Holvrieka Danmark A/S	Denmark	DKr	1,000,000.00	Manufacturing tank equipment	DKr	782,200.00	78.22%	100.00%	Yes
45	Direct Chassis LLC ("DCEC")	USA	USD	10,000,000.00	Manufacturing and sales of special vehicles	USD	6,000,000.00	60.00%	100.00%	Yes
46	CIMC TGE Gas Investment SA ("TGE SA")	Luxemburg	EUR	50,000.00	Investment holding	EUR	30,000.00	60.00%	60.00%	Yes
47	TGE Gas Engineering GmbH ("TGE Gas")	Germany	EUR	1,000,000.00	Provide EP+CS (Design, Purchase and Construction Supervision) or other technical project services in LNG, LPG and storage and disposal of other	EUR	600,000.00	60.00%	100.00%	Yes
48	CIMC Raffles Offshore (Singapore) Limited ("Raffles")	Singapore	USD	624,541,970.96	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi-submersible drilling Platforms, FPSOs, FSOs	USD	341,686,912.31	54.71%	54.71%	Yes
49	CIMC Raffles Investments Limited	Hongkong China	HKD	2.00	Investment	HKD	1.09	54.71%	54.71%	Yes
50	CIMC Raffles Leasing Pte Ltd.	Singapore	SGD	2.00	Leasing of marine ship	SGD	1.09	54.71%	54.71%	Yes
51	Caspian Driller Pte. Ltd.	Singapore	USD	30,000,000.00	Leasing of marine ship	USD	16,413,000.00	54.71%	54.71%	Yes
52	Technodyne International Limited ("Technodyne")	Britain	GBP	1.00	Research and development of Energy equipment	GBP	0.60	60%	60%	Yes
53	Gadidae AB.	Sweden	SEK	1000.00	Investment holding	SEK	547.10	54.71%	54.71%	Yes
54	Perfect Victor Investments Limited ("Perfect Victor")	Hong Kong	USD	1.00	Investment holding	USD	1.00	100.00%	100.00%	Yes

(4) *Subsidiaries whose shareholding held by the Company differs from their voting rights*

(i) Enric Energy Equipment Holdings Limited (Enric)

On 31 December 2011, the ordinary shares that the Company hold in Enric take 56.59% of Enric's outstanding ordinary shares. Accompany with the convertible preferential shares that the Company hold, the Company's shareholding in Enric changed to 78.22%. Enric's issued convertible preferential shares enjoy the same rights for dividend distribution as ordinary shares while have no voting rights. Therefore the Company's shareholding percentage in Enric is 78.22% while the voting right is 56.59%. On 7 May 2012, the company's subsidiary CIMC Vehicle converted its preferential shares of 138,414,166 shares in Enric into ordinary Shares. After the conversion, the Company's shareholding percentage in Enric is 78.22% while the voting right is 62.63%.

(ii) Except for the subsidiary mentioned above in (i), the Company's voting rights in its indirect-owned subsidiaries which are held by the Company's non-wholly owned subsidiaries were presented according to the voting rights of its subsidiaries.

2. There are no entities set up for special purpose or operating entities controlled through entrusted operation and lease.

3. Changes in the scope of consolidation for the consolidation financial statements

Newly purchased (see Note IV.6) and established subsidiaries in the year change the scope of the consolidation financial statements.

4. Subsidiaries newly included in the scope of consolidation and excluded from the scope of consolidation for the current period

(1) *Subsidiaries newly included in the scope of consolidation, special purpose entity, business entities that having control through being entrusted to manage or leasing*

Subsidiaries newly included in the scope of consolidation mainly comprised of Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("YPDI"), XINFA Airport Equipment Ltd. and Ningbo Siemag Trading Ltd.

(2) There was no significant subsidiary, special purpose entity, business entity that having control through being entrusted to manage or leasing that was excluded from the scope of consolidation for the current period.

5. There is no acquisition through combination under common control for the current period (2011: Nil).

6. The Group's acquisition through combination not under common control for the current period

On 1 January 2012, the company's subsidiary CIMC Enric acquired 100% of the issued shares in Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("YPDI"), a company that is principally engaged in consultancy, planning, design, service, procurement and contracting for petrochemical projects; pressure vessels and pressure piping design; computer software development and utilization, for consideration of RMB165,000,000.

CIMC Enric, the Company's subsidiary, acquired 100% of the equity interests of YPDI, the fair value of the identifiable net assets of which at the acquisition date amounted to RMB80,649,000. The excess amount of acquisition cost over fair value mounting to RMB84,351,000 was recognized as goodwill.

7. There is no loss of control of subsidiaries through significant sales of interests of the Group for the current period.

8. There is no reverse acquisition of the Group for the current year.

9. There is no consolidation by merger of the Group for the current period.

10. Exchange rate for foreign operating entities' major financial statement items

	Average exchange rate		Benchmark exchange rate	
Item	**1 January to 30 June 2012**	**1 January to 30 June 2011**	**30 June 2012**	**31 December 2011**
USD	6.3052	6.5242	6.3249	6.3009
EUR	8.1633	9.2896	7.8710	8.1625
HKD	0.8126	0.8384	0.8152	0.8107
JPY	0.0788	0.1252	0.0796	0.0811

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

	2012.06.30			2011.12.31		
	Original currency	Exchange rate		Original currency	Exchange rate	
	'000		RMB'000	'000		RMB'000
Cash on hand						
RMB	1,212	1.0000	1,212	1,187	1.0000	1,187
USD	30	6.3249	190	51	6.3009	321
HKD	7	0.8152	6	320	0.8107	259
JPY	203	0.0796	16	197	0.0811	16
AUD	—	—	—	1	6.4093	6
EUR	19	7.8710	150	76	8.1625	620
Others	—	—	19	—	—	6
Subtotal			1,593			2,415
Deposits with banks						
RMB	2,385,376	1.0000	2,385,376	3,352,210	1.0000	3,352,210
USD	207,261	6.3249	1,310,905	393,243	6.3009	2,477,785
HKD	385,226	0.8152	314,036	295,813	0.8107	239,816
JPY	470,716	0.0796	37,469	141,873	0.0811	11,506
AUD	36,730	6.3474	233,140	21,299	6.4093	136,512
EUR	17,283	7.8710	136,034	44,062	8.1625	359,656
Others	—	—	74,674	—	—	77,279
Subtotal			4,491,634			6,654,764
Other monetary funds						
RMB	431,715	1.0000	431,715	1,118,610	1.0000	1,118,610
USD	1,006	6.3249	6,363	1,958	6.3009	12,337
Subtotal			438,078			1,130,947
Total			4,931,305			7,788,126

As at 30 June 2012, restricted cash at bank and on hand of the Group amounted to RMB1,026,868,000 (2011: RMB1,224,873,000). Refer to Note V.22 for details.

As at 30 June 2012, Finance Company, the subsidiary of the Group, had deposit with central bank and deposits with banks and non-bank financial institutions totalling of RMB1,160,654,000 (2011: RMB3,340,071,000). Finance Company is a finance institution authorised by the People's Bank of China.

2. Financial assets held for trading

(1) Classification

Category	Note	2012.6.30	2011.12.31
		RMB'000	RMB'000
1. Equity securities investments held for trading		369,892	143,692
2. Derivative financial assets — forward contract	(3)	8,463	32,691
3. Hedging instrument		85	9,751
Total		378,440	186,134

(2) There is no material restriction of the investment in financial assets held for trading.

(3) *Details of derivative financial assets held for trading*

As at 30 June 2012, the Group had certain open forward contracts (mainly unsettled forward contracts) denominated in U.S. dollars. The nominal value of these contracts amounted to USD862 million. The Group had other unsettled forward contracts of Japanese Yuan, Euro, Norwegian Krone and Australian Dollar. The nominal value of these amounted to JPY1,293 million, EUR5.69 million, and AUD6.45 million respectively. Pursuant to these forward contracts, the Group are required to buy/sell foreign currencies, such as USD, Euro, Japanese Yuan, and etc. of contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. These forwards contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forwards contracts range from 6 July 2012 to 27 June 2013.

As at 30 June 2012, the Group recognised the aforesaid forwards contracts in their fair values of RMB8,463,000 as held-for-trading financial assets and RMB17,831,000 as held-for-trading financial liabilities. Transaction costs on realisation have not been considered when calculating the fair values.

3. Bills receivable

(1) *Classification of bills receivable*

Category	**2012.6.30**	**2011.12.31**
	RMB'000	**RMB'000**
Bank acceptance bills	557,965	924,183
Commercial acceptance bills	—	106,345
Total	557,965	1,030,528

All of the above bills receivables are due within one year.

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of bills receivable.

(2) As at the period end, the Group had no pledged bills receivable (2011: Nil).

(3) At 30 June 2012, there were no amount transferred to accounts receivable from acceptance bills due to non-performance of the issuers by the Group.

At 30 June 2012, the top five outstanding bills receivables endorsed by the Company are:

Issuer	Issuing Date	Due date	Amount	Notes
			RMB'000	
CNPC Transportation Co., Ltd	29 May 2012	29 November 2012	11,852	Bank acceptance bills
Shanxi Hande Axle Co., Ltd	19 March 2012	19 September 2012	10,000	Bank acceptance bills
Sichuan Zhongtian Chengjian Co., Ltd	25 May 2012	22 November 2012	10,000	Bank acceptance bills
CNPC Transportation Co., Ltd	29 March 2012	29 September 2012	9,369	Bank acceptance bills
CNPC Transportation Co., Ltd	29 May 2012	29 November 2012	7,715	Bank acceptance bills
Total			48,936	

4. Accounts receivable

(1) Accounts receivable disclosed by customer categories:

Category	2012.6.30	2011.12.31
	RMB'000	RMB'000
Containers group	4,453,127	3,418,813
Trailers group	2,419,324	1,754,595
Tank equipments group	1,692,639	1,497,937
Offshore engineering group	1,182,917	1,152,280
Airport ground facilities group	173,681	246,873
Others	749,832	359,836
Subtotal	10,671,520	8,430,334
Less: provision for bad and doubtful debts	(322,144)	(319,550)
Total	10,349,376	8,110,784

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

Category	2012.6.30	2011.12.31
	RMB'000	RMB'000
Within 1 year	10,043,825	7,732,052
1 to 2 years	472,696	433,462
2 to 3 years	104,437	169,828
More than 3 years	50,562	94,992
Subtotal	10,671,520	8,430,334
Less: provision for bad and doubtful debts	(322,144)	(319,550)
Total	10,349,376	8,110,784

The ageing is counted starting from the date the accounts receivable is recognised.

(3) Accounts receivable disclosed by categories:

Category	Note	2012.6.30				2011.12.31			
		Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
		RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Individually significant and impairment provided individually	(4)	1,169,037	10.95%	173,776	14.86%	1,107,112	13.13%	174,011	15.72%
Individually insignificant but assessed for impairment individually	(5)	57,274	0.54%	21,611	37.73%	49,777	0.59%	20,547	41.28%
Assessed for impairment collectively*									
Containers group	(6)	4,450,410	41.70%	3,503	0.08%	3,405,170	40.40%	3,723	0.11%
Trailers group	(6)	2,278,478	21.35%	54,358	2.39%	1,665,282	19.75%	58,587	3.52%
Tank equipments group	(6)	1,610,292	15.09%	51,027	3.17%	1,395,742	16.56%	49,374	3.54%
Offshore engineering group		278,845	2.61%	—	—	247,266	2.93%	—	—
Airport ground facilities group	(6)	161,562	1.51%	10,061	6.23%	234,755	2.78%	12,735	5.42%
Others	(6)	665,622	6.24%	7,808	1.17%	325,230	3.86%	573	0.18%
Subtotal		9,445,209	88.51%	126,757	1.34%	7,273,445	86.28%	124,992	1.72%
Total		10,671,520	100.00%	322,144	3.02%	8,430,334	100.00%	319,550	3.79%

Note:*

This category includes accounts receivable individually tested but not impaired.

There were no collaterals that the Group held for accounts receivable that were made impairment aforesaid.

Individually significant items represent accounts receivable with an individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total accounts receivable in individual financial statements included in the consolidated financial statement.

The analysis of the Group's accounts receivable by original currency is as follows:

	2012.6.30				2011.12.31		
Currency	**Original**	**Exchange rate**	**Amount**	**Currency**	**Original**	**Exchange rate**	**Amount**
	RMB'000				**RMB'000**		
RMB	2,424,177	1.0000	2,424,177	RMB	2,588,052	1.0000	2,588,052
USD	1,143,335	6.3249	7,231,480	USD	797,360	6.3009	5,024,086
HKD	58,273	0.8152	47,504	HKD	2,099	0.8107	1,702
JPY	615,954	0.0796	49,030	JPY	155,654	0.0811	12,624
AUD	107,098	6.3474	679,794	AUD	41,157	6.4093	263,789
EUR	23,989	7.8710	188,817	EUR	54,309	8.1625	443,299
Others	9,968	—	50,718	Others	—	—	96,782
Total			10,671,520	Total			8,430,334

(4) An analysis of accounts receivable individually significant and impairment provided individually is as follows:

Category	**Amount**	**Provision for bad and doubtful debts**	**Provision rate**	**Reason**
	RMB'000	**RMB'000**		
Trailers group	90,359	21,570	23.87%	
Tank equipments group	82,347	14,682	17.83%	
Offshore engineering group	900,002	107,523	11.95%	
Airport ground facilities group	12,119	3,636	30.00%	
Others	84,210	26,365	31.31%	
Total	1,169,037	173,776	14.86%	Note 1

Note 1:

Provision was made based on the credit risk assessment of customers and historical loss experiences.

(5) An analysis of accounts receivable individually insignificant but impairment provided individually is as follows:

Category	**Amount**	**Provision for bad and doubtful debts**	**Provision rate**	**Reason**
	RMB'000	**RMB'000**		
Containers group	2,717	615	22.64%	Provision is made based on the estimated recoverable amount
Trailers group	50,487	18,871	37.38%	
Offshore engineering group	4,070	2,125	52.21%	
Total	57,274	21,611	37.73%	

(6) An ageing analysis of account receivable assessed for impairment collectively is as follows:

	2012.6.30			2011.12.31		
	Ending Balance		Provision for bad and doubtful debts	Ending Balance		Provision for bad and doubtful debts
Ageing	Amount	Percentage		Amount	Percentage	
	RMB'000	(%)		RMB'000	(%)	
Within 1 year. . . .	9,017,721	84.50%	34,913	6,649,283	78.87%	34,096
1 to 2 years.	288,109	2.70%	14,457	247,577	2.94%	13,569
2 to 3 years.	76,008	0.71%	16,765	69,382	0.82%	17,390
More than 3 years .	63,371	0.59%	60,622	59,937	0.71%	59,937
Total	9,445,209	88.51%	126,757	7,026,179	83.34%	124,992

The ageing is counted starting from the date the account receivable is recognised.

(7) *The recovery of provision within this period*

There were no accounts receivable for which a full provision or a significant provision was made in previous years while were recovered in full or in significant amount during the year (2011: Nil).

(8) *Actual written-off of accounts receivable within this period*

There was no material actual written-off of accounts receivable during the year (2011: Nil).

(9) Accounts receivable due from the five biggest debtors of the Group are as follows:

Company Name	Relationship with the company	Amount	Ageing	Percentage in total accounts receivable
		RMB'000		(%)
1. Soratu Drilling LLC	None	534,724	Within 2 year	5.01%
2. Maersk Line	None	412,184	Within 1 year	3.86%
3. Seaco Containers Ltd.	None	380,789	Within 1 year	3.57%
4. Baerfield Drilling LLC	None	365,309	Within 2 year	3.42%
5. Florens Containers Corporation S.A..	Subsidiaries of important shareholders	220,680	Within 1 year	2.07%
Total		1,913,686		17.93%

The total amount of the Group's top 5 accounts receivable at 31 December 2011 was RMB2,747,975,000, 32.60% of the total accounts receivable.

(10) *Accounts receivable due from shareholders who hold 5% or more of the voting rights of the Company*

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of accounts receivable (2011:Nil).

(11) Accounts receivable due from related parties

The Group's accounts receivable due from related parties amount to RMB294,502,000 (2011: RMB109,096,000), accounting for 2.76% of the total accounts receivable (2011: 1.30%).

Company Name	Relationship with the company	Amount	Percentage in total accounts receivable
		RMB'000	(%)
Florens Container Corporation S.A.	Subsidiary of significant shareholders	220,680	2.07%
Xiamen CIMC Haitou Container Service Co., Ltd	Associate Company	42	0.00%
Tianjin Zhenhua Logistic Group Co., Ltd	Associate Company	214	0.00%
Xiamen Hongji Container Development Co., Ltd.	Associate Company	15,607	0.15%
Tianjin Zhenhua Logistic Group Co., Ltd	Associate Company	542	0.01%
Qingdao International Airline Service Co., Ltd.	Minority shareholders of subsidiaries	1,857	0.02%
Shanxi Heavy Duty Automobile Co., Ltd	Minority shareholders of subsidiaries	46,231	0.43%
Sumitomo Corporation Group	Minority shareholders of subsidiaries	327	0.00%
GXNFWL	Joint Venture	9,002	0.08%
Total		294,502	2.76%

(12) Derecognition of accounts receivable due to transferring of financial assets

As at 30 June 2012, there is no derecognition of accounts receivable due to transferring of financial assets in the Group (31 December 2011:RMB166,790,000).

(13) Amount of assets and liabilities recognised due to the continuing involvement of securitised accounts receivable

There were no securitised accounts receivable during the year (2011: Nil).

As at 30 June 2012, restricted accounts receivable amounted to RMB595,738,000 (2011: RMB471,026,000). Refer to Note V.22.

5. Other receivables

(1) Other receivables by categories:

Customer type	2012.6.30	2011.12.31
	RMB'000	RMB'000
Amounts due from related parties	656,043	980,115
Loans	542,802	562,343
Drawback tax receivable	282,968	312,888
Prepayment for land and equipment	40,702	86,475
Deposit	189,751	105,533
Fixed term and secured principle investment	143,000	415,000
Others	562,482	367,742
Subtotal	2,417,748	2,830,096
Less: provision for bad and doubtful debts	(119,245)	(120,431)
Total	2,298,503	2,709,665

Raffles entered into loan agreement with Sea Biscuit International Inc ("Sea Biscuit"), whereby the total amount borrowed by Sea Biscuit from Raffles is USD66,126,000 (RMB418,238,000) as at 30 June 2012. The repayment is expected to be settled in cash. As a result, the amount due from Sea Biscuit was recorded as other receivables by Raffles.

The Group has made provision of RMB12,650,000 for the amount above as at 30 June 2012.

Raffles completed its acquisition of Gadidae AB (formerly known as Consafe MSV AB) on 31 January 2011. Since December 2007, Gadidae AB had been making loans to its associate, Marine Subsea & Consafe ("MSC"), which amounted to USD35,625,000 (RMB225,324,000). Raffles recognised interest income according to loan agreement and recorded expenses paid on behalf of MSC with total amount of USD10,116,000 (RMB63,983,000) from 2007 to 31 January 2011.

(2) The ageing analysis of other receivables is as follows:

Category	**2012.6.30**	**2011.12.31**
	RMB'000	**RMB'000**
Within 1 year	1,199,524	1,584,992
1 to 2 years	385,248	484,326
2 to 3 years	523,832	513,136
More than 3 years	309,144	247,642
Subtotal	2,417,748	2,830,096
Less: provision for bad and doubtful debts	(119,245)	(120,431)
Total	2,298,503	2,709,665

The ageing is counted starting from the date the other receivable is recognised.

(3) Other receivables by categories:

		2012.6.30				2011.12.31			
Category	**Note**	**Ending Balance**		**Provision for bad and doubtful debts**		**Ending Balance**		**Provision for bad and doubtful debts**	
		Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
		RMB'000	(%)	**RMB'000**	(%)	**RMB'000**	(%)	**RMB'000**	(%)
Individually significant other receivables	(4)	1,369,590	56.65%	71,224	5.20%	1,953,906	69.04%	71,176	3.64%
Individually insignificant	(5)	1,048,158	43.35%	48,021	4.58%	876,190	30.96%	49,255	5.62%
Total		2,417,748	100.00%	119,245	4.93%	2,830,096	100.00%	120,431	4.26%

There were no collaterals that the Group held for other receivables that were made impairment aforesaid.

Individually significant items represent other receivables with an individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements included in the consolidated financial statement.

(4) An analysis of individually significant other receivables assessed for impairment individually are as follows:

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reasons
	RMB'000	RMB'000		
Individually significant:				
Capital increment amount due from subsidiaries	118,110	—	—	Note 1
Amounts due from associates	461,858	—	—	Note 1
Receivables arising from transfer of equity investment	70,650	—	—	Note 1
Receivables arising from purchase of land use right	20,099	—	—	Note 1
Receivables arising from financing to third parties	497,299	(12,650)	2.54%	Note 1
Receivables arising from fixed term and secured principle investment	143,000	—	—	Note 1
Others	58,574	(58,574)	100.00%	Note 2
Total	1,369,590	(71,224)	5.20%	

Note 1:

The estimated risk of loss is relatively low. The provision for bad and doubtful debts is individually assessed based on the recoverability of individual balance.

Note 2:

Full provision was made based on the credit risk assessment of creditors and historical loss experiences.

(5) An analysis of individually insignificant other receivables but assessed for impairment recognised individually is as follows:

The Group assessed impairment of the insignificant other receivable and made provision of impairment of RMB48,021,000 as at 30 June 2012.

(6) *Provision written back or recovered*

There were no other receivables for which a full provision or a significant provision was made in the previous years while were recovered in full or in significant amount during the period (2011: Nil).

(7) *The recovery of other receivables by restructuring within this period*

There were no other receivables recovered during the period by means of restructuring. (2011: Nil)

(8) *Actual written-off of other receivables within this period*

There were no material actual written-off of other receivables during the period (2011: Nil).

(9) Other receivables due from the five biggest debtors of the Group are as follows:

Company Name	Relationship with the company	Amount	Aging	Percentage in total other receivables
		RMB'000		(%)
1. Sea Biscuit International Inc. . . .	None	418,238	1 to 2 years	17.30%
2. Marine Subsea & Consafe Ltd . . .	Associate	289,307	1 to 3 years and more than 3 years	11.97%
3. Shanghia Fengyang Real Estate Development Co., Ltd	Associate	172,550	1 to 3 years and more than 3 years	7.14%
4. Industrial Bank Co., Ltd. Shenzhen Branch Heping sub-branch.	None	143,000	Within 1 year	5.91%
5. P.G.M. Holding B.V. ("PGM"). . .	Minority shareholders of subsidiaries	118,110	1 to 2 years	4.89%
Total		1,141,205		47.20%

The Group's top 5 other receivables as at 31 December 2011 amounted to RMB1,478,275,000 accounting for 52.23% of the total other receivables.

(10) *Other receivables due from shareholders who hold 5% or more of the voting rights of the Company*

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of other receivables.

(11) *Other receivables due from related parties*

Company Name	Relationship with the company	Amount	Percentage in total other receivables
		RMB'000	(%)
1. P.G.M. Holding B.V. ("PGM")	Minority shareholders of subsidiaries	118,110	4.89%
2. Shanghai Fengyang Real Estate Development Co., Ltd	Associate	172,550	7.14%
3. Shenzhen Merchant Property Development Co., Ltd	Subsidiary of significant shareholders	70,650	2.92%
4. MSC.	Associate	289,307	11.97%
5. Others		5,426	0.22%
Total		656,043	27.14%

The Group's other receivables due from related parties as at 31 December 2011 amounted to RMB980,115,000, accounting for 34.63% of total other receivables.

(12) *Derecognition of other receivables due to transferring of financial assets*

There are no derecognition of other receivables due to transferring of financial assets during the period (2011: Nil).

(13) *Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables*

There were no securitised other receivables during the period (2011: Nil).

6. Prepayments

(1) Prepayments by category are as follows:

	2012.6.30	2011.12.31
	RMB'000	RMB'000
Raw material	1,653,657	1,433,583
Construction Cost	220,335	506,620
Other	258,047	87,033
Subtotal	2,132,039	2,027,236
Less: provision for bad and doubtful debts	(96,764)	(96,740)
Total	2,035,275	1,930,496

(2) The ageing analysis of prepayments is as follows:

	2012.6.30		2011.12.31	
	Amount	Percentage	Amount	Percentage
	RMB'000	(%)	RMB'000	(%)
Within 1 year	1,677,338	78.68%	1,577,538	77.82%
1 to 2 years	147,938	6.94%	114,381	5.64%
2 to 3 years	50,817	2.38%	36,279	1.79%
More than 3 years	255,946	12.00%	299,038	14.75%
Subtotal	2,132,039	100.00%	2,027,236	100.00%
Less: provision for bad and doubtful debts	(96,764)	4.54%	(96,740)	4.77%
Total	2,035,275	95.46%	1,930,496	95.23%

The ageing is counted starting from the date of recognition of prepayments.

Prepayments aged over 1 year included steel purchase prepayment made to a supplier in total of RMB92,140,000 in 2008. The supplier has not delivered the steels within due date for its own reasons. As at 30 June 2012 the Group had made full provision of RMB87,640,000 for unsettled balances.(2011: RMB87,640,000).

Other than the prepayments mentioned above, the remaining prepayments aged over 1 year mainly represented equipment purchase prepayment for offshore engineering projects. The prepayments are not settled because the construction period of the offshore engineering project usually last more than 1 year.

(3) The Group's top 5 prepayments are as follows:

Company Name	Relationship with the company	Amount	Percentage of the total prepayments	Time of recognition	Reason for unsettlement
		RMB'000	(%)		
1. Friede & Goldman Marketing BV	None	253,305	11.88%	2011 to 2012	equipments not yet completed with due date
2. THRUSTMASTER OF TEXAS, INC	None	205,209	9.63%	2010 to 2012	equipments not yet received within due date
3. EMER International Ltd	None	124,310	5.83%	2011 to 2012	equipments not yet received within due date
4. OJSC 'Krasnye Barrikady' Shipyard	None	96,489	4.53%	2011 to 2012	services not yet completed within due date
5. Tianjin Yinze Sheet Metal Co., Ltd	None	87,640	4.10%	2008	materials not yet received within due date
Total		766,953	35.97%		

(4) *Prepayments due from shareholders who hold 5% or more of the voting rights of the Company*

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of prepayments (2011: Nil).

7. Inventories

(1) *Inventories by categories*

Category	2012.6.30 Cost amount	2012.6.30 Provision for diminution in value	2012.6.30 Carrying amount	2011.12.31 Cost amount	2011.12.31 Provision for diminution in value	2011.12.31 Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	5,433,714	(111,322)	5,322,392	4,816,337	(221,791)	4,594,546
Work in progress	1,391,580	(6,592)	1,384,988	1,698,356	(23,079)	1,675,277
Finished goods	3,172,900	(36,337)	3,136,563	3,156,015	(68,790)	3,087,225
Consignment stocks	377,499	—	377,499	320,254	(158)	320,096
Spare parts	59,140	—	59,140	57,526	—	57,526
Low-valued consumables	112,835	—	112,835	37,097	—	37,097
Materials in transit	27,150	—	27,150	10,920	—	10,920
Completed properties held for sale	100,962	—	100,962	38,072	—	38,072
Properties under development	743,254	—	743,254	591,783	—	591,783
Ship under construction	5,518,544	(109,387)	5,409,157	5,078,579	(102,237)	4,976,342
Offshore engineering equipment	75,770	—	75,770	79,468	—	79,468
Total	17,013,348	(263,638)	16,749,710	15,884,407	(416,055)	15,468,352

The Group's closing balances of inventories included capitalised borrowing cost amounting to RMB349,500,000 (2011: RMB164,010,000). The interest rate per annum at which the borrowing costs were capitalised was 5.76 % (2011: 5.73%).

As at 30 June 2012, the Group had inventories with restricted ownership amounting to RMB8,314,000 (2011: RMB7,671,000).

(2) Inventories movement for the year is as follows:

Category	Opening balance at the beginning of the year	Additions for the period	Diminutions for the period	Effect of foreign exchange rate changes	Closing balance at the end of the period
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	4,816,337	21,531,013	(20,929,914)	16,278	5,433,714
Work in progress	1,698,356	16,214,623	(16,517,216)	(4,183)	1,391,580
Finished goods	3,156,015	19,926,565	(19,896,927)	(12,753)	3,172,900
Consignment stocks	320,254	1,396,511	(1,339,266)	—	377,499
Ship under construction	5,078,579	2,069,534	(1,649,998)	20,429	5,518,544
Other	814,866	892,462	(588,683)	466	1,119,111
Subtotal	15,884,407	62,030,708	(60,922,004)	20,237	17,013,348
Less: provision for diminution in value of inventories	(416,055)	(13,879)	166,241	55	(263,638)
Total	15,468,352	62,016,829	(60,755,763)	20,292	16,749,710

(3) *Provision for diminution in value of inventories*

Category	Opening balance at the beginning of the year	Provision for the period	Written back during the period		Effect of foreign exchange rate changes	Closing balance at the end of the period
			Reversal	Write-off		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	221,791	3,796	(67,120)	(47,143)	(2)	111,322
Work in progress	23,079	2,900	(3,558)	(15,818)	(11)	6,592
Finished goods	68,790	—	(6,261)	(26,183)	(9)	36,337
Consignment stocks	158	—	(158)	—	—	—
Ship under construction	102,237	7,183	—	—	(33)	109,387
Total	416,055	13,879	(77,097)	(89,144)	(55)	263,638

(a) The provision for diminution in value of the Group's inventories during the period was recognised mainly for the price drop of certain products and the slow-moving or waste materials.

(b) Written back of provision for diminution in value of the Group's inventories during the period is as follows:

Category	Basis of provision for diminution in value of inventories	Reasons for written back of provision	Percentage of provision written back over total inventories balance at year end
Raw materials	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	1.24%
Work in progress	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.26%
Finished goods	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.20%
Consignment stocks	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.04%

8. Non-current assets due within one year

Item	2012.6.30	2011.12.31
	RMB'000	RMB'000
Finance leases	2,997,122	2,488,562
Sales of goods by instalments	167,705	168,709
Others	2,478	2,478
Subtotal	3,167,305	2,659,749
Less: Provision for impairment	(24,462)	(24,462)
Total	3,142,843	2,635,287

9. Other current assets

Item	2012.6.30	2011.12.31
	RMB'000	RMB'000
Tax deductible/withheld	924,121	857,885
Others	24,142	7,748
Total	948,263	865,633

10. Available-for-sale financial assets

Item	2012.6.30	2011.12.31
	RMB'000	RMB'000
Available-for-sale equity instrument	621,216	571,954

During the period, available-for-sale financial assets held by the Group and the Company included shares of China Merchants Bank and of China Merchants Securities Co., Ltd ("China Merchants Securities"), with a carrying value of RMB125,864,000 and RMB487,370,000 respectively. Besides, the Group and the Company held equity investment of Otto Energy Limited of RMB7,982,000.

11. Long-term receivables

Item	**2012.6.30**	**2011.12.31**
	RMB'000	**RMB'000**
Finance Leases	1,588,467	1,888,156
Including: Unrealised finance income	477,209	431,044
Sales of goods by instalment	460,603	455,835
Others	9,240	9,240
Subtotal	2,058,310	2,353,231
Less: Provision for impairment	(61,979)	(41,996)
Total	1,996,331	2,311,235

The total future minimum lease receipts under finance leases after the balance sheet date, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date), are receivable as follows:

The minimum lease receipts under finance leases	**2012.6.30**	**2011.12.31**
	RMB'000	**RMB'000**
Within 1 year	3,257,525	2,725,141
1 to 2 years	952,724	878,900
2 to 3 years	590,814	450,400
Over 3 years	522,138	979,633
Subtotal	5,323,201	5,034,074
Less: Unearned finance income	(737,612)	(657,386)
Total	4,585,589	4,376,688

There is no derecognition of long term receivables due to transferring of financial assets during the period (2011: derecognition of long term receivables due to transferring of financial assets during the period amounts to RMB1,461,931,000, gain or loss due to derocognition amounts to RMB164,468,000).

12. Long-term equity investments

(1) As at 30 June 2012, the Group's long-term equity investments by categories are as follows:

Item	**2012.6.30**	**2011.12.31**
	RMB'000	**RMB'000**
Investments in joint ventures	38,565	33,282
Investments in associates	1,513,348	1,534,672
Other long-term equity investments	392,610	392,300
Subtotal	1,944,523	1,960,254
Less: Provision for impairment	(3,067)	(3,067)
Total	1,941,456	1,957,187

(2) An analysis of long-term equity investments movement of the year is as follows:

Investee	Initial investment cost	Balance at the beginning of the year	Additions/ decreases during the period	Balance at the end of the period	Shareholding percentage	The Company subsidiaries voting right	Whether voting right is different from the shareholding	Provision for impairment	Impairment loss of the period	Dividend receivable/ received of the period
	RMB'000	RMB'000	RMB'000	RMB'000	(%)	(%)		RMB'000	RMB'000	RMB'000
Equity method — Joint ventures										
RuiJi Logistic (Wuhu) Co., Ltd	9,884	10,811	(2,308)	8,503	50.00%	50.00%	N/A	—	—	—
South CIMC Logistic Co., Ltd.	15,000	19,869	2,191	22,060	50.00%	50.00%	N/A	—	—	—
Super Cool	9,000	2,602	5,400	8,002	50.00%	50.00%	N/A	—	—	—
Subtotal	33,884	33,282	5,283	38,565				—	—	—
Equity method —Associates										
KYH Steel Holding Ltd ("KYH")	27,625	121,770	1,087	122,857	31.83%	31.83%	N/A	—	—	—
Tianjin Port CIMC Zhenhua Logistic Co., Ltd (TJCIMCZL)	21,403	43,045	545	43,590	36.00%	36.00%	N/A	—	—	—
Dalian Jinong Logistic Co., Ltd (DLJLL)	16,844	38,814	(301)	38,513	30.00%	30.00%	N/A	—	—	—
Xiamen CIMC Haitou Container Service Co., Ltd (Xiamen Haitou)	11,479	16,812	1,418	18,230	45.00%	45.00%	N/A	—	—	—
Tianjin Zhenhua Logistic Group Co., Ltd (TJZL)	302,144	479,597	(3,163)	476,434	38.22%	38.22%	N/A	—	—	—
Ningbo Beilun Donghua Container Service Co., Ltd (NBBL)	3,579	3,496	—	3,496	21.00%	21.00%	N/A	—	—	—
New Atlantic Timber (HK) Limited (XYW)	2,916	2,780	—	2,780	20.00%	20.00%	N/A	—	—	—
Shanghai Fengyang	12,000	134,411	4,296	138,707	40.00%	40.00%	N/A	—	—	—
TRS Transportkoeling	12,030	11,871	445	12,316	32.00%	32.00%	N/A	—	—	—
Eurotank Oy	6,946	7,912	(276)	7,636	40.00%	40.00%	N/A	—	—	—
Xiamen Haitou Logistics Co., Ltd (XMHLC)	6,153	5,287	(2,020)	3,267	49.00%	49.00%	N/A	—	—	—
C&C TRUCKS Co., LTD (C&C TRUCKS)	540,000	454,988	(38,704)	416,284	45.00%	45.00%	N/A	—	—	—
TSC Offshore Group Limited ("TSC")	167,591	167,161	1,014	168,175	14.60%	14.60%	N/A	—	—	—
Xiamen Hongji Container Development Co., Ltd. ("XMHJ")	4,900	6,875	1,240	8,115	49.00%	49.00%	N/A	—	—	—
Haiyang Blue Island Offshore Ltd	9,000	18,616	9,144	27,760	30.00%	30.00%	N/A	—	—	—
Vostok-Raffles Joint Stock Company ("Vostok")	16,474	15,752	—	15,752	25.00%	25.00%	N/A	—	—	—
Sengju (Jiangmen) Science & Technology Materials Co., Ltd. ("SJKJ")	6,072	5,483	947	6,430	30.00%	30.00%	N/A	—	—	—
Shanghai Shenyi Enterprise Development Co., Ltd (SHSY)	3,004	—	3,004	3,004	25.00%	25.00%	—	—	—	
MSC	2	2	—	2	40.00%	40.00%	N/A	2	—	—
Subtotal	1,170,162	1,534,672	(21,324)	1,513,348				2	—	—
Costing method — Other long-term investment										
BOCM Schroder Stolt Fund Management	8,125	8,125	—	8,125	5.00%	5.00%	N/A	—	—	5,000
Donghua Container	270	270	—	270	5.00%	5.00%	N/A	—	—	—
China Railway United Logistics	380,780	380,780	—	380,780	10.00%	10.00%	N/A	—	—	—
Guangdong Samsung	1,365	1,365	—	1,365	0.09%	0.09%	N/A	1,365	—	—
Beihai Yinjian	1,700	1,700	—	1,700	1.01%	1.01%	N/A	1,700	—	—
Wuhai Vehicle Magazine Co., Ltd	310	—	310	310	14.00%	14.00%	N/A	—	—	—
Jinmen General Aviation Company Limited	60	60	—	60	39.00%	39.00%	N/A	—	—	—
Subtotal	392,610	392,300	310	392,610				3,065	—	5,000
Total	1,596,656	1,960,254	(15,731)	1,944,523				3,067	—	5,000

As at 30 June 2012, there is no need for the Group to made provision for long-term equity investments in joint ventures and associates based on the provision testing result that compared the estimated recoverable amount and book value of long-term equity investments in joint ventures and associates.

On 31 January 2010, CIMC Hong Kong, a subsidiary of the Group, and Raffles entered into an agreement to act in concert with Mr. Brian Chang, a shareholder and director of TSC, in respect of the exercise of their voting rights in TSC Offshore Group Ltd ("TSC") with CIMC Hong Kong empowered as the ultimate decision maker. Accordingly, the Group had significant influence over TSC with effect from 31 January 2010 and investment in TSC is accounted for using the equity method. The concerted action agreement ceased after CIMC Hong Kong acquired the shares of TSC from Raffles in May 2011. However, the Group remains significance influence over TSC since Mr. Yu Yuquan, the Group's secretary of the Board, was assigned as non-executive director of TSC on 15 March 2011. Therefore the accounting method of the investment in TSC remains for subsequent measurement.

(3) There is no restriction on the ability of the invested enterprises to transfer funds to the Group.

13. Investment properties

Item	Buildings	Land use rights	Total
	RMB'000	RMB'000	RMB'000
Cost			
Balance at the beginning of the year	74,078	64,051	138,129
Additions during the period	22,696	510	23,206
Disposals during the period	—	—	—
Balance at the end of the period	96,774	64,561	161,335
Accumulated depreciation or amortisation			
Balance at the beginning of the year	1,665	9,481	11,146
Charge for the period	3,835	861	4,696
Written back during the period	—	—	—
Balance at the end of the period	5,500	10,342	15,842
Carrying amounts			
At the end of the period	91,274	54,219	145,493
At the beginning of the year	72,413	54,570	126,983

The depreciation and amortisation charged for investment properties from 1 January 2012 to 30 June 2012 were RMB4,696,000. There was no provision for impairment for investment properties in 30 June 2012.

14. Fixed assets

(1) Fixed assets by categories

Item	Plant & buildings	Machinery & equipment	Office & other equipment	Motor vehicles	Offshore engineering special equipment	Dock & Port	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
Balance at the beginning of the year	6,149,370	6,695,230	748,229	799,473	599,471	944,564	15,936,337
Additions during the period	30,745	32,634	14,703	12,749	9	29	90,869
Additions due to business combination	—	1,245	—	1,057	—	—	2,302
Transfer from construction in progress	70,974	182,044	28,042	21,907	—	139	303,106
Disposal during the period	(25,888)	(72,103)	(4,743)	(6,422)	—	(1,123)	(110,279)
Effect of the foreign exchange rate changes	9,619	(37,870)	(2,302)	(1,110)	8,181	31	(23,451)
Balance at the end of the period	6,234,820	6,801,180	783,929	827,654	607,661	943,640	16,198,884
Accumulated depreciation							
Balance at the beginning of the year	1,513,300	2,413,059	450,178	294,391	73,901	95,952	4,840,781
Charge for the period	105,115	221,382	36,907	22,323	15,017	11,128	411,872
Written off on disposal	(5,112)	(44,694)	(1,729)	(5,384)	(411)	—	(57,330)
Effect of the foreign exchange rate changes	2,906	(23,703)	(1,093)	(801)	57	5	(22,629)
Balance at the end of the period	1,616,209	2,566,044	484,263	310,529	88,564	107,085	5,172,694
Provision for impairment							
Balance at the beginning of the year	145,459	64,124	526	12	—	—	210,121
Charge for the period	3,127	9,385	—	—	—	—	12,512
Written off on disposal	(1,129)	(4,547)	—	—	—	—	(5,676)
Effect of the foreign exchange rate changes	4,426	(448)	—	—	—	—	3,978
Balance at the end of the period	151,883	68,514	526	12	—	—	220,935
Carrying amounts							
At the end of the period	4,466,728	4,166,622	299,140	517,113	519,097	836,555	10,805,255
At the beginning of the year	4,490,611	4,218,047	297,525	505,070	525,570	848,612	10,885,435

As at 30 June 2012, restricted fixed assets of the Group amounted to RMB87,135,000. Refer to Note V.22 for details.

In 2009, as a result of change of governmental land use plan and management operation strategy, part of buildings and machineries of the containers segment would be dismantled or disposed. Also, as a result of decrease in demand in the European and American market and the corresponding poor performance in operation and continuing downturn in property market, indication existed that some of machineries and buildings in the Netherland belonging to the trailers segment might be impaired. Therefore, the Group performed impairment test for these fixed assets. Based on the result of the test, the Group made RMB168,461,000 of provision for impairment for the aforesaid fixed assets. The recoverable amount is determined as either its fair value less costs to sell or its present value of expected future cash flows.

If there is an active market for aforesaid fixed assets, net realisable value is the quoted price in the active market less the estimated selling expenses according to the management's disposal plan. The realisable value of fixed assets, which have no value in use and are pending for dismantling, is their fair value less the estimated disposal expenses.

For fixed assets still in use and without an active market, the realisable value is the present value of expected future cash flows, which is calculated based on the discounting rate. The benchmark rate of bank loans will be adopted as the discounting rate.

(2) As at 30 June 2012, the Group had no temporarily idle fixed assets.

(3) *Fixed assets held under finance leases*

	2012.6.30			2011.12.31		
Item	**Cost**	**Accumulated depreciation**	**Carrying amount**	**Cost**	**Accumulated depreciation**	**Carrying amount**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Machinery & equipment	327,110	(43,054)	284,056	314,463	(34,139)	280,324
Motor vehicles	1,293	(1,217)	76	1,293	(1,077)	216
Offshore engineering special equipment	213,915	(40,131)	173,784	214,737	(34,842)	179,895

(4) *Fixed assets leased out under operating leases*

Item	**Net book value**
	RMB'000
Plant & buildings	29,295
Machinery & equipment	82,255
Total	111,550

(5) *Fixed assets held for sale at the year end*

As at 30 June 2012, there were no fixed assets held for sale (2011: Nil).

15. Construction in progress

(1) Construction in progress

Item	2012.6.30 Cost	2012.6.30 Impairment	2012.6.30 Carrying amount	2011.12.31 Cost	2011.12.31 Impairment	2011.12.31 Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Nantong CIMC special Transportation Equipment Third Workshop Project	7,273	—	7,273	5,874	—	5,874
DLZH Plant Project	14,358	—	14,358	13,962	—	13,962
XHCIMCS Production Line and Power Facilities Reconstruction Project	2,140	—	2,140	7,129	—	7,129
Enric Heavy Pressure Vessel Works hop	—	—	—	22,452	—	22,452
Xinhui Wood Factory 5th and 6th project	1,678	—	1,678	1,678	—	1,678
Enric 3rd phase project	—	—	—	1,651	—	1,651
Eastern logistic 3rd Phase Project	293,121	—	293,121	291,621	—	291,621
Raffles harbor basin project	118,905	—	118,905	119,218	—	119,218
Raffles Dredging Offshore Project	38,588	—	38,588	38,588	—	38,588
Raffles No 1 and No 2 slideway project	59,228	—	59,228	89,168	—	89,168
Raffles sea route project	34,460	—	34,460	30,920	—	30,920
Raffles Jack-up Drilling Platform	1,014,980	—	1,014,980	810,879	—	810,879
CIMC Raffles Employee Canteen	12,436	—	12,436	11,979	—	11,979
MEA 1st stage R&D Project	134,120	—	134,120	76,793	—	76,793
TAS New Plant Project	25,357	—	25,357	21,758	—	21,758
Shijiazhuang Enric 2nd Phase Project	82,817	—	82,817	68,327	—	68,327
Others	447,745	—	447,745	286,333	—	286,333
Total	2,287,206	—	2,287,206	1,898,330	—	1,898,330

The carrying amounts of construction in progress at the end of the year included capitalised borrowing cost of RMB60,321,000 (2011: RMB41,780,000). The interest rate adopted for determining capitalised at borrowing cost for the current period was 4.88 % (2011: 5.36%).

As at 30 June 2012, there was no construction in progress of the Group with restrictions in ownership (2011: Nil). Refer to Note V.22 for details.

(2) The Group's major construction projects in progress were set out as follows:

Project	Budget	Balance at the beginning of the year	Additions	Transfer to fixed assets	Other deduction	Balance at the end of the period	Percentage of current input over budget	Progress	Accumulated capitalisted borrowing cost	Including: current year capitalised borrowing cost	Capitalised rate	Sources of funds	Effect of the foreign exchange rate changes
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	(%)		RMB'000	RMB'000	(%)		
Nantong CIMC special Transportation Equipment Third Workshop Project	35,519	5,874	1,399	—	—	7,273	70.11%	98.02%	—	—	0.00%	self-funding	—
DLZH Plant Project	143,392	13,962	2,104	(1,708)	—	14,358	32.01%	32.01%	—	—	0.00%	self-funding	—
XHCIMCS Production Line and Power Facilities Reconstruction Project	19,802	7,129	4,781	(9,770)	—	2,140	142.96%	92.64%	—	—	0.00%	self-funding	—
Enric Heavy Pressure Vessel Workshop	25,570	22,452	11,888	(34,340)	—	—	134.29%	100.00%	—	—	0.00%	self-funding	—
Xinhui Wood Factory 5th and 6th project	32,831	1,678	—	—	—	1,678	48.92%	57.66%	—	—	0.00%	self-funding	—
Enric 3rd phase project	28,132	1,651	—	(1,651)	—	—	64.71%	64.71%	—	—	0.00%	self-funding	—
Eastern logistic 3rd Phase Project	350,000	291,621	1,500	—	—	293,121	90.59%	91.12%	—	—	0.00%	self-funding	—
Raffles harbor basin project	163,859	119,218	187	—	(500)	118,905	73.86%	97.00%	—	—	0.00%	self-funding	—
Raffles Dredging Offshore Project	62,445	38,588	—	—	—	38,588	61.00%	95.00%	—	—	0.00%	self-funding	—
Raffles No1 and No 2 slideway project	119,822	59,168	60	—	—	59,228	86.25%	99.00%	—	—	0.00%	self-funding	—
Raffles sea route project	73,737	30,920	3,540	—	—	34,460	45.80%	99.00%	—	—	0.00%	self-funding	—
Raffles Jack-up Drilling Platform	1,214,370	810,879	200,352	—	—	1,011,231	90.50%	88.26%	52,757	18,541	4.88%	self-funding	3,749
CIMC Raffles Employee Canteen	15,190	11,979	457	—	—	12,436	82.01%	99.00%	—	—	0.00%	self-funding	—
MEA 1st stage R&D Project	350,000	76,793	57,327	—	—	134,120	37.38%	55.90%	—	—	0.00%	self-funding	—
TAS New Plant Project	30,000	21,758	3,599	—	—	25,357	84.55%	84.55%	—	—	0.00%	self-funding	—
Shijiazhuang Enric 2nd Phase Project	75,000	68,327	14,490	—	—	82,817	110.42%	95.46%	—	—	0.00%	self-funding	—
Total	2,739,669	1,581,997	301,684	(47,469)	(500)	1,835,712			52,757	18,541			3,749

(3) *Provision for impairment*

As at 30 June 2012, there was no provision for impairment for work in progress (2011: Nil).

16. Intangible assets

(1) Intangible assets by categories

Item	Land use rights	Technical know-how and trademarks	Timber concession rights	Customer relationships	Customer contracts	Maitime use rights	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
Balance at the beginning of the year	2,978,886	877,511	226,641	103,970	136,574	80,084	4,403,666
Additions during the period	168,429	530	—	27,000	4,800	—	200,759
Additions due to business combination	—	—	—	—	—	—	—
Disposal during the period	(22,696)	—	—	—	—	—	(22,696)
Effect of the foreign exchange rate changes	8,564	37,401	1,257	(2,818)	(1,886)	307	42,825
Balance at the end of the period	3,133,183	915,442	227,898	128,152	139,488	80,391	4,624,554
Accumulated depreciation							
Balance at the beginning of the year	327,979	501,418	94,535	64,637	81,814	8,845	1,079,228
Charge for the period	38,311	73,548	1,643	6,799	1,008	1,853	123,162
Written off on disposal	(2,534)	—	—	—	—	—	(2,534)
Effect of the foreign exchange rate changes	1,480	3,492	233	(1,693)	(1,748)	39	1,803
Balance at the end of the period	365,236	578,458	96,411	69,743	81,074	10,737	1,201,659
Provision for impairment							
Balance at the beginning of the year	—	—	99,952	—	52,264	—	152,216
Charge for the period	—	—	—	—	—	—	—
Written off on disposal	—	—	—	—	—	—	—
Effect of the foreign exchange rate changes	—	—	554	—	—	—	554
Balance at the end of the year	—	—	100,506	—	52,264	—	152,770
Carrying amounts							
At the end of the period	2,767,947	336,984	30,981	58,409	6,150	69,654	3,270,125
At the beginning of the year	2,650,907	376,093	32,154	39,333	2,496	71,239	3,172,222

As at 30 June 2012, there were no intangible assets without certificates of ownership.

As at 30 June 2012, the Group had intangible assets with restriction in ownership amounting to RMB127,618,000 (2011: RMB127, 844,000).

The timber concession right amounting to RMB116,769,000, in respect of the 450,000 acres in Suriname was acquired by Topco Forestry N.V, a wholly owned subsidiary of Gold Terrain Assets Limited, a subsidiary of the Group in 1998 Since around 75,000 acres of the forest in the above timber concession rights were located in a nature reservation zone, the government of Suriname took back the timber concession rights in 2003. The Group had negotiated with the Suriname government for a plan to substitute the original 75,000 acres with other forest locations. Since there were no clear results of the negotiation, a full provision for impairment of RMB13,303,000 was made to this part of timber concession rights.

In 1998, Silveroad Wood Products Limited, a wholly owned subsidiary of Gold Terrain Assets Limited purchased 315,460 acres of timber concession rights in Cambodia amounting to RMB110,022,000. The government of Cambodia has suspended all timber concession rights in its region, including those of the Group since 2001. In view of this, full provision for impairment amounting to RMB86,649,000 was made on the carrying value of the above timber concession rights.

Regarding the client contracts obtained in 2010 through the acquisition of Raffles, the Group had performed impairment test based on the execution of these contracts in 2011 and consequently made a full impairment loss of RMB52,264,000.

As at 30 June 2012, there were no intangible assets with indefinite useful lives.

17. Goodwill

Name of investee or goodwill items	Balance at the beginning of the year	Additions	Deduction	Effect of the foreign exchange rate changes	Balance at the end of the period	Provision for impairment
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Enric	607,004	—	—	—	607,004	—
YPDI	—	84,351	—	—	84,351	—
TGE SA	175,964	—	—	670	176,634	—
Technodyne International	27,430	—	—	(980)	26,450	—
Gadidae AB	—	—	—		—	12,254
Others	397,106	—	—	(1,595)	395,511	11,114
Total	1,207,504	84,351	—	(1,905)	1,289,950	23,368

Item	2012.6.30	2011.12.31
	RMB'000	RMB'000
Container industry	127,524	127,524
Tailers	77,752	77,752
Tank equipments industry	952,911	868,869
Percentage of goodwill	131,763	133,359
Total	1,289,950	1,207,504

On 1 January 2012, the company's subsidiary CIMC Enric acquired 100% of the issued shares in Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("YPDI"), a company that is principally engaged in consultancy, planning, design, service, procurement and contracting for petrochemical projects; pressure vessels and pressure piping design; computer software development and utilisation, for consideration of RMB165,000,000.

CIMC Enric, the Company's subsidiary, acquired 100% of the equity interests of YPDI, the fair value of the identifiable net assets of which at the acquisition date amounted to RMB80,649,000. The excess amount of acquisition cost over fair value amounting to RMB84,351,000 was recognized as goodwill.

18. Long-term deferred expenses

Item	Balance at the beginning of the year	Additions	Amortisation	Other deduction	Effect of the foreign exchange rate changes	Balance at the end of the period	Reasons for other deduction
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Electricity capacity enlargement expenses	1,572	—	(236)	—	—	1,336	None
Rental	6,811	1,053	(2,258)	—	—	5,606	None
Others	26,509	8,085	(7,118)	—	—	27,476	None
Subtotal	34,892	9,138	(9,612)	—	—	34,418	None
Less: provision for impairment	—	—	—	—	—	—	None
Total	34,892	9,138	(9,612)	—	—	34,418	None

19. Deferred tax assets and liabilities

(1) Deferred tax assets or liabilities after offsetting and corresponding deductible or taxable timing differences

Item	Deductible/ (taxable) temporary difference 2012.06.30	Deferred tax assets/ (liabilities) 2012.6.30	Deductible/ (taxable) temporary difference 2011.12.31	Deferred tax assets/ (liabilities) 2011.12.31
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets:				
Provisions for impairment	959,487	191,897	917,376	183,799
Provisions	521,137	101,228	498,649	97,469
Employee benefits payable	1,004,697	216,479	1,314,557	309,184
Accrued expenses	543,855	98,756	495,601	96,826
Tax losses carry-forward	765,389	143,911	651,188	123,537
Movement for fair value of financial assets held for trading/hedge instruments	113,175	27,510	96,958	24,156
Others	164,727	24,709	146,182	16,156
Subtotal	4,072,467	804,490	4,120,511	851,127
Offsetting amount	(515,898)	(126,395)	(599,278)	(147,029)
Net amount after offsetting	3,556,569	678,095	3,521,233	704,098
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/hedge instruments	(4,001)	(639)	(26,046)	(5,763)
Available-for-sale financial assets	(552,355)	(134,044)	(499,820)	(120,437)
Movement for fair value of hedging financial instrument	(3,119)	(468)	(12,784)	(3,196)
Revaluation gain through combination	(521,564)	(159,223)	(537,605)	(163,771)
Estimated dividend income earned for non-resident foreign enterprises	(4,395,489)	(362,761)	(3,665,929)	(313,946)
Others	(490,852)	(122,713)	(463,670)	(121,416)
Subtotal	(5,967,380)	(779,848)	(5,205,854)	(728,529)
Offsetting amount	515,898	126,395	599,278	147,029
Net amount after offsetting	(5,451,482)	(653,453)	(4,606,576)	(581,500)

(2) *Unrecognised deferred tax assets*

Item	2012.6.30	2011.12.31
	RMB'000	RMB'000
Tax losses carry-forward	348,193	330,324
Impairment losses of timber concession rights	53,205	53,205
Others	35,572	35,572
Total	436,970	419,101

(3) Expiry dates of tax credit for unrecognised deferred tax assets are as follows:

Year	2012.6.30	2011.12.31	Note
	RMB'000	RMB'000	
2012	—	31,464	
2013	159,714	210,243	
2014	353,630	353,630	
2015	423,272	423,272	
More than 5 years	591,946	357,743	Note 1
Total	1,528,562	1,376,352	

At 30 June 2012, the Group had no unrecognised deferred tax liabilities.

Note 1:

By the end of 2010 and 2011, unrecognised deferred tax assets aged over 5 years (inclusive) arising from deductible tax losses resulted from foreign subsidiaries' operating losses. Deductible tax losses generated from Hong Kong, the United States of America, the United Kingdom of Great Britain and Australia can be offset with future profit indefinitely; deductible tax losses generated from the Netherlands can be offset in the subsequent nine years.

20. Other non-current assets

Item	2012.6.30	2011.12.31
	RMB'000	RMB'000
Prepayment for land use right	765,381	764,849

21. Provisions for impairment

Item	Balance at the beginning of the year	Charge for the period	Decrease during the period		Effect of the foreign exchange rate changes	Balance at the end of the period
			Reversal	Write off		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Receivables	319,550	20,848	(16,952)	(1,698)	396	322,144
Other receivables	120,431	5,796	(5,267)	—	(1,715)	119,245
Prepayments	96,740	22	—	—	2	96,764
Inventories	416,055	13,879	(77,097)	(89,144)	(55)	263,638
Non-current assets due within one year	24,462	—	—	—	—	24,462
Long-term receivables	41,996	22,594	(1,321)	(1,290)	—	61,979
Long-term equity Investments	3,067	—	—	—	—	3,067
Fix assets	210,121	12,512	—	(5,676)	3,978	220,935
Intangible assets	152,216	—	—	—	554	152,770
Goodwill	23,832	—	—	—	(464)	23,368
Total	1,408,470	75,651	(100,637)	(97,808)	2,696	1,288,372

Please refer to the respective notes of the assets for reasons of the provisions.

22. Restricted assets

As at 30 June 2012, assets with restrictions in their ownership are as follows:

Item	Note	Balance at the beginning of the year	Additions for the period	Decrease during the period	Effect of the foreign exchange rate changes	Balance at the end of the period
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets guaranteed						
Cash at bank and on hand	V.1	1,224,873	232,853	(432,173)	1,315	1,026,868
Accounts receivable	V.4	471,026	122,535	—	2,177	595,738
Inventories	V.7	7,671	1,034	(391)	—	8,314
Fixed assets	V.14	87,439	249	(688)	135	87,135
Intangible assets	V.16	127,844	—	(659)	433	127,618
Total		1,918,853	356,671	(433,911)	4,060	1,845,673

The above inventories, fixed assets and intangible assets were secured for bank loans. Accounts receivable was pledged for borrowings. Refer to Note V.23, Note V.34 and Note V.35 for short-term and long-term secured loans analysis.

23. Short-term loans

(1) Short-term loans by categories:

Item	Note	2012.6.30	2011.12.31
		RMB'000	RMB'000
Guarantee loans	(a)		
— RMB		1,737,801	2,760,263
— USD		1,669,490	2,401,895
— JPY		1,701	1,733
— HKD		470,288	—
— EUR		—	—
— SGD		—	376
Subtotal		3,879,280	5,164,267
Secured loans	(b)		
— USD		25,552	—
— EUR		—	—
— SGD		—	—
Subtotal		25,552	—
Pledge loans	(c)		
— USD		83,490	—
Subtotal		83,490	—
Loans on credit			
— RMB		1,122,454	572,336
— USD		1,886,578	1,386,579
— EUR		193,090	203,957
— HKD		—	682,994
— AUD		—	20,779
Subtotal		3,202,122	2,866,645
Total		7,190,444	8,030,912

(a) As at 30 June 2012, guarantee loans of the Group included bank loans amounting to RMB1,734,698,000 guaranteed by the Company for its subsidiaries, RMB236,420,000 guaranteed by HI for its subsidiaries, RMB132,826,000 guaranteed by Enric for its subsidiaries and RMB1,775,336,000 guaranteed by Raffles for its subsidiaries.

(b) As at 30 June 2012, borrowings of DLCIMCS, a subsidiary of the Group, amounting to USD4,040,000, equivalent to RMB25,552,000, raised from. China Merchant Bank was secured by DLCIMCS 's account receivable.

(c) As at 30 June 2012, the Group's pledge loans from Bank of China and Agriculture Bank of China amounting to USD13,200,000, equivalent to RMB83,490,000 were pledged by the accounts receivable of its subsidiaries, YZRYL.

(d) As at 30 June 2012, no amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties was included in the above balance of short-term loans.

(2) Past due and un-repaid short-term loans.

As at 30 June 2012, the Group had no past due and un-repaid short-term loans.

24. Financial liabilities held for trading

Item	Note	2012.6.30	2011.12.31
		RMB'000	RMB'000
Current:			
Derivative financial liabilities			
— foreign future contracts	v.2(3)	17,831	4,816
— swap contract for interest rate	v.24(1)	280	8,138
— foreign exchange option		—	18,153
Subtotal		18,111	31,107
Non-current:			
Derivative financial liabilities			
— swap contract for interest rate	v.24(1)	86,914	74,836
Subtotal		86,914	74,836
Total		105,025	105,943

(1) As at 30 June 2012, the Company and subsidiaries separately had 6 and 4 unsettled interest rate swap contracts denominated in U.S. dollars. The nominal value of these contracts amounted to USD283,000,000. The maturity dates of these interest rate swap contracts range from 23 November 2012 to 29 December 2018. As at 30 June 2012, the Group recognised on the foresaid contracts in their fair values of RMB87,194,000 (including RMB84,518,000 of fair value recognised by the Company) as financial liabilities held for trading. Transaction costs on realisation have not been considered when calculating the fair values.

25. Bills payable

Item	2012.6.30	2011.12.31
	RMB'000	RMB'000
Bank acceptance bills	1,101,288	1,184,861
Commercial acceptance bills	269,450	2,110,365
Total	1,370,738	3,295,226

The above bills are due within one year.

26. Accounts payable

(1) The Group's accounts payable is as follows:

Item	2012.6.30	2011.12.31
	RMB'000	RMB'000
Raw materials suppliers	8,041,510	7,328,966

As at 30 June 2012, there was no individual major accounts payable aged over one year.

Group's accounts payable is analysed by currencies as follows:

	2012.6.30			2011.12.31		
Currency	**Original currency**	**Exchange rate**	**RMB**	**Original currency**	**Exchange rate**	**RMB**
	'000		**'000**	**'000**		**'000**
RMB	5,879,204	1.0000	5,879,204	5,870,263	1.0000	5,870,263
USD	272,930	6.3249	1,726,255	151,009	6.3009	951,496
HKD.	28,793	0.8152	23,472	19,969	0.8107	16,189
JPY	45,070	0.0796	3,588	7,082	0.0811	574
EUR	11,547	7.8710	90,886	43,272	8.1625	353,209
AUD.	49,714	6.3474	315,555	18,870	6.4093	120,946
Others	—	—	2,550	—	—	16,289
Total.			8,041,510			7,328,966

(2) No amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties is included in the balance of accounts payable.

27. Advances from customers

(1) The Group's advances from customers is as follows:

Item	**2012.6.30**	**2011.12.31**
	RMB'000	**RMB'000**
Advances for goods	2,041,276	1,310,878
Advances for construction.	654,871	955,546
Advances for property	430,943	396,318
Total	3,127,090	2,662,742

No amount due to shareholders who hold 5% or more of the voting rights of the Company is included in the balance of advances from customers.

As at 30 June 2012, there were no significant advances aged over one year.

28. EMPLOYEE BENEFITS PAYABLE

Item	**Balance at the beginning of the year**	**Accrued during the period**	**Paid during the period**	**Effect of the foreign exchange rate changes**	**Balance at the end of the period**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Salaries, bonuses, and allowances . .	1,441,683	1,447,852	(1,535,325)	(1,105)	1,353,105
Senior management bonus	372,004	—	(10,163)	—	361,841
Severance payment	3,946	259	(259)	3	3,949
Cash-settled share-based payments .	492	—	—	2	494
Social insurances and others	194,483	265,183	(266,120)	84	193,630
Total	2,012,608	1,713,294	(1,811,867)	(1,016)	1,913,019

Please refer to Note VII for cash-settled shared-based payments.

As at 30 June 2012, there was no delayed payment of employee benefits.

As at 30 June 2012, aforesaid "social insurances and others" included labour union fees and employee education fees amounting to RMB28,268,000.

Salaries, bonus and allowances payables represent salaries accrued for current month and bonus accrued for subsidiaries in accordance with the result of annual performance and the performance assessment plan of the Group. According to the requirement of the performance assessment plan, annual accrued bonus would be paid over three years based on the percentage determined by the management; therefore, there was a balance of such accrued bonus at the end of the period.

Senior management bonus is determined on the assessment of certain key performance index. The above bonus is proposed by Chief Executive Officer of the Group and the payment is subject to review and approval by board chairman and vice board chairman of the Group. The balance of senior management bonus payable was unpaid balance accrued in prior years.

29. Taxes payable

Item	**2012.6.30**	**2011.12.31**
	RMB'000	**RMB'000**
VAT payable	44,430	52,069
Business tax payable	8,174	17,697
Income tax payable	318,484	663,749
Withholding tax	200,647	68,833
Urban maintenance and construction tax payable	37,100	38,936
Education surcharges payable	25,738	27,740
Other	32,424	47,094
Total	666,997	916,118

30. Interest payable

Item	**2012.6.30**	**2011.12.31**
	RMB'000	**RMB'000**
Interest payable for long-term loan	40,074	12,224
Interest payable for short-term loan	8,047	17,810
Interest payable for corporate bonds	17,433	122,033
Total	65,554	152,067

31. Dividends payable

Item	**2012.6.30**	**2011.12.31**
	RMB'000	**RMB'000**
Public shareholders	198,800	—
Minority shareholders of subsidiaries	98,609	116,253
Total	297,409	116,253

32. Other payables

(1) The analysis of the Group's other payables is as follows:

Item	Note	2012.6.30	2011.12.31
		RMB'000	RMB'000
Quality guarantees		190,806	305,596
Deposits and mortgage & advance received		907,879	899,441
Transportation expenses		134,894	280,289
Equipment and land use rights		129,041	160,047
Accruals		963,103	656,916
Housing maintenance fees		46,953	34,933
Current account with subsidiary's minority		45,330	46,698
Professional and training fee		24,137	19,221
Insurances		22,846	19,662
Advance received for ship building	V.32(4)	425,666	424,051
Royalties		23,349	1,614
Others		649,856	545,369
Total		3,563,860	3,393,837

The analysis of the Group's other payables by currencies is as follows:

	2012.6.30			2011.12.31		
Currency	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
	'000		'000	'000		'000
RMB	1,243,482	1.0000	1,243,482	1,404,982	1.0000	1,404,982
USD	277,342	6.3251	1,754,216	252,612	6.3009	1,591,679
HKD	7,966	0.8152	6,494	330,546	0.8107	267,974
JPY	3,017	0.0796	240	126,276	0.0811	10,241
EUR	37,888	7.8740	298,330	10,770	8.1625	87,908
AUD	41,123	6.3492	261,098	4,602	6.4093	29,496
Others	—	—	—	—	—	1,557
Total			3,563,860			3,393,837

(2) Other payables due to shareholders or related parties who hold 5% or more of the voting rights of the Company:

Organization name	Relationship with the Group	2012.6.30	2011.12.31
		RMB'000	RMB'000
1. Gasfin Investment S.A.("Gasfin")	Minority shareholder of subsidiary	37,330	38,698
2. Wuhu Ruijiang Investment Ltd	Minority shareholder of subsidiary	8,000	8,000
3. Haiyang Blue Island Offshore Ltd	Minority shareholder of subsidiary	58,305	58,305
4. MSC	Minority shareholder of subsidiary	425,666	424,051
Total		529,301	529,054

(3) Significant other payables aged over one year:

As at 30 June 2012, significant other payables aged over one year represented quality guarantee, vehicle mortgage guarantee and various deposits.

(4) Raffles and Gadidae AB entered into a shipbuilding contract, which was terminated afterwards, for the construction and sale of a submersible drilling rig from Raffles to Gadidae AB in 2007. Subsequently Gadidae AB and MSC entered into a contract which Gadidae AB would sell this vessel to MSC. Gadidae AB received USD67,300,000, equivalent to RMB425,666,000, progress billing from MSC in 2007.

33. Provisions

Item	Note	Balance at the beginning of the year	Charges for the period	Payments during the period	Reversal during the period	Effect of foreign exchange rate changes	Balance at the end of the period
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current							
Warranties for product quality.	(1)	663,834	104,842	(25,838)	(35,236)	(250)	707,352
Guarantees for third parties.	(2)	18,057	—	—	(8,281)	—	9,776
Others.		54,288	64,987	(2,816)	(2,882)	(28)	113,549
Total		736,179	169,829	(28,654)	(46,399)	(278)	830,677

(1) The Group provides after-sales repair warranty to the customers, ranging from two to seven years for containers, one year for trailers, one to seven years for tank equipments, one to two years for airport ground facilities and one year for offshore business after delivery of vessels. The Group will provide repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems. The balance of "Provisions — Warranties for product quality" represents the Group's estimated obligation for such warranties of products sold out during the period and in the previous fiscal years.

(2) The amount represents the possible loss for a bank guarantee letter issued by the Company's subsidiary — TAS.

34. Non-current liabilities due within one year

(1) The analysis of the Group's non-current liabilities due within one year by categories is as follows:

Item	2012.06.30	2011.12.31
	RMB'000	RMB'000
Long-term loans due within one year		
— Credit loans	1,745,577	1,094,352
— Pledge loans	—	649,072
— Guarantee loans	—	750,000
Subtotal	1,745,577	2,493,424
Long-term payable due within one year	81,581	66,894
Total	1,827,158	2,560,318

(2) The analysis of the Group's non-current liabilities due within one year by categories is as follows:

(a) The analysis of the Group's non-current liabilities by currencies due within one year is as follows:

	2012.06.30				2011.12.31			
	Annual interest rate	Original currency	Exchange rate	RMB	Annual interest rate	Original currency	Exchange rate	RMB
		'000		'000		'000		'000
Bank loans								
— RMB	—	—	—	—	PBOC Benchmark +10%	895,000	1.0000	895,000
— USD	LIBOR+55~185BP	275,985	6.3249	1,745,577	LIBOR+55BP~ LIBOR+2.08%	248,500	6.3009	1,565,774
— EUR	—	—	—	—	EURIBOR+65BP	4,000	8.1625	32,650
Total				1,745,577				2,493,424

As at 30 June 2012, there was no renewal of past due long-term included in the balance of long-term loans due within one year.

(b) As at 30 June 2012, the top five long-term loans due within one year are as follows:

Lender	Initial date of the loans	Maturity date of the loans	Currency	Interest rate	2012.06.30 Original currency	2012.06.30 RMB	2011.12.31 Original currency	2011.12.31 RMB
				(%)	'000	'000	'000	'000
1. China Development Bank	12-Dec-07	21-Jun-13	USD	6-month LIBOR+90BP	110,000	695,739	—	—
2. China Development Bank	12-Dec-07	21-Dec-12	USD	6 month LIBOR+90BP	60,000	379,494	60,000	378,054
3. Bank of China	19-Oct-09	19-Oct-12	USD	3 month LIBOR+55BP	47,000	297,270	48,500	305,594
4. Algemene Bank Nederland	26-May-10	21-May-13	USD	6 month LIBOR+185BP	20,000	126,498	—	—
5. Algemene Bank Nederland	28-May-10	21-May-13	USD	6 month LIBOR+185BP	20,000	126,498	—	—
Total						1,625,499		683,648

(3) Long-term payables due within one year

As at 30 June 2012, long-term payables due within one year included net financial leasing payable of RMB81,581,000, which is total amount of RMB85,678,000 minus unrecognised financing expenses of RMB4,097,000.

As at 31 December 2011, long-term payables due within one year included net financial leasing payable of RMB66,894,000, which is total amount of RMB73,234,000 minus unrecognised financing expenses of RMB6,340,000.

The Group had no financial leasing guaranteed by independent third parties.

As at 30 June 2012, long-term payable due within one year was as follows:

Lender	Period	Initial Cost	Interest rate	Interest payable	Ending balance	Requirement
		RMB'000	(%)		RMB'000	
1. China Merchant Finance Leasing Ltd.	From 19 September 2010 to 19 September 2013	312,300	PBOC Benchmark Rate-8.00%	4,097	73,236	Nil
2. Bank of America	From 1 March 2012 to 1 March 2015	155,709	2.74%	—	4,924	Nil
3. Bank of America	From 1 December 2011 to 28 December 2018	147,475	3.29%	—	2,150	Nil
4. Bank of America	From 1 April 2012 to 1 April 2017	57,433	3.64%	—	1,271	Nil
Total		672,917			81,581	

35. Long-term loans

(1) The analysis of the Group's long-term loans is as follows:

Item	Note	2012.6.30	2011.12.31
		RMB'000	RMB'000
Bank loans			
Credit loans		6,414,153	4,424,142
Secured loans	(a)	164,500	344,500
Guarantee loans	(c)	1,093,295	1,371,698
Pledge loans	(b)	614,047	432,245
Total		8,285,995	6,572,585

Long-term loans in original currencies are as follows:

	2012.06.30				2011.12.31			
	Interest rate	Original currency	Exchange rate	RMB	Interest rate	Original currency	Exchange rate	RMB
				’000				’000
Bank loans								
— RMB	PBOC Benchmark +10% ~ PBOC Benchmark rate -5%	3,738,846	1.0000	3,738,846	PBOC Benchmark +10% ~ PBOC Benchmark rate -5%	3,642,400	1.0000	3,642,400
— USD	LIBOR+170BP~3.5%	668,798	6.3249	4,230,080	LIBOR+55BP~4.88%	383,206	6.3009	2,414,544
— HKD	HIBOR+230BP	388,946	0.8152	317,069	2.3%	634,451	0.8107	514,350
— AUD	—	—	—	—	—	201	6.4093	1,291
Total				8,285,995				6,572,585

(a) As at 30 June 2012, Raffles, the subsidiary of the Group borrowed RMB130,000,000 secured with its marine space using right, and CIMC Tianyu borrowed RMB34,500,000 secured with the land use right and buildings owned by Huayu Hotel, a subsidiary of CIMC Tianyu.

(b) As at 30 June 2012, the Group’s pledge loan borrowed by Raffles amounted to USD97,084,000, equivalent to RMB614,047,000, which was pledged by equity interest of Caspin Driller Pte. Ltd., a subsidiary of Raffles.

(c) As at 30 June 2012, the Group’s long-term guarantee loans included bank loans amounting to RMB1,093,295,000, guaranteed by the Company for its subsidiaries.

(d) No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term loans.

(2) As at 30 June 2012, the top five long-term loans are as follows:

					2012.06.30		2011.12.31	
Lender	Initial date of the loans	Maturity date of the loans	Currency	Interest rate	Original currency	RMB	Original currency	RMB
				(%)	’000	’000	’000	’000
1. Syndicated Loan	13-Mar-12	23-Mar-15	USD	LIBOR+230BP	225,000	1,423,103	—	—
2. The Export-Import Bank of China	1-Feb-11	1-Feb-14	RMB	4.76%	500,000	500,000	500,000	500,000
3. Syndicated Loan	8-Feb-12	23-Mar-15	USD	LIBOR+230BP	70,000	442,743	—	—
4. China Development Bank	30-Nov-11	30-Nov-18	USD	LIBOR + 3.5%	68,601	433,894	68,601	432,245
5. Bank of Nederland	15-Apr-11	15-Apr-14	USD	LIBOR+170BP	65,000	411,119	65,000	409,559
Total						3,210,859		1,341,804

As at 30 June 2012, there was no renewal of past due long-term bank loans included in the above balance of long-term loans.

36. Debentures payable

Item	Balance at the beginning of the year	Addition during the year	Decrease during the year	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000
Mid-term notes	3,988,438	2,001,172	—	5,989,610

(1) The analysis of debentures payable is set out as follows:

Debenture name	Face value	Issuance date	Period	Issuance amount	Balance of interest payable at the beginning of the year	Interest accrued	Interest paid	Balance of interest payable at the end of the year	Balance at the end of the year
	RMB'000			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mid-term notes -11 CIMC MTN1	4,000,000	23-May-11	5 years	4,000,000	(11,562)	1,172	—	(10,390)	3,989,610
Mid-term notes -12 CIMC MTN1	2,000,000	24-May-12	3 years	2,000,000	—	—	—	—	2,000,000

The company issued medium-term notes (MTN) on 20 May 2011 with a ceiling of RMB6 billion to institutional investors in the national inter-bank bond market. The first phase of MTN with a total amount of RMB4 billion, a term of five years from 23 May 2011 to 22 May 2016, par value of RMB100 per note and fixed interest rate of 5.23% per annum was successfully issued publicly. Interest is to be paid on 23rd May each year in the arrears until redemption and par value is to be paid on 23 May 2016.

The company issued the second phase medium-term notes (MTN) on 22 May 2012 with a total amount of RMB2 billion, a term of three years from 24 May 2012 to 24 May 2015, par value of RMB100 per note and fixed interest rate of 4.43% per annum was successfully issued publicly. Interest is to be paid on 24th May each year in the arrears until redemption and par value is to be paid on 24 May 2015.

The notes are unsecured and targets institutional investors in the national inter-bank market. China Merchants Bank Co., Ltd. is the lead underwriter. Book building and centralised placing were adopted for this issue. The MTN recorded as debenture was subsequently measured at amortized cost using the effective interest.

37. Long-term payable

Item	2012.06.30	2011.12.31
	RMB'000	RMB'000
Financial Leasing payable	350,182	86,846
Total	350,182	86,846

(1) As at 30 June 2012 the top four of long-term payables (including all long-term payable) were as follows:

Lender	Period	Initial Cost	Interest Rate	Interest Payable	Ending Balance	Requirement
		RMB'000	(%)		RMB'000	
Bank of America	From 1 March 2011 to 1 March 2015	155,709	2.74%	—	143,000	Nil
Bank of America	From 1 December 2011 to 28 December 2018	147,475	3.29%	—	138,416	Nil
Bank of America	From 1 April 2011 to 1 April 2017	57,433	3.64%	—	54,822	Nil
China Merchant Bank Financial Leasing Co., Ltd.	From 19 September 2010 to 19 September 2013	312,300	PBOC Benchmark rate-8%	267	13,944	Nil
Total					350,182	

As at 30 June 2012, balance of the long-term payable of the Group included balance amounting to RMB336,238,000 denominated in USD (2011: RMB33,667,000).

(2) *Breakdown of financial leasing payable*

As at 30 June 2012, the total future minimum lease payments under finance leases, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date), were as follows:

Minimum lease payments under finance lease	2012.06.30	2011.12.31
	RMB'000	RMB'000
Within 1 year (inclusive)	85,678	73,234
After 1 year but within 2 (inclusive)	22,631	54,925
After 2 year but within 3 (inclusive)	17,111	—
After 3 years	310,707	33,667
Subtotal	436,127	161,826
Less: unrecognised finance charges	(4,364)	(8,086)
Total	431,763	153,740

Please refer to note V.34 for net financial leasing payable due within one year minus unrecognised financing expenses.

The Group had no financial leasing guaranteed by third party in the year.

The Group had no amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties.

38. Special payables

Item	Balance at the beginning of the year	Additions during the year	Settlements during the year	Effect of foreign exchange rate changes	Balance at the end of the year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Project funds	8,940	10,730	(8,940)	—	10,730
Total	8,940	10,730	(8,940)	—	10,730

39. Other non-current liabilities

Item	2012.6.30	2011.12.31
	RMB'000	RMB'000
Deferred income	200,379	198,564

40. Share capital

The Company's share capital status at 30 June is as follows:

	Balance at the beginning of the year	Additions during the period	Changes of shares subject to selling restrictions	Balance at the end of the period
	RMB'000	RMB'000	RMB'000	RMB'000
Shares subject to selling restrictions				
— Shares held by overseas legal persons	—	—	—	—
— Shares held by domestic natural persons	373	—	—	373
Shares not subject to selling restrictions				
— RMB-denominated ordinary shares	1,231,544	—	—	1,231,544
— Domestically listed foreign shares	1,430,479	—	—	1,430,479
Total	2,662,396	—	—	2,662,396

The face value of the aforesaid shares was RMB1.00 per share.

41. Capital reserve

Item	Balance at the beginning of the year	Additions during the period	Settlements during the period	Balance at the end of the period
	RMB'000	RMB'000	RMB'000	RMB'000
Share premiums	201,222	—	—	201,222
Other capital reserves				
— Property revaluation reserve	43,754	—	—	43,754
— Exchange reserve on foreign currency capital	692	—	—	692
— Donated non-cash assets reserve	257	—	—	257
— Net changes in fair value of available-for-sale financial assets	503,276	49,079	—	552,355
— Effective portion of changes in fair value of cash flow hedges	12,784	—	(9,665)	3,119
— Deferred tax effect	(122,756)	—	(10,820)	(133,576)
— Equity settled share-based payment	196,954	59,306	—	256,260
— Capital reserves due to minority shareholders' equity	79,024	—	—	79,024
— Capital reserves due to acquiring minority shareholders' equity	247,114	—	(33,003)	214,111
— Decreased capital reserve due to minority shareholders' contribution	(58,964)	—	—	(58,964)
Others	(304,096)	—	—	(304,096)
Total	799,261	108,385	(53,488)	854,158

42. Surplus reserve

Item	Balance at the beginning of the period	Additions during the period	Settlements during the period	Balance at the end of the period
	RMB'000	RMB'000	RMB'000	RMB'000
Statutory surplus reserve	1,163,068	—	—	1,163,068
Discretionary surplus reserve	1,790,092	—	—	1,790,092
Total	2,953,160	—	—	2,953,160

43. Retained earnings

Item	Note	Amount	Appropriation proportion
		RMB'000	RMB'000
Retained earnings brought forward		12,785,092	—
Add: profit attributable to shareholders of the Company		933,710	—
Less: Dividends of ordinary shares		(1,224,702)	—
Retained earnings carry forward		12,494,100	—

(1) Dividends of ordinary shares declared during the period

Pursuant to the shareholders' approval at the Shareholders' Meeting on 25 May 2012, a cash dividend of RMB0.46 per share (2011: RMB0.35 per share) totaling RMB1,224,702,000 (2011: RMB931,839,000) was declared and paid to the Company's ordinary shareholders on 14 June 2012.

44 Operating income and operating cost

(1)

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Operating income	26,487,354	35,878,407
Other operating income	877,092	599,691
Operating cost	23,013,597	29,499,900

There was no individual construction contract whose revenue amounted to more than 10% of the total operating income.

(2) *Operating income and operating cost (by industries and by products)*

Industry	From 1 January to 30 June 2012 Operating income	Operating cost	From 1 January to 30 June 2011 Operating income	Operating cost
	RMB'000	RMB'000	RMB'000	RMB'000
Containers	13,405,500	11,347,348	21,655,698	17,039,984
Trailers	6,520,928	5,735,906	9,286,027	8,215,605
Tank equipments	4,199,283	3,380,956	3,630,768	2,933,102
Marine engineering	1,243,014	1,099,649	229,950	415,742
Air ground facilities	62,974	45,264	131,266	91,754
Others	1,055,655	785,655	944,698	639,482
Total	26,487,354	22,394,778	35,878,407	29,335,669

(3) *Operating income and operating cost (by regions)*

Regions	From 1 January to 30 June 2012 Operating income	Operating cost	From 1 January to 30 June 2011 Operating income	Operating cost
	RMB'000	RMB'000	RMB'000	RMB'000
P.R China	23,602,225	20,524,003	33,756,565	27,634,416
America	1,145,678	845,598	764,090	595,464
Europe	738,130	649,638	1,047,038	934,476
Asia	57,601	8,887	59,969	8,616
Others	943,720	366,652	250,745	162,697
Total	26,487,354	22,394,778	35,878,407	29,335,669

The regional operating income and operating cost is determined on the location at which the services were provided or the goods were delivered.

(4) Operating income of top five customers in this period is as follows:

Customer	Operating income	Percentage of total operating income
	RMB'000	(%)
MAERSK (CHINA) SHIPPING CO. LTD	2,218,519	8.11%
TAL International Container Corporation	1,618,052	5.91%
Triton Container International Ltd	1,606,829	5.87%
CRONOS CONTAINERS LTD	852,029	3.11%
Sea Containers Ltd	800,238	2.92%
Total	7,095,667	25.92%

The Group's operating income of top five customers from January to June 2011 totaled RMB8,719,392,000 accounting for 24.30% of total operating income.

45. Business taxes and surcharges

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011	Taxation basis and rate
	RMB'000	RMB'000	
Business tax	49,165	29,092	3%–5% of operating income
Urban maintenance and construction tax	46,439	24,090	7% of VAT and business tax paid
Education fee and surcharges	35,027	16,619	3%–5% of VAT and business tax paid
Land appreciation tax	12,446	1,059	Appreciation amount in transferring property and applicable tax rate
Others	19,274	2,294	
Total	162,351	73,154	

46. Selling and distribution expenses

Category	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Transportation and distribution charges	361,064	462,321
External sales commission	21,791	38,707
Employ Benefit	84,616	99,133
Warranty	84,221	59,117
Others	312,064	309,313
Total	863,756	968,591

47. General and administrative expenses

Category	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Low-value consumables and materials consumed	28,375	43,853
Rental	29,252	26,754
Depreciation	81,373	76,985
Employ benefit	522,934	490,693
Taxes and surcharges	61,934	63,702
Agency fee	45,404	48,962
Technology development costs	95,105	44,054
Amortisation	96,842	85,459
Performance bonus and president bonus	100,000	354,999
Office expenditure, entertainment fee and others	594,490	480,490
Total	1,655,709	1,715,951

48. Financial expenses

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Interest expenses from loans and payables	530,173	423,058
Less: Borrowing costs capitalised	204,032	28,943
Interest income from deposits and receivables	(101,313)	(111,002)
Net exchange (gains)/losses	(11,768)	88,472
Other financial expenses	23,379	28,377
Total	236,439	399,962

49. (Losses)/gains from changes in fair value

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Financial assets held for trading		
— Changes in fair value during the period		
1. Gains from changes in fair value of held for trading investments	3,353	(42,564)
2. Gains/losses from changes in fair value of derivative financial instrument	(22,473)	(57,903)
— Income for derecognised financial assets held for trading	3,268	(16,062)
Subtotal	(15,852)	(116,529)
Financial liabilities held for trading		
— Changes in fair value during the period		
1. (Losses)/gains from changes in fair value of derivative financial instrument	918	28,273
Total	(14,934)	(88,256)

50. Investment income

(1) The analysis of the Group's investment income is as follows:

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Long-term equity investments in cost method	5,000	10,000
Long-term equity investments in equity method	(10,095)	28,739
Loss on disposal of long-term equity investments	—	13,063
Investment gains of available-for-sale financial assets	4,841	3,343
Gains /(losses) on sale of held-for-trading financial assets	(3,268)	16,062
Total	(3,522)	71,207

(2) Long-term investments in cost method with individual investment income over 5% of total investment income or less than 5% but ranked the top five investment income for the year are as follows:

Investee	From 1 January to 30 June 2012	From 1 January to 30 June 2011	Reasons for variances between two periods
	RMB'000	RMB'000	
BOCM Schroder Stolt Fund Management	5,000	10,000	Cash dividend was distributed during the period
Total	5,000	10,000	

(3) Long-term investments in equity method with individual investment income over 5% of total investment income or less than 5% but ranked the top five investment income from 1 January 2012 to 30 June 2012 are as follows:

Investee	From 1 January to 30 June 2012	From 1 January to 30 June 2011	Reasons for variances between two periods
	RMB'000	RMB'000	
TJCIMCZL	7,217	16,803	Changes in profit and loss of the investee
Shanghai Fengyang	4,296	28,267	Changes in profit and loss of the investee
KYH	3,534	6,453	Changes in profit and loss of the investee
South CIMC Logistic Co., Ltd.	2,191	(231)	Changes in profit and loss of the investee
Xiamen CIMC Haitou Container Service	1,418	1,790	Changes in profit and loss of the investee
Total	18,656	53,082	

Note 1: Only top five investees with largest profits before income tax are listed above.

Note 2: There was no significant restriction on the remittance of investment income to the investor.

51. Impairment losses

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Accounts receivables	3,896	6,754
Prepayments	22	(2,421)
Other receivables	529	(3,536)
Inventories	(63,218)	(5,264)
Long-term receivables	21,273	32,445
Fixed assets	12,512	—
Intangible assets	—	45,731
Total	(24,986)	73,709

52. Non-operating income

(1) The analysis of the Group's non-operating income is as follows:

Item	Note	From 1 January to 30 June 2012	From 1 January to 30 June 2011
		RMB'000	RMB'000
Gains on disposal of fixed assets		11,056	704
Gains on disposal of intangible assets		15	610
Compensation income		21,608	6,899
Penalty income		835	2,658
Government grants	(2)	36,027	83,625
Amounts no longer payable		45	3,624
Others		7,445	4,893
Total		77,031	103,013

(2) *Government grants*

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Financial grants	36,027	83,625
Total	36,027	83,625

53. Non-operating expenses

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Losses on disposal of fixed assets	3,134	8,344
Losses on disposal of intangible assets	3,232	11
Donation expenses	2,527	1,733
Penalty expenses	1,370	655
Compensation expenses	691	310
Others	12,150	4,223
Total	23,104	15,276

54. Income tax

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Current tax expenses for the period	406,187	993,680
Deferred taxation	79,186	30,438
Total	485,373	1,024,118

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

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Profits before taxation	1,493,051	3,817,519
Expected income tax expenses at applicable tax rates	476,135	898,681
Effect of tax incentive	(94,800)	(145,724)
Tax effect of non-deductible expenses	8,706	12,878
Tax effect of non-taxable income	(30,611)	(35,508)
Tax effect of utilisation of tax losses not recognised in prior years	(27,147)	(42,265)
Tax effect of unrecognised tax losses	45,016	159,064
Deductible temporary differences of unrecognised deferred tax assets	48,754	3,752
Effect of tax rate change on deferred tax	10,766	(1,277)
Tax refund for income tax annual filing	(261)	151
Income tax accruals for profit of foreign holding companies in current period	48,815	174,366
Income tax expenses	485,373	1,024,118

55. Calculation of earnings per share and diluted earnings per share

(1) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company during the period and the weighted average ordinary shares in issue:

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Consolidated profit attributable to ordinary equity shareholders of the Company	933,710	2,807,629
Weighted average of ordinary shares in issue ('000)	2,662,396	2,662,396
Basic earnings per share	0.3507	1.0545

Calculation of weighted average number of ordinary shares	30 June 2012	30 June 2011
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Weighted average number of ordinary shares at 30 June ('000)	2,662,396	2,662,396

(2) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company during the period and the adjusted weighted average of ordinary shares in issue:

	From 1 January to 30 June 2012	**From 1 January to 30 June 2011**
	RMB'000	**RMB'000**
Consolidated profit attributable to ordinary equity shareholders of the Company (diluted)	933,710	2,807,629
Weighted average of ordinary shares in issue (diluted) ('000)	2,671,583	2,662,396
Diluted earnings per share	0.3495	1.0545

Share based payment of the company's subsidiaries has no significant impact on the company's diluted earnings per share.

(a) Calculation of consolidated profit attributable to ordinary equity shareholders of the Company (diluted):

	From 1 January to 30 June 2012	**From 1 January to 30 June 2011**
	RMB'000	**RMB'000**
Consolidated profit attributable to ordinary equity shareholders of the Company	933,710	2,807,629

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

	30 June 2012	**30 June 2011**
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Effect of share options ('000)	9,187	—
Weighted average number of ordinary shares at 30 June (diluted) ('000)	2,671,583	2,662,396

56. Other comprehensive income

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
1. Gains/(losses) on available-for-sale financial assets	49,079	(15,815)
Less: Effect of income tax arising from available-for-sale financial assets	12,270	(662)
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	—	—
Subtotal	36,809	(15,153)
2. Gains/(losses) on cash flow hedges financial instrument	(9,665)	9,735
Less: Effect of income tax arising from cash flow hedges financial instrument	(1,450)	2,542
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	—	—
Subtotal	(8,215)	7,193
3. Effect of foreign exchange rate changes	6,685	52,664
4. Others	—	4,489
Total	35,279	49,193

57. Notes to cash flow statement

(1) Other cash received from operating activities

Item	From 1 January to 30 June 2012
	RMB'000
Cash received from government grants related to assets	15,000
Cash received from government grants related to income	21,027
Cash received from penalty	835
Cash received from quality compensation	1,052
Others	114,814
Total	152,728

(2) Other cash paid for operating activities

Item	From 1 January to 30 June 2012
	RMB'000
Cash paid for transportation expenses	361,064
Cash paid for rental, insurance and other selling expenses	153,100
Cash paid for technical development fee	95,105
Cash paid for warranty	30,599
Cash for commission of external sales	117,330
Cash for entertainment	28,120
Cash paid for travelling, office expenses and other expenses in ordinary operation	183,339
Total	968,657

(3) Other cash paid for financing activities

Item	From 1 January to 30 June 2012
	RMB'000
Cash paid for finance lease	14,460

58. Information to cash flow statement

(1) Supplement to cash flow statement:

a. Reconciliation of net profit to cash flow from operating activities:

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Net profit	1,007,678	2,793,401
Add: Impairment for assets	(24,986)	73,709
Depreciation of fixed assets	411,871	377,755
Amortisation of intangible assets	123,162	118,322
Amortisation of investment property and long-term deferred expenses	14,308	11,367
Losses/(gains) on disposal of fixed assets, intangible assets and other long-term assets	(4,705)	7,041
Losses on changes in fair value	14,934	88,256
Financial expense	326,141	394,115
Losses/(Gains) arising from investments	3,522	(71,207)
Share-based payment expenses	59,306	58,006
Change in deferred tax assets and liabilities	79,186	30,438
Increase in gross inventories	(1,281,358)	(2,062,311)
Increase in operating receivables	(2,299,297)	(7,699,962)
Decrease/(Increase) in operating payables	(536,455)	1,720,494
Effect of foreign exchange rate changes	(350)	(868)
Net cash outflow from operating activities	(2,107,043)	(4,161,444)

b. Cash and cash equivalents held by the Group is as follows:

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Closing balance of cash and cash equivalents	3,904,437	5,104,385
Less: Opening balance of cash and cash equivalents	6,563,253	3,797,415
Net increase/(Decrease) of cash and cash equivalents	(2,658,816)	1,306,970

(2) Cash and cash equivalents held by the Group is as follows

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
1. Cash at bank and on hand		
Including: Cash	1,593	30,273
Bank deposits available on demand	3,768,828	4,828,305
Other monetary fund available on demand	134,016	245,807
2. Closing balance of cash and cash equivalents	3,904,437	5,104,385

Note:

Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. The company does not have immediate holding company.

2. For the information on the subsidiaries of the company, refer to note IV.1.

3. For the information about the associates and joint ventures of the Group, refer to note V.12 (2).

4. Other related parties relationships

Organisation name	Relationship with the Group	Organisation code
Florens Container Services Ltd.	Subsidiary of significant shareholder	N/A
Florens Container Corporation S.A.	Subsidiary of significant shareholder	N/A
Florens Maritime Limited	Subsidiary of significant shareholder	N/A
Shenzhen China Merchants Real Estated Co., Ltd	Subsidiary of significant shareholder	61884513-6
Shenzhen CIMC Skyspace Real Estate Development	Minority shareholder of subsidiary	71526714-7
Gasfin	Minority shareholder of subsidiary	N/A
WHRJI	Minority shareholder of subsidiary	78858986-8
PGM	Minority shareholder of subsidiary	N/A
COSCO Countainer Industries Limited	Significant shareholder	N/A
China Merdant International Ltd.	Significant shareholder	N/A
Bright Touch	Minority shareholder of subsidiary	N/A
Yantai Shipyard	Minority shareholder of subsidiary	N/A
Xiamen Haitou	Associates of the Group	66473091-1
XMHJ	Associates of the Group	55624298-8
DLJLL	Associates of the Group	71696834-0
GXNFWL	Joint Venture of the Group	56158545-9
HBIO	Associates of the Group	66934186-X

Organisation name	Relationship with the Group	Organisation code
Qingdao Global International Airline Services Ltd.	Minority shareholder of subsidiary	74722427-2
Leung Kee	Minority shareholder of subsidiary	N/A
C & C Trucks	Associates of the Group	68685184-5
Shaanxi Heavy Duty Automobile Co., Ltd.	Minority shareholder of subsidiary	74127207-0
MSC	Associates of the Group	N/A
Sumitomo	Minority shareholder of subsidiary	N/A

Note:

Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

5. Transactions with related parties

The following transactions with related parties were conducted under normal commercial terms or relevant agreements.

(1) Purchase of goods and receiving of services

The Group

Related party	Nature of transaction	Transaction details	Pricing Mechanism	From 1 January to 30 June 2012 Amount	From 1 January to 30 June 2012 Percentage on similar deals	From 1 January to 30 June 2011 Amount	From 1 January to 30 June 2011 Percentage on similar deals
				RMB'000	(%)	RMB'000	(%)
Other related party	Purchase	Purchase of raw material	Conducted under normal non-related party	10,804	0.05%	—	—
Other related party	Provision of services	Processing services	Transaction commercial terms	2,914	0.32%	—	—
Key management staff	Remuneration			25,033	—	25,011	—

The Company

Related party	Nature of transaction	Transaction details	Pricing Mechanism	From 1 January to 30 June 2012 Amount	From 1 January to 30 June 2012 Percentage on similar deals	From 1 January to 30 June 2011 Amount	From 1 January to 30 June 2011 Percentage on similar deals
				RMB'000	(%)	RMB'000	(%)
Key management staff	Remuneration			25,033	—	25,011	—

(2) Sales of goods and provision of services

The Group

Related party	Nature of transaction	Transaction details	Pricing Mechanism	From 1 January to 30 June 2012 Amount	From 1 January to 30 June 2012 Percentage on similar deals	From 1 January to 30 June 2011 Amount	From 1 January to 30 June 2011 Percentage on similar deals
				RMB'000	(%)	RMB'000	(%)
Other related party	Sales	Sales of containers/ vehicles	Conducted under normal non-related party transaction commercial	607,078	2.96%	1,455,776	6.72%

(3) Funding

The Group

Related party	Funding amount	Initial date	Maturity date	Note
	RMB'000			
Borrowings				
Gasfin	37,330	19-Sep-2008	Not fixed repayment date	Shareholder loans
Lending				
Shanghai fengyang	172,550	25-Dec-2007	Not fixed repayment date	Shareholder loans
XYW	3,974	20-Jun-2006	Not fixed repayment date	Shareholder loans
PGM	118,110	14-Aug-2009	Not fixed repayment date	Advance payment for capital injection to subsidiary
MSC	289,308	1-Dec-2007	Not fixed repayment date	Shareholder loans

The Company

Related party	Funding amount	Initial date	Maturity date	Note
	RMB'000			
Lending				
Shanghai fengyang	172,550	25-Dec-2007	Not fixed repayment date	Shareholder loans

(4) Other related party transactions

(i) Sale of a subsidiary

In 2007, CIMC Shenfa Development Co., Ltd. ("CIMCSD"), a subsidiary of the Group and Shenzhen China Merchants Real Estate Co., Ltd., entered into a share transfer agreement, in which CIMCSD will transfer 60% of the equity of Shanghai Fengyang to Shenzhen China Merchants Real Estate Co., Ltd for a price of RMB353,250,000. As at 30 June 2012, RMB70,650,000 of the total price had not been paid.

(ii) The Company adopted a new share options scheme since 28 September 2010 (see note VII). Details of share options granted to key management personnel are as follows:

Name	Position	Number of granted share options
		(in'000)
Mai Boliang	President, Chairman	3,800
Zhao Qingsheng	Vice Chairman	1,500
Li Ruiting	Vice Chairman	1,300
Wu Fapei	Vice Chairman	1,000
Li Yinhui	Vice Chairman	1,000
Yu Ya	Vice Chairman	1,000
Liu Xuebin	Vice Chairman	1,500
Jin Jianliong	General Manager of Finance Department	1,000
Zeng Beihua	General Manager of Treasury Department	1,000
Yu Yuqun	Secretary of the Board	1,000
Total		14,100

Some key management personnel were not only granted the above share options of the Company but also were granted share options of Enric, the subsidiary of the Company. Details are as follows:

Name	Position	Number of granted share options
		(in'000)
Zhao Qingsheng	Vice Chairman	1,450
Wu Tapei	Vice Chairman	500
Jin Jianliong	General Manager of Finance Department	1,100
Yu Yuquan	Secretary of the Board	1,100
Total		4,150

For detailed information for fair value of the granted share options aforesaid, please refer to note VII.

6. The balances with related parties as at 31 December are set out as follows:

Receivables:

Caption	Note	2012.6.30	2011.12.31
		RMB'000	RMB'000
Accounts receivable	V.4	294,502	109,096
Other receivables	V.5	656,043	980,115

Payables:

Caption	Note	2012.6.30	2011.12.31
		RMB'000	RMB'000
Accounts payable		14,720	2,334
Other payables	V.32	529,301	529,054

VII. SHARE-BASED PAYMENTS

1. Information about share-based payments

	RMB'000
Total equity instruments granted during the period	—
Total equity instruments exercised during the period	—
Total equity instruments forfeited during the period	—
The exercise price of outstanding share options at the end of the year and residual life of the share options contracts	1. Equity-settled share options granted by Enric in 2009 and 2011: HKD4 and HKD2.48 per share respectively, the residual life of contract is 7.33 and 9.32 years respectively; 2. Equity-settled share options granted by Raffles in 2008: from USD1.64 to USD4.39 per share, the residual life of contract is 5.22 years respectively; cash-settle share options granted by Raffles in 2011: RMB17.57 per share, the residual life of contract is 3.23 and 8.25 years. 3. Equity-settled share options granted by the Company in 2010 and 2011: RMB12.04 and RMB17.57 per share respectively, the residual life of contracts is both 8.24 years.
The price of other outstanding equity instruments at the end of the year and residual life of relevant contracts	—

Expenses recognised for the period from 1 January 2012 to 30 June 2012 arising from share-based payments are as follows:

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Equity-settled share-based payment	59,306	58,006

2. Information on equity-settled share-based payment

(1) Information on equity-settled share-based payment of Enric

Enric, a subsidiary of the Company, carried out a share options plan, which was approved by the shareholders' meeting on 11 November 2009. According to the Plan, the key management personnel and other employees in Enric were granted share options of Enric at nil consideration to subscribe for shares of Enric. The options are 50% exercisable after one year from the date of grant and are then 100% exercisable after two years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 43,750,000, with the exercise price of HKD4 per share.

Enric carried out another share options plan, which was approved by the shareholders' meeting on 28 October 2011. According to Plan II, the board of directors of the Company was authorised to grant share options to the key management personnel and other employees of Enric at nil consideration to subscribe for shares of Enric. The options are 40% exercisable after one year from the date of grant and, 70% exercisable after 2 years from the date of grant, and then 100% exercisable after 3 years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 38,200,000, with exercise price of HKD2.48 per share.

(2) Information on equity-settled share-based payment of the Company

A share options scheme (the "Scheme") was approved in the shareholders' meeting of the Company held on 28 September 2010. According to the Scheme, the board of directors of the Company was authorised to grant share potions to the key management personnel and other employees to subscribe for shares of the Company. The effective period of the Scheme is ten years from the first grant date of share options. The options are exercisable in two periods. The options are 25% exercisable from the first transaction date after 24 months since the grant date to the last transaction date after 48 months since grant date. The remaining 75% are exercisable from the first transaction date after 48 months since grant date to the last transaction date of the Scheme. Each option gives the holder the right to subscribe for one ordinary share in the Company. The total number of share options granted was 60,000,000, 54,000,000 among which were for the initial grant with exercise price of RMB12.39 per share while the remaining 6,000,000 options were for reservation.

The Company distributed a cash dividend of RMB0.35 per share on 31 May 2011 and RMB0.46 per share on 21 June 2012 to ordinary shareholders which was approved by the Shareholders' General Meeting. In accordance with the Scheme, upon the implementation of the annual dividend distribution plan for 2010 and 2011, the Board of Directors would adjust the exercise price of the aforementioned 54,000,000 share options granted on 28 September 2010. The adjusted exercise price is RMB11.58 per share.

According to the resolution approved by the Shareholders' General Meeting on 22 September 2011, the aforementioned 6,000,000 share options for reservation in the Scheme on 28 September 2010 were granted with exercise price of RMB17.57 per share. Upon the implementation of the annual dividend distribution plan for 2011, the adjusted exercise price for the above mentioned share option is RMB17.11 per share.

(3) Information on equity-settled share-based payment of Raffles

Before Raffles was acquired by the Company, Raffles carried out a share option plan approved by the shareholders' meeting on 21 June 2006. According to the share options plan, the board of directors was authorised to grant share options to the key management personnel and other employees to subscribe for shares of Raffles. Each eligible participant purchased the share options at the cost of SGD1. The numbers of options were 6,355,003 and 1,154,003 granted in 2007 and 2008 respectively by the board of directors, with the exercise prices of from USD1.64 to USD1.65, from NOK10.50 to NOK26.00, and from USD1.6425 to USD1.65. The longest effective period of the share options plan was ten years from the first grant date of share options.

(4) Fair value of share options and data input in the valuation model is as follows:

Fair value of share option is estimated based on binomial lattice model. Contract term of the share option is used as the input variable of this model. And the binomial lattice model includes estimation of early execution of the option.

(5) Basis of the best estimate of the number of equity instruments expected to vest is as follows:

At each balance sheet date during the vesting period, the Company makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the estimate shall be equal to the number of equity instruments that ultimately vested.

There was no significant difference of estimation between current year and last year.

	RMB'000
As of 30 June 2012, accumulated amount in capital reserve for equity-settled share-based payments	256,260
Total expenses recognised for equity-settled share-based payments	
Including:	
— attributable to the Company	53,518
— attributable to Enric	5,657
— attributable to Raffles	131

There is no share option exercised for the period. (2011: Nil).

3. Information on cash-settled share-based payment

According to the approved Share Appreciation Rights Scheme (draft) Revised ("Scheme") during the board meeting of Raffles held on 27 September 2011, a subsidiary of the Group, Raffles adopted Share Appreciation Rights ("SARs") which is to grant the relevant incentive recipients the right to receive incentive amount in cash from Raffles upon the satisfaction of relevant financial performance of Raffles. Incentive amount is the excess of fair market price of A share of the Company on a particular date over the exercise price.

The scope of incentive recipients of this scheme: the appointed senior management who is non-Chinese nationality of Raffles and its subsidiaries or associates as well as person(s) who made special contribution to the company in the discretion of the board. Accordingly, the there are 4 incentive recipients in the scope with total 760,000 SARs granted.

The Scheme is conditional, which sets stipulations for appraisal result of incentive recipients' performance, misconduct activity and financial performance standards of the Group to fulfill.

The SARs are exercisable in 2 installments periods after 2 years from the rights grant date upon the satisfaction of exercisable conditions.

(1) The SARs are up to 25% exercisable from the first transaction date after 24 months since grant date to the last transaction date after 48 months since grant date.

(2) The remaining SARs up to 75% are exercisable from the first transaction date after 48 months since grant date to the last transaction date of the Scheme.

Raffles will write off the unexercised SARs after each exercise period expires if the SARs being requested for exercise by the grantee satisfying exercise conditions is less than the number of effective SARs during each period.

Raffles will write off unexercised SARs, which was granted but invalid due to un-satisfaction of the exercise condition during the exercise period, after each period expires.

VIII. CONTINGENCIES

1. Contingent liabilities

Raffles and its subsidiaries entered into shipbuilding and leasing contract with buyers for the construction, sale and lease of the vessel, of which the contract clauses involve compensation for delivery postponement and termination terms and conditions.

While the actual amount of compensation for delivery postponement in future is subject to the actual delivery date in the future, the maximum amount of the compensation for delivery postponement from contracted delivery date to future estimated actual delivery date that Raffles may need to bear is USD22,540,000, equivalent to RMB142,563,000.

2. Guarantees provided for other entities

During the period, HI signed contracts with China Construction Bank, Bank of China, China Merchants Bank and China Everbright Bank, to provide 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 2012, the Group has the above outstanding guarantees totaling RMB652,072,000.

3. Bills issued but not recorded on books, outstanding letter of credit and performance guarantee

The Group does not recognize bills payable or letter of credit issued as deposits. Corresponding inventories, prepayment and bills receivable are recognized at the earlier of delivery of the goods by the suppliers and the maturity of the bill issued.

As at 30 June 2012, the Group had bills issued to suppliers but not recorded on books and outstanding letter of credit totaling RMB1,277,750,000.

As at 30 June 2012, Raffles had outstanding balance of performance guarantees issued by bank totaling to USD449,014,000, equivalent to RMB2,839,969,000, which was issued for ship buyer.

As at 30 June 2012, TAS had outstanding balance of performance guarantees issued by bank totaling to RMB225,319,000. The balance included RMB46,664,000 of performance guarantee, RMB12,863,000 of bid guarantee, RMB17,883,000 of quality guarantee and RMB147,909,000 of guarantee issued to suppliers.

4. Significant outstanding litigation

Raffles and its subsidiaries entered into a contract to build semi-submersible oil drilling rig named SS PANTANAL and SS AMAZONIA for SCHAHIN Group which incorporated in Brazil, and delivered the rig on November 2010 and April 2011 respectively. Raffles and its subsidiaries also provide advance disbursement for Schahin Holdings SA and its six related parties for the drilling rig building.

Raffles and its subsidiaries lodged a law suit and arbitration application against SCHAHIN HOLDINGS SA and other six related parties in London and New York to claim the overdue milestone of USD208 million, equivalent to RMB1,300 million as SCHAHIN Group failed to pay the amount.

The company is optimistic on the litigation and arbitration result and will take positive legal act in favor of shareholders' interests, however, the case has yet hold hearing or come to any conclusion which would cause uncertainties to the profits of 2012 or subsequent periods.

IX. COMMITMENTS

1. Significant commitments

(1) Capital commitments

Item	2012.06.30	2011.12.31
	RMB'000	RMB'000
Construction contracts entered into but not exercised or not fully exercised	160,496	316,805
Investment contracts entered into but not exercised or not fully exercised	236,220	401,516
Significant contracts entered into for ship to be manufactured, for sales or lease	798,633	1,602,307
External investment approved by Board of Directors	—	546,888
Total	1,195,349	2,867,516

(2) Operating lease commitments

As at 30 June, the total future minimum lease payments under non-cancellable operating leases of properties, fixed assets and so on were payable as follows:

Item	2012.06.30	2011.12.31
	RMB'000	RMB'000
Within 1 year (inclusive)	56,529	73,225
After 1 year but within 2 years (inclusive)	46,761	35,470
After 2 years but within 3 years (inclusive)	44,832	27,849
After 3 years	91,786	121,050
Total	239,908	257,594

X. NON-ADJUSTING POST BALANCE SHEET EVENTS

As at 15 August,2012, the company announced < Plan for Listing Location Change and Listing & Trading on Main Board of The Stock Exchange of Hong Kong Limited by way of Introduction of Domestic Listed Foreign Investment Shares of China International Marine Containers (Group) Co., Ltd.>.

By July 13, 2012, CIMC Group has issued 1,430,480,509 B Shares. This Plan is drafted to change the listing location of B Shares issued, and to list and trade them on the main market of SEHK through introduction. The original investors holding B Shares may exercise their cash option to request purchasing the shares from the third party arranged by the Company, or continue to hold such shares. However, the listing location is changed into SEHK, and the nature of shares is converted from domestic listed foreign investment shares into overseas listed foreign investment shares.

This proposal will not come into effect if it does not obtain approval from the company's extraordinary shareholders' meeting, China Securities Regulatory Commission, SEHK and other governmental departments and agencies (if necessary).

XI. OTHER SIGNIFICANT MATTERS

1. Finance lease

Please read Note V.11 and Note V.37 for reference of the Group's Accounts Receivables and Accounts Payables related to finance lease.

2. Segment reporting

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, eight reportable segments are identified by the Group including containers, trailers, energy chemistry and food equipment, marine projects, airport facilities, logistic equipments and services, railway trucks manufactory and property development. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segment as different technical and market strategy are adopted. The Group reviews the financial information of individual segment regularly to determine resources allocation and performance assessment.

(1) *Segment revenue, expenses, assets and liabilities*

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

Segment assets include tangible assets, intangible assets, other long-term assets and accounts receivable, etc, but exclude deferred tax assets and other un-allocated headquarter assets. Segment liabilities include payables, bank loans, provision, special payables and other liabilities, while deferred tax liabilities are exclude.

Segment profit represents revenue (including external operating income and inter-segment operating income), offsetting segment expenses, depreciation and amortisation, impairment losses, interest expenses and income attributable to individual segment. Transactions conducted among segments are under normal non-related party transaction commercial terms. The Group does not allocate non-operating income/expenses and income tax expenses to individual segment.

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/ (losses), assets and liabilities is set out as follows:

	From 1 January to 30 June 2012								
Item	Containers	Trailers	Energy chemistry and food equipment	Offshore business	Airport facilities	Others	Elimination between segments	Unallocated items	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External transaction	13,648,461	6,735,820	4,370,317	1,244,783	68,923	1,296,142	—	—	27,364,446
Inter segment transaction	22,830	85,474	150,632	—	—	138,723	(397,659)	—	—
Investment income/(losses) in joint ventures and associates	10,062	(36,855)	—	8,985	—	4,179	—	3,534	(10,095)
Impairment loss for the period	(75,072)	10,791	6,428	17,526	(6,143)	21,484	—	—	(24,986)
Depreciation and amortisation expenses	179,715	137,698	116,620	88,697	3,229	23,382	—	—	549,341
Interest income	38,175	3,882	9,034	205	493	48,776	—	748	101,313
Interest expenses	8,634	30,021	15,098	55,183	51	27,368	—	189,786	326,141
Segment operating profit / (losses)	1,089,766	112,640	343,752	(144,799)	(30,727)	47,170	—	75,249	1,493,051
Income tax expenses	289,690	26,614	87,056	2,312	1,450	57,690	—	20,561	485,373
Net profit/(losses)	800,076	86,026	256,696	(147,111)	(32,177)	(10,520)	—	54,688	1,007,678
Segment total assets	13,673,547	11,105,480	9,647,435	14,883,323	719,107	11,440,923	—	3,761,932	65,231,747
Segment total liabilities	4,528,372	4,684,291	3,724,885	11,189,659	467,921	9,255,590	—	10,639,112	44,489,830
Supplementary information:									
— Segment expenditures other than depreciation and amortization	(35,796)	12,860	9,255	18,529	15,100	1,255	—	13,500	34,703
— Long-term equity investment of joint ventures and associates	594,425	445,670	—	211,689	—	169,270	—	130,859	1,551,913
— Segment expenditures raising from additions of non-current assets	450,187	121,817	222,124	285,064	6,760	74,412	—	1,248,847	2,409,211

	From 1 January to 30 June 2012								
Item	Containers	Trailers	Energy chemistry and food equipment	Offshore business	Airport facilities	Others	Elimination between segments	Unallocated items	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External transaction	21,903,545	9,557,672	3,638,502	230,120	141,072	1,007,187	—	—	36,478,098
Inter segment transaction	23,328	134,423	93,389	—	—	343,277	(594,417)	—	—
Investment income/(losses) in joint ventures and associates	20,587	(23,131)	—	—	—	24,710	—	6,573	28,739
Impairment loss for the period	241	11,392	311	45,731	527	15,507	—	—	73,709
Depreciation and amortisation expenses	146,989	149,003	126,365	66,113	1,794	17,181	—	—	507,445
Interest income	13,095	5,165	9,357	3,284	85	57,387	—	22,629	111,002
Interest expenses	19,753	51,976	20,663	95,789	9	26,933	—	178,992	394,115
Segment operating profit/(losses)	3,643,847	440,521	301,589	(581,100)	(15,497)	529,101	—	(500,942)	3,817,519
Income tax expenses	727,365	96,017	54,132	1,544	(3,341)	207,763	—	(59,362)	1,024,118
Net profit/(losses)	2,916,482	344,504	247,457	(582,644)	(12,156)	321,338	—	(441,580)	2,793,401
Segment total assets	18,963,011	11,272,839	8,500,218	13,660,563	495,095	4,319,996	—	8,952,199	66,163,921
Segment total liabilities	8,080,833	5,311,366	3,650,183	11,237,046	265,417	2,743,654	—	13,721,252	45,009,751
Supplementary information:									
— Segment expenditures other than depreciation and amortization	31,789	4,534	(5,912)	(35,539)	(10,951)	38,608	—	(25,361)	(2,832)
— Long-term equity investment of joint ventures and associates	580,800	511,773	—	31,749	—	134,334	—	301,754	1,560,410
— Segment expenditures raising from additions of non-current assets	555,920	1,133,087	403,524	106,518	1,120	104,928	—	3,142	2,308,239

(2) *Geographic information*

The following table sets out information about the geographical information of the Group's revenue from external customers and the Group's non-current assets (excluding financial assets and deferred tax assets, same for the below). The geographical locations of customers are based on the location at which the services were provided or the goods were delivered. The geographical locations of the specified non-current assets are based on the physical location of the assets (for fixed assets), or the location of the business to which they are allocated (for intangible assets and goodwill), or the location of operations of the associates and joint ventures.

Geographic information

	Revenue from external customers		Non-current assets	
Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011	30 June 2012	31 December 2011
	RMB'000	RMB'000	RMB'000	RMB'000
P.R.China	12,525,779	11,117,327	19,125,242	18,496,639
Asia (exclusive of China)	2,414,136	3,754,424	35,828	36,863
America	5,432,811	10,134,478	315,721	325,886
Europe	5,909,950	10,677,870	1,011,651	1,143,609
Others	1,081,770	793,999	47,907	44,405
Total	27,364,446	36,478,098	20,536,349	20,047,402

3. Risk analysis, sensitivity analysis, and fair values of financial instruments

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks and etc.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

(1) Credit risk

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

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

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

Most of the Group's and the Company's customers have been transacting with the Group or the Company for a long time, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date. This Group has made the provision for the significant overdue receivables at 30 June 2012.

Guideline from the Group basis to the assets of associates and jointly controlled, profit forecast of development project provide fund to associates and jointly controlled entity and continue to monitor the project progress and its operating to ensure the recoverability of the fund.

In addition, the debtors of the Group that are neither past due nor impaired mainly due to a wide range of customers for whom there was no recent history of default.

The Group's exposure to credit risk is influenced mainly by the individual characteristics and industries of each customer rather than country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, the Group and the Company had a certain concentration of credit risk, as 14.39% (2011: 25.40%) of the total accounts receivable and other receivables were due from the five largest customers of the Group.

Investments are normally made only in liquid securities quoted on a recognised stock exchange, except where entered into for long-term strategic purposes. Transactions involving derivative financial instruments are made with counterparties of sound credit standing and with whom the Group has a signed netting ISDA agreement (International Swap Derivative Association). Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. Except for the financial guarantees given by the Group as set out in Note VIII, the Group and the Company do not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note VIII.

(2) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Company is responsible for the cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, for individual subsidiaries subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial assets and financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on prevailing interest rates at 30 June) and the earliest date the Group can be required to pay:

	30 June 2012 Contractual undiscounted cash flow					
Item	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Balance sheet carrying amount**
Financial assets						
Cash at bank and on hand	4,931,305	—	—	—	4,931,305	4,931,305
Accounts receivable and other receivables	12,647,879	—	—	—	12,647,879	12,647,879
Long-term receivables	3,331,414	1,011,317	2,044,568	1,305,927	7,693,226	5,139,174
Subtotal	20,910,598	1,011,317	2,044,568	1,305,927	25,272,410	22,718,358
Financial liabilities						
Short-term loans	(7,190,444)	—	—	—	(7,190,444)	(7,190,444)
Bonds payable	(297,800)	(297,800)	(6,793,867)	—	(7,389,467)	(5,989,610)
Accounts payable and other payables	(11,605,370)	—	—	—	(11,605,370)	(11,605,370)
Long-term loans	(1,850,311)	(965,497)	(7,390,893)	(459,909)	(10,666,610)	(10,031,572)
Long-term payables	(86,476)	(23,989)	(17,111)	(310,708)	(438,284)	(431,763)
Subtotal	(21,030,401)	(1,287,286)	(14,201,871)	(770,617)	(37,290,175)	(35,248,759)
Net total	(119,803)	(275,969)	(12,157,303)	535,310	(12,017,765)	(12,530,401)

Item	31 December 2011 Contractual undiscounted cash flow: Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
Financial assets						
Cash at bank and on hand	7,788,126	—	—	—	7,788,126	7,788,126
Accounts receivable and other receivables	10,820,449	—	—	—	10,820,449	10,820,449
Long-term receivables	3,002,110	1,330,588	889,346	631,378	5,853,422	4,946,522
Subtotal	21,610,685	1,330,588	889,346	631,378	24,461,997	23,555,097
Financial liabilities						
Short-term loans	(8,030,912)	—	—	—	(8,030,912)	(8,030,912)
Bonds payable	(209,200)	(209,200)	(4,627,600)	—	(5,046,000)	(3,988,438)
Accounts payable and other payables	(10,722,803)	—	—	—	(10,722,803)	(10,722,803)
Long-term loans	(2,556,258)	(1,295,764)	(5,147,355)	(453,339)	(9,452,716)	(9,066,009)
Long-term payables	(73,234)	(54,925)	—	(33,667)	(161,826)	(153,740)
Subtotal	(21,592,407)	(1,559,889)	(9,774,955)	(487,006)	(33,414,257)	(31,961,902)
Net total	18,278	(229,301)	(8,885,609)	144,372	(8,952,260)	(8,406,805)

(3) Interest rate risk

The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(a) As at 30 June 2012, the Group held the following interest-bearing financial instruments:

Item	2012.06.30 Annual interest rate	2012.06.30 Amount	2011.12.31 Annual interest rate	2011.12.31 Amount
Fixed rates interest-bearing financial instruments				
Financial assets				
Long-term receivables	4.20%–19.89%	1,996,331	4.20%–19.89%	2,311,235
Long-term payable due within one year	4.20%–19.89%	3,142,843	4.20%–19.89%	2,635,287
Financial liabilities				
Short-term loans	3.28%–6%	(1,886,578)	3.28%–7.2%	(2,980,294)
Bonds payable	4.43%–5.23%	(5,989,610)	5.23%	(3,988,438)
Total		(2,737,014)		(2,022,210)

	2012.06.30		2011.12.31	
Item	**Annual interest rate**	**Amount**	**Annual interest rate**	**Amount**
Variable rates interest-bearing financial instruments				
Financial assets				
Cash and cash on hand	0.35%–4.25%	4,931,305	0.5%–4.4%	7,788,126
Financial liabilities				
Long-term loans due within one year	Refer to Note V.34	(1,745,577)	Refer to Note V.34	(2,493,424)
Long-term loans	Refer to Note V.35	(8,285,995)	Refer to Note V.35	(6,572,585)
Short-term loans	Libor+0.33%–PBOC Benchmark rate + 10%	(5,303,866)	Libor+0.33%–PBOC Benchmark rate + 10%	(5,050,618)
Long-term payables	Refer to Note V.37	(350,182)	Refer to Note V.37	(86,846)
Long-term payables due within one year	Refer to Note V.34	(81,581)	Refer to Note V.34	(66,894)
Total		(10,835,896)		(6,482,241)

(b) Sensitivity analysis

As at 30 June 2012, it is estimated that a general increase/decrease of 75 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by RMB60,952,000 (2011: RMB36,463,000), and equity by RMB60,952,000 (2011: RMB36,463,000).

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rate had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis was performed on the same basis for the previous year.

(4) Foreign currency risk

The major currency received by the Group is USD and the major currency paid out is RMB. In order to avoid the risks resulting from the fluctuation of the exchange rate of RMB, in respect of accounts receivable and payables denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) Besides the exposure to currency risk arising from financial assets and financial liabilities disclosed in Note V.2 and V.24, the Group's exposure as at 30 June to currency risk arising from recognised assets or liabilities denominated in foreign currencies is follows. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	2012.06.30				2011.12.31			
Item	**USD**	**EUR**	**HKD**	**JPY**	**USD**	**EUR**	**HKD**	**JPY**
Cash at bank and on hand	1,610,086	136,184	314,042	37,485	2,490,443	360,276	240,075	11,522
Accounts receivable	7,231,480	188,817	47,504	49,030	5,024,086	443,299	1,702	12,624
Short-term loans	(3,665,110)	(193,090)	(470,288)	(1,701)	(3,788,474)	(203,957)	(682,994)	(1,733)
Long-term loans	(4,230,080)	—	(317,069)	—	(2,414,544)	—	(514,350)	—
Accounts payables	(1,726,255)	(90,886)	(23,472)	(3,588)	(951,496)	(353,209)	(16,189)	(574)
Provisions	(89,143)	(664)	(1,090)	—	(446,176)	(5,873)	—	—
Non-current liabilities due within one year	(1,753,924)	—	—	—	(1,565,774)	(32,650)	—	—
Gross balance sheet exposure	(2,622,946)	40,361	(450,373)	81,226	(1,651,935)	207,886	(971,756)	21,839

(b) The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

	Average exchange rate		Benchmark exchange rate	
Item	**1 January to 30 June 2012**	**1 January to 30 June 2011**	**30 June 2012**	**31 December 2011**
USD	6.3052	6.5242	6.3249	6.3009
EUR	8.1633	9.2896	7.8710	8.1625
HKD	0.8126	0.8384	0.8152	0.8107
JPY	0.0788	0.1252	0.0796	0.0811

(c) Sensitivity analysis

Assuming all other risk variables remained constant, 2.33%, 2.00%, 2.40% and 1.00% strengthening of the RMB against the USD, EUR, HK dollar and Japanese Yen respectively at 30 June 2012 (2.33%, 2.00%, 2.40% and 1.00% strengthening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2011) would have increased (decreased) equity and net profit by the amount shown below; whose effect is in RMB and translated using the spot rate at the balance sheet date:

Item	Equity	Net profit
30 June 2012		
USD	45,836	45,836
ERU	(605)	(605)
HKD	8,107	8,107
JPY	(609)	(609)
Total	52,729	52,729
31 Dec 2011		
USD	28,868	28,868
ERU	(3,118)	(3,118)
HKD	17,492	17,492
JPY	(164)	(164)
Total	43,078	43,078

2.33%, 2.00%, 2.40% and 1.00% weakening of the RMB against USD, EUR, HK dollar and Japanese Yen respectively at 30 June 2012 (2.33%, 2.00%, 2.40% and 1.00% weakening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2011) would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, the analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous year.

The above sensitive analysis does not include exposure to currency risk arising from foreign future contracts, Japanese Yen exchange option and swap contact for interest rate disclosed in Note V.2 and V.24 about financial assets and financial liabilities, but the change in exchange rate may have effect on shareholders' equity and net profit.

(5) Other price risks

Other price risks are stock price risk. As at 30 June 2012, the Group held 41,978,498 tradable shares of China Merchants Securities and 11,526,000 tradable shares of China Merchants Bank.

As at 30 June 2012, it is estimated that a general increase/decrease of composite index of Shanghai A-share 20 % (2011: 21.69%), or 445 point (2011: 609 point), with all other variables held constant, would increase/decrease the Group's shareholders' equity by RMB95,287,000 (2011: RMB93,043,000).

The sensitivity analysis above arise assuming that the change in composite index of Shanghai A-share occurred at the balance sheet date is reasonable and had been applied to re-measure those investments in securities held by the Group. The sensitivity analysis is also based on another assumption, namely, the fair value of the investments in securities held by the Group is relevant to composite index of stock market, and available-for-sales securities investment has same risk factor as trading securities investment, and all other variables held constant.20 % change in composite index of Shanghai A-share is a reasonable expectation of the Group for the period from the balance date to the next balance sheet date. The analysis was performed on the same basis for 2011.

(6) Fair values

(a) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value as at 30 June 2012 across the three levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2012

Assets	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets held for trading					
Trading equity instrument investment	V.2	369,892	—	—	369,892
Derivative financial assets	V.2	—	8,463	—	8,463
Hedging instrument	V.2	—	85	—	85
Subtotal		369,892	8,548	—	378,440
Available-for-sale financial assets	V.10	621,216	—	—	621,216
Subtotal		621,216	—	—	621,216
Total		991,108	8,548	—	999,656

Liabilities	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial liabilities held for trading					
Derivative financial liabilities	V.24	—	(105,025)	—	(105,025)
Total		—	(105,025)	—	(105,025)

As at 31 December 2011

Assets	Note	Level 1	Level 2	Level 3	Total
		RMB'000	RMB'000	RMB'000	RMB'000
Financial assets held for trading					
Trading equity instrument investment	V.2	143,692	—	—	143,692
Derivative financial assets	V.2	—	32,691	—	32,691
Hedging instrument	V.2	—	9,751	—	9,751
Subtotal		143,692	42,442	—	186,134
Available-for-sale financial assets	V.10	571,954	—	—	571,954
Subtotal		571,954	—	—	571,954
Total		715,646	42,442	—	758,088

Liabilities	Note	Level 1	Level 2	Level 3	Total
		RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities held for trading					
Derivative financial liabilities	V.24	—	(105,943)	—	(105,943)
Total		—	(105,943)	—	(105,943)

During the period from 1 January 2012 to 30 June 2012, there were no significant transfers between instruments in Level 1 and Level 2.

During the period from 1 January 2012 to 30 June 2012, there were no changes in valuation technique of fair value.

(b) Fair value of other financial instruments (the carrying amounts are not measured at fair value)

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2012.

(7) Estimation and assumption of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial assets and liabilities held for trading, available-for-sale financial assets, and items set out in Note XI.3.(6) that measured at fair value on the balance sheet date.

(a) Equity investments

Fair value is based on quoted market prices at the balance sheet date for financial assets and liabilities held for trading (excluding derivatives), and available-for-sale financial assets if there is an active market.

(b) Receivables

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

(c) Loans, debenture payable, long-term payables and other non-derivatives financial liabilities

The fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

(d) Derivatives

The fair value of forward exchange contracts is either based on their listed market prices or by discounting the contractual forward price and deducting the current spot rate. The fair value of interest rate swaps is based on broker quotes. The quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar interest rate instrument at the measurement date.

(e) 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 the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(f) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows are based on same term loans' rates announced by People's Bank of China at the balance sheet date plus an adequate credit spread and are as follows:

Item	**Interest rates used in 30 June 2012**	**Interest rates used in 31 December 2011**
Loans	1.03%-6.00%	1.03%-6.10%
Receivables.	6.00%-6.55%	6.10%-7.05%

4. Assets and liabilities measured at fair value

Item	**Balance at the beginning of the period**	**Change in fair value of the period**	**Accumulated change in fair value in equity**	**Provision of impairment for the period**	**Balance at the end of the period**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets					
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)	143,692	6,621	—	—	369,892
2. Derivative financial instrument	32,691	(22,473)	—	—	8,463
3. Hedging Instrument.	9,751	—	3,119	—	85
4. Available-for-sale financial assets.	571,954	—	552,355	—	621,216
Subtotal	758,088	(15,852)	555,474	—	999,656
Financial liabilities	(105,943)	918	—	—	(105,025)

5. Financial assets and liabilities in foreign currencies

Item	Balance at the beginning of the period	Change in fair value of the period	Accumulated change in fair value in equity	Provision of impairment for the period	Balance at the end of the period
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets					
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)	143,692	15,612	—	—	173,899
2. Derivative financial instrument	32,691	(22,473)	—	—	8,463
3. Hedging Instrument	9,751	—	3,119	—	85
4. Loans and receivables	7,910,913	—	—	(20,998)	12,483,193
5. Available-for-sale financial assets	7,799	—	(687)	—	7,982
Subtotal	8,104,846	(6,861)	2,432	(20,998)	12,673,622
Financial liabilities	(13,495,209)	918	—	—	(18,086,364)

Note:

(1) Derivative financial instrument in foreign currency includes foreign currency future contract.

(2) Loans and receivables in foreign currency includes accounts receivable, other receivables, prepayments and long-term receivable denominated in foreign currencies.

(3) Financial liabilities includes foreign currency loans, accounts payable, other payables, advances from customers, long term payables, interest rate swap contracts and stock option contracts.

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY

1. Cash at bank and on hand

Item	30 June 2012			31 December 2011		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
	'000		'000	'000		'000
Cash at bank						
RMB	844,900	1.0000	844,900	98,805	1.0000	98,805
USD	10,553	6.3249	66,747	15,909	6.3009	100,239
HKD	77,747	0.8152	63,379	58	0.8107	47
JPY	455,804	0.0796	36,282	141,750	0.0811	11,496
EUR	35	7.8710	275	35	8.1625	288
Subtotal			1,011,583			210,875
Other momentary funds						
RMB	12,567	1.0000	12,567	217,099	1.0000	217,099
USD	377	6.3249	2,384	377	6.3009	2,376
Subtotal			14,951			219,475
Total			1,026,534			430,350

As at 30 June 2012, restricted cash at bank and on hand of the Company was RMB2,689,000 (2011: RMB2,476,000).

2. Financial assets held for trading

(1) Financial assets held for trading by categories:

Category	30 June 2012	31 December 2011
	RMB'000	RMB'000
Equity securities investments held for trading	195,993	—

(2) There is no restriction in liquidity of financial assets held for trading for the current period.

3. Dividends receivable

Item	30 June 2012	31 December 2011
SCIMC	722,741	722,920
SCIMCEL	401,832	551,157
XHCIMC	125,349	3,595
SHYSLE	—	21,115
TJCIMC	—	20,237
TJCIMCN	—	44,762
QDCC	25,063	24,967
DLCIMC	55,361	55,361
NBCIMC	—	37,168
SBWI	—	49,826
TCCIMC	—	21,202
ZZCIMC	—	57,125
SCRC	36,165	54,186
QDCRC	—	918
XHCIMCS	442,740	228,775
QDCSR	—	27,461
HI	246,836	246,836
TJCIMCLE	16,539	16,540
DLL	104,674	104,674
SHENZHEN SOUTH CIMC LOGISTICS CO., LTD ("SZSCIMCL")	1,360	1,360
CIMC WA	24,752	—
CIMC Hong Kong	3,109,702	3,113,070
Total	5,313,114	5,403,255

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of dividends receivable.

4. Other receivables

(1) Other receivables by customers' categories:

Category	30 June 2012	31 December 2011
Amounts due from related parties	7,393,894	6,776,661
Deposits	180	444
Others	28,632	26,550
Subtotal	7,422,706	6,803,655
Less: provision for bad and doubtful debts	(4,876)	(4,876)
Total	7,417,830	6,798,779

(2) The ageing analysis of other receivables is as follows:

Category	30 June 2012	31 December 2011
Within 1 year	7,271,755	6,652,704
1 to 2 years	—	2,000
2 to 3 years	2,000	—
More than 3 years	148,951	148,951
Subtotal	7,422,706	6,803,655
Less: provision for bad and doubtful debts	(4,876)	(4,876)
Total	7,417,830	6,798,779

The aging is counted starting from the date the other receivable is recognised.

(3) Other receivables by categories:

		30 June 2012				31 December 2011			
		Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
Category	Note	RMB	Percentage	RMB	Percentage	RMB	Percentage	RMB	Percentage
		’000	(%)	’000	(%)	’000	(%)	’000	(%)
Individually significant other receivables	(4)	7,307,412	98.45%	—	—	6,776,307	99.60%	—	—
Other insignificant other receivables	(5)	115,294	1.55%	4,876	4.23%	27,348	0.40%	4,876	17.83%
Total		7,422,706	100.00%	4,876	0.07%	6,803,655	100.00%	4,876	0.07%

There are no collaterals the Group holds for accounts receivable that made impairment aforesaid.

Individually significant items represent other receivables which individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements grouped in the consolidated financial statement.

(4) An analysis of other receivables individually significant and assessed for impairment individually is as follows:

There are no other receivables individually significant and individually assessed for impairment at the year end (31 December 2011: Nil).

(5) An analysis of individually insignificant but assessed for impairment individually is as follows:

There are no other receivables individually insignificant but assessed for impairment individually at the year end (31 December 2011: Nil).

(6) *Written-back or recovery of accounts receivable during the period*

There were no other receivables for which a full provision or a significant provision was made in previous years while were recovered in full or in significant amount during the period (2011: Nil).

(7) *Write-off of other receivables during the period*

There was no material write-off of other receivables during the period (2011: Nil).

(8) Other receivables due from the five largest debtors of the Group are as follows:

Debtor	Relationship with the Company	RMB	Aging	Proportion in total other receivables
		’000		(%)
1. Total amounts due from subsidiaries. .	Subsidiary	7,220,606	Within 1 year	97.28%
2. Shanghai Fengyang Real Estate Development Co., Ltd.	Associates	172,550	1 to more than 3 years	2.32%
3. Yantai National High-tech Industrial Park	Third Party	20,000	Within 1 year	0.27%
4. Xietong Real Estate Company	Third Party	2,000	2 to 3 years	0.03%
5. Pingan	Third Party	839	Within 1 year	0.01%
Total		7,415,995		99.91%

The Group’s top 5 other receivables at the end of 2011 amounted to RMB6,799,167,000, accounting for 99.92% of the total other receivables.

(9) *Status of shareholders holding to 5% or above voting rights, in the Company’s other receivables*

No balance of other receivables due from shareholders who hold 5% or more of the voting rights of the Group as at balance sheet date.

(10) *Receivables due from related parties*

Related party	Relationship with the Company	RMB	Percentage in total other receivables
		’000	(%)
Associated	Associates	172,550	2.32%
Subsidiaries.	Subsidiaries	7,220,606	97.28%
Others	Minority shareholders of associates and subsidiaries	738	0.01%
Total		7,393,894	99.61%

(11) *Derecognition of other receivables due to transferring of financial assets*

There was no derecognition of other receivables due to transferring of financial assets of the Company (2011: Nil).

(12) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

There were no securitised other receivables during the period (2011: Nil).

5. Available-for-sale financial assets

	30 June 2012	31 December 2011
	RMB'000	RMB'000
Available-for-sale equity instruments	613,234	564,155

Detailed analysis for the Group's available-for-sale financial assets, refer to Note V.10.

6. Long-term equity investments

(1) As at 30 June 2012, the Company's long-term equity investments are as follows:

	30 June 2012	31 December 2011
	RMB'000	RMB'000
Investments in subsidiaries	4,438,307	3,949,644
Investments in associates	8,002	2,602
Other long-term equity investments	391,970	391,970
Total	4,838,279	4,344,216
Less: Provision for impairment	(3,065)	(3,065)
Total	4,835,214	4,341,151

(2) The Company's investments on subsidiaries are as follows:

Investee	Initial investment cost	Balance at the beginning of the year	Addition/ (disposal) during period	Balance at the end of the period	Shareholding percentage	The Company subsidiaries voting	Notes to difference between shareholdings and voting rights	Provision for impairment	Impairment loss of the period	Dividend receivable/ received of the period
					(%)	(%)				
Costing method — Investment in subsidiaries										
SCIMC	82,042	82,042	—	82,042	100.00%	100.00%	—	—	—	—
SCIMCEL	82,042	82,042	—	82,042	100.00%	100.00%	—	—	—	—
XHCIMC	36,500	36,500	—	36,500	100.00%	100.00%	—	—	—	—
CIMB Yuandong	114,249	114,249	—	114,249	100.00%	100.00%	—	—	—	—
TJCIMC	77,703	75,421	2,282	77,703	100.00%	100.00%	—	—	—	—
TJCIMCn	239,960	239,960	—	239,960	100.00%	100.00%	—	—	—	—
QDCC	60,225	60,225	—	60,225	100.00%	100.00%	—	—	—	—
DLCIMC	48,764	48,764	—	48,764	100.00%	100.00%	—	—	—	—
NBCIMC	24,711	24,711	—	24,711	100.00%	100.00%	—	—	—	—
SBWI	66,558	66,558	—	66,558	94.75%	100.00%	IV.1.(4)(ii)	—	—	—
TCCIMC	131,654	131,654	—	131,654	100.00%	100.00%	—	—	—	—
ZZCIMC	100,597	100,597	—	100,597	100.00%	100.00%	—	—	—	—
SHYSLE	78,955	78,955	—	78,955	100.00%	100.00%	—	—	—	—
CQVL	39,499	39,499	—	39,499	100.00%	100.00%	—	—	—	—
SCRC	200,892	200,892	—	200,892	92.00%	100.00%	IV.1.(4)(ii)	—	—	—
QDCRC	54,225	54,225	—	54,225	100.00%	100.00%	—	—	—	—
XHCIMCS	82,026	82,026	—	82,026	100.00%	100.00%	—	—	—	—
DLL	46,284	46,284	—	46,284	100.00%	100.00%	—	—	—	—

Investee	Initial investment cost	Balance at the beginning of the year	Addition/ (disposal) during period	Balance at the end of the period	Shareholding percentage	The Company subsidiaries voting	Notes to difference between shareholdings and voting rights	Provision for impairment	Impairment loss of the period	Dividend receivable/ received of the period
					(%)	(%)				
QDCSR	12,743	12,743	—	12,743	100.00%	100.00%	—	—	—	—
TJCIMCLE	16,459	16,459	—	16,459	100.00%	100.00%	—	—	—	—
CIMC Hong Kong	1,690	1,690	—	1,690	100.00%	100.00%	—	—	—	—
CIMC (USA)	171,397	171,397	—	171,397	100.00%	100.00%	—	—	—	—
CIMCSD	162,686	162,686	—	162,686	100.00%	100.00%	—	—	—	—
HI	496,863	496,863	—	496,863	80.00%	80.00%	—	—	—	—
CIMC TEI	—	—	—	—	—	—	—	—	—	—
CIMC Tech	13,726	13,726	—	13,726	100.00%	100.00%	—	—	—	—
TCCRC	311,792	59,792	252,000	311,792	100.00%	100.00%	—	—	—	—
CIMCWD	108,544	108,544	—	108,544	100.00%	100.00%	—	—	—	—
CIMC Management and Training (Shenzhen)	48,102	48,102	—	48,102	100.00%	100.00%	—	—	—	—
DLZH	111,083	111,083	—	111,083	100.00%	100.00%	—	—	—	—
MEA	111,703	111,703	—	111,703	100.00%	100.00%	—	—	—	—
SZW	3,472	3,472	—	3,472	100.00%	100.00%	—	—	—	—
TLC	81,548	81,548	—	81,548	100.00%	100.00%	—	—	—	—
SZSCIMCL	21,717	21,717	—	21,717	100.00%	100.00%	—	—	—	—
SZ investment	72,401	72,401	—	72,401	100.00%	100.00%	—	—	—	—
Finance Company	482,590	482,590	—	482,590	100.00%	100.00%	—	—	—	—
CIMC Vehicle Finance and Leasing Co., Ltd.	422,363	185,700	236,663	422,363	100.00%	100.00%	—	—	—	—
QDSV	26,912	26,912	—	26,912	80.00%	100.00%	IV.1.(4)(ii)	—	—	—
SHGYTY	40,000	40,000	—	40,000	100.00%	100.00%	—	—	—	—
CIMCI	60,000	60,000	—	60,000	100.00%	100.00%	—	—	—	—
SZSKYC	90,000	90,000	—	90,000	100.00%	100.00%	—	—	—	—
Tianjin Kangde Logistics Equipment Co., Ltd	3,630	5,912	(2,282)	3,630	100.00%	100.00%	—	—	—	—
Subtotal	4,438,307	3,949,644	488,663	4,438,307	—	—	—	—	—	—
Equity method — Associates										
SCSCRC	9,000	2,602	5,400	8,002	50.00%	50.00%	—	—	—	—
Subtotal	9,000	2,602	5,400	8,002	—	—	—	—	—	—
Costing method — Other long-term equity investment										
China Railway United Logistics	380,780	380,780	—	380,780	10.00%	10.00%	—	—	—	—
Beihai Yinjian	1,700	1,700	—	1,700	1.01%	1.01%	—	1,700	—	—
Guangdong Samsung	1,365	1,365	—	1,365	0.09%	0.09%	—	1,365	—	—
BO CM Schroder Stolt Fund Management	8,125	8,125	—	8,125	5.00%	5.00%	—	—	—	50,000
Subtotal	391,970	391,970	—	391,970	—	—	—	3,065	—	50,000
Total	4,839,277	4,344,216	494,063	4,838,279	—	—	—	3,065	—	50,000

Information for the Company's subsidiaries see note IV.

7. Short-term loans

Item	30 June 2012	31 December 2011
	RMB'000	RMB'000
Credit loans		
RMB	570,000	363,009
Subtotal	570,000	363,009
Total	570,000	363,009

8. Financial liabilities held for trading

Item	30 June 2012	31 December 2011
	RMB'000	RMB'000
Current:		
Derivative financial liabilities		
— Swap contract for interest rate	—	3,137
— Foreign exchange option contracts	—	18,153
Subtotal	—	21,290
Non-current:		
— Swap contract for interest rate	84,518	74,836
Subtotal	84,518	74,836
Total	84,518	96,126

9. Employee benefits payable

Item	Balance at the beginning of the year	Additions during the period	Settlements during the period	Balance at the end of the period
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, bonuses, and allowances	300,000	151,472	(51,492)	399,980
Senior management bonus	372,004	—	(10,163)	361,841
Social insurances and others	(164)	10,202	(10,140)	(102)
Total	671,840	161,674	(71,795)	761,719

10. Taxes payable

Item	30 June 2012	31 December 2011
	RMB'000	RMB'000
Income tax payable	97,922	1,867
Withholding individual tax	64,404	58,191
Others	2,465	3,594
Total	164,791	63,652

11. Interest payable

Item	30 June 2012	31 December 2011
	RMB'000	RMB'000
Staging of interest principal repayments due to the long term loan interest	6,262	10,348
Short term loan interest payable	699	725
Debenture interest	17,433	122,033
Total	24,394	133,106

12. Dividends payable

	30 June 2012	31 December 2011
	RMB'000	RMB'000
Public shareholders	198,800	—

13. Non-current liabilities due within one year

(1) The analysis of the Company's non-current liabilities due within one year by categories is as follows:

Item	30 June 2012	31 December 2011
	RMB'000	RMB'000
Long-term loans due within one year		
— Credit loans	1,688,748	1,094,352
Subtotal	1,688,748	1,094,352
Total	1,688,748	1,094,352

(2) The analysis of the Company's non-current liabilities by currencies due within one year is as follows:

	Annual interest rate	30 June 2012			Annual interest rate	31 December 2011		
		Original currency	Exchange rate	RMB		Original currency	Exchange rate	RMB
Bank loans								
— USD	LIBOR+55~185BP	267,000	6.3249	1,688,748	LIBOR+55~90BP	168,500	6.3009	1,061,702
— EUR		—	—	—	EURIBOR+65BP	4,000	8.1625	32,650
Total				1,688,748				1,094,352

As at 30 June 2012, there was no renewal of past due long-term bank loans which was included in the above non-current liabilities due within one year (2011: Nil).

(a) As at 30 June 2012, the top four long-term loans due within one year are as follows:

Lender	Initial date	Maturity date	Currency	Interest rate	30 June 2012 Original currency	30 June 2012 RMB	31 December 2011 Original currency	31 December 2011 RMB
				(%)	'000	'000	'000	'000
1. China Development Bank	12-Dec-07	21-Jun-13	USD	six-month LIBOR+90BP	110,000	695,739	110,000	693,099
2. China Development Bank	12-Dec-07	21-Dec-12	USD	six-month LIBOR+90BP	60,000	379,494	60,000	378,054
3. China Bank	19-Oct-09	19-Oct-12	USD	three-month LIBOR+55BP	47,000	297,270	48,500	305,594
4. ING Bank	26-May-10	21-May-13	USD	six-month LIBOR+185BP	20,000	126,498	20,000	126,018
5. ING Bank	28-May-10	21-May-13	USD	six-month LIBOR+185BP	20,000	126,498	20,000	126,018
Total						1,625,499		1,628,783

(b) As at 30 June 2012, there was no overdue loan of non-current liabilities due within one year (2011: Nil).

14. Long-term loans

(1) Long-term loans by categories:

Item	30 June 2012	31 December 2011
	RMB'000	RMB'000
Bank loans		
— Credit loans	4,187,490	4,223,180
Total	4,187,490	4,223,180

(2) The analysis of the Company's long-term loans by currencies as follows:

	Annual interest rate	30 June 2012			Annual interest rate	31 December 2011		
		Original currency	Exchange rate	RMB		Original currency	Exchange rate	RMB
		'000		'000		'000		'000
Bank loans								
RMB	4.76%~5.985%	3,555,000	1.0000	3,555,000	3.51%~4.23%	2,963,000	1.0000	2,963,000
USD	three-month libor+315BP	100,000	6.3249	632,490	LIBOR+55~185BP	200,000	6.3009	1,260,180
Total				4,187,490				4,223,180

No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term loans (2011: Nil).

(3) As at 30 June 2012, the top five long-term loans is as follows:

Lender	Initial date	Maturity date	Currency	Interest rate	30 June 2012 Original currency	30 June 2012 RMB	31 December 2011 Original currency	31 December 2011 RMB
				(%)	'000	'000	'000	'000
The Export-Import Bank of China	1-Feb-11	1-Feb-14	RMB	4.76%	500,000	500,000	500,000	500,000
The Export-Import Bank of China	20-Jan-11	7-Jan-14	RMB	4.76%	400,000	400,000	400,000	400,000
The Export-Import Bank of China	15-Jun-11	15-Jun-14	RMB	4.76%	400,000	400,000	400,000	400,000
The Hongkong and Shanghai Banking Corporation	18-Jun-12	18-Jun-14	USD	Three-month libor+315BP	60,000	379,494	—	—
The Export-Import Bank of China	28-Jul-11	18-Jul-14	RMB	5.48%	400,000	400,000	400,000	400,000
Total						2,079,494		1,700,000

As at 30 June 2012, there was no renewal of past due long-term bank loans which was include in the above long-term loans (2011: Nil).

15. Bond payable

Item	Balance at the beginning of the year	Additions during the period	Settlements during the period	Balance at the end of the period
	RMB'000	RMB'000	RMB'000	RMB'000
Medium Term Note	3,988,438	2,001,172	—	5,989,610

(a) The analysis of the bond payable is as follows:

Item	Face value	Issue date	Final maturity date	Notional principal amount	Interest payable at the beginning of the period	Accrued interest for the period	Interest paid during the period	Interest payable at the end of the period	Balance at the end of the period
	RMB'000			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Medium Term Note — 11 CIMC MTN1	4,000,000	23 May 2011	23 May 2016	4,000,000	(11,562)	1,172	—	(10,390)	3,989,610
Medium Term Note — 12 CIMC MTN1	2,000,000	24 May 2012	24 May 2015	2,000,000	—	—	—	—	2,000,000

Please refer to Note V.36. for details of the Group's bond payable.

16. Deferred tax assets and liabilities

(1) Deferred tax assets and liabilities after offsetting

	2012.6.30		2011.12.31	
Item	**Deductible (taxable) temporary difference**	**Deferred tax assets (liabilities)**	**Deductible (taxable) temporary difference**	**Deferred tax assets (liabilities)**
Deferred tax assets:				
Employee benefits payable	761,719	190,430	671,840	167,960
Movement for fair value of financial assets held for trading derivative financial instrument	92,667	23,167	96,126	24,031
Subtotal	854,386	213,597	767,966	191,991
Offsetting amount	(548,899)	(132,707)	(499,820)	(120,437)
Net amount after offsetting	305,487	80,890	268,146	71,554
Deferred tax liabilities:				
Movement for fair value of available-for-sale financial assets charged to equity	(548,899)	(132,707)	(499,820)	(120,437)
Subtotal	(548,899)	(132,707)	(499,820)	(120,437)
Offsetting amount	548,899	132,707	499,820	120,437
Net amount after offsetting	—	—	—	—

As at 30 June 2012, there were no unrecognised deferred tax liabilities for the Company.

17. Capital reserve

Item	Balance at the beginning of the year	Additions during the period	Settlements during the period	Change in functional currency	Balance at the end of the period
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Share premiums	212,656	—	—	—	212,656
Other capital reserves					
— Property revaluation reserve	43,754	—	—	—	43,754
— Exchange reserve on foreign currency capital	687	—	—	—	687
— Donated non-cash assets reserve	87	—	—	—	87
— Net changes in fair value of available-for-sale financial assets	499,820	49,079	—	—	548,899
— Deferred tax effect	(120,437)	(12,270)	—	—	(132,707)
— Amount of share-based payments charged to equity	131,247	53,518	—	—	184,765
— Others	(568,492)	—	—	—	(568,492)
Total	199,322	90,327	—	—	289,649

18. Gains/(loss) from changes in fair value

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Financial assets held for trading:		
— Changes in fair value during the period		
1. Including: Loss from changes in fair value of trading equity instrument	(14,442)	(22,884)
2. Including: Gains from changes in fair value of derivative financial instrument	841	—
— Transfer to investment gains for derecognition of financial assets held for trading	5,451	(11,275)
Financial liabilities held for trading:		
— Changes in fair value during the period	11,608	25,440
1. Including: Gains from changes in fair value of derivative financial instrument	11,608	25,440
Total	3,458	(8,719)

19. Investment income

(1) The analysis of the Company's investment income is as follows:

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Long-term equity investments in cost method	365,188	208,086
Investment gains on available-for-sale financial assets	4,841	3,343
Gains on sale of held-for-trading financial assets	(5,451)	11,275
Total	364,578	222,704

(2) Long-term investments in cost method with individual investment income over 5% of total investment income or less than 5% but the top five investment income for the period are as follows:

Investee	From 1 January to 30 June 2012	From 1 January to 30 June 2011	Reasons for variances between two years
	RMB'000	RMB'000	
XHCIMCS	213,683	—	Dividend distributed from 1 January to 30 June 2012
XHCIMC	121,753	79,718	Dividend distributed from 1 January to 30 June 2012 is more than that in 2011
CIMCWA	24,752	—	Dividend distributed from 1 January to 30 June 2012
BOCM Schroder Stolt Fund Management	5,000	10,000	Dividend distributed from 1 January to 30 June 2012 is less than that in 2011
Total	365,188	89,718	

Note 1:

There was no significant restriction on the remittance of investment income to the investor.

20. Non-operating income

(1) The analysis of the Company's non-operating income is as follows:

Item	Note	From 1 January to 30 June 2012	From 1 January to 30 June 2011
		RMB'000	RMB'000
Gains on disposal of fixed assets		1,319	15
Gains on disposal of intangible assets		—	593
Government grants		629	578
Others		134	—
Total		2,082	1,186

(2) *Government subsidy*

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Financial subsidies	629	578
Total	629	578

21. Income tax

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Current tax expenses for the period	—	—
Deferred taxation	(21,606)	(37,687)
Total	(21,606)	(37,687)

Reconciliation between income tax expenses and accounting profits/(loss) is as follows:

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Profits before taxation	(26,323)	(33,873)
Expected income tax expenses at applicable tax rates	(6,581)	(8,130)
Tax effect of non-taxable income	91,257	685
Unrecognised deferred tax as sets in tax effect	(106,282)	(30,242)
Income tax expenses	(21,606)	(37,687)

22. Other comprehensive Income/(losses)

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
1. Gain/(losses) on available-for-sale financial assets	49,079	(15,815)
Less: Effect of income tax arising from available-for-sale financial assets	12,270	(662)
Subtotal	36,809	(15,153)
2. Others	—	—
Total	36,809	(15,153)

23. Information to cash flow statement

(1) Supplement to cash flow statement:

1. Reconciliation of net profit to cash flow from operating activities

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Net profit	(4,717)	3,814
Add: Depreciation of fixed assets	4,761	8,069
Amortisation of intangible assets	135	412
Amortisation of long-term deferred expenses	615	842
Gains on disposal of fixed assets, intangible assets and other long-term assets	(1,319)	(608)
(Gains)/losses on changes in fair value	(3,458)	8,719
Financial expense	234,141	87,070
(Gains)/losses arising from investments	(364,578)	(222,704)
Expenses recognized by share-based payments	53,518	50,639
(Increase)/decrease in deferred tax assets	(21,606)	38,350
(Increase)/Decrease in operating receivables	(3,411,085)	(2,259,173)
Increase/(decrease) in operating payables	2,537,447	96,757
Net cash outflows from operating activities	(976,146)	(2,187,813)

2. Net movement in cash and cash equivalents:

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	RMB'000
Closing balance of cash and cash equivalents	1,023,845	1,491,441
Less: Opening balance of cash and cash equivalents	427,874	417,461
Net increase of cash and cash equivalents	595,971	1,073,980

(2) Cash and cash equivalents held by the Group is as follows:

Item	From 1 January to 30 June 2012	From 1 January to 30 June 2011
	RMB'000	**RMB'000**
1. Cash at bank and on hand		
including: Cash on hand		
— Bank deposits available on demand	1,011,582	1,357,232
— Other monetary fund available on demand	12,263	134,209
2. Closing balance of cash and cash equivalents available on demand	1,023,845	1,491,441

Note:

Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

The following is the reproduction of the Company's unaudited condensed consolidated interim financial information for the nine months ended 30 September 2012. As disclosed on page 60 under heading "Waivers From Strict Compliance With The Hong Kong Listing Rules", our Reporting Accountant has performed certain agreed upon factual finding procedures in accordance with China Standards on Related Services 4101 "Engagement to Perform Agreed-Upon Procedures Regarding Financial Information". Such procedures does not constitute any assurance engagement performed in accordance with China Standards on Auditing, China Standards on Review Engagements or China Standards on Other Assurance Engagements, thus, our Reporting Accountant does not express any assurance on below interim financial information.

1. CONSOLIDATED BALANCE SHEET

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

Item	Balance as at 30 Sept. 2012	Balance as at 31 Dec. 2011
	RMB'000	RMB'000
Current Assets:		
Monetary funds	7,304,535	7,788,126
Settlement reserves	—	—
Intra-group lendings	—	—
Transactional financial assets	282,770	186,134
Notes receivable	551,734	1,030,528
Accounts receivable	8,115,505	8,110,784
Accounts paid in advance	1,984,989	1,930,496
Premiums receivable	—	—
Reinsurance premiums receivable	—	—
Receivable reinsurance contract reserves	—	—
Interest receivable	8,679	2,020
Dividend receivable	—	—
Other accounts receivable	2,854,331	2,709,665
Financial assets purchased under agreements to resell	—	—
Inventories	16,104,039	15,468,352
Non-current assets due within 1 year	3,348,803	2,635,287
Other current assets	945,491	865,633
Total current assets	41,500,876	40,727,025
Non-current assets:		
Loans by mandate and advances granted	—	—
Available-for-sale financial assets	558,381	571,954
Held-to-maturity investments	—	—
Long-term accounts receivable	1,832,345	2,311,235
Long-term equity investment	2,007,310	1,957,187
Investing property	157,866	126,983
Fixed assets	11,170,000	10,885,435
Construction in progress	2,582,689	1,898,330
Engineering materials	—	—
Disposal of fixed assets	—	—
Production biological assets	—	—
Oil-gas assets	—	—
Intangible assets	3,132,828	3,172,222
R&D expense	—	—
Goodwill	1,294,701	1,207,504
Long-term deferred expenses	37,861	34,892
Deferred income tax assets	684,608	704,098
Other non-current assets	764,963	764,849
Total of non-current assets	24,223,552	23,634,689
Total assets	65,724,428	64,361,714

Item	Balance as at 30 Sept. 2012	Balance as at 31 Dec. 2011
	RMB'000	RMB'000
Current liabilities:		
Short-term borrowings	8,205,059	8,030,912
Borrowings from Central Bank	—	—
Customer bank deposits and due to banks and other financial institutions	—	—
Intra-group borrowings	—	—
Transactional financial liabilities	22,324	31,107
Notes payable	1,145,361	3,295,226
Accounts payable	6,178,295	7,328,966
Accounts received in advance	3,104,908	2,662,742
Financial assets sold for repurchase	—	—
Handling charges and commissions payable	—	—
Employee's compensation payable	1,919,039	2,012,608
Tax payable	979,515	916,118
Interest payable	176,918	152,067
Dividend payable	872	116,253
Other accounts payable	3,800,741	3,393,837
Accrued liabilities	844,924	736,179
Reinsurance premiums payable	—	—
Insurance contract reserves	—	—
Payables for acting trading of securities	—	—
Payables for acting underwriting of securities	—	—
Non-current liabilities due within 1 year	1,918,906	2,560,318
Other current liabilities	—	—
Total current liabilities	28,296,862	31,236,333
Non-current liabilities:		
Trading financial liabilities	91,033	74,836
Long-term borrowings	8,329,413	6,572,585
Bonds payable	5,990,222	3,988,438
Long-term payables	499,387	86,846
Specific payables	9,475	8,940
Estimated liabilities	—	—
Deferred income tax liabilities	684,654	581,500
Other non-current liabilities	384,976	198,564
Total non-current liabilities	15,989,160	11,511,709
Total liabilities	44,286,022	42,748,042

Item	Balance as at 30 Sept. 2012	Balance as at 31 Dec. 2011
	RMB'000	RMB'000
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	2,662,396	2,662,396
Capital reserves	838,681	799,261
Less: Treasury stock	—	—
Specific reserves	—	—
Surplus reserves	2,953,160	2,953,160
Provisions for general risks	—	—
Retained profits	13,144,724	12,785,092
Foreign exchange difference	-524,373	-566,755
Total equity attributable to owners of the Company	19,074,588	18,633,154
Minority interests	2,363,818	2,980,518
Total owners' (or shareholders') equity	21,438,406	21,613,672
Total liabilities and owners' (or shareholders') equity	65,724,428	64,361,714

Li Jianhong
Legal representative

Jin Jianlong
The person in charge of accounting affairs

Jin Jianlong
The head of the accounting department

2. BALANCE SHEET OF THE COMPANY

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

Item	Balance as at 30 Sept. 2012	Balance as at 31 Dec. 2011
	RMB'000	RMB'000
Current Assets:		
Monetary funds	1,327,578	430,350
Transactional financial assets	87,229	—
Notes receivable	—	—
Accounts receivable	—	—
Accounts paid in advance	—	—
Interest receivable	—	—
Dividend receivable	3,970,432	5,403,255
Other accounts receivable	8,909,674	6,798,779
Inventories	—	—
Non-current assets due within 1 year	—	—
Other current assets	—	—
Total current assets	14,294,913	12,632,384
Non-current assets:		
Available-for-sale financial assets	550,322	564,155
Held-to-maturity investments	—	—
Long-term accounts receivable	—	—
Long-term equity investment	5,065,068	4,341,151
Investing property	—	—
Fixed assets	135,383	137,642
Construction in progress	7,214	14,457
Engineering materials	—	—
Disposal of fixed assets	—	—
Production biological assets	—	—
Oil-gas assets	—	—
Intangible assets	16,001	22,246
R&D expense	—	—
Goodwill	—	—
Long-term deferred expenses	6,173	5,683
Deferred income tax assets	116,452	71,554
Other non-current assets	—	—
Total of non-current assets	5,896,613	5,156,888
Total assets	20,191,526	17,789,272

Item	Balance as at 30 Sept. 2012	Balance as at 31 Dec. 2011
	RMB'000	RMB'000
Current liabilities:		
Short-term borrowings	705,000	363,009
Transactional financial liabilities	249	21,290
Notes payable	—	—
Accounts payable	—	—
Accounts received in advance	—	—
Employee's compensation payable	837,486	671,840
Tax payable	96,125	63,652
Interest payable	117,587	133,106
Dividend payable	—	—
Other accounts payable	43,581	72,733
Non-current liabilities due within 1 year	1,566,227	1,094,352
Other current liabilities	—	—
Total current liabilities	3,366,255	2,419,982
Non-current liabilities:		
Long-term borrowings	4,189,100	4,223,180
Trading financial liabilities	90,259	74,836
Bonds payable	5,990,222	3,988,438
Long-term payables	—	—
Specific payables	—	—
Estimated liabilities	—	—
Deferred income tax liabilities	—	—
Other non-current liabilities	—	—
Total non-current liabilities	10,269,581	8,286,454
Total liabilities	13,635,836	10,706,436
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	2,662,396	2,662,396
Capital reserves	269,225	199,322
Less: Treasury stock	—	—
Specific reserves	—	—
Surplus reserves	2,953,160	2,953,160
Provisions for general risks	—	—
Retained profits	670,909	1,267,958
Foreign exchange difference	—	—
Total owners' (or shareholders') equity	6,555,690	7,082,836
Total liabilities and owners' (or shareholders') equity	20,191,526	17,789,272

Li Jianhong
Legal representative

Jin Jianlong
The person in charge of accounting affairs

Jin Jianlong
The head of the accounting department

3. CONSOLIDATED INCOME STATEMENT FOR THE REPORTING PERIOD

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

Item	Jul.-Sept. 2012	Jul.-Sept. 2011
	RMB'000	RMB'000
I. Total operating revenues	13,336,803	14,516,468
Including: Sales income	13,336,803	14,516,468
Interest income	—	—
Premium income	—	—
Handling charge and commission income	—	—
II. Total operating cost	12,436,534	13,706,610
Including: Cost of sales	10,675,179	12,108,909
Interest expenses	—	—
Handling charge and commission expenses	—	—
Surrenders	—	—
Net claims paid	—	—
Net amount withdrawn for the insurance contract reserve	—	—
Expenditure on policy dividends	—	—
Reinsurance premium	—	—
Taxes and associate charges	92,607	120,507
Selling and distribution expenses	456,955	486,920
Administrative expenses	931,329	839,913
Financial expenses	131,959	144,800
Asset impairment loss	148,505	5,561
Add: Gain/(loss) from change in fair value ("-" means loss)	5,168	-69,505
Gain/(loss) from investment ("-" means loss)	-13,110	23,715
Including: Share of profits in associates and joint ventures	1,545	-2,897
Foreign exchange gains ("-" means loss)	—	—
III. Business profit ("-" means loss	892,327	764,068
Add: non-operating income	104,551	96,838
Less: non-operating expense	7,159	14,684
Including: loss from non-current asset disposal	-79,487	-6,771
IV. Total profit ("-" means loss)	989,719	846,222
Less: Income tax expense	339,739	259,524
V. Net profit ("-" means loss)	649,980	586,698
Including: Net profit achieved by combined parties before the combinations	—	—
Attributable to owners of the Company	650,624	513,778
Minority shareholders' income	-644	72,920

Item	Jul.-Sept. 2012	Jul.-Sept. 2011
	RMB'000	RMB'000
VI. Earnings per share		
(I) Basic earnings per share	0.2444	0.1930
(II) Diluted earnings per share	0.2444	0.1930
VII. Other comprehensive incomes	-24,049	-173,502
VIII. Total comprehensive incomes	625,931	413,196
Attributable to owners of the Company	629,746	366,807
Attributable to minority shareholders	-3,815	46,389

Li Jianhong	**Jin Jianlong**	**Jin Jianlong**
Legal representative	*The person in charge of accounting affairs*	*The head of the accounting department*

4. INCOME STATEMENT OF THE COMPANY FOR THE REPORTING PERIOD

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

Item	Jul.-Sept. 2012	Jul.-Sept. 2011
	RMB'000	RMB'000
I. Total sales	197,445	—
Less: cost of sales	-1	1
Business taxes and surcharges	15,513	3,888
Distribution expenses	—	—
Administrative expenses	174,444	81,168
Financial costs	68,704	75,652
Impairment loss	—	—
Add: gain/(loss) from change in fair value ("-" means loss)	-3,570	-16,725
Gain/(loss) from investment ("-" means loss)	626,409	245,428
Including: Income form investment on associates and joint ventures	—	—
II. Business profit ("-" means loss)	561,624	67,994
Add: non-business income	50,912	166
Less: non-business expense	—	248
Including: loss from non-current asset disposal	-50,532	148
III. Total profit ("-" means loss)	612,536	67,912
Less: income tax expense	-19,834	-3,476
IV. Net profit ("-" means loss)	632,370	71,388

Item	Jul.-Sept. 2012	Jul.-Sept. 2011
	RMB'000	RMB'000
V. Earnings per share		
(I) Basic earnings per share	—	—
(II) Diluted earnings per share	—	—
VI. Other comprehensive income	-47,183	-104,422
VII. Total comprehensive income	585,187	-33,034

Li Jianhong
Legal representative

Jin Jianlong
The person in charge of accounting affairs

Jin Jianlong
The head of the accounting department

5. CONSOLIDATED INCOME STATEMENT FROM 1 JAN. 2012 TO 30 SEPT. 2012

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

Item	Jan.-Sept. 2012	Jan.-Sept. 2011
	RMB'000	RMB'000
I. Total operating revenues	40,701,249	50,994,566
Including: Sales income	40,701,249	50,994,566
Interest income	—	—
Premium income	—	—
Handling charge and commission income	—	—
II. Total operating cost	38,343,400	46,437,877
Including: Cost of sales	33,688,776	41,608,809
Interest expenses	—	—
Handling charge and commission expenses	—	—
Surrenders	—	—
Net claims paid	—	—
Net amount withdrawn for the insurance contract reserve	—	—
Expenditure on policy dividends	—	—
Reinsurance premium	—	—
Taxes and associate charges	254,958	193,661
Selling and distribution expenses	1,320,711	1,455,511
Administrative expenses	2,587,038	2,555,864
Financial expenses	368,398	544,762
Asset impairment loss	123,519	79,270
Add: Gain/(loss) from change in fair value ("-" means loss)	-9,766	-157,761
Gain/(loss) from investment ("-" means loss)	-16,632	94,922
Including: Share of profits in associates and joint ventures	-8,550	25,842
Foreign exchange gains ("-" means loss)	—	—

Item	Jan.-Sept. 2012	Jan.-Sept. 2011
	RMB'000	RMB'000
III. Business profit ("-" means loss)	2,331,451	4,493,850
Add: non-operating income	181,582	199,851
Less: non-operating expense	30,263	29,960
Including: loss from non-current asset disposal	-84,192	270
IV. Total profit ("-" means loss)	2,482,770	4,663,741
Less: Income tax expense	825,112	1,283,642
V. Net profit ("-" means loss)	1,657,658	3,380,099
Including: Net profit achieved by combined parties before the combinations	—	—
Attributable to owners of the Company	1,584,334	3,321,407
Minority shareholders' income	73,324	58,692
VI. Earnings per share		
(I) Basic earnings per share	0.5951	1.2475
(II) Diluted earnings per share	0.5937	1.2475
VII. Other comprehensive incomes	11,230	-124,309
VIII. Total comprehensive incomes	1,668,888	3,255,790
Attributable to owners of the Company	1,610,487	3,160,854
Attributable to minority shareholders	58,401	94,936

Li Jianhong	**Jin Jianlong**	**Jin Jianlong**
Legal representative	*The person in charge of accounting affairs*	*The head of the accounting department*

6. INCOME STATEMENT OF THE COMPANY FROM 1 JAN. 2012 TO 30 SEPT. 2012

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

Item		Jan.-Sept. 2012	Jan.-Sept. 2011
		RMB'000	RMB'000
I.	Total sales	197,678	700
	Less: Cost of sales	16	40
	Business taxes and surcharges	27,460	3,888
	Distribution expenses	—	—
	Administrative expenses	451,521	366,716
	Financial costs	176,015	39,499
	Impairment loss	—	—
	Add: gain/(loss) from change in fair value ("-" means loss)	-112	-25,444
	Gain/(loss) from investment ("-" means loss)	990,987	468,132
	Including: income form investment on associates and joint ventures	—	—
II.	Business profit ("-" means loss)	533,541	33,245
	Add: non-business income	52,994	1,352
	Less: non-business expense	322	558
	Including: loss from non-current asset disposal	-51,851	-460
III.	Total profit ("-" means loss)	586,213	34,039
	Less: income tax expense	-41,440	-41,163
IV.	Net profit ("-" means loss)	627,653	75,202
V.	Earnings per share		
	(I) Basic earnings per share	—	—
	(II) Diluted earnings per share	—	—
VI.	Other comprehensive income	-10,374	-119,575
VII.	Total comprehensive income	617,279	-44,373

Li Jianhong	Jin Jianlong	Jin Jianlong
Legal representative	*The person in charge of accounting affairs*	*The head of the accounting department*

7. CONSOLIDATED CASH FLOW STATEMENT FROM 1 JAN. 2012 TO 30 SEPT. 2012

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

Item	Jan.-Sept. 2012	Jan.-Sept. 2011
	RMB'000	RMB'000
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	42,029,179	47,167,914
Net increase of deposits from customers and dues from banks	—	—
Net increase of loans from the central bank	—	—
Net increase of funds borrowed from other financial institutions	—	—
Cash received from premium of original insurance contracts	—	—
Net cash received from reinsurance business	—	—
Net increase of deposits of policy holders and investment fund	—	—
Net increase of disposal of tradable financial assets	—	—
Cash received from interest, handling charges and commissions	—	—
Net increase of intra-group borrowings	—	—
Net increase of funds in repurchase business	—	—
Tax refunds received	2,015,402	3,056,116
Other cash received relating to operating activities	236,587	287,509
Subtotal of cash inflows from operating activities	44,281,168	50,511,539
Cash paid for goods and services	37,088,390	45,793,215
Net increase of customer lendings and advances	—	—
Net increase of funds deposited in the central bank and amount due from banks	—	—
Cash for paying claims of the original insurance contracts	—	—
Cash for paying interest, handling charges and commissions	—	—
Cash for paying policy dividends	—	—
Cash paid to and for employees	3,145,453	2,921,448
Various taxes paid	1,815,223	1,858,137
Other cash payment relating to operating activities	1,299,689	3,147,419
Subtotal of cash outflows from operating activities	43,348,755	53,720,219
Net cash flows from operating activities	932,413	-3,208,680

Item		Jan.-Sept. 2012	Jan.-Sept. 2011
		RMB'000	RMB'000
II.	Cash flows from investing activities:		
	Cash received from withdrawal of investments	—	70,853
	Cash received from return on investments	32,427	34,405
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets	80,967	9,460
	Net cash received from disposal of subsidiaries or other business units	—	—
	Other cash received relating to investing activities	—	—
	Subtotal of cash inflows from investing activities	113,394	114,718
	Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,515,324	1,560,867
	Cash paid for investment	423,579	419,529
	Net increase of pledged loans	—	—
	Net cash paid to acquire subsidiaries and other business units	724,651	49,431
	Other cash payments relating to investing activities	—	—
	Subtotal of cash outflows from investing activities	2,663,554	2,029,827
	Net cash flows from investing activities	-2,550,160	-1,915,109
III.	Cash flows from financing activities:		
	Cash received from capital contributions	41,266	—
	Including: Cash received from minority shareholder investments by subsidiaries	41,266	—
	Cash received from borrowings	23,302,237	27,981,767
	Cash received from issuance of bonds	—	—
	Other cash received relating to financing activities	—	—
	Subtotal of cash inflows from financing activities	23,343,503	27,981,767
	Repayment of borrowings	19,976,795	19,474,509
	Cash paid for interest expenses and distribution of dividends or profit	1,979,418	1,654,201
	Including: Dividends or profit paid by subsidiaries to minority shareholders	—	—
	Other cash payments relating to financing activities	19,126	—
	Sub-total of cash outflows from financing activities	21,975,339	21,128,710
	Net cash flows from financing activities	1,368,164	6,853,057
IV.	Effect of foreign exchange rate changes on cash and cash equivalents	40,960	6,836
V.	Net increase in cash and cash equivalents	-208,623	1,736,104
	Add: Opening balance of cash and cash equivalents	6,563,253	3,797,415
VI.	Closing balance of cash and cash equivalents	6,354,630	5,533,519

Li Jianhong
Legal representative

Jin Jianlong
The person in charge of accounting affairs

Jin Jianlong
The head of the accounting department

8. CASH FLOW STATEMENT OF THE COMPANY FROM 1 JAN. 2012 TO 30 SEPT. 2012

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

Item	Jan.-Sept. 2012	Jan.-Sept. 2011
	RMB'000	RMB'000
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	12,472,561	7,019,830
Tax refunds received	—	—
Other cash received relating to operating activities	—	—
Subtotal of cash inflows from operating activities	12,472,561	7,019,830
Cash paid for goods and services	—	—
Cash paid to and for employees	88,040	78,502
Various taxes paid	44,845	27,165
Other cash payment relating to operating activities	14,687,550	10,618,731
Subtotal of cash outflows from operating activities	14,820,435	10,724,398
Net cash flows from operating activities	-2,347,874	-3,704,568
II. Cash flows from investing activities:		
Cash received from retraction of investments	—	45,853
Cash received from return on investments	2,404,727	267,251
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	58,618	1,975
Net cash received from disposal of subsidiaries or other business units	4,217	—
Other cash received relating to investing activities	—	—
Subtotal of cash inflows from investing activities	2,467,562	315,079
Cash paid to acquire fixed assets, intangible assets and other long-term assets	8,667	35,463
Cash paid for investment	844,471	321,764
Net cash paid to acquire subsidiaries and other business units	—	—
Other cash payments relating to investing activities	—	—
Subtotal of cash outflows from investing activities	853,138	357,227
Net cash flows from investing activities	1,614,424	-42,148
III. Cash flows from financing activities:		
Cash received from capital contributions	—	—
Cash received from borrowings	4,292,130	8,782,083
Cash received from issuance of bonds	—	—
Other cash received relating to financing activities	—	—
Subtotal of cash inflows from financing activities	4,292,130	8,782,083
Repayment of borrowings	1,071,165	4,026,511
Cash paid for interest expenses and distribution of dividends or profit	1,575,227	1,099,505
Other cash payments relating to financing activities	19,126	—
Sub-total of cash outflows from financing activities	2,665,518	5,126,016
Net cash flows from financing activities	1,626,612	3,656,067

Item	Jan.-Sept. 2012	Jan.-Sept. 2011
	RMB'000	RMB'000
IV. Effect of foreign exchange rate changes on cash and cash equivalents	3,947	-1,477
V. Net increase in cash and cash equivalents	897,109	-92,126
Add: Opening balance of cash and cash equivalents	427,874	417,461
VI. Closing balance of cash and cash equivalents	1,324,983	325,335

Li Jianhong	**Jin Jianlong**	**Jin Jianlong**
Legal representative	*The person in charge of accounting affairs*	*The head of the accounting department*

This appendix sets out summaries of certain aspects of the PRC legal and judicial system, its arbitration system and its company and securities regulations. It also contains a summary of certain Hong Kong legal and regulatory provisions, including summaries of certain material differences between Company Law and Companies Ordinance, certain requirements of the Hong Kong Listing Rules and the Mandatory Provisions.

PRC LAWS AND REGULATIONS

The PRC legal system

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (hereinafter referred to as the "**Constitution**") and is made up of written laws, administrative regulations, local regulations and rules, autonomy regulations and separate rules and regulations of State Council departments, rules and regulations of local governments and international treaties of which the PRC government is a signatory. Court judgments do not constitute legally binding precedents, although they may be used for judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "**Legislation Law**"), the National People's Congress ("**NPC**") and the standing committee of the NPC (the "**Standing Committee**") are empowered to exercise the legislative power of the State. The NPC enacts and amends basic laws governing criminal offences, civil affairs, the State organs and other matters. The Standing Committee enacts and amends laws other than those that shall be formulated by the NPC, and during the period of adjournment of the NPC, the Standing Committee may partially supplement and amend the laws enacted by the NPC, but not in contradiction to the basic principles of such laws. The State Council is the highest organ of state administration and enacts administrative regulations based on the Constitution and laws. The people's congresses at the provincial level and their standing committees may, in light of the specific circumstances and actual needs of their respective administrative areas, enact local regulations, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The ministries and commissions of the State Council, the PBOC, the National Audit Office of the PRC as well as other state organs endowed with administrative functions directly of the State Council may, according to laws, administrative regulations, decisions and orders of the State Council, formulate ministerial rules within their authorities. The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities. The people's congresses of the national autonomous regions have the power to enact autonomous regulations and separate regulations on the basis of the political, economic and cultural characteristics of the local nationalities that reside in the area.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The significance of laws is greater than that of administrative regulations, local regulations, and rules. The significance of administrative regulations is greater than that of local regulations and rules. The significance of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The significance of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its standing committee but which contravene the Constitution or the Legislation Law. The Standing Committee has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at the lower level.

The power to interpret laws is vested in the Standing Committee by the Constitution. According to Resolutions of the Standing Committee on Improving Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on 10 June 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee shall provide interpretations or make stipulations by means of decrees. Interpretation of questions involving the specific application of laws and decrees in court trials shall be provided by the Supreme People's Court. Interpretation of questions involving the specific application of laws and decrees in the procuratorial work of the procuratorates shall be provided by the Supreme People's Procuratorate. If the interpretations provided by the Supreme People's Court and the Supreme People's Procuratorate are at variance with each other in principle, they shall be submitted to the Standing Committee for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and regulatory authorities. In case where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the regulatory authorities under the people's governments of provinces, autonomous regions and municipalities directly under the Central Government.

The PRC judicial system

According to the Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) (hereinafter referred to as the "Law of Organization of the People's Courts"), the People's Courts consist of the Supreme People's Court, the local people's courts, the military courts and other special people's courts.

The local people's courts comprise of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts are further divided into civil, criminal and administrative divisions. The intermediate people's courts have divisions similar to those of the basic people's courts, and other special divisions, such as the intellectual property division, where necessary.

The people's courts at lower levels are subject to supervision of the people's courts at higher levels. The people's procuratorates also have the power to exercise legal supervision over the litigation proceedings of people's courts at the same level or below. The Supreme People's Court is the highest judicial organ of the PRC and it has the power to supervise the trials by the people's courts at all levels.

The people's courts have adopted a "second instance as final" appellate system. A party may appeal against a judgment or ruling by the people's court of first instance to the people's court at the next higher level prior to the judgment or the ruling of the first instance becoming legally effective. The judgment or the ruling of the second instance by the people's court at the next higher level is final and legally binding. First judgments or rulings by the Supreme People's Court are final as well. However, in the case that the Supreme People's Court or the people's court at a higher level finds definite error(s) in the legally effective judgment or ruling by the people's court at a lower level, or the presiding judge of the people's court finds definite error(s) in the legally effective judgment by the court over which he/she presides, the case may then be retried in accordance with the judicial supervisory procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to as the "**Civil Procedure Law**") sets forth provisions for the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a local court in the defendant's place of domicile. The parties to a contract may, by express agreement, select a court of jurisdiction where civil actions may be brought to, provided that the court of jurisdiction is located in either the plaintiff's or the defendant's place of domicile, or the place of execution or implementation of the contract, or the place of the object of the action, and provided that the provisions of the Civil Procedure Law regarding jurisdiction by level and exclusive jurisdiction shall not be violated.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. Should the judicial system of a foreign country limits the litigation rights of PRC citizens or enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country. If any party to a civil action refuses to comply with a legally effective judgment or ruling by a people's court or an effective award by an arbitration tribunal in the PRC, the other party may apply to the people's court for the compulsory enforcement of the judgment, ruling or award. However, specific time limits are imposed on the right to apply for such compulsory enforcement. The time limit for the submission of an application for enforcement shall be two years. The suspension or termination of the time limit for the submission of an application for enforcement shall be governed by the provisions on the suspension or termination of the statute of limitation.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may directly apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country on the mutual recognition and enforcement of judgments and rulings, or if the judgment or ruling satisfies the court's examination based on the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in the violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons related to the public interests.

The Company Law, Special Regulations and Mandatory Provisions

On 29 December 1993, the Company Law was adopted by the Standing Committee of the Eighth NPC, which came into effect on 1 July 1994 and was amended for the first time on 25 December 1999, the second time on 28 August 2004 and the third time on 27 October 2005. The newly amended Company Law of the PRC came into effect on 1 January 2006.

The Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (hereinafter referred to as the "Special Regulations") were adopted at the 22nd Standing Committee Meeting of the State Council on 4 July 1994. The Special Regulations applies to the overseas share subscription and listing of joint stock limited companies.

The Mandatory Provisions were promulgated by the former Securities Commission of the State Council and the State Economic System Restructuring Commission on 27 August 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Therefore, the Mandatory Provisions have been incorporated into the Articles of Association of our Company (which are summarized in Appendix VII to this listing document).

General provisions

A "joint stock limited company" (hereinafter referred to as a "company") is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they hold, and the liability of the company is limited to the full amount of all the assets it owns.

The restructuring of a State-owned enterprise into a company must comply with the conditions and requirements specified by laws and administrative regulations for the modification of its operation mechanisms, the handling and evaluation of the company's assets and liabilities and the establishment of its internal management organs.

A company must conduct its business in accordance with laws and professional ethics. A company may invest in other limited liability companies and joint stock limited companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint and several liability associated with the debts of the invested enterprises.

Incorporation

A company may be incorporated by promotion or public subscription.

A company may be incorporated by two to 200 promoters, but at least half of the promoters must have domiciles in the PRC. According to the Special Regulations, state-owned enterprises or enterprises with the majority of their assets owned by the PRC government can be restructured in accordance with the relevant regulations to become joint stock limited companies which may issue shares to overseas investors. These companies, if incorporated by promotion, may have fewer than five promoters and can issue new shares once incorporated.

A company incorporated by promotion is one with registered capital entirely subscribed for by the promoters. Where a company is incorporated by public subscription, the promoters are required to subscribe for not less than 35% of the total shares of the company, and the remaining shares can be offered to the public or specific persons.

The Company Law provides that for companies incorporated by way of promotion, the registered capital shall be the total capital subscribed for by all promoters as registered with the relevant administrative bureau for industry and commerce; the initial capital contribution by all promoters of a company shall not be less than 20% of the registered capital, and the remaining shall be paid up within two years by the promoters from the date of incorporation of the company. For investment companies, the remaining shall be paid up within five years from the date of incorporation of the company; for companies incorporated by way of public subscription, the registered capital is the amount of total paid-up capital as registered with the relevant administrative bureau for industry and commerce.

The registered capital of a company at a minimum should be RMB5 million. Pursuant to the Securities Law of the PRC (《中華人民共和國證券法》) (the "**Securities Law**"), the total capital of a company which proposes to apply for its shares to be listed on a stock exchange shall not be less than RMB30 million.

The promoters shall convene an inaugural meeting within 30 days after the issued shares have been completely paid up, and shall give notice to all subscribers or make a public announcement of the date of the inaugural meeting 15 days prior to the meeting. The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. Matters to be dealt with at the inaugural meeting should include adopting the draft articles of association proposed by the promoters and electing the board of directors and the supervisory committee of the company. Any resolution of the meeting shall be approved by subscribers with more than half of the voting rights of those present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authorities for registration of the incorporation of the company. A company is formally established and has the qualification of a legal person once the registration has been approved by the relevant administrative bureau for industry and commerce and a business licence has been issued.

The promoters of a company shall individually and jointly be liable for: (i) the payment of all expenses and liabilities incurred in the incorporation process if the company cannot be incorporated; (ii) the repayment of subscription monies to the subscribers together with interest at bank rates for a deposit of the same term if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of its incorporation. According to the Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) (the "**Provisional Securities Regulations**") promulgated by the State Council on 22 April 1993 (which is only applicable to the issue and trading of shares in the PRC and relevant activities), if a company is incorporated by means of public subscription, the promoters of the company are required to assume joint liability for the accuracy of the contents of this prospectus and to ensure that this prospectus does not contain any misleading statement or omission of any material information.

Share capital

The promoters of a company may make capital contributions in cash, or in kind that can be valued in currency and transferable according to laws such as intellectual property rights or land-use rights based on their appraised value, provided that the amount of capital contribution in cash by all shareholders shall not be less than 30% of the company's registered capital.

There is no limit under the Company Law as to the percentage of shares held by an individual shareholder in a company.

If capital contribution is made other than in cash by the promoters of the company, valuation and verification of the properties contributed must be carried out and converted into shares.

A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in RMB and subscribed for in foreign currency.

Pursuant to the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from Hong Kong, Macau and Taiwan and listed overseas are defined as overseas listed foreign shares, and those issued to investors within the PRC other than the aforementioned areas are defined as domestic shares. Qualified Foreign Institutional Investors ("**QFII**") approved by CSRC may hold domestic listed shares.

A company may offer its shares to the public overseas with approval by the securities administration authorities of the State Council. Detailed measures shall be specified by the State Council based on the Special Regulations. According to the Special Regulations, upon approval of CSRC, a company may agree, in the underwriting agreement on issuing overseas listed foreign shares, to retain not more than 15% of the aggregate amount of overseas listed foreign shares proposed to be issued less the amount of underwritten shares. The share offering price may be equal to or in excess of par value, but shall not be less than par value. The transfer of shares by shareholders shall be conducted in legally established stock exchanges or via other methods as stipulated by the State Council.

The transfer of registered shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by laws or administrative regulations.

The transfer of bearer shares shall become effective upon the delivery of the share certificates to the transferee.

No modification registration shall be made to the registrar of shareholders within twenty (20) days prior to the shareholders' general meeting being held or within five (5) days prior to the record date set for the purpose of distribution of dividends.

Increase in capital

Under the Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in general meeting. Except for the above-mentioned conditions of obtaining approval at the shareholders' general meeting required by the Company Law, the Securities Law also provides for the following conditions for a company to offer new shares to the public: (i) a complete and well-operated organization; (ii) ongoing profitability and sound financial conditions; (iii) no false records or significant irregularities in its financial statements over the last three years; and (iv) compliance with any other requirements as prescribed by the securities administration authorities of the State Council as approved by the State Council.

The public offer requires the approval of the securities administration authorities of the State Council. After payment in full for the new shares issued, a company must modify its registration with the relevant administrative bureau for industry and commerce and issue a public notice accordingly.

Reduction of capital

Subject to the minimum registered capital requirements, a company may reduce its registered capital in accordance with the following procedures stipulated by the Company Law:

— the company shall prepare a balance sheet and an inventory of assets;

— the reduction of registered capital must be approved by shareholders in the general meeting;

— the company shall inform its creditors of the reduction in capital within ten (10) days and publish an announcement of the reduction in newspapers within thirty (30) days once the resolution approving the reduction in capital being passed;

— creditors of the company may require the company to clear its debts or provide guarantees covering the debts within the statutory time limit; and

— the company must apply to the relevant administrative bureau for industry and commerce for registration of the reduction in registered capital.

Repurchase of shares

A company shall not purchase its own shares other than for the following purposes:

— to reduce the registered capital by cancelling its shares or to merge with another company holding its shares;

— to grant shares as a reward to the staff of the company;

— to purchase the company's own shares upon request of its shareholders who vote against the resolution regarding the merger or division of the company in a general meeting; or

— other purposes permitted by laws and administrative regulations.

The shares repurchased by the company as a reward to its staff shall not exceed 5% of the total number of its issued shares. Any fund for the repurchase shall be paid out of after-tax profit of the company, and the shares repurchased shall be transferred to the staff of the company within one year. The Mandatory Provisions stipulate that upon obtaining approvals from relevant regulatory authorities in accordance with the articles of association of the company, a company may, for the aforementioned purposes, repurchase its issued shares by way of a general offer to its shareholders or purchase on a stock exchange or through on-market contracts.

Transfer of shares

Shares may be transferred in accordance with the relevant laws and regulations. A shareholder shall transfer his/her shares in stock exchanges established pursuant to laws or by other means as stipulated by the State Council. Registered shares may be transferred by endorsement or in any other manner specified in applicable laws and regulations.

Shares held by the promoter(s) of a company shall not be transferred within one (1) year from the date of incorporation of the company. Shares issued by a company prior to the public offer of its shares shall not be transferred within one (1) year from the date of its shares being listed on a stock exchange. Directors, supervisors and senior management personnel of the company shall not transfer over 25% of the total shares they hold in the company each year during their term of office, and shall not transfer any share of the company held by each of them within one (1) year from the listing date.

Shareholders

The articles of association of a company set forth the shareholders' rights and obligations and are binding on all shareholders. Pursuant to the Company Law and the Mandatory Provisions, a shareholder's rights include:

— the right to attend in person or appoint a representative to attend the shareholders' general meeting and to vote in respect of the amount of shares held;

— the right to inspect the company's articles of association, shareholders' registers, records of short-term debentures, minutes of shareholders' general meeting, board resolutions, resolutions of the supervisory committee and financial accounting reports, and to put forward proposals or make enquiries on the business operations of the company;

— if a resolution approved by the shareholders' general meeting or by the board of directors violates any law or regulation, or infringes on the shareholders' lawful rights and interests, the right to institute an action in a people's court demanding that the illegal infringement be stopped;

— the right to receive dividends based on the number of shares held; and

— the right to obtain surplus assets of the company upon its termination in proportion to shares he/she holds; to claim against other shareholders who abuse their rights of shareholders for the damages.

The obligations of shareholders include the obligation to abide by the articles of association of the company; pay the subscription monies in respect of shares subscribed for; be liable for debts and liabilities of the company to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up; refraining from the abuse of shareholders' rights to the disadvantage of the company or other shareholders of the company; refraining from the abuse of the independent status of the company as a legal person and a limited liability company to the disadvantage of the creditors of the company; and any other obligation specified in the articles of association of the company.

Shareholders' general meeting

The shareholders' general meeting is the organ of authority of a company, which exercises its functions and powers in accordance with the Company Law. The shareholders' general meeting exercises the following functions and powers:

— to decide on operational policies and investment plans of the company;

— to elect or remove the directors and supervisors who are not representatives of the employees;

— to decide on matters relevant to remuneration of directors and supervisors;

— to review and approve reports of the board of directors;

— to review and approve reports of the supervisory committee or the supervisors;

— to review and approve annual financial budgets and financial accounts proposed by the company;

— to review and approve proposals for profit distribution and for recovery of losses of the company;

— to decide on increase and reduction of the registered capital of the company;

— to decide on bond issuances of the company;

— to decide on merger, division, dissolution and liquidation of the company and other issues;

— to amend the articles of association of the company; and

— other functions and powers specified in the articles of association of the company.

The annual shareholders' general meeting must be convened once a year. An extraordinary shareholders' general meeting shall be held within two months after the occurrence of any of the following circumstances:

— the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number specified in the articles of association of the company;

— the losses of the company which are not made up reach one-third of the total paid-up share capital of the company;

— as requested by a shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the company;

— when deemed necessary by the board of directors;

— as suggested by the supervisory committee; or

— other matters required by the articles of association.

The shareholders' general meeting shall be convened by the board of directors and shall be presided over by the chairman of the board of directors.

The notice to convene the shareholders' general meeting shall be dispatched to all the shareholders twenty (20) days before the general meeting pursuant to the Company Law, and forty-five (45) days pursuant to the Special Regulations and the Mandatory Provisions, stating the matters to be reviewed at the general meeting. Under the Special Regulations and the Mandatory Provisions, shareholders intending to attend are required to send written confirmations of their attendance to the company twenty (20) days before the general meeting. According to the Special Regulations, at the annual shareholders' general meeting of the company, shareholders with 5% or more of the voting rights in the company are entitled to propose to the company in writing new resolutions to be reviewed at the general meeting, which are required to be added to the agenda of the general meeting if such new resolutions are within the functions and powers of the shareholders' general meeting.

Shareholders present at the shareholders' general meeting possess one vote for each share they hold. However, the company shall have no vote for any of its own shares the company holds. Resolutions proposed at the shareholders' general meeting shall be approved by more than half of the voting rights cast by shareholders present in person (including those represented by proxies) at the general meeting, except that such resolutions as merger, division or reduction of registered capital, the issue of bonds or short-term debentures, the change in the form of the company or the amendment to the articles of association, shall be approved by shareholders with more than two-thirds of the voting rights cast by shareholders present (including those represented by proxies) at the general meeting.

A shareholder may entrust a proxy to attend a shareholders' general meeting. The proxy shall present a power of attorney issued by the shareholder to the company and shall exercise his voting rights within the authorization scope. There is no specific provisions in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting, although the Special Regulations and the Mandatory Provisions provide that a company's annual general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% of the voting rights in the company have been received twenty (20) days before the proposed date, or if that 50% level is not achieved, the company shall within five days of the last day for receipt of the replies notify shareholders again by public announcement of the matters to be considered at the meeting and the date and place of the meeting, and the annual general meeting may be held thereafter. The Mandatory Provisions require class meetings to be held in the event of a variation or derogation of the class rights of a class. Holders of domestic shares and holders of overseas listed foreign shares are deemed to be different classes of shareholders for this purpose.

Directors

A company shall have a board of directors, which shall consist of five to nineteen members, and there can be staff representatives of the company. The term of office of the directors shall be provided for by the articles of association, but each term of office shall not exceed three years. The directors may hold consecutive terms upon re-election.

Meetings of the board of directors shall be convened at least twice a year. A notice of meeting shall be given to all directors at least ten days before the meeting. The board of directors may provide for a different method of giving notice and notice period for convening an interim meeting of the board of directors.

Under the Company Law, the board of directors exercises the following functions and powers:

— to convene the shareholders' general meeting and report on its work to the shareholders;

— to implement the resolutions of the shareholders' general meeting;

— to decide on the company's business plans and investment plans;

— to formulate the company's proposed annual financial budget and final accounts;

— to formulate the company's proposals for profit distribution and for recovery of losses;

— to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

— to prepare plans for the merger, division or dissolution of the company;

— to decide on the company's internal management structure;

— to appoint or dismiss the company's general manager, and based on the general manager's recommendation, to appoint or dismiss deputy general managers and financial officers of the company and to decide on their remuneration;

— to formulate the company's basic management system; and

— other functions and powers as specified in the articles of association.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors.

If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

Under the Company Law, the following persons may not act as a director of a company:

— persons without capacity or restricted capacity to undertake civil liabilities;

— persons who have committed the offence of corruption, bribery, taking of property, misappropriation of property or sabotage of the social economic order, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or persons who have been deprived of their political rights due to criminal offence, where less than five years have elapsed since the date of the completion of implementation of this deprivation;

— persons who are former directors, factory managers or managers of a company or enterprise that has been bankrupt and has been liquidated due to mismanagement, and who are personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

— persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of laws and who are personally liable, and less than three years have elapsed since the date of the revocation of the business license; or

— persons who have a relatively large amount of debt due and outstanding; or other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions (which have been incorporated in the Articles of Association, a summary of which is set out in Appendix VII to this listing document).

The board of directors shall appoint a chairman, who is elected with approval of more than half of all the directors. The chairman of the board of directors exercises the following functions and powers (including but not limited to):

— to preside over shareholders' general meetings and convene and preside over meetings of the board of directors; and

— to check on the implementation of the resolutions of the board of directors.

The legal representative of a company, in accordance with the company's articles of association, is the chairman of its board of directors. The Special Regulations provide that a company's directors, supervisors, managers and other officers bear fiduciary duties and the duty to act diligently. They are required to faithfully perform their duties, protect the interests of the company and not to use their positions for their own benefit. The Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in Appendix VII) contains further elaborations of such duties.

Supervisors

A company shall have a supervisory committee composed of not less than three members. Each term of office of a supervisor is three years, and the supervisors may hold consecutive terms upon re-election. The supervisory committee is made up of shareholders representatives and an appropriate proportion of the company's staff representatives; and the percentage of the number of the company's staff representatives shall not be less than one-third. Directors and senior management shall not act as supervisors.

The supervisory committee exercises the following functions and powers:

— to check the financial affairs of the company;

— to supervise the directors and senior managers in the performance of their duties, and to put forward proposals on the removal of any director or senior manager who violates laws, administrative regulations, the articles of association or any resolution of the shareholders' meeting;

— to require the director or senior manager to make corrections if his act is detrimental to the interests of the company;

— to propose the convening of extraordinary shareholders' general meetings, and to convene and preside over shareholders' meetings when the board of directors fails to exercise the function of convening and presiding over shareholders' meetings;

— to put forward proposals at shareholders' general meetings;

— to initiate actions against directors or senior managers; and

— to other functions and duties as provided for by the articles of association.

The circumstances under which a person is disqualified from being a director of a company described above apply *mutatis mutandis* to supervisors of a company.

Managers and senior officers

A company shall have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and may exercise the following powers:

— to manage the production, operation and management of the company and arrange for the implementation of resolutions of the board of directors;

— to arrange for the implementation of the company's annual business and investment plans;

— to formulate plans for the establishment of the company's internal management structure;

— to formulate the basic administration system of the company;

— to formulate the company's internal rules;

— to recommend the appointment and dismissal of deputy managers and any financial officer and appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors);

— to attend board meetings as a non-voting attendant; and

— other powers conferred by the board of directors or the company's articles of association.

The Special Regulations and the Mandatory Provisions provide that the other senior management personnel of a company include the financial officers, secretary of the board of directors and other executives as specified in the articles of association of the company.

The circumstances under which a person is disqualified from being a director of a company described above apply *mutatis mutandis* to managers and officers of the company. The articles of association of a company shall have binding effect on the shareholders, directors, supervisors, managers and other senior management of the company. Such persons shall be entitled to exercise their rights, apply for arbitration and issue legal proceedings pursuant to the articles of association of the company. The provisions of the Mandatory Provisions regarding the senior management personnel of a company have been incorporated in the Articles of Association (a summary of which is set out in Appendix VII to this listing document).

Duties of directors, supervisors, managers and senior officers

Directors, supervisors, managers and other senior officers of a company are required under the Company Law to comply with the relevant laws, regulations and the company's articles of association, carry out their duties honestly and protect the interests of the company. Each director, supervisor, manager and senior officer of a company is also under a duty of confidentiality to the company and is prohibited from divulging secret information of the company unless permitted by the relevant laws and regulations or by the shareholders.

Any directors, supervisors, managers and other senior officers who contravenes any laws, regulations or the company's articles of association in the performance of his duties which results in any loss to the company shall be personally liable to the company.

The Special Regulations and the Mandatory Provisions provide that a director, supervisor, manager and other senior officer of a company owes fiduciary duties to the company and is required to perform his/her duties faithfully and to protect the interests of the company and not to make use of his/her positions in the company for their own benefit.

Finance and accounting

A company shall establish its financial and accounting systems according to laws, administrative regulations and regulations of competent financial authorities of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited and verified as provided by law.

A company shall make available its financial statements at the company for the inspection by the shareholders at least twenty (20) days before the convening of the annual general meeting of shareholders. A company established by way of public subscription must publish its financial statements.

When distributing each year's after-tax profit, the company shall set aside 10% of its after-tax profit for the company's statutory common reserve (unless such reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders' meeting or the shareholders' general meeting, the company may make an allocation to a discretionary common reserve from the after-tax profit.

If the aggregate balance of the company's statutory common reserve is not enough to make up for the losses of the company of the previous year, the current year's profit shall first be used for making good the losses before the statutory common reserve is set aside according to the provisions of the preceding paragraph.

After the losses have been made up and statutory common reserves have been set aside, the remaining profit shall be distributed to shareholders in proportion to the number of shares held by shareholders as in the case of a joint stock limited company, except as otherwise provided in the articles of association.

The capital common reserve of a joint stock limited company is made up of the premium over the nominal value of the shares of the company on issue, and other amounts required by the financial authorities of the State Council to be treated as the capital common reserve.

The company's common reserves shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company, but the capital common reserve shall not be used for making up the company's losses. Where the statutory common reserve is converted into registered capital, the balance of the statutory common reserve shall not be less than 25% of the registered capital after such conversion.

Appointment and retirement of auditors

The Special Regulations require a company to employ an independent PRC qualified accounting firm to audit the company's annual report and review and examine other financial reports.

The auditors are to be appointed for a term commencing from the close of an shareholders' annual general meeting and ending at the close of the next shareholders' annual general meeting. If a company removes or ceases to continue to appoint the auditors, it is required by the Special Regulations to give prior notice to the auditors and the auditors are entitled to make representations before the shareholders in general meeting. The appointment, removal or non re-appointment of auditors shall be decided by the shareholders at general meetings and shall be filed with the CSRC for record.

Distribution of profits

The Special Regulations provide that the dividends and other distributions to be paid to holders of overseas listed foreign shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

Amendments to articles of association

Any amendments to the company's articles of association must be made in accordance with the procedures set forth in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the companies' approval authorities mandated by the State Council and by the CSRC. In relation to matters involving the company's registration, the company shall modify its registration with the companies' registration authorities.

Dissolution and liquidation

A company may apply for the declaration of insolvency by reason of its inability to pay debts as they fall due. After the people's court has made a declaration of the company's insolvency, the shareholders, the relevant authorities and the relevant professionals shall form a liquidation committee to conduct the liquidation of the company.

Under the Company Law, a company shall be dissolved in any of the following events:

(i) the term of its operations stipulated in the company's articles of association has expired or events of dissolution specified in the company's articles of association have occurred;

(ii) a general meeting has resolved to dissolve the company;

(iii) the company is dissolved by reason of its merger or demerger;

(iv) the company is subject to the revocation of business license, a closure order or dismissal in accordance with laws; or

(v) in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss, in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the people's court for the dissolution of the company.

Provided that, the company may subsist by amending its articles of association pursuant to the company's articles of association in the event of the foregoing paragraph (i). Where the company is dissolved in the circumstances described in (i), (ii), (iv) and (v) above, a liquidation committee must be formed within fifteen (15) days from the date of dissolution. Members of the liquidation committee shall be appointed by the shareholders in a general meeting.

If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the people's court for its establishment. The liquidation committee shall notify the company's creditors within ten (10) days after its establishment, and issue a public notice in the newspapers within sixty (60) days. A creditor shall lodge his claim with the liquidation committee within thirty (30) days after receiving the notification, or within forty-five (45) days of the public notice if he does not receive any notification.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

— to handle the company's assets and to prepare a balance sheet and an inventory of the assets;

— to notify creditors or issue public notices;

— to deal with and settle any outstanding business of the company;

— to pay any tax overdue;

— to settle the company's financial claims and liabilities;

— to handle the surplus assets of the company after its debts have been paid off; and

— to represent the company in civil lawsuits.

If the company's assets are sufficient to meet its liabilities, they shall be applied towards the payment of the liquidation expenses, wages owed to the employees and labor insurance expenses, tax overdue and debts of the company. Any surplus assets shall be distributed to the shareholders of the company in proportion to the number of shares held by them.

A company shall not engage in operating activities unrelated to the liquidation during the liquidation period. If the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must immediately apply to the people's court for a declaration for bankruptcy. Following such declaration, the liquidation committee shall hand over all affairs of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or the relevant supervisory department for verification. Thereafter, the report shall be submitted to the company's registration authorities in order to cancel the company's registration, and a public notice of its termination shall be issued.

Members of the liquidation committee are required to discharge their duties honestly and in compliance with relevant laws. A member of the liquidation committee is liable to indemnify the company and its creditors with respect to any loss arising from his willful or material default.

Overseas listing

The shares of a company shall only be listed overseas after obtaining approval from the securities regulatory and administrative authorities of the State Council and the listing must be arranged in accordance with procedures specified by the State Council.

According to the Special Regulations, a company's plan to issue overseas listed foreign shares and domestic shares which has been approved by the Securities Commission may be implemented by the board of directors of a company by way of separate issues, within 15 months after the approval is obtained from the CSRC.

Loss of H share certificates

A shareholder may apply, in accordance with the relevant provision set out in the PRC Civil Procedure Law, to a people's court in the event that H share certificates in registered form are either stolen or lost, for a declaration that such certificates will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of replacement certificates.

The Mandatory Provisions provide for a separate procedure regarding loss of H share certificates (which has been incorporated in the Articles of Association, a summary of which is set out in Appendix VII to this listing document).

Suspension and Termination of listing

The new and amended Company Law has deleted provisions governing suspension and termination of listing. The new Securities Law has been amended as follows: the trading of shares of a company on a stock exchange may be suspended if so decided by the "securities administration authorities of the State Council" (replaced by "stock exchange" in the new Securities Law) under one of the following circumstances:

(i) the registered capital or shareholding distribution no longer complies with the mandatory provisions for a listed company;

(ii) the company fails to make public its financial position in accordance with the requirements or there is false information in the company's financial report that might be misleading for investors;

(iii) the company has committed a major breach of the law;

(iv) the company has incurred losses for three (3) consecutive years; or

(v) other circumstances as required by the listing rules of the relevant stock exchange(s).

Under the Securities Law, in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange in the case described in (i) above, or the company has refused to rectify the situation in the case described in (ii) above, or the company fails to revert to profitability in the immediately following year in the case described in (iv) above, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

The Company Law provides that the securities administrative authorities of the State Council may also terminate the listing of a company's shares in the event that the company resolves to cease operation or is so instructed by its government regulatory body, or the company is declared bankrupt. This circumstance is deemed to be one of the "other circumstances stipulated by the listing rules of the relevant stock exchanges."

Merger and demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. In case of a merger by way of absorption, the company which is absorbed shall be dissolved. In case of a merger by the formation of a new corporation, both companies will be dissolved.

Securities law and other relevant regulations

On 22 April 1993, the State Council promulgated the Provisional Securities Regulations. These regulations deal with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, settlement, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation and penalties and dispute settlement. According to these regulations, a company must obtain the approval of the Securities Commission to offer its shares outside the PRC. In addition, if a company proposes to issue Renminbi denominated ordinary shares as well as special Renminbi-denominated shares, it must comply with the Provisional Securities Regulations. Provisions of these regulations in relation to acquisitions of listed companies and disclosure of information expressly apply to listed companies in general without being limited to listed companies on any particular stock exchange.

On 25 December 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Liability Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information related to joint stock limited liability companies with domestic listed foreign shares.

The Securities Law took effect on 1 July 1999, with the first revision and second revision coming into effect on 28 August 2004 and 27 October 2005, respectively. It is the first national securities law of the PRC, divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law provides for comprehensive regulation over activities in the PRC securities market. Article 238 of the Securities Law provides that a company must obtain prior approval from the State Council's regulatory authorities to list shares outside the PRC. Article 239 of the Securities Law provides that specific measures with respect to shares of companies in the PRC that are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of foreign issued shares (including H Shares) are still mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Arbitration and enforcement of arbitral awards

The Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "**Arbitration Law**") was passed by the Standing Committee on 31 August 1994 and became effective on 1 September 1995. It is applicable to contract disputes and other property disputes between natural persons, legal persons and other organizations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case.

The Hong Kong Listing Rules and the Mandatory Provisions require an arbitration clause to be included in a company's articles of association and, in the case of the Hong Kong Listing Rules, also in contracts with each of the directors and supervisors, to the effect that whenever any disputes or claims arise between holders of H shares and the company; holders of H shares and the directors, supervisors, manager or other senior officers; or holders of H shares and holders of domestic shares, with respect to any disputes or claims in relation to the companies affairs or as a result of any rights or obligations arising under its articles of association, the Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred to arbitration. Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall comply with the arbitration. Disputes with respect to the definition of shareholders and disputes related to a company's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (the "**CIETAC**") in accordance with its rules or the Hong Kong International Arbitration Center (the "**HKIAC**") in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the HKIAC.

Under the Arbitration Law and PRC Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is irregularity relating to any procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award by a PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement.

Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on 10 June 1958 pursuant to a resolution of the Standing Committee passed on 2 December 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the request for enforcement is made.

It was declared by the Standing Committee simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to have arisen from contractual and non-contractual mercantile legal relations. On 18 June 1999, an arrangement was made between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. This new arrangement was approved by the Supreme People's Court of the PRC and the Hong Kong Legislative Council, and became effective on 1 February 2000. The arrangement is made in accordance with the spirit of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958. Under the arrangement, awards made by PRC arbitral authorities recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in the PRC.

HONG KONG LAWS AND REGULATIONS

Summary of material differences between Companies Ordinance and Company Law

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies Ordinance and supplemented by common law and rules of equity that apply to Hong Kong. Our Company, which is a joint stock limited company established in the PRC, is governed by the Company Law and all other rules and regulations promulgated pursuant to the Company Law.

Set out below is a summary of certain material differences between the Companies Ordinance applicable to a company incorporated in Hong Kong and the Company Law applicable to a joint stock limited company incorporated and existing under the Company Law. This summary is, however, not intended to be an exhaustive comparison.

Ongoing concern

Under the Companies Ordinance, a company with share capital is incorporated and will subsist as an independent body corporate after the Registrar of Companies in Hong Kong has issued a certificate of incorporation. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain pre-emptive provisions. A public company's articles of association does not contain such pre-emptive provisions.

Under the Company Law, a joint stock limited company may be incorporated by promotion or public subscription. A joint stock limited company must have a minimum registered capital of RMB5 million, or a higher amount as may otherwise be required by laws and regulations. Under the Company Law, the monetary contributions by all the shareholders must not be less than 30% of the registered capital.

Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company. There is no minimum monetary contribution restriction on a Hong Kong company under Hong Kong law.

Share capital

Under Hong Kong law, the authorised share capital of a Hong Kong company is the amount of share capital which the company is authorised to issue and a company is not bound to issue the entire amount of its authorised share capital. The authorised share capital may be larger than its issued share capital. Hence, the directors of a Hong Kong company may, with the prior approval of the shareholders (if required), cause the company to issue new shares. The Company Law does not provide for authorised share capital other than registered capital. The registered capital of a joint stock limited company is the amount of the issued share capital. Any increase in registered capital must be approved by the shareholders in a general meeting and, where applicable, by the relevant PRC governmental and regulatory authorities.

Under the Securities Law, a company which is authorised by the relevant securities administration authority to list its shares on a stock exchange must have a registered capital of not less than RMB30 million. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the Company Law, shares may be subscribed for in the form of money or non-monetary assets that may be valued in currency and lawfully transferable. For non-monetary assets to be used as capital contributions, appraisals and verification must be carried out to ensure no overvaluation or under-valuation of the assets. Contributions in monetary form shall not be less than 30% of a joint stock limited company's registered capital. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on shareholding and transfer of shares

Under PRC law, the domestic shares in the share capital of a joint stock limited company which are denominated and subscribed for in Renminbi may only be subscribed or traded by domestic investors of the PRC. The overseas listed foreign shares issued by a joint stock limited company which are denominated in Renminbi but subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC, as well as other qualified institutions.

Under the Company Law, shares in a joint stock limited company held by its promoters cannot be transferred within one year after the date of establishment of the company. Shares in issue prior to the company's public offering cannot be transferred within one year from the listing date of the shares on the Hong Kong Stock Exchange. Shares in a joint stock limited company held by its directors, supervisors and managers and transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and shares held by them in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and officers. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law.

Financial assistance for acquisition of shares

Although the Company Law does not contain any provision prohibiting or restricting a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries providing such financial assistance similar to those under the Companies Ordinance.

Variation of class rights

The Company Law makes no specific provision relating to variation of class rights. However, the Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed regarding variations of class rights. These provisions have been incorporated in the Articles of Association, which are summarized in Appendix VII to this listing document.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting; (ii) with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in question; (iii) by agreement of all the members of a Hong Kong company or (iv) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Our Company (as required by the Hong Kong Listing Rules and the Mandatory Provisions) has adopted in the Articles of Association provisions protecting class rights in a similar manner to those under Hong Kong law. Holders of overseas listed foreign shares and domestic shares are defined in the Articles of Association as different classes of shareholders, provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances: (i) the separate or simultaneous issuance of domestic shares and overseas listed foreign shares by the Company, once every 12-month period, pursuant to a Shareholders' special resolution, of not more than 20% of each of the issued domestic shares and issued overseas listed foreign shares as of the date of the Shareholders' special resolution; (ii) the plan for the issue of domestic shares and overseas listed foreign shares upon its establishment is implemented within 15 months following the date of approval by the CSRC; and (iii) upon approval by the CSRC, the transfer of shares to overseas investors by holders of domestic shares to be listed and traded in foreign markets.

Directors

The Company Law, unlike the Companies Ordinance, does not contain any requirements relating to the declaration made by directors of the interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits, and prohibitions against compensation for loss of office without shareholders' approval. The Company Law provides restrictions on interested directors voting on the resolution at a meeting of the board of directors when such resolution relates to an enterprise which the director is interested or connected. The Mandatory Provisions, however, contain requirements and restrictions on major dispositions and specify the circumstances under which a director may receive compensation for loss of office.

Supervisory committee

Under the Company Law, the board of directors and managers of a joint stock limited company is subject to the supervision and inspection of a supervisory committee but there is no mandatory requirement for the establishment of a supervisory committee for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise under comparable circumstances.

Derivative action by minority shareholders

Hong Kong law permits minority shareholders to start a derivative action on behalf of a company against directors who have committed a breach of their fiduciary duties to the company, if such directors control a majority of votes at a shareholders' general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The Company Law gives shareholders of a joint stock limited company the right to initiate proceedings in the people's court to restrain the implementation of any resolution passed by the shareholders in a general meeting, or by the board of directors, that violates any law or infringes the lawful rights and interests of the shareholders. The

Company Law also provides that the shareholder can initiate proceedings if the director or senior management of the company violates laws, administrative regulations or articles of association of the company and thus infringes the shareholder's interest. The Mandatory Provisions further provide remedies to the company against directors, supervisors and senior management in breach of their duties to the company. In addition, every director and supervisor of a joint stock limited company applying for a listing of its foreign shares on the Hong Kong Stock Exchange is required to give an undertaking in favor of the company to comply with the company's articles of association. This allows minority shareholders to act against the directors and supervisors in default.

Protection of minorities

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of the Hong Kong Government may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The Company Law provides that where any company encounters any serious difficulty in its operations or management such that the subsistence of the company will result in serious losses for the shareholders and such difficulty cannot be resolved by any other means, the shareholders holding 10% or more of the voting rights of all the issued shares of the company may plead the people's court to dissolve the company. The Mandatory Provisions, however, contain provisions to the effect that a controlling shareholder may not exercise its voting rights to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders which is prejudicial to the interests of the company's shareholders generally or certain shareholders in particular.

Notice of shareholders' meetings

Under the Company Law, notice of a shareholders' general meeting must be given not less than twenty (20) days before the meeting, or, in the case of a company having bearer shares, a public announcement of a shareholders' general meeting must be made at least thirty (30) days prior to it being held. Under the Special Regulations and the Mandatory Provisions, forty-five (45) days' written notice must be given to all shareholders and shareholders who wish to attend the meeting must reply in writing twenty (20) days before the date of the meeting. For a company incorporated in Hong Kong, the minimum notice periods of a general meeting convened for passing an ordinary resolution and a special resolution are fourteen (14) days and twenty-one (21) days, respectively. The notice period for an annual general meeting is twenty-one (21) days.

Quorum for shareholders' meetings

Under Hong Kong law, the quorum for a general meeting is two members unless otherwise provided for by the articles of association of the company. For one member companies, one member will be a quorum.

The Company Law does not specify any quorum requirement for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that a company's general meeting can be convened when replies to the notice of that meeting have been received from shareholders whose shares represent 50% of the voting rights in the company at least twenty (20) days before the proposed date of the meeting. If such 50% level is not achieved, the company shall within five days notify its shareholders by public announcement and the shareholders' general meeting may be held thereafter.

Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a shareholders' general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a shareholders' general meeting. Under the Company Law, the passing of any resolution requires more than one half of the votes cast by shareholders present in person or by proxy at a shareholders' general meeting except in cases of proposed amendment to the articles of association, increase or reduction of share capital, and merger, demerger or dissolution of a joint stock limited company or changes to the company status, which require two-thirds or more of votes cast by shareholders present at a shareholders' general meeting.

Financial disclosure

A company is required under the Company Law to make available at its office for inspection by shareholders its annual balance sheet, profit and loss account, statements of changes in financial position and other relevant annexes twenty (20) days before the annual general meeting of shareholders. In addition, a company established by way of public subscription under the Company Law must publish its financial position. The annual balance sheet has to be verified by registered accountants. The Companies Ordinance requires a company to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be laid before the company in its annual general meeting, not less than twenty-one (21) days before such meeting. A company is required under the PRC law to prepare its financial statements in accordance with the PRC accounting standards. The Mandatory Provisions require that the company must, in addition to preparing accounts according to the PRC standards, have its accounts prepared and audited in accordance with International Accounting Standards or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC accounting standards.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on directors and shareholders

The Company Law gives the shareholders of a company the right to inspect its articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, Shareholders of the Company have the right to inspect and, after payments of reasonable charges, make copies of certain information on the Shareholders and on the Directors similar to that available to shareholders of Hong Kong companies under Hong Kong law.

Receiving agent

Under both the PRC and Hong Kong law, dividends once declared become debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while that under the PRC law is two years. The Mandatory Provisions require that the company should appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of foreign shares dividends declared and all other monies owed by a joint stock limited company in respect of such foreign shares.

Corporate reorganization

Corporate reorganizations involving company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company to another company in the course of being wound up voluntarily pursuant to Section 237 of the Companies Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 166 of the Companies Ordinance which requires the sanction of the court. Under the Company Law, the merger, demerger, dissolution, liquidation or change to the forms of a company has to be approved by shareholders at the general meeting.

Arbitration of disputes

In Hong Kong, disputes between shareholders and a company incorporated in Hong Kong or its directors may be resolved through the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC at the claimant's choice.

Mandatory deductions

Under the Company Law, a company shall allocate 10% of the profits to its statutory common reserve before declaring any dividends after taxation until the aggregate amount of the statutory common reserve reaches a level equivalent to 50% of the company's registered capital. After the company has made allocations to the statutory common reserve from the after-tax profits, it may, upon a resolution made by the shareholders, make further allocations from after-tax profit to the discretionary common reserve. There are no such requirements under Hong Kong law.

Remedies of a company

Under the Company Law, if a director, supervisor or manager in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or manager should be responsible to the company for such damages. In addition, such remedies of the company are similar to those available under the Hong Kong law (including rescission of the relevant contract and recovery of profits made by a director, supervisor or officer) and in compliance with the Hong Kong Listing Rules.

Dividends

Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is two years. A company shall not exercise its powers to forfeit any unclaimed dividend in respect of its overseas listed foreign shares until after the expiry of the applicable limitation period.

Fiduciary duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the Company Law and the Special Regulations, directors, supervisors, senior management owe a fiduciary duty towards a company and are not permitted to engage in any activities which compete with or are prejudicial to the interests of the company.

Closure of register of shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than thirty (30) days (extendable to sixty (60) days in certain circumstances) in a year, whereas the articles of association of a company provide, as required by the Company Law, that share transfers may not be registered within thirty (30) days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Hong Kong Listing Rules

The Hong Kong Listing Rules provide additional requirements which apply to an issuer incorporated in the PRC as a joint stock limited company and seeking a primary listing or whose primary listing is on the Hong Kong Stock Exchange. Set out below is a summary of such principal additional requirements which apply to our Company.

Compliance adviser

A company seeking listing on the Hong Kong Stock Exchange is required to appoint a compliance adviser acceptable to the Hong Kong Stock Exchange for the period from its listing date up to the date of the publication of its first full year's financial results, to provide the company with professional advice on continuous compliance with the Hong Kong Listing Rules and all other applicable laws, regulations, rules, codes and guidelines, and to act at all times, in addition to the company's two authorised representatives, as the principal channel of communication with the Hong Kong Stock Exchange. The appointment of the compliance adviser may not be terminated until a replacement acceptable to the Hong Kong Stock Exchange has been appointed.

If the Hong Kong Stock Exchange is not satisfied that the compliance adviser is fulfilling its responsibilities adequately, it may require the company to terminate the compliance adviser's appointment and appoint a replacement.

The compliance adviser must keep the company informed on a timely basis of changes in the Hong Kong Listing Rules and any new or amended laws, regulations or codes in Hong Kong applicable to the company.

It must act as the company's principal channel of communication with the Hong Kong Stock Exchange if the authorised representatives of the company are expected to be frequently outside Hong Kong.

Accountants' report

An accountants' report for a PRC issuer will not normally be regarded as acceptable by the Hong Kong Stock Exchange unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong or under International Standards on Auditing or China Auditing Standards. Such report will normally be required to conform to Hong Kong or international accounting standards or CASBE.

Process agent

Our Company is required to appoint and maintain a person authorised to accept service of process and notices on its behalf in Hong Kong throughout the period during which its securities are listed on the Hong Kong Stock Exchange and must notify the Hong Kong Stock Exchange of his appointment, the termination of his appointment and his contact particulars.

Public shareholdings

If at any time there are existing issued securities of a PRC issuer other than foreign shares which are listed on the Hong Kong Stock Exchange, the Hong Kong Listing Rules require that the aggregate amount of such foreign shares held by the public must constitute not less than 25% of the issued share capital and that such foreign shares for which listing is sought must not be less than 15% of the total issued share capital if the company has an expected market capitalisation at the time of listing of not less than HK$50,000,000. The Hong Kong Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% if the Company has an expected market capitalisation at the time of listing of over HK$10,000,000,000.

Independent non-executive directors and supervisors

The independent non-executive directors of a PRC issuer are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of the general body of shareholders will be adequately represented. The supervisors of a PRC issuer must have the character, expertise and integrity and be able to demonstrate a standard of competence commensurate with their position as supervisors.

Restrictions on purchase and subscription of its own securities

Subject to governmental approvals and the provisions of the Articles of Association, our Company may repurchase its own H Shares on the Hong Kong Stock Exchange in accordance with the provisions of the Hong Kong Listing Rules. Approval by way of special resolution of the holders of domestic shares and the holders of H Shares at separate class meetings conducted in accordance with the Articles of Association is required for share repurchases. In seeking approvals, our Company is required to provide information on any proposed or actual purchases of all or any of its equity securities, whether or not listed or traded on the Hong Kong Stock Exchange. The Directors must also state the consequences of any purchases which will arise under either or both of the Code on Takeovers and Mergers and any similar PRC law of which the directors are aware, if any.

Any general mandate given to the directors to repurchase the foreign shares must not exceed 10% of the total amount of existing issued foreign shares of the Company.

Mandatory provisions

With a view to increasing the level of protection afforded to investors, the Hong Kong Stock Exchange requires the incorporation, in the articles of association of a PRC company whose primary listing is on the Hong Kong Stock Exchange, of the Mandatory Provisions and provisions relating to the change, removal and resignation of auditors, class meetings and the conduct of the supervisory committee of the company. Such provisions have been incorporated into the Articles of Association, a summary of which is set out in Appendix VII to this listing document.

Redeemable shares

The Company must not issue any redeemable shares unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of the foreign shares are adequately protected.

Pre-emptive rights

Except in the circumstances mentioned below, the directors of a company are required to obtain the approval by a special resolution of shareholders in general meeting, and the approvals by special resolutions of the holders of domestic shares and foreign shares (each being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with the company's articles of association, prior to (i) authorising, allotting, issuing or granting shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such convertible securities; or (ii) any major subsidiary of the company making any such authorization, allotment, issue or grant so as materially to dilute the percentage equity interest of the company and its shareholders in such subsidiary.

No such approval will be required, but only to the extent that, the existing shareholders of the company have by special resolution in general meeting given a mandate to the directors, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to authorise, allot or issue, either separately or concurrently once every 12 months, not more than 20% of the existing domestic shares and foreign shares as of the date of the passing of the relevant special resolution or of such shares that are part of the company's plan at the time of its establishment to issue domestic shares and foreign shares and which plan is implemented within 15 months from the date of approval by the CSRC; or where upon approval by securities supervision or administration authorities of State Council, the shareholders of domestic shares of the company transfer its shares to overseas investors and such shares are listed and traded in foreign markets.

Supervisors

Our Company is required to adopt rules governing dealings by its Supervisors in securities of the Company in terms no less exacting than those of the model code (set out in Appendix 10 to the Hong Kong Listing Rules) issued by the Hong Kong Stock Exchange.

Our Company is required to obtain the approval of its Shareholders at a general meeting (at which the relevant Supervisor and his associates shall not vote on the matter) prior to the Company or any of its subsidiaries entering into a service contract of the following nature with a Supervisor or proposed Supervisor of the Company or its subsidiary: (i) having a term that may exceed three years; or (ii) expressly requiring the Company to give notice of one year or above or to pay compensation or make other payments equivalent to the remuneration for one year or above.

The remuneration and appraisal committee of our Company or an independent board committee must form a view in respect of service contracts that require Shareholders' approval and advise Shareholders (other than Shareholders with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of our Company and its Shareholders as a whole and advise Shareholders on how to vote.

Amendment to the Articles of Association

Our Company is required not to permit or cause any amendment to be made to its Articles of Association which would cause the same to cease to comply with the mandatory provision of the Hong Kong Listing Rules and the Mandatory Provisions or the Company Law.

Documents for inspection

Our Company is required to make available at a place in Hong Kong for inspection by the public and its Shareholders free of charge, and for copying by Shareholders at reasonable charges the following:

— a complete duplicate register of shareholders;

— a report showing the state of the issued share capital of the Company;

— the Company's latest audited financial statements and the reports of the Directors, auditors and Supervisors (if any) thereon;

— special resolutions of the Company;

— reports showing the number and nominal value of securities repurchased by the Company since the end of the last certificates year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between domestic shares and H Shares);

— a copy of the latest annual return led with the Beijing Administration for Industry and Commerce; and

— for Shareholders only, copies of minutes of meetings of Shareholders.

Receiving agents

Our Company is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owing in respect of the H Shares to be held, pending payment, in trust for the holders of such H Shares.

Statements in H share certificates

Our Company is required to ensure that all of its listing documents and H Share certificates include the statements stipulated below and to instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such Shares bearing statements to the following effect that the acquirer of shares:

— agrees with the Company and each Shareholder of the Company, and the Company agrees with each Shareholder of the Company, to observe and comply with the Company Law, the Special Regulations, the Articles of Association and other relevant laws and administrative regulations;

— agrees with the Company, each Shareholder, Director, Supervisor, manager and officer of the Company, and the Company acting for itself and for each Director, Supervisor, manager and officer of the Company agrees with each Shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

— agrees with the Company and each Shareholder of the Company that the H Shares are freely transferable by the holder thereof; and

— authorises the Company to enter into a contract on his behalf with each Director, Supervisor, manager and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligations to the Shareholders as stipulated in the Articles of Association.

Compliance with the Company Law, the Special Regulations and the Articles of Association

Our Company is required to observe and comply with the Company Law, the Special Regulations and the Articles of Association.

Contract between the Company and its Directors, officers and Supervisors

Our Company is required to enter into a contract in writing with every Director and officer containing at least the following provisions:

— an undertaking by the Director or officer to the Company to observe and comply with the Company law, the Special Regulations, the Articles of Association, the Codes on Takeovers and Mergers and Share Repurchases and an agreement that the Company shall have the remedies provided in the Articles of Association and that neither the contract nor his office is capable of assignment;

— an undertaking by each Director or officer to the Company acting as agent for each Shareholder to observe and comply with his obligations to the Shareholders as stipulated in the Articles of Association;

— an arbitration clause which provides that whenever any differences or claims arise from that contract, the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company between the Company and its Directors or officers and between a holder of H Shares and a Director or officer of the Company, such differences or claims will be referred to arbitration at either the CIETAC in accordance with its rules or the HKIAC in accordance with its Securities Arbitration Rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. Such arbitration will be final and conclusive;

— if the party seeking arbitration elects to arbitrate the dispute or claim at HKIAC, then either party may apply to have such arbitration conducted in Shenzhen according to the Securities Arbitration Rules of HKIAC;

— PRC laws shall govern the arbitration of disputes or claims referred to above, unless otherwise provided by laws or administrative regulations;

— the award of the arbitral body is final and shall be binding on the parties thereto;

— the agreement to arbitrate is made by the Director or officer with the Company on its own behalf and on behalf of each shareholder; and

— any reference to arbitration shall be deemed to authorise the arbitral tribunal to conduct hearings in open session and to publish its award.

Our Company is also required to enter into a contract in writing with every Supervisor containing statements in substantially the same terms.

Subsequent listing

The Company must not apply for the listing of any of its foreign shares on a PRC stock exchange unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of foreign shares are adequately protected.

English translation

All notices or other documents required under the Hong Kong Listing Rules to be sent by the Company to the Hong Kong Stock Exchange or to holders of H Shares are required to be in the English language, or accompanied by a certified English translation.

General

If any change in the PRC law or market practices materially alters the validity or accuracy of any of the basis upon which the additional requirements have been prepared, then the Hong Kong Stock Exchange may impose additional requirements or make listing of the equity securities of a PRC issuer, including our Company, subject to special conditions as the Hong Kong Stock Exchange considers appropriate. Whether or not any such changes in the PRC law or market practices occur, the Hong Kong Stock Exchange retains its general power under the Hong Kong Listing Rules to impose additional requirements and make special conditions in respect of our Company's listing.

Other Legal and Regulatory Provisions

Upon our Company's listing, the provisions of the Securities and Futures Ordinance, the Codes on Takeovers and Mergers and Share Repurchases and such other relevant ordinances and regulations as may be applicable to companies listed on the Hong Kong Stock Exchange will apply to our Company.

Securities Arbitration Rules

The Articles of Association provide that certain claims arising from the Articles of Association or the Company Law shall be arbitrated at either the CIETAC or the HKIAC in accordance with their respective rules. The Securities Arbitration Rules of the HKIAC contain provisions allowing an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Hong Kong Stock Exchange so that PRC parties and witnesses may attend.

Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties including witnesses and the arbitrators being permitted to enter Shenzhen for the purpose of the hearing. Where a party (other than a PRC party) or any of its witnesses or any arbitrator is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau and Taiwan.

PRC Legal Matter

Commerce & Finance Law Office, our legal adviser on PRC law, have furnished to us a legal opinion dated 17 December 2012 confirming that it has reviewed the summaries of relevant PRC laws and regulations as contained in this Appendix and is of the view that such summaries are correct summaries relevant to PRC laws and regulations. This letter is available for inspection as described in "Appendix X — Documents Available for Inspection." Any person wishing to have detailed advice on PRC law and the laws of any jurisdictions is recommended to seek independent legal advice.

This Appendix contains a summary of the principal provisions of the Articles of Association, which was adopted by our shareholders in the shareholders' general meeting held on 30 August 2012 and will become effective on the date on which our H Shares are listed on the Hong Kong Stock Exchange. The principal objective of this appendix is to provide an overview of the Articles of Association and a copy of the full Chinese and English text of the Articles of Association is available for inspection as mentioned in the paragraph headed "Documents Available for Inspection" in Appendix X to this listing document.

DIRECTORS AND OTHER SENIOR EXECUTIVE OFFICERS

Power to Allot and Issue Shares

There is no provision in the Articles of Association empowering the Directors to allot and issue shares.

To increase the capital of our Company, the Board of Directors is responsible for formulating proposals for approval at a shareholders' general meeting by way of special resolution. The plan of listing foreign shares in overseas and domestic shares which is approved by the CSRC can be arranged by the Board of Directors to be listed separately. Any such increase must be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations.

Power to Dispose of the Assets of our Company or any Subsidiary

The Board of Directors shall not, without the prior approval of the shareholders' general meeting, dispose of or agree to dispose of any fixed assets of our Company where the sum of the estimated value of the consideration for the proposed disposition and the aggregate amount of the consideration for all dispositions of fixed assets of our Company completed within four (4) months immediately preceding the proposed disposition exceeds 33% of value of our fixed assets as shown on the latest balance sheet placed before a shareholder's general meeting.

The validity of a disposition by our Company of fixed assets shall not be affected by the breach of the above paragraph.

For the purpose of the Articles of Association, a disposition of fixed assets includes an act involving the transfer of an interest in assets but does not include the provision of fixed assets by way of security.

The Board of Directors shall carry its duties in compliance with the laws, regulations, the Articles of Association and resolutions passed by shareholders in general meetings.

Compensation or Payments for Loss of Office

Our Company shall, with the approval of shareholders at a shareholders' general meeting, enter into a contract in writing with each Director, Supervisor wherein his emoluments are stipulated. The aforesaid emoluments shall include:

- emoluments in respect of his service as Director, Supervisor or senior executive officers of our Company;
- emoluments in respect of his services as Director, Supervisor or senior executive officers of any of our Company's subsidiary;
- emoluments in respect of the provision of other services in connection with the management of affairs of our Company or any of its subsidiary;
- compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a Director or Supervisor against our Company for any benefit due to him in respect of the above matters.

Contracts entered into by the Company with a Director or Supervisor of our Company in connection with emoluments, shall provide that such Director or Supervisor, in the event of a takeover of our Company and subject to the approval of shareholders in a general meeting, has the right to receive compensation or other payments for loss of office or retirement from office. A takeover of the Company means either of the following circumstances:

- an offer is made to all shareholders of the Company;
- an offer is made such that the offeror will become the controlling shareholder of our Company (as defined in the Articles of Association).

If the relevant Director or Supervisor does not comply with the above requirements, any sum received by him shall belong to those persons who have sold their shares as a result of the offer. The expenses incurred in distributing such sum pro para amongst those persons shall be borne by the relevant Director or Supervisor and shall not be paid out of the sum to be received by him.

Loans to Directors, Supervisors and Other Officers

Our Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with the making of a loan to, Directors, Supervisors, President and other senior executive officers of our Company and those of our holding companies or any of their respective associates. However, the following transactions are not subject to such prohibition:

- the provision by our Company of a loan or a guarantee of a loan to a company which is a subsidiary of our Company;

- the provision by our Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Director, Supervisor, President and any other senior executive officer to meet expenditure incurred by him for the purposes of our Company or for the purpose of enabling him to perform its duties properly, in accordance with the terms of a service contract approved by the shareholders in a general meeting; and

- our Company may make a loan to or provide a guarantee in connection with the making of a loan to any of the relevant Director, Supervisor, President and any other senior executive officer or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of our Company includes the lending of money or the giving of guarantee.

A loan made by our Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

A guarantee provided by our Company in breach of the above prohibition shall be unenforceable against our Company, unless:

- the guarantee was provided in connection with a loan to an associate of any of the Director, Supervisor, President and other senior executive officer of our Company or of our Company's holding companies and at the time the loan was advanced the lender did not know the relevant circumstances; or

- the collateral provided by our Company has been lawfully disposed of by the lender to a bona fide purchasers.

For these purposes, a guarantee includes an undertaking or property provided to secure the performance of obligation by the obligor.

Financial Assistance for the Acquisition of Shares in our Company or any Subsidiary

Subject to the exceptions in the Articles of Association, the Company or its subsidiary shall not, by any means at any time, provide any kind of financial assistance (as defined below) to a person who is acquiring or is proposing to acquire shares of our Company. The said acquirer of shares of our Company includes a person who directly or indirectly incurs any obligation (as defined below) due to the acquisition of our shares.

The Company or its subsidiaries shall not, by any means at any time, provide any financial assistance to the said acquirer as referred to in the preceding paragraph for the purpose of reducing or discharging the obligations assumed by that person.

The following activities shall not be deemed to be prohibited activities:

- the provision of financial assistance by our Company where the financial assistance is given in good faith in the interest of our Company, and the principal purpose of giving the financial assistance is not for the acquiring of shares, or the giving of the financial assistance is an incidental part of some larger purpose of our Company;

- the lawful distribution of our Company's assets by way of dividends;

- the allotment of bonus shares as dividends;

- a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure of our Company effected in accordance with the Articles of Association;

- the provision of loans by our Company within its scope of business and in the ordinary course of its business, where the provision of loans is part of the scope of business of our Company (provided that the net assets of our Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits);

- the provision of money by our Company for contribution to staff and workers' share schemes (provided that the net assets of our Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).

For these purposes:

(a) "financial assistance" includes (but not limited to) the following meaning:

- gift;

- guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of our Company's own default) or release or waiver of any rights;

- provision of loan or any other agreement under which the obligations of our Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the novation of, or the assignment of rights arising under, such loan or agreement; or

- any other form of financial assistance given by our Company when our Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

(b) "incurring an obligation" includes the incurring of obligations by the changing of the obligor's financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

Disclosure of Interests in Contracts with our Company or any of its Subsidiaries

Where a Director, Supervisor, President or other senior executive officer of our Company is in any way, directly or indirectly, materially interested in a contact, transaction or arrangement or proposed contract, transaction or arrangement with our Company (other than his contract of service with our Company), he shall declare the nature and extent of his interests to the Board of Directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal thereof is otherwise subject to the approval of the Board of Directors.

Unless the interested Director, Supervisor, President or other senior executive officer discloses his interests in accordance with the Articles of Association and the contract, transaction or arrangement is approved by the Board of Directors at a meeting in which the interested Director, Supervisor, President or other senior executive officer is not counted in the quorum and refrains from voting, a contract, transaction or arrangement is voidable at the instance of our Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, Supervisor, President or other senior executive officer.

For these purposes, a Director, Supervisor, President or other senior executive officer of our Company is deemed to be interested in a contract, transaction or arrangement in which an associate of him is interested.

Where a Director, Supervisor, President or other senior executive officer of our Company gives to the Board of Directors a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangement of any description which may subsequently be made by our Company, such notice shall be deemed for the purposes of this paragraph to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of our Company.

Remuneration

The remuneration of directors must be approved by shareholders in a shareholders' general meeting. See "Compensation or Payments for Loss of Office" above.

Appointment, Removal and Retirement

The Directors shall be elected and removed by shareholders in general meetings (provided that shareholders in general meetings comply with the laws and regulations and subject to claims under any contract).

The term of office of the Directors shall be three (3) years commencing from their accession and ending on the expiry of the term of the current session of the Board of Directors. The Directors are eligible for re-election.

The Board of Directors shall consist of eight Directors, of which three shall be independent Directors. The Board of Directors shall have one chairman and one vice-chairman, who shall be elected and removed by a majority of all Directors.

The minimum length of the period for giving written notice of the intention to nominate a person for election as a Director and of his willingness to be elected shall be at least seven (7) days. The period of giving such notice shall commence after the date the Company gives notice of the general meeting by post, and shall end not later than seven (7) days before the date of the general meeting.

A person may not serve as a Director, Supervisor, President or any other senior executive officer of our Company if any of the following circumstances apply:

- a person without civil or with restricted civil capacity;

- a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;

- a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation because of mismanagement and he is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;

- a person who is a former legal representative of a company or enterprise which had its business license revoked and closed due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license;

- a person who has a relatively large amount of debts due and outstanding;

- a person who is under criminal investigation or prosecution by judicial organization for violation of the criminal law where investigation or prosecution is not yet concluded;

- a person who is not eligible for enterprise leadership according to laws and administrative regulations;

- a non-natural person;

- a person convicted of the contravention of provisions of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction;

- a person who has been given a punishment of prohibition for entering the security market from CSRC and the term of such punishment have not expired;

- a person identified by Shanghai Stock Exchange or Shenzhen Stock Exchange as inappropriate candidates, where less than two (2) years has elapsed since the date of such identification; or

- other persons stipulated by laws, administrative regulations or department regulations.

The validity of an act of a Director, President or other senior executive officer on behalf of our Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

Borrowing Powers

The Articles of Association do not contain any special provision in respect of the manner in which borrowing powers may be exercised by the Directors nor do they contain any special provision in respect of the manner in which such power may arise, except for:

- provisions authorizing the Board of Directors to formulate proposals for the issuance of debentures; and

- provisions providing that the issuance of debentures must be approved by the shareholders of the Company in a general meeting by way of a special resolution.

Duties

In addition to obligations imposed by laws, administrative regulations or required by the stock exchange on which shares are listed, each of our Director, Supervisor, President and other executive officer owes a duty to each shareholder, in exercise of the functions and powers of our Company entrusted to him:

- not to cause our Company to exceed the scope of business stipulated in its business license;
- to act honestly in the best interest of our Company;
- not to expropriate in any way the Company of its assets, including (but not limited to) opportunities beneficial to the Company;
- not to expropriate the individual rights of shareholders, including (but not limited to) rights to distribution and voting rights, save pursuant to a reorganization of our Company submitted to shareholders for approval in accordance with the Articles of Association.

Each of Directors, Supervisors, President and other senior executive officers owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Each of Directors, Supervisors, President and other senior executive officers shall carry on his duties in accordance with the principal of fiduciary and shall not put him in a position where his duty and his interests may conflict. This principal includes (but not limited to) discharging the following obligations:

- to act honestly in the best interest of our Company;
- to exercise his duties within the scope specified and not to act ultra vires;
- to exercise the discretionary vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- except in accordance with the Articles of Association or with the informed consent of shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with our Company;
- without the informed consent of shareholders given in a general meeting, not to use the Company's assets in any way for his personal benefit;
- not to exploit his position to accept bribes or other illegal income or expropriate our Company's assets by any means, including (but not limited to) opportunities beneficial to the Company;
- without the informed consent of shareholders given in a general meeting, not to accept commissions in connection with our Company's transactions;

- to abide by the Articles of Association, faithfully perform his duties, protect the interests of our Company and not to exploit his position and powers in our Company to seek his own private interests;

- without the informed consent of shareholders given in a general meeting, not to compete with our Company in any form;

- not to misappropriate the Company's funds or lend such funds to others, not to open account in his own name or other names for the deposit of the Company's funds and not to provide guarantee for debts of the Company's shareholders or others with our Company's funds;

- without the informed consent of shareholders given in a general meeting, not to disclose any confidential information of our Company acquired by him in the course of and during his tenure and not to use the information other than in furtherance of the interests of our Company, save that disclosure of such information to the court or other governmental authorities is permitted where (i) disclosure is made under compulsion of laws; (ii) there is a requirement to the public interests to disclose; or (iii) the interests of the relevant Director, Supervisor, President or other senior executive officer require disclosure.

Each Director, Supervisor, President and other senior executive officer shall not cause the following persons or institutions ("associate") to do what he is prohibited from doing:

- the spouse or minor child of that Director, Supervisor, President or other senior executive officer;

- a person acting in the capacity of trustee of that Director, Supervisor, President or other executive officer or any person referred to in the preceding paragraph;

- a person acting in the capacity of partner of that Director, Supervisor, President or other senior executive officer or any person referred to in the preceding two paragraphs;

- a company in which that Director, Supervisor, President or other senior executive officer, alone or jointly with one or more persons referred to in the preceding three paragraphs and other Director, Supervisor, President or other senior executive officer have a de facto controlling interest; and

- the directors, supervisors, presidents and other senior executive officers of the controlled company referred to in the preceding paragraph.

The fiduciary duties of Directors, Supervisors, President and other senior executive officers does not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of our Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination and the act concerned and the circumstances under which the relationships between them and our Company are terminated.

In addition to any rights and remedies provided by laws, administrative regulations, where a Director, Supervisor, President and other senior executive officer is in breach of his obligations to our Company, our Company has a right to:

- claim against such Director, Supervisor, President or other senior executive officer for losses incurred by our Company as a result of such breach;

- rescind any contract or transaction entered into by the Company with such Director, Supervisor, President or other senior executive officer or with any third party who knows or should know there is such a breach of duties by such Director, Supervisor, President or other senior executive officer;

- demand a surrender of the profits made by the Director, Supervisor, President or other senior executive officer as a result of such breach;

- recover any funds received by such Director, Supervisor, President or other senior executive officer which should be received by our Company, including (but not limited to) commissions; and

- demand return of the interests earned or which may have been earned by the Director, Supervisor, President or other senior executive officer on the funds that should have been paid to our Company.

Subject to the Articles of Association, a Director, Supervisor, President or other senior executive officer may be relieved of liability for specific breaches of his duty by the informed consent of shareholders in a general meeting.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

Our Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association.

Amendments to the Articles of Association involving the contents of the Mandatory Provisions shall become effective upon approvals by the companies approving department authorised by the State Council and the CSRC. If there is any change relating to the registered particulars of our Company, application shall be made for registration of the changes in accordance with laws.

CHANGE OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

Rights conferred on any class of shareholders in the capacity of shareholders ("class rights") may not be varied or abrogated unless approved by a special resolution of shareholders in a general meeting and by holders of shares of that class at a separate meeting conducted in accordance with the Articles of Association.

The following circumstances should be deemed to be change or abrogation of the class rights of a class:

- to increase or decrease the number of shares of such class, or increase or decrease the number of shares of class having voting or equity rights or privileges equal or superior to those of the shares of such class;

- to effect an exchange of all or part of the shares of such class into shares of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;

- to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;
- to add, remove or reduce conversion privileges, options, voting rights, transfer or preemptive rights, or rights to acquire securities of our Company attached to shares of such class;
- to remove or reduce rights to receive payments payable by our Company in a particular currency attached to shares of such class;
- to create a new class of shares having voting or equity right or privileges equal or superior to those of the shares of such class;
- to restrict the transfer or ownership of the shares of such class or add to such restriction;
- to allot and issue rights to subscribe for, or convert into, shares in our Company of such class or another class;
- to increase the rights or privileges of shares of another class;
- to reorganise our Company where the proposed reorganization will result in different classes of shareholders bearing a disproportionate burden of such reorganization; and
- to vary or abrogate provisions in the Articles of Association.

Shareholders of the affected class, whether or not otherwise having the right to vote at the shareholder's general meeting, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs two to eight, eleven and twelve above, but interested shareholder(s) (as defined below) shall not be entitled to vote at class meetings.

Resolutions of a class of shareholders shall be passed by votes representing two-thirds or more of the voting rights of shareholders of that class represented at the relevant meeting who are entitled to vote at class meetings.

Written notice of a class meeting shall be given forty-five (45) days before the date of the class meeting to notify all of the shareholders in the share register of that class of the matters to be considered, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his reply concerning attendance at the class meeting to our Company twenty (20) days before the date of the class meeting.

If the number of shares carrying voting rights at the meeting represented by the shareholders who intend to attend the class meeting reaches one half or more of the voting shares at the class meeting, our Company may hold the class meeting; if not, our Company shall within five (5) days notify the shareholders of the class, again by public notice, of the matters to be considered, the date and the place of the class meeting. Our Company may then hold the class meeting after such publication of such notice.

Notice of class meetings need only be served on shareholders entitled to vote thereat.

Meetings of any class of shareholders shall be conducted in a manner as similar as possible to that of general meetings of shareholders. The provisions of the Articles of Association relating to the manner of conducting any shareholders' general meeting shall apply to any meeting of a class of shareholders. Holders of domestic shares and overseas-listed foreign shares are deemed to be shareholders of different class.

The special procedures for voting at meetings of a class of shareholders shall not apply in the following circumstances:

- where our Company issues, upon the approval by a special resolution of its shareholders in a general meeting, either separately or concurrently once ever twelve months, not more than 20% of each of its existing issued domestic shares and overseas-listed foreign shares; or

- where our Company's plan to issue domestic shares and overseas-listed foreign shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the Securities Authority of the State Council.

For the purposes of the class rights provisions of the Articles of Association, the meaning of "interested shareholder(s)" is:

- in the case of a repurchase of shares by offers to all shareholders or public dealing on a stock exchange, a "controlling shareholder" within the meaning of the Articles of Association;

- in the case of a repurchase of shares by an off-market contract, a holder of the shares to which the proposed contract relates; and

- in the case of a reorganization of our Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed reorganization or who has an interest in the proposed reorganization different from the interest of shareholders of that class.

RESOLUTIONS — MAJORITY REQUIRED

Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, votes representing more than one half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

To adopt a special resolution, votes representing two-thirds or more of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

VOTING RIGHTS (GENERALLY, ON A POLL AND RIGHT TO DEMAND A POLL)

The ordinary shareholders of our Company have the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat. A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

At any general meeting of shareholders a resolution shall be decided on a show of hands unless a poll is required according to the Hong Kong Listing Rules or (before or after any vote by show of hands) demanded:

- by the chairman of the meeting;
- by at least two shareholders entitled to vote present in person or by proxy; or
- by one or more shareholders (including proxies) and representing 10% or more of all shares carrying the right to vote at the meeting.

Unless a poll be as demanded, the chairman of the meeting shall declare whether a proposal has been adopted according to the results of voting by show of hands, and record the same in the minutes of the meeting as the conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution. The demand for a poll may be withdrawn by the person who makes such demand.

A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such times as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way. In the case of an equality of votes, the chairman of the meeting shall be entitled to an additional vote.

REQUIREMENTS FOR ANNUAL GENERAL MEETINGS

The Board of Directors shall convene an annual shareholders' meeting once each year and within six (6) months from the close of the preceding fiscal year.

ACCOUNTS AND AUDIT

Our Company shall establish its financial and accounting system in accordance with laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

The Board of Directors shall place before the shareholders at every annual general meeting such financial report as required by any law, administrative regulation or directive promulgated by competent regional and central governmental authorities to be prepared by our Company.

Our Company's financial reports shall be made available for shareholders' inspection at our Company twenty (20) days before the date of every shareholders' annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports.

The financial statements of our Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either International Financial Reporting Standards or that of the overseas place where our Company's shares are listed and audited by PRC Certified Public Accountants or International Certified Public Accountants. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in an appendix to the financial statements. When our Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

Any interim results or financial information published or disclosed by our Company must also be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either International Financial Reporting Standards or that of the overseas place where our Company's share are listed.

Our Company shall publish its financial reports twice every fiscal year, that is, interim financial reports shall be published within sixty (60) days after the expiration of the first six (6) months of each fiscal year and the annual financial report shall be published within one hundred and twenty (120) days after the expiration of each fiscal year.

The Company shall not keep any other books of accounts other than those provided by laws.

NOTICE OF MEETINGS AND BUSINESS TO BE CONDUCTED THEREAT

The shareholders' general meeting is the organ of authority of our Company and shall exercise its functions and powers in accordance with laws.

Except for under unusual circumstances such as crisis and otherwise, our Company shall not, without the prior approval of shareholders given at a general meeting, enter into any contract with any person other than a Director, Supervisor, President and other senior executive officer whereby the management and administration of the whole or any substantial part of the business of our Company is to be handed over to such person.

Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings.

Shareholders' extraordinary general meetings shall be convened from time to time. Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two (2) months:

- when the number of Directors is less than six (6);
- when the unrecovered losses of our Company amount to one-thirds of its total amount of paid-in share capital;
- when required by shareholders, separately or aggregately, holding 10% or more of the Company's shares;
- when deemed necessary by the Board of Directors;
- when required by the Supervisory Committee; or
- other situations stipulated by laws, administrative regulations, department regulations and the Articles of Association.

When our Company convenes a shareholders' general meeting, written notice of the meeting shall be given forty-five (45) days before the date of the meeting to notify all the shareholders in the register of the matters to be considered and the date and the place of the meeting. A shareholder who intends to attend the general meeting shall deliver his reply concerning attendance at the general meeting to our Company twenty (20) days before the date of the general meeting.

When our Company convenes a shareholders' general meeting, the Board of Directors, the Supervisory Committee and shareholders who, individually or in aggregate, hold 3% or more of total voting shares of our Company shall have the right to propose temporary proposals and submit the written temporary proposals to our Company ten (10) days before the date of the general meeting. A supplemental notice of the shareholders' general meeting shall be given to notify the temporary proposal within two (2) days after the receipt of the temporary proposal.

A shareholders' extraordinary general meeting shall not decide on those matters not stated in the notice of the meeting.

A notice of the shareholders' general meeting shall comply with the following requirements:

- be in writing;
- specify the place, date and time of the meeting;
- state matters to be considered and relevant proposals;
- provide such information and explanation as are necessary for the shareholders to exercise an informed judgment on the proposals before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate our Company with another, to repurchase shares, to restructure the share capital, or to restructure our Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- contain a disclosure of the nature and extent, if any, of the material interests of any Director, Supervisor, President, or other senior executive officer in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;
- contain the full text of any special resolution proposed to be moved at the meeting;
- contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a shareholder;
- specify the time and place for lodging proxy forms for the relevant meeting;
- list out the share registration date of shareholders who are entitled to attend the meeting;
- state the name and telephone number of the regular contact person of the meeting;

Notice of a shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by delivery or prepaid airmail to their addresses as shown in the register of shareholders. For the holders of our domestic shares, notice of the meetings may be issued by way of public notice.

The public notice shall be published in one or more newspapers designated by the securities governing authority of the State Council within the interval between forty-five (45) days and fifty (50) days before the date of the meeting. After the publication of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- work reports of the Board of Directors and Supervisory Committee;
- plans formulated by the Board of Directors for the distribution of profits and for making up losses;
- appointment or removal of the members of the Board of Directors and members of the Supervisory Committee, their remuneration and method of payment;
- annual financial budgets, final accounts, the balance sheet, income statement and other financial statements;
- annual report of the Company;
- matters other than those required by laws, administrative regulations or by the Articles of Association to be adopted by special resolution.

The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- the increase or reduction of registered share capital and the issuance of any class of shares, warrants or other similar securities of the Company;
- the issue of debentures of our Company;
- the demerger, merger, termination and liquidation of our Company;
- amendments to the Articles of Association;
- any purchase or sale of substantial assets or guarantee made by the Company in the most recent year at an amount in excess of 30% of the audited total assets of the Company for its latest accounting period;
- proposals of share incentive scheme;
- any other matters stipulated by laws, administrative regulations or the Articles of Association and considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on our Company and should be adopted by a special resolution;
- all other matters required by the listing rules of the stock exchange where our share are listed.

TRANSFER OF SHARES

Unless otherwise provided by laws and administrative regulations, shares of the Company shall be free from any restrictions on the right of transfer and shall also be free from all liens.

All the fully paid-up H Shares can be freely transferred in accordance with the Articles of Association. For H Shares listed on the Hong Kong Stock Exchange, unless the requirements stipulated in the Articles of Association are met, the Board of Directors may refuse to accept any transfer documents without giving any explanation for such refusal.

The alteration and rectification of each part of the share register shall be carried out in accordance with the laws of the place where the register is maintained.

POWERS OF OUR COMPANY TO PURCHASE ITS OWN SHARES

In accordance with the provisions of the Articles of Association, our Company may reduce its registered share capital.

Our Company may, with approval according to the procedures provided in the Articles of Association and subject to the approval of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:

- reduction of its registered share capital;
- merging with another company that holds shares in our Company;
- awarding the employees of the Company with shares;
- requested by any shareholder to purchase his shares because this shareholder raises objections to the Company's resolution on merger or demerger made at a session of the meeting of shareholders.

Other than circumstances mentioned below, the Company shall not repurchase its own shares.

Our Company may, with the approval of the relevant state governing authority, repurchase its shares in one of the following ways:

- make a pro rata general offer of repurchase to all of its shareholders;
- repurchase shares through public dealing on a stock exchange;
- repurchase by an off-market agreement; or
- other ways approved by relevant governmental authorities.

Where our Company repurchases its shares by an off-market agreement, the prior sanction of the shareholders' general meeting shall be obtained in accordance with the Articles of Association. Our Company may terminate or amend the agreements reached in the aforementioned ways or waive its rights under a contract so entered into by our Company with the prior approval of the shareholders' general meeting obtained in the same manner.

A contract to repurchase shares includes (but not limited to) an agreement to become obliged to repurchase or an acquisition of the right to repurchase shares of our Company. Rights of our Company under a contract to repurchase its shares are not capable of being assigned.

Unless our Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued shares:

- where our Company repurchases shares of our Company at par value, payment shall be made out of book surplus distributable profits of our Company or out of proceeds of a fresh issue of shares made for that purpose;

- where our Company repurchases shares of our Company at a premium to its par value, payment up to the par value shall be made out of the book surplus distributable profits of our Company or out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:

  (i) if the shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of our Company; or

  (ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus distributable profits of our Company or out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate of premiums received by our Company on the issue of the shares repurchased nor the current amount of our Company's capital common reserve account (including the premiums on the fresh issue);

- payment by our Company in consideration of the following shall be made out of our Company's distributable profits:

  (i) acquisition of rights to repurchase shares of our Company;

  (ii) variation of any contract to repurchase shares of our Company;

  (iii) release of any of our Company's obligation under any contract to repurchase shares of our Company; and

- after our Company's registered shares capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of our Company for payment of the par value portion of the shares repurchased shall be transferred to our Company's share premium account or our common reserve account.

POWER FOR ANY SUBSIDIARY OF OUR COMPANY TO OWN SHARES IN OUR COMPANY

There is no provision in the Articles of Association preventing ownership of shares in our Company by a subsidiary.

DIVIDENDS AND OTHER METHODS OF PROFIT DISTRIBUTION

The Company may distribute dividends by way of cash or shares or a combination of both. Our Company shall maintain a consistent and stable profit distribution policy. Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

In relation to the receipt of dividends by shareholders, the Company is entitled to forfeit unclaimed dividends, provided that such power shall only be exercised in accordance with relevant laws, administrative regulations, department regulations and provisions of the Hong Kong Stock Exchange and after the lapse of the required term.

The Company shall have the right to terminate sending dividend warrants to holders of overseas-listed foreign shares, but only after a dividend warrant fails to be redeemed for two consecutive occasions, however the Company can exercise the right after the first occasion on which such a dividend warrant is returned as undelivered.

Our Company shall appoint receiving agents on behalf of the H Shares to receive on behalf of such shareholders dividends declared and all other monies owing by our Company in respect of their H Shares. The receiving agents appointed on behalf of holders of the H Shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong (Cap.29).

PROXIES

Any shareholder entitled to attend and vote at a meeting of our Company shall be entitled to appoint one or more other persons (whether a shareholder or not) as his proxy to attend and vote on his behalf, and a proxy so appointed shall:

- have the same right as the shareholder to speak at the meeting;
- have authority to demand or join in demanding a poll; and
- have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have right to vote on a poll.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a legal entity either under seal or under the hand of a director or attorney duly authorised. The instrument appointing a voting proxy and, if such instrument is signed by a person under a power of attorney or other authority on behalf of the appointer, a notary certified copy of that power of attorney or other authority, shall be deposited at the residence of our Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than twenty-four (24) hours before the time for holding the meeting at which the proxy proposes to vote or the time appointed for the passing of the resolution.

If the appointer is a legal entity, its legal representative or such person as is authorised by resolution of its board of directors or other governing body to act as its representative may attend at any meeting of shareholders of our Company as a representative of the appointer.

Any form issued to a shareholder by the Board of Directors for use by him for appointing a proxy to attend and vote at a meeting of our Company shall be such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favor of or against each resolution dealing with business to be transacted at the meeting. Such a form shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as he thinks fit.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by our Company at its residence before the commencement of the meeting at which proxy is used.

RIGHTS OF SHAREHOLDERS (INCLUDING INSPECTION OF REGISTER)

The shareholders of our Company shall enjoy the following rights:

- the right to dividends and other distributions in proportion to the number of shares held;
- the right to request for, convene, preside, attend or appoint a proxy to attend a shareholders' general meeting and to vote thereat in accordance with laws;
- the right of supervisory management over our Company's business operations and the rights to present proposals or to raise enquires;
- the right to transfer, bestow or pledge his shares in accordance with laws, administrative regulations and provisions of the Articles of Association;
- the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:

  (i) the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;

  (ii) the right to inspect and copy, subject to payment of a reasonable charge:

    (a) all parts of the register of shareholders;

    (b) the following personal particulars of each of our Company's Director, Supervisor, President and other senior executive officer;

      (1) present name and alias and any former name and alias;

      (2) principal address (residence);

      (3) nationality;

      (4) primary and all other part-time occupations; and

      (5) identification document and its number;

(c) report on the state of our Company's share capital;

(d) the Company's latest audited financial statements and reports of Board of Directors, auditors, Supervisory Committee;

(e) special resolutions of our Company;

(f) reports showing the aggregate par value, quantity, and maximum and minimum prices paid in respect of each class of shares repurchased by our Company since the end of the previous financial year and the total expenses incurred by our Company for this purpose (separated by domestic shares and foreign shares);

(g) a copy of the latest annual application form filed with the SAIC or other relevant authorities;

(h) minutes of shareholders' general meetings, for shareholders' inspection only;

(i) counterfoil of the corporate bonds, resolutions of Board of Directors and Supervisory Committee and financial statements;

The Company places all the above-mentioned documents and other applicable documents as required by the Hong Kong Listing Rules at the Hong Kong address of the Company for inspection of shareholders and the public;

- in the event of termination or liquidation of our Company, to participate in the distribution of remaining assets of our Company in accordance with the number of shares held;
- the right to request our Company to purchase the shares of the shareholder who raises objection to the resolution on merger or demerger made at the shareholders' general meeting;
- the right to bright legal proceedings before the court and advocate relevant rights against act of damaging the interest of our Company or infringing the legitimate rights of our shareholders in accordance with provisions of the Company Law, or other laws, administrative regulations, department regulations; and
- other rights conferred by laws, administrative regulations and the Articles of Association.

QUORUM FOR MEETINGS AND SEPARATE CLASS MEETINGS

Our Company may hold a class meeting where the number of shares carrying voting rights at the meeting represented by the shareholders who intend to attend the class meeting reaches one half or more of the voting shares at the class meeting; if not, our Company shall within five (5) days notify the shareholders of the class, again by public notice, of the matters to be considered, the date and the place of the class meeting. Our Company may then hold the class meeting after publication of such notice.

RIGHTS OF THE MINORITIES IN RELATION TO FRAUD OR OPPRESSION

In addition to obligations imposed by laws, administrative regulations or required by the stock exchange on which shares of our Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of the shareholders generally or of some part of the shareholders of our Company:

- to relieve a Director or Supervisor of his duty to act honestly in the best interest of our Company;
- to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person), of our Company's assets, including (but not limited to) opportunities beneficial to our Company; or
- to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights save pursuant to a reorganization submitted to shareholders for approval in accordance with the Articles of Association.

For these purposes, a "controlling shareholder" means a person who satisfies any one of the following conditions:

- alone, or acting in concert with others, has the power to elect more than half of the Board of Directors;
- alone, or acting in concert with others, has the power to exercise or to control the exercise of thirty percent or more of the voting rights in the Company;
- alone, or acting in concert with others, holds thirty percent or more of the issued shares of our Company; or
- alone, or acting in concert with others, in any other manner controls our Company in fact.

See also the Section headed "Change of Rights of Existing Shares or Classes of Shares" above.

PROCEDURES ON LIQUIDATION

Our Company shall be dissolved and liquidated upon the occurrence of any of the following events:

- the termination of business term or any other situations of dissolution that regulated by the Articles of Association;
- a resolution for dissolution is passed by shareholders at a general meeting;
- dissolution is necessary due to a merger or division of our Company;
- our Company is legally declared bankrupt due to its failure to repay debts due;

- the business license is revoked or our Company is ordered to close down due to its violation of laws and administrative regulations; or

- where our Company suffers significant hardship in its operation or management so that the interests of the shareholders are subject to significant losses if the Company continues to exist, which situation cannot be resolved by any other means, the shareholders holding ten percent or more of the voting rights of all the shareholders of the Company may petition the court to dissolve the Company.

Where the Board of Directors proposes to liquidate our Company due to causes other than where our Company has declared that it is insolvent, the Board of Directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of our Company, the Board of Directors is of the opinion that our Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in a general meeting for the liquidation of our Company, all functions and powers of the Board of Directors shall cease.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the committee's receipts and payments, the business of our Company and the progress of the liquidation and to present a final report to the shareholders' general meeting on completion of the liquidation.

OTHER PROVISIONS MATERIAL TO OUR COMPANY AND OUR SHAREHOLDERS

Pursuant to the Articles of Association, our Company is a joint stock limited company in perpetual existence.

From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating our Company's organization and activities, and the rights and obligations between our Company and each shareholder and among the shareholders *inter se,* actionable by a shareholder against the Company and vice versa and by shareholders against each other in respect of rights and obligations concerning the affairs of the Company arising out of the Articles of Association. The shareholders may also bright actions against the Directors, Supervisors, President and other senior executive officers of the Company. For the purposes of the Articles of Association, actions include court proceedings and arbitration proceedings.

Our Company may, based on its requirements for operation and development and in accordance with the relevant provisions of laws, administrative regulations and the Articles of Association, by special resolution(s) at the shareholders' general meeting and approve an increase of capital.

Our Company may increase its capital in the following ways:

- public offering of shares;

- non-public offering of shares;

- distributing new shares to its existing shareholders by way of dividend issues;

- converting capital reserve to our share capital; and

- any other way permitted by laws, administrative regulations and approved by CSRC.

When our Company reduces its registered share capital, it must draw up a balance sheet and an inventory of assets. Our Company shall notify its creditors within ten (10) days of the date of our Company's resolution for reduction of share capital and shall publish a notice in a newspaper at least three times within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receiving the notice from our Company or, in the case of a creditor who does not receive the notice, within forty-five (45) days of the date of the first public notice, to demand our Company to repay its debts or provide a corresponding guarantee for such debt. Our Company's registered capital after reduction shall not be less than the statutory minimum amount.

The shareholders of our Company shall assume the following obligations:

- to abide by laws, administrative regulations and the Articles of Association;
- to pay subscription funds according to the number of shares subscribed and the method of subscription;
- unless otherwise stipulated by laws and administrative regulations, not to withdraw their share capital;
- not to abuse the shareholders' right to damage the interest of the Company or that of other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interest of any creditors of the Company; a shareholder of the Company who abuses the shareholders' right and consequently causes any loss to the Company or other shareholders shall bear the liability for compensation pursuant to laws; a shareholder of the Company who abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and seriously damage the interest of the creditors of the Company shall bear joint and several liability for the debts of the Company; and
- other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.

Secretary of the Board of Directors

The secretary of the Board of Directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board of Directors. Directors or other senior executive officers other than independent Directors and Supervisors of the Company may concurrently hold the office of the secretary of the Board of Directors.

An accountant of the accounting firm and a lawyer of the law firm engaged by the Company may not concurrently hold the office of the secretary of the Board of Directors.

Supervisory Committee

Our Company shall have a Supervisory Committee. The Supervisory Committee shall be composed of three Supervisors. One of the members of the Supervisory Committee shall act as the chairman. The election or removal of the chairman of the Supervisory Committee shall be determined by two-thirds or more of the members of the Supervisory Committee. The chairman of the Supervisory Committee shall organise and exercise the functions and powers of the Supervisory Committee.

The Supervisory Committee shall consist of two representatives of shareholders, one representative of staff and workers of our Company. The representatives of shareholders shall be elected and removed by the shareholders' general meeting; the representative of staff and workers of our Company shall be elected and removed by the staff and workers of our Company democratically thereby.

The Supervisory Committee shall be accountable to the shareholders' general meeting and exercise the following powers in accordance with laws:

- to check the regular reports prepared by the Board of Directors and provide recommendations;
- to examine our Company's financial activities;
- to supervise the Directors, senior executive officers in their performance of duties and to propose the removal of Directors, senior executive officers who have contravened any law, administrative regulation, our Articles of Association or resolution at shareholders' general meetings;
- to demand rectification from a Director, senior executive officer when the acts of such person are harmful to our Company's interest;
- to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board of Directors to the shareholders' general meeting and, should any queries arise, to authorise, in the name of our Company, a re-examination by certified public accountants or practicing auditors;
- to propose to convene a shareholders' extraordinary general meeting and to convene and preside over the shareholders' general meeting when the Board of Directors fails to perform its duty of convening and presiding over the shareholders' general meeting under the Company Law;
- to make new proposals at the shareholders' general meeting;
- to bring an action against a Director and senior executive officer according to the provisions of the Company Law;
- to investigate when our Company's operations show abnormal signs and hiring accounting firms, law firms or other professional organization to assist if necessary with the relevant expenses being paid by our Company;
- to exercise other powers specified in the Articles of Association.

Board of Directors

The Board of Directors is responsible to the shareholders' general meeting and for exercising the following powers:

- convening the shareholders' general meeting and to report on its work to the shareholders' general meeting;
- implementing resolutions of the shareholders' general meeting;

- determining the operating plans and investment proposals of our Company;
- formulating the annual financial budgets and final accounts;
- formulating our profit distribution plans and plans for recovery of losses;
- formulating proposals for increase or reduction of our registered capital and the issue of bonds or other securities or the listing of the Company;
- formulating plans of substantial acquisition by our Company, acquisition of the shares of our Company or merger, separation, dissolution and changes of the form of our Company;
- as conferred by the shareholders' general meeting, determining matters concerning external investments, acquisition and sales of assets, assets write-off, assets mortgages, external guarantees, entrustment of assets and connected transactions;
- deciding on the establishment of our internal management structure;
- appointing and removing our Company's President, secretary of the Board of Directors and under the nominations of President, appointing and removing vice President, chief financial officer and other senior executive officers and deciding on their remuneration and punishment;
- formulating the Company's basic management system;
- formulating proposals for any amendment to our Articles of Association;
- managing the disclosure of the Company's information;
- proposing to the shareholders' general meeting engagement or replacement of accountant's firm conducting auditing for the Company;
- reviewing the work of the President and assessing the performance of the President; and
- exercising such other functions and powers as conferred by laws, administrative regulations, department regulations or our Articles of Association.

The passing of a resolution of the Board of Directors requires the affirmative vote of a simple majority of all Directors.

Regular meetings of the Board of Directors shall be held four times every year and convened by the chairman of the Board of Directors. Notice of a meeting shall be served on all the Directors and Supervisors at least fourteen (14) days before the date of the meeting.

Meetings of the Board of Directors shall be held only if five (5) or more Directors are present. Each Director shall have one vote.

Accounts and Audit

Our Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the PRC to audit our Company's annual financial statements and review our Company's other financial reports.

The term of the certified public accounting firm appointed by our Company is one year, commencing from the conclusion of the annual general meeting of shareholders at which the appointment is made until the conclusion of the next annual general meeting of shareholders.

Before the convening of the shareholders' general meeting, the Board of Directors may fill any casual vacancy in the office of the certified public accountants' firm, but while any such vacancy continues, the surviving or continuing firm, if any, may act.

The shareholders in general meetings may, by an ordinary resolution, remove a certified public accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between our Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

The remuneration of a certified public accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in general meetings. The remuneration of a certified public accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.

Our Company's appointment of, removal of and non-reappointment of a certified public accounting firm shall be resolved by shareholders in general meetings and be filed with the CSRC.

Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of a certified public accounting firm, which is not an incumbent firm, to fill a casual vacancy in the office of the certified public accounting firm, reappointment of a retiring certified public accounting firm which was appointed by the Board of Directors to fill a casual vacancy, or removal of the certified public accounting firm before the expiration of its terms of office, the following provisions shall apply:

- A copy of the proposal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post (leaving includes leaving by removal, resignation and retirement) before notice of meeting is given to the shareholders.

- If the firm leaving its post makes representations in writing and requests our Company to notify such representations to the shareholders, our Company shall (unless the representations are received too late):

  (i) in any notice of the resolution given to shareholders, state the fact of the representations having been made; and

  (ii) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.

- If the firm's representations are not sent in accordance with the preceding paragraph, the relevant firm may require that the representations be read out at the shareholders' general meeting and may lodge further complaints.

- A certified public accounting firm which is leaving its post shall be entitled to attend:

  (i) the shareholders' general meeting at which its term of office would otherwise have expired;

  (ii) any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and

  (iii) any shareholders' general meeting convened on its resignation.

A certified accounting firm who is leaving its post has the right to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former certified public accounting firm of our Company.

Where the certified public accounting firm resigns its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of our Company.

Any certified public accounting firm may resign its office by depositing at our Company's legal residence a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the followings:

- a statement to the effect that there is no circumstance connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of our Company; or

- a statement of any such circumstance.

Where a notice is deposited under the preceding paragraph, our Company shall within fourteen (14) days send a copy of the notice to the relevant governing authority. If the notice contains a statement under subparagraph two of the preceding paragraph, a copy of such statement shall be sent by mail, postage prepaid, to every shareholder who has a right to obtain financial reports of our Company at the address as recorded in the register of shareholders.

Where the certified public accounting firm's notice of resignation contains a statement of any circumstance which should be brought to the notice of the shareholders or creditors of our Company, the certified public accounting firm may require the Board of Directors to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

Dispute Resolution

The Company shall act according to the following principles to settle disputes:

- whenever any disputes or claims arise between holders of overseas-listed foreign shares and our Company, holders of overseas-listed foreign shares and our Company's Directors, Supervisors, President or other senior executive officers, or holders of overseas-listed foreign shares and holders of domestic shares, based on our Articles of Association, or any rights or obligations conferred or imposed by the Company Law, or any other relevant laws and administrative regulations concerning the affairs of our Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration provided that such person is our Company or our shareholder, Director, Supervisor, President, or other senior executive officer. Disputes in relation to the identification of shareholders and disputes in relation to the share register need not be referred to arbitration.

- A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

  If a claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- If any dispute or claim of rights is referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.

- The award of an arbitration body shall be final and conclusive and binding on all parties.

TAXATION

Taxation in the PRC

Taxes Applicable to the Company

Enterprise Income Tax

In accordance with the *Enterprise Income Tax Law of the People's Republic of China* ("EIT Law") (《中華人民共和國企業所得稅法》) promulgated on 16 March 2007 and the *Regulations for the Implementation of the Enterprise Income Tax Law* (《企業所得稅法實施條例》) promulgated on 6 December 2007, domestic enterprises and foreign-invested enterprises are subject to enterprise income tax at a uniform rate of 25%. In accordance with pertinent taxation laws and administrative regulations, the EIT Law and its implementation regulations provides for a five-year transition period in respect of enterprises incorporated prior to 16 March 2007 and entitled to concessions in enterprise income tax, so that the applicable tax rates for such enterprises would gradually be standardised at 25%. Enterprises entitled to fixed tax holiday or fixed tax reduction / exemption may continue to enjoy such concessions in the same manner as stipulated by the State Council until the conclusion of the tax holiday or the concession period. For enterprises who have not benefited from such concession due to the absence of profit, the concession period started from the effective date of the EIT Law, namely, 1 January 2008.

Business Tax

According to the *Provisional Regulations of The People's Republic of China on Business Tax* (《中華人民共和國營業稅暫行條例》) which came into effect on 1 January 1994 and amended on 10 November 2008 and *the Detailed Rules for Implementation of the Provisional Regulations of The People's Republic of China on Business Tax* (《中華人民共和國營業稅暫行條例實施細則》), which came into effect on 25 December 1993 and amended on 28 October 2011, taxpayers providing taxable services in the PRC are generally subject to a 5% business tax unless otherwise provided for. For entities or individuals who provide taxable labour services, transferring intangible assets or selling real estate in the PRC without a domestic business establishment, business taxes shall be withheld and paid by their domestic agents on their behalf. For entities or individuals who have not appointed any domestic agents, business taxes shall be withheld and paid by the transferees or buyers on their behalf.

Value-added Tax (VAT)

According to the *Provisional Regulations of the People's Republic of China on Value-added Tax* (《中華人民共和國增值稅暫行條例》) amended on 10 November 2008 and the *Detailed Rules for Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax* (《中華人民共和國增值稅暫行條例實施細則》) amended on 28 October 2011, all taxpayers selling goods or providing processing, repairing or replacement services and import of goods within the PRC shall pay VAT. The tax rate of 17% shall be levied on general taxpayers selling or importing various goods. The rate applicable the export of goods by taxpayers shall be nil, unless otherwise stipulated.

Furthermore, pursuant to the *Pilot Scheme for the Conversion of Business Tax to VAT* (《營業稅改徵增值稅試點方案》) promulgated by the Ministry of Finance and the State Administration of Taxation (SAT), the State started to introduce taxation reforms in a gradual manner with effect from 1 January 2012, whereby the collection of VAT in lieu of business tax items was implemented on a trial basis in regions showing significant radiating effects in economic development and providing strong cases as examples of reform, beginning with production service industries such as transportation and certain modern service industries.

Stamp duty

According to the *Provisional Regulations of the People's Republic of China on Stamp Duty* (《中華人民共和國印花稅暫行條例》) enacted on 6 August 1988 and summarily revised on 8 January 2011 and the *Detailed Rules for Implementation of the Provisional Regulations of the People's Republic of China on Stamp Tax* (《中華人民共和國印花稅暫行條例施行細則》) enacted on 29 September 1988, all entities and individuals executing or receiving taxable documents within the PRC shall pay stamp duty. The list of taxable documents includes purchase and sale contracts, processing contracts, construction project contracts, property lease contracts, cargo freight contracts, warehousing and storage contracts, loan contracts, property insurance contracts, technical contracts, other documents in the nature of contracts, title transfer deeds, business account books, certificates of rights, licenses and other documents confirmed to be taxable by the Ministry of Finance.

Taxes Applicable to Shareholders of Companies

Dividend-related Tax

Individual Investors

Pursuant to the *Provisional Regulations on Taxation Issues relating to Experimental Joint Stock Enterprises* (《股份制試點企業有關稅收問題的暫行規定》) and *the Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法》) (as amended in 2011) dividends paid by PRC companies are generally subject to a PRC withholding tax levied at a rate of 20%. For a foreign individual who is not resident of the PRC, the receipt of dividends from a company in the PRC is subject to a withholding tax of 20% unless reduced under an applicable tax treaty or specially exempted by the tax authority of the State Council.

In the *Letter of the SAT on Taxation Issues relating to Dividends Received in respect of Shares of PRC Domestic Listed Companies Held by Foreign Individuals* (《國家稅務總局關於外籍個人持有中國境內上市公司股票所取得的股息有關稅收問題的函》) dated 26 July 1994, the SAT reiterated that the provisional tax exemption in respect of foreign individuals' dividends received from PRC companies listed overseas, as set out in the *SAT Notice on Issues relating to the Collection of Income Tax on Gains from the Transfer of Stocks (Equities) and Dividends by Foreign-invested Enterprises, Foreign Enterprises and Foreign Individuals* (《國家稅務總局關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》), would continue to be in effect. In the event that this provisional tax exemption is withdrawn, a 20% tax may be withheld on dividends in accordance with the provisional regulations and individual income tax law. Such withholding tax may be reduced or exempted pursuant to an applicable double taxation treaty. To date, the competent tax authority has not collected any withholding tax on dividend payments on the exempted shares according to notices of tax collection.

Enterprise

Pursuant to the *Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Tax on Income* (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on 21 August 2006, the PRC government may impose tax on dividends paid to a Hong Kong resident including natural person and legal entity from a PRC company, but such tax shall not exceed 10% of the total sum of the dividends payable. If a Hong Kong resident holds 25% or more of equity interest in a PRC company, such tax shall not exceed 5% of the total sum of dividends payable by that PRC company.

Pursuant to the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》) effective from 1 January 2008 and its implementation regulations, a non-resident enterprise which has not established a representative office or other premises or whose established representative office or premises is not actually related to dividends and bonus received shall be subject to a 10% enterprise income tax on its revenues sourced in China. Such withholding tax may be reduced or exempted pursuant to an applicable double taxation treaty.

Pursuant to the *SAT Notice on Issues concerning the Withholding and Payment of Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to Overseas Non-resident Corporate H-share Holders* (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) promulgated by the SAT which became effective on 6 November 2008, a PRC resident enterprise shall withhold and pay the enterprise income tax at a uniform rate of 10% in respect of dividend distributions made for the year 2008 and beyond. Such withholding tax may be reduced or exempted pursuant to an applicable double taxation treaty.

Tax Treaties

Investors who are not PRC residents but either reside in countries which have entered into double-taxation treaties with the PRC or reside in Hong Kong SAR or Macau SAR may be entitled to a reduction of the withholding tax imposed on the dividends paid to such investors by a PRC company. The PRC currently has signed double-taxation avoidance arrangements with Hong Kong SAR and Macau SAR respectively, and has double-taxation avoidance treaties with a number of other countries, including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore and the United Kingdom, etc. Under each of such double taxation avoidance treaties or arrangements, the rate of withholding tax imposed by PRC's taxation authorities may be generally reduced.

Share transfer-related tax

Individual Investors

According to the *Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法》) and its implementation regulations, gains realized on the sale of equity interests shall be subject to individual income tax at a rate of 20%.

Pursuant to the *Notice on Continued Provisional Exemption of Individual Income Tax in respect of Income from Personal Transfers of Stocks* (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) jointly issued by the Ministry of Finance and the SAT dated 30 March 1998, in respect of the suspension of the collection of individual Income tax on income arising from the sales of shares, gains on sales of shares by individuals are exempted from individual income tax for the time being. Individual holders of H Shares shall be subject to income tax at a rate of 20% on capital gains, unless such tax is reduced or exempted under an applicable double taxation treaty.

Enterprise

Pursuant to the EIT Law and its implementation regulations (《中華人民共和國企業所得稅法》) and *the SAT Notice on Certain Taxation Issues relating to the Persistent Implementation of Enterprise Income Tax Law* (《國家稅務總局關於貫徹落實企業所得稅法若干稅收問題的通知》), revenue of an enterprise arising from the transfer of equity interests shall be recognized upon the transfer agreement becoming effective and the completion of formalities relating to the change in equity interests. The amount of revenue generated from the transfer of equity interests less costs incurred for the acquisition of such equity interests shall be deemed as income arising from the transfer of equity interest. In computing its income arising from the transfer of equity interests, an enterprise should not deduct the amount of retained earnings (unallocated profit) of the investee that might be attributable to the equity interests transferred. The final computation of enterprise income tax shall be based on such income.

Estate duty or inheritance tax

There is no estate duty or inheritance tax levied in China at present.

Stamp duty

According to the terms of the *Provisional Regulations of the People's Republic of China on Stamp Duty* (《中華人民共和國印花稅暫行條例》), the applicable stamp tax of the PRC on transfers of shares of PRC public companies shall not apply to purchases and disposals of H Shares that take place outside the PRC. Such provisional regulations provide that PRC stamp tax shall be only levied on various types of documents executed or received and legally bound within the territory of the PRC and protected under PRC laws.

Taxation in Hong Kong

Tax on dividends

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by us.

Taxation on capital gains and profits

No tax is imposed in Hong Kong in respect of capital gains from the sale of the H Shares. Trading gains generated from the sale of H Shares by persons who carry out trade, professional services and businesses carried in Hong Kong will be subject to Hong Kong profit tax, if such gains are derived or sourced from such trade, professional services and businesses carried out in Hong Kong. Currently, the profit tax rate is 16.5% for corporations and no more than 15% for unincorporated businesses. Gains from sales of the H Shares effected on the Hong Kong Stock Exchange will be deemed to be derived from or sourced in Hong Kong. Therefore, persons engaged in securities trading or dealing businesses in Hong Kong are liable to paying Hong Kong profit tax for trading gains received from the sale of H Shares on the Hong Kong Stock Exchange.

Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of the H Shares. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the H Shares transferred on each of the seller and purchaser. In other words, a total of 0.2% is currently payable on a typical transaction for the sale and purchase of H Shares. In addition, a fixed duty of HK$5.00 is chargeable on each instrument of transfer (if required). Where a sale or purchase of H Shares is effected by a person who is not a resident of Hong Kong and who has not paid any stamp duty payable on the instrument of transfer, the transferee shall be liable to the payment of such duty and other duties payable in respect of relevant instrument of transfers (if any).

Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of H Shares who die on or after 11 February 2006.

PRC LAWS AND REGULATIONS CONCERNING FOREIGN EXCHANGE CONTROL

Regulations for the Administration of Foreign Exchange (《外匯管理條例》)

To strengthen foreign exchange administration, maintain balance in international payments and facilitate the stable development of national economy, the PRC government continues to exercise foreign exchange control. The *Regulations for Foreign Exchange Control of the People's Republic of China* (《中華人民共和國外匯管理條例》) (amended in 2008) are among the major foreign exchange control laws and regulations of China.

Under the said regulations, there are two categories of foreign exchange transactions: those under the current account and those under the capital account. Current account items refer to transactions conducted on a recurrent basis by way of international payments, such as trade income and expenditure, labour service income and expenditure and one-off transfer of funds; Capital account items refer to transactions involving capital inflow or outflow of international payments that will result in the increase/decrease of assets and liabilities, such as direct investments, various types of loans and securities investments.

Articles 12 to 15 in Chapter Two provides for the administration of foreign exchange activities for current account items. Article 12 stipulates that foreign exchange income and expenditure for current account items should be based on true and legal transactions. Financial institutions engaged in the business of foreign exchange settlement and sales should conduct reasonable examination as to the authenticity of receipts evidencing the transaction and its consistency with foreign exchange income and expenditure. Moreover, the SAFE is authorised to carry out supervision and inspection over the aforesaid matters.

Clarification and Explanation of Issues relating to Regulations for the Settlement, Sale and Payment of Foreign Exchange and SAFE Notice on Issues relating to the Processing of Outbound Remittance of Profit, Dividend and Bonus by Designated Foreign Exchange Banks (《關於結匯、售匯及付匯管理規定中有關問題的解釋和説明》和《國家外匯管理局關於外匯指定銀行辦理利潤、股息、紅利匯出有關問題的通知》)

According to the *Clarification and Explanation of Issues relating to Regulations for the Settlement, Sale and Payment of Foreign Exchange* (《關於結匯、售匯及付匯管理規定中有關問題的解釋和説明》) issued by the SAFE on 4 July 1996, the outbound remittance of profit by foreign-invested enterprises is considered a current account item. Procedures for the remittance of profit by foreign-invested enterprises shall include:

- Obtaining a tax certificate from the SAT and local tax bureau to certify compliance with relevant tax rules, before remitting profit to overseas locations;

- Processed at designated foreign exchange banks.

According to the *SAFE Notice on Issues relating to the Processing of Outbound Remittance of Profit, Dividend and Bonus by Designated Foreign Exchange Banks* (《國家外匯管理局關於外匯指定銀行辦理利潤、股息、紅利匯出有關問題的通知》) promulgated by the SAFE on 22 September 1998 and further amended on 21 September 1999, foreign investors remitting their profit entitlements overseas shall furnish the following documents to designated foreign banks:

- Tax certificate evidencing the payment of tax;
- Audit report on annual profit, dividend and distribution furnished by an accounting firm;
- Board resolution on profit distribution and dividend;
- Foreign exchange registration certificate;
- Capital verification report furnished by an accounting firm;
- Other materials required by SAFE authorities.

Provided that if a foreign exchange transaction is considered an activity under the capital account, it must be registered with SAFE authorities and approved by the SAFE and relevant government authorities depending on the business nature of the enterprise making the application.

In the event of violation of relevant foreign exchange control regulations, orders may be given for the underlying assets to be transferred back to China and a penalty, normally equivalent to 30% of the amount concerned, will be imposed. In case of serious violations, personnel in-charge may be subject to criminal prosecution.

Notice on Issues relating to the Further Improvement of Foreign Exchange Control of Overseas-listed Enterprises, Notice on Issues relating to the Improvement of Foreign Exchange Control of Overseas-listed Enterprises and Notice on Issues relating to Foreign Exchange Control of Overseas-listed Enterprises (《關於進一步完善境外上市外匯管理有關問題的通知》、《關於完善境外上市外匯管理有關問題的通知》,《關於境外上市外匯管理有關問題的通知》)

The *Notice on Issues relating to the Further Improvement of Foreign Exchange Control of Overseas-listed Enterprises* (《關於進一步完善境外上市外匯管理有關問題的通知》) jointly issued by CSRC and SAFE, which took effect on 1 September 2002, provides that:

- Domestic equity holders of companies with overseas listed foreign shares and overseas listed companies controlled by Chinese investors shall, within 30 days after obtaining CSRC's approval for issuing and listing shares in foreign countries, complete foreign exchange registration of overseas-listed stocks with local SAFE branches. Companies with overseas listed foreign shares are companies incorporated China and listed overseas. Overseas listed companies controlled by Chinese investors are overseas listed companies incorporated overseas and controlled by Chinese investors.

- Companies with foreign shares listed overseas shall, within 30 days after the funds raised have become ready, remit to China the amount of the funds remaining after deduction of related costs. Such funds may not be detained in foreign countries without approval of local SAFE branches. The funds remitted to China are subject to management as if they were funds directly invested by foreign investors, and may be kept in earmarked accounts or be used for foreign exchange settlement with the approval of local SAFE branches.

- Foreign-currency funds received by domestic equity holders of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors from the sell-down of shares in listed companies or through the listed companies' sale of their assets (or equity) shall be remitted to China within 30 days after the funds become available and after deduction of related costs. Such foreign-currency funds may not be detained in foreign countries without approval of local SAFE branches. Foreign exchange settlement in respect of such funds shall be processed with the approval of local SAFE branches after they are remitted to China.

- If overseas accounts are to be opened for temporary deposit of the abovementioned foreign-currency funds before they are remitted to China, application may be made to local SAFE branches for opening such earmarked foreign exchange accounts, of which the maximum term shall be 3 months from the date of account opening.

- Overseas listed companies controlled by Chinese investors who have injected fundraising proceeds as investment or foreign debts in China shall fulfill appropriate procedures according to prevailing regulations governing investments, foreign debts and foreign exchange control.

- The procedure for foreign exchange registration of overseas investment shall be carried out according to regulations for overseas investments of domestic equity holders of overseas listed companies controlled by Chinese investors who inject assets or equity overseas. The asset or equity to be so injected shall be appraised, the amount of the overseas investment shall not be less than the appraised value of the asset or equity to be injected, and the asset appraisal and confirmation procedure prescribed by the state-owned assets administration shall be fulfilled if the investment involves state-owned assets.

- Companies with foreign shares listed overseas that need to repurchase their own shares listed and circulated overseas shall, after obtaining the approval from CSRC, complete procedures with local branches of SAFE to amend the foreign exchange registration relating to their overseas-listed shares and to seek approvals for the opening of overseas accounts and the remittance of funds overseas.

On 9 September 2003, SAFE issued the *Notice on Issues relating to the Improvement of Foreign Exchange Control of Overseas-listed Enterprises* (《關於完善境外上市外匯管理有關問題的通知》), clarifying relevant issues in the *Notice on Issues relating to the Further Improvement of Foreign Exchange Control of Overseas-listed Enterprises* (《關於進一步完善境外上市外匯管理有關問題的通知》). On 1 February 2005, SAFE issued the *Notice on Issues relating to Foreign Exchange Control of Overseas-listed Enterprises* (《關於境外上市外匯管理有關問題的通知》), further revising and supplementing the abovementioned notices as follows:

- The time limit for domestic equity holders of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors to remit funds to China has been extended to "within 6 months after the funds so raised have become ready," and for earmarked overseas foreign exchange accounts, the time period has been extended to "2 years from the date of account opening."

- Domestic equity holders of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors who reduce their holdings of stocks in listed companies through the sale of their assets (equity) may apply for the opening of earmarked accounts at the local branches of SAFE (or use existing accounts) to remit such foreign-currency proceeds to China. Such foreign-currency proceeds/funds may not be used for foreign exchange settlement without the prior approval of the local branches of SAFE.

According to the second amendment of the Foreign Exchange Control Regulations effective on 6 August 2008, the aforesaid requirement to remit the exchange income to China is further eased. The amendment states that foreign exchange income may be remitted to China or kept in overseas accounts under prescribed conditions and/or within prescribed time limits.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated in Shenzhen, Guangdong Province, the PRC under the PRC Companies Law as a joint venture on 14 January 1980 and was named as "China International Marine Containers Co., Ltd." (中國國際海運集裝箱股份有限公司) (the "**Predecessor Company**"). After being restructured as a joint stock limited company in December 1992, and publicly offered A Shares and B Shares which were listed on the Shenzhen Stock Exchange in 1994, our Company changed its name to "China International Marine Containers (Group) Co., Ltd." (中國國際海運集裝箱(集團)股份有限公司) on 25 August 1995.

Our Company has established a place of business at 3101–2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 22 November 2012. Mr. Siu Kwok Keung and Mr. Cheong Sui Fai, the authorised representatives of our Company for the purpose of Part XI of the Companies Ordinance, have been appointed as our Company's agent for the acceptance of service of process in Hong Kong.

For the purpose of Rule 3.05 of the Hong Kong Listing Rules, our Company has appointed Mr. Mai Boliang and Mr. Yu Yuqun as its authorised representatives and Mr. Cheong Sui Fai, a Hong Kong resident and the assistant company secretary of our Company, as alternative authorised representative, to act as our Company's principal channels of communication with the Hong Kong Stock Exchange. For more details, please refer to the disclosure under the paragraph headed "Waivers from strict compliance with the Hong Kong Listing Rules — Management Presence" of this listing document.

As our Company was incorporated in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of certain provisions of the Articles of Association is set out in Appendix VII to this listing document. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix VI to this listing document.

2. Change in share capital of our Company

At the date of establishment, the initial registered capital of our Predecessor Company was US$3,000,000, with three shareholders being China Merchants Steam Navigation Co., Ltd. (招商局輪船股份有限公司), the East Asiatic Company (Denmark) and Ocean Containers Inc. (USA). In December 1992, as approved by the General Office of the People's Government of Shenzhen and Shenzhen Special Economic Zone Branch of People's Bank of China, the Predecessor Company was restructured as a joint stock limited company with a share capital of RMB64 million divided into 64,000,000 shares of RMB1.00 each, the equity interest of which was held by COSCO as to 40.95%, China Merchants Group as to 40.95%, the East Asiatic Company (Denmark) as to 9.1% and our employees as to 9% at that time.

On 17 January 1994, upon the approval of Shenzhen Securities Administration Office, the Company publicly offered 12,000,000 A Shares to domestic investors and 13,000,000 B Shares to overseas investors. The A Shares and the B Shares were listed on the Shenzhen Stock Exchange on 8 April 1994 and 23 March 1994, respectively. Upon the issuance of such shares, the total share number of our Company was increased to 89,000,000 shares.

Along with the continuous expansion of our Company, its total issued share capital gradually increased, and by 5 June 2007, the total issued share capital of the Company has reached 2,662,396,051 shares by a capitalisation of our capital reserve at a rate of 2 shares for every 10 shares.

On 17 September 2010, at the first extraordinary general meeting of the Company in 2010, a share option scheme was approved, pursuant to which a total number of 60,000,000 share options were granted to the grantees, including Directors of our Company and certain senior management officers and technical staff of our Company and our subsidiaries, allowing the grantees to exercise the option to purchase 60,000,000 A Shares of the Company pursuant to the terms and the conditions as set out in such share option scheme.

As of the Latest Practicable Date, the Company had 2,662,396,051 shares (including 1,231,915,542 A Shares and 1,430,480,509 B Shares) and a registered capital of RMB2,662,396,051. Upon completion of the Listing, the Company will have 2,662,396,051 shares (including 1,231,915,542 A Shares and 1,430,480,509 H Shares) and a registered capital of RMB2,662,396,051.

Save as aforesaid, there has been no alteration in the share capital of our Company within the two years preceding the date of this listing document.

3. The extraordinary general meeting of the Company in relation to the Listing held on 30 August 2012

At an extraordinary general meeting of our Company held on 30 August 2012, among other things, the following resolutions were passed by the Shareholders of our Company:

(a) the Articles of Association has been approved and adopted, which shall only become effective on the Listing Date, subject to the approval of competent authorities;

(b) the Implementation Plan in relation to relevant details of the proposed conversion of all 1,430,480,509 B Shares into H Shares and the proposed listing of H Shares on the Main Board of the Hong Kong Stock Exchange by way of introduction, has been approved and adopted, subject to the approval of competent authorities;

(c) the Board of Directors and its authorised representatives were authorised to deal with all relevant matters relating to the proposed conversion of all 1,430,480,509 B Shares into H Shares and the proposed listing of H Shares on the Main Board of the Hong Kong Stock Exchange by way of introduction; and

(d) the validity period of all relevant resolutions passed at this extraordinary general meeting of our Company in relation to the proposed conversion of all 1,430,480,509 B Shares into H Shares and the proposed listing of H Shares on the Main Board of the Hong Kong Stock Exchange by way of introduction shall be 18 months from the date of approval and adoption of all such relevant resolutions, being 30 August 2012.

4. Changes in the share capital of our major subsidiaries

Our major subsidiaries (for the purpose of the Hong Kong Listing Rules) as of the date of this listing document are referred to the disclosure under the heading of "History and Development — our shareholding and Group structure — Our major subsidiaries" of this listing document. The following alterations in the share capital (or registered capital, as the case may be) of our major subsidiaries have taken place within the two years preceding the date of this listing document:

(a) On 3 December 2010, the registered capital of Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. (深圳市中集天宇房地產發展有限公司) was increased from RMB154,634,066 to RMB254,634,066. Immediately upon the completion of capital increase, Shenzhen CIMC Skyspace Real Estate Development Co., Ltd was held as to 90% by CIMC Shenfa Construction Industrial Co., Ltd. (中集申發建設實業有限公司) and 10% by Shenzhen Oriental Skyspace Investment and Development Co., Ltd. (深圳市東方天宇投資發展有限公司).

(b) On 30 December 2010, the registered capital of Yangzhou CIMC Tonghua Special Vehicle Co., Ltd. (揚州中集通華專用車有限公司) was decreased from RMB510,640,000 to RMB294,264,000.

(c) On 24 December 2010, the registered capital of Xinhui CIMC Special Transportation Equipment Co., Ltd (廣東新會中集特種運輸設備有限公司) was increased from US$ 9,000,000 to US$16,600,000.

(d) On 18 February 2011, the share capital structure of CIMC Financial Leasing was altered in accordance with two share transfer agreements entered in December 2010 between CIMC Vehicle and the Company and between CIMC Vehicle Investment Holdings Company Limited ("**CIMC Vehicle Holdings**") and CIMC Hong Kong, pursuant to which, CIMC Vehicle transferred 75% equity interest in CIMC Financial Leasing to our Company and CIMC Vehicle Holdings transferred 25% equity interest in CIMC Financial Leasing to CIMC Hong Kong. Upon the completion of the said share transfers on 18 February 2011, our Company held 75% equity interest and CIMC Hong Kong held 25% equity interest in CIMC Financial Leasing.

(e) On 20 March 2011, the Company and CIMC Hong Kong entered into a capital increase agreement, pursuant to which, the Company agreed to inject US$26,000,000 and CIMC Hong Kong agreed to inject US$1,000,000 in the registered capital of Tianjin CIMC Containers Co., Ltd (天津中集集裝箱有限公司) ("**CIMC Tianjin**"). Upon the completion on 31 December 2011, the registered capital of CIMC Tianjin was increased from US$23,000,000 to US$50,000,000 and the equity interest of CIMC Tianjin was held as to 75% by the Company and 25% by CIMC Hong Kong.

(f) On 1 July 2011, CIMC Vehicle and CIMC Vehicle Holdings entered into a share transfer agreement, pursuant to which, CIMC Vehicle Holdings transferred its 25% equity interest in Shenzhen CIMC Special Vehicle Co., Ltd (深圳中集專用車有限公司) for a consideration of RMB51,251,600 to CIMC Vehicle. Upon the completion of share transfer, Shenzhen CIMC Special Vehicle Co., Ltd was held as to 75% by CIMC Vehicle and 25% by CIMC Vehicle Holdings.

(g) On 30 June 2011, Economic and Technological Development and Construction Corporation of Jiaozhou City (膠州市經濟技術開發建設總公司) entered into a share transfer agreement with CIMC Hong Kong, pursuant to which, Economic and Technological Development and Construction Corporation of Jiaozhou City transferred its 10.7% equity interest in Qingdao CIMC Reefer Container Manufacture Co., Ltd (青島中集冷藏箱製造有限公司) to CIMC Hong Kong. Upon the completion of such share transfer on 30 August 2011, the equity interest of Qingdao CIMC Reefer Containers Manufacture Co., Ltd was held as to 78.93% by CIMC Hong Kong and 21.07% by the Company.

(h) On 20 October 2011, the registered capital of Shijiazhuang Enric Gas Equipment Co., Ltd.(石家莊安瑞科氣體機械有限公司) was increased from US$7,000,000 to US$32,000,000.

(i) On 22 October 2011, CIMC Vehicle Holdings and CIMC Vehicle entered into a share transfer agreement, pursuant to which, CIMC Vehicle Holdings transferred its 25.5% equity interest in Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (揚州中集通華專用車有限公司) to CIMC Vehicle. Upon the completion of the share transfer on 20 December 2011, Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd was wholly-owned by CIMC Vehicle.

(j) On 3 November 2011, the registered capital of CIMC Vehicle was increased from US$75,000,000 to US$168,000,000.

(k) On 9 December 2011, the registered capital of Yantai CIMC Raffles was increased from RMB402,690,000 to RMB1,042,690,000.

(l) On 1 June 2012, the registered capital of CIMC Financial Leasing was increased from US$20,000,000 to US$ 70,000,000.

(m) On 27 June 2012, the registered capital of Luoyang CIMC Lingyu Automobile Co., Ltd (洛陽中集凌宇汽車有限公司) was increased from RMB60,000,000 to RMB100,000,000.

(n) On 17 October 2012, CIMC Vehicle Holdings, a shareholder of CIMC Enric, entered into a share placement deed with Oriental Patron Securities Limited, pursuant to which CIMC Vehicle Holdings disposed of a total of 103,500,000 shares in the issued ordinary share capital of CIMC Enric. Immediately upon the completion of the placing, the issued ordinary share capital of CIMC Enric was held as to 7.53% by CIMC Vehicle Holdings, 19.13% by Charm Wise Limited, and 25.53% by CIMC Hong Kong.

5. Sino-foreign joint ventures

Among the major subsidiaries of our Company, there are 22 sino-foreign joint ventures in which we are interested. Details regarding the sino-foreign joint ventures are set out below:

(1) CIMC Vehicle (Group) Co., Ltd. (中集車輛(集團)有限公司)

Parties and equity interest	Our Company	56%
	CIMC Hong Kong	24%
	China Resources SZITIC Trust Co., Ltd (華潤深國投信託有限公司)	20%
Terms of joint venture	30 years	
Place of incorporation	PRC	
Date of establishment	29 August 1996	
Main scope of business:	Development, production and sale of various high-tech and high-performance special vehicle and semi-trailer series	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$168,000,000	
Registered share capital	US$168,000,000	

(2) Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd. (深圳南方中集東部物流裝備製造有限公司)

Parties and equity interest	Our Company	75%
	CIMC Hong Kong	25%
Terms of joint venture	30 years	
Place of incorporation	PRC	
Date of establishment	7 April 2005	
Main scope of business:	Manufacture and repair of containers and design and manufacture of new-style special road and port mechanical equipment	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$16,600,000	
Registered share capital	US$16,600,000	

(3) Shanghai CIMC Reefer Containers Co., Ltd. (上海中集冷藏箱有限公司)

Parties and equity interest . .	Our Company	72%
	CIMC Hong Kong	20%
	Sumitomo Corporation	5%
	Ronan Industries Corporation of Baoshan District of Shanghai City (上海市寶山區羅南工業公司)	3%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	14 June 1995	
Main scope of business:	Manufacture and sale of refrigerating and heat preservation devices for reefer containers, refrigerator car and insulated car	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$31,000,000	
Registered share capital	US$31,000,000	

(4) Qingdao CIMC Reefer Container Manufacture Co., Ltd. (青島中集冷藏箱製造有限公司)

Parties and equity interest . .	CIMC Hong Kong	78.93%
	Our Company	21.07%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	29 January 1999	
Main scope of business:	Manufacture of reefer containers and providing relevant technical advisory and maintenance services	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$39,060,000	
Registered share capital	US$39,060,000	

(5) Qingdao CIMC Container Manufacture Co., Ltd (青島中集集裝箱製造有限公司)

Parties and equity interest . .	CIMC Holdings (B.V.I) Limited	61.06%
	Our Company	32.83%
	CIMC Hong Kong	6.11%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	29 January 1999	
Main scope of business:	Manufacture of containers and various components	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$27,840,000	
Registered share capital	US$27,840,000	

(6) Tianjin CIMC Containers Co., Ltd (天津中集集裝箱有限公司)

Parties and equity interest . .	Our Company	75%
	CIMC Hong Kong	25%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	31 May 2005	
Main scope of business:	Manufacture and sale of containers and relevant technical advisory services; containers stockpiling business	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$50,000,000	
Registered share capital	US$50,000,000	

(7) Xinhui CIMC Special Transportation Equipment Co., Ltd. (廣東新會中集特種運輸設備有限公司)

Parties and equity interest . .	Our Company	75%
	CIMC Hong Kong	25%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	20 January 2003	
Main scope of business:	Manufacture and sale of various containers, semi-finished containers and relevant components and parts and providing leasing and maintenance services	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$16,600,000	
Registered share capital	US$16,600,000	

(8) Taicang CIMC Containers Co., Ltd. (太倉中集集裝箱製造有限公司)

Parties and equity interest . .	Our Company	50%
	CIMC Holdings (B.V.I) Limited	50%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	12 May 2004	
Main scope of business:	Manufacture and repair of containers	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$40,000,000	
Registered share capital	US$40,000,000	

(9) Zhumadian CIMC Huajun Vehicle Co., Ltd. (駐馬店中集華駿車輛有限公司)

Parties and equity interest . .	CIMC Vehicle	47.4%
	CIMC Vehicle Investment Holdings Company Limited	52.6%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	30 October 1997	
Main scope of business:	Refitting of special vehicles and sale of vehicle-related materials	
Nature	Sino-foreign joint venture	
Paid-up share capital	RMB85,340,000	
Registered share capital	RMB85,340,000	

(10) Shenzhen CIMC Special Vehicle Co., Ltd. (深圳中集專用車有限公司)

Parties and equity interest . .	CIMC Vehicle	75%
	CIMC Vehicle Investment Holdings Company Limited	25%
Terms of joint venture	30 years	
Place of incorporation	PRC	
Date of establishment	17 May 2004	
Main scope of business:	Development, production and sale of various special-use vehicles, and relevant components and parts	
Nature	Sino-foreign joint venture	
Paid-up share capital	RMB200,000,000	
Registered share capital	RMB200,000,000	

(11) CIMC Financial Leasing Co., Ltd. (中集融資租賃有限公司)

Parties and equity interest . .	Our Company	75%
	CIMC Hong Kong	25%
Terms of joint venture	30 years	
Place of incorporation	PRC	
Date of establishment	30 July 2007	
Main scope of business:	Financing lease business; disposal and maintenance for residual value of leased properties; advisory and warranty for leasing transactions	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$70,000,000	
Registered share capital	US$70,000,000	

(12) Shanghai CIMC Baowell Industries Co., Ltd. (上海中集寶偉工業有限公司)

Parties and equity interest	Our Company	35.37%
	Shenzhen Southern CIMC Container Manufacture Co., Ltd (深圳南方中集集裝箱製造有限公司)	34.21%
	CIMC Holdings (B.V.I) Limited	25.16%
	Luodian Industries Company of Baoshan District of Shanghai City(上海市寶山區羅店工業公司)	5.26%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	9 April 1993	
Main scope of business:	Manufacture and sale of containers	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$28,500,000	
Registered share capital	US$28,500,000	

(13) Dalian CIMC Logistics Equipment Co., Ltd. (大連中集物流裝備有限公司)

Parties and equity interest	Our Company	50%
	CIMC Holdings (B.V.I) Limited	50%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	25 October 2004	
Main scope of business:	Design, manufacture and sale of logistics equipment and relevant technical advisory services	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$14,000,000	
Registered share capital	US$14,000,000	

(14) Qingdao CIMC Special Reefer Co., Ltd. (青島中集特種冷藏設備有限公司)

Parties and equity interest	CIMC Hong Kong	82.7%
	Our Company	17.3%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	31 May 2004	
Main scope of business:	Manufacture of reefer containers, insulated containers, aluminum containers and parts of semi-trailer	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$11,500,000	
Registered share capital	US$11,500,000	

(15) Zhangzhou CIMC Container Co., Ltd. (漳州中集集裝箱有限公司)

Parties and equity interest	Our Company	65%
	CIMC Holdings (B.V.I) Limited	35%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	29 November 2002	
Main scope of business:	Manufacture and sale of containers and relevant technical advisory services	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$23,000,000	
Registered share capital	US$23,000,000	

(16) Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (南通中集特種運輸設備製造有限公司)

Parties and equity interest	CIMC Holdings (B.V.I) Limited	71%
	Sumitomo Corporation	15%
	Nantong Wanda Boiler Co., Ltd (南通萬達鍋爐有限公司)	14%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	10 July 1998	
Main scope of business:	Manufacture, sale and repair of various troughs, tanks and various special storing and transporting equipment and parts	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$10,000,000	
Registered share capital	US$10,000,000	

(17) Ningbo CIMC Logistics Equipment Co., Ltd. (寧波中集物流裝備有限公司)

Parties and equity interest	CIMC Holdings (B.V.I) Limited	75%
	Our Company	25%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	17 October 2003	
Main scope of business:	Manufacture and sale of containers and relevant technical advisory services	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$15,000,000	
Registered share capital	US$15,000,000	

(18) Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. (上海中集洋山物流裝備有限公司)

Parties and equity interest . .	Our Company	60%
	CIMC Holdings (B.V.I) Limited	40%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	20 September 2005	
Main scope of business:	Manufacture and sale of containers and relevant technical advisory services	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$29,480,000	
Registered share capital	US$29,480,000	

(19) Xinhui CIMC Container Co., Ltd. (新會中集集裝箱有限公司)

Parties and equity interest . .	CIMC Hong Kong	50%
	Our Company	20%
	Sumitomo Corporation	10%
	Nippon Steel Corporation	10%
	Mitsui& Co., Ltd	10%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	11 December 1995	
Main scope of business:	Manufacture, repair and sale of containers	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$24,000,000	
Registered share capital	US$24,000,000	

(20) Nantong CIMC Shunda Containers Co., Ltd. (南通中集順達集裝箱有限公司)

Parties and equity interest . .	CIMC Holdings (B.V.I) Limited	71%
	Sumitomo Corporation	15%
	Nantong Wanda Boiler Co., Ltd(南通萬達鍋爐有限公司)	14%
Terms of joint venture	25 years	
Place of incorporation	PRC	
Date of establishment	8 January 1990	
Main scope of business:	Manufacture and sale of containers	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$7,700,000	
Registered share capital	US$7,700,000	

(21) Yangzhou Runyang Logistics Equipments Co., Ltd. (揚州潤揚物流裝備有限公司)

Parties and equity interest . .	Taicang CIMC Containers Co., Ltd.	75%
	CIMC Holdings (B.V.I) Limited	25%
Terms of joint venture	15years	
Place of incorporation	PRC	
Date of establishment	19 April 2005	
Main scope of business:	Manufacture, repair and sale of containers	
Nature	Sino-foreign joint venture	
Paid-up share capital	US$20,000,000	
Registered share capital	US$20,000,000	

(22) Yantai CIMC Raffles Offshore Ltd. (煙台中集來福士海洋工程有限公司)

Parties and equity interest . .	CIMC Raffles Offshore (Singapore) Limited	86.77%
	Yantai CIMC Raffles Ship Co., Limited (Also known as "Yantai CIMC Raffles Shipyard Co., Ltd")	12.78%
	Taisun Resources Development Pte. Ltd.	0.45%
Terms of joint venture	50 years	
Place of incorporation	PRC	
Date of establishment	25 October 1996	
Main scope of business:	Construction and repair of various ships and relevant outfittings; manufacture and production of various pressure vessel and offshore oil platform	
Nature	Sino-foreign joint venture	
Paid-up share capital	RMB1,042,690,000	
Registered share capital	RMB1,042,690,000	

All transfer of registered share capital in the above joint ventures are subject to pre-emptive rights (if any) of their respective joint venture partners as set out in the respective joint venture contracts (subject to revision from time to time) and articles of association. The entitlements of joint venture partners to profits, dividends and other distributions of the above joint ventures are proportionate to their capital contribution ratios. The joint venture partners of the above joint ventures are entitled to extend terms of the joint ventures six months before expiry of such joint ventures, subject to approval of competent authority.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of our material contracts

We have entered into the following contracts (not being contracts in the ordinary course of business) which are material to our Group within the two years immediately preceding the date of this listing document:

(a) On 22 December 2010, our Company entered into a strategic cooperation agreement with China Merchants Bank Co., Ltd ("**China Merchants Bank**") in Shenzhen, pursuant to which, China Merchants Bank agreed to provide a credit line of RMB17.7 billion to the Company and will cooperate with the Company in a deeper and wider way in such areas as inter-bank business, cash management business, international business, investment bank business, enterprise annual salary business, domestic and offshore operation integration business and retail bank business.

(b) On 8 April 2011, our Company and Songz Automobile Air Conditioning Co., Ltd (上海加冷松芝汽車空調股份有限公司) entered into a joint venture agreement, pursuant to which, our Company and Songz Automobile Air Conditioning Co., Ltd agreed to establish Super-Refrigeration Equipment (Shanghai) Co., Ltd.(超冷(上海)製冷設備有限公司) as 50% and 50% equity holders.

(c) On 19 September 2011, 28 shareholders of Nanjing Yangzi Petrochemical Design Engineering Co., Ltd.(南京揚子石油化工設計工程有限責任公司) ("**Nanjing Yangzi**") entered into a share transfer agreement with CIMC Enric Investment Holding (Shenzhen) Limited (中集安瑞科投資控股(深圳)有限公司) ("**CIMC Enric Shenzhen**"), pursuant to which, CIMC Enric Shenzhen acquired 100% equity interest in Nanjing Yangzi in a consideration of RMB165,000,000.

(d) On 30 November 2011, Nantong CIMC Tank Equipment Co., Ltd. (南通中集罐式儲運設備製造有限公司) entered into an equity transfer agreement with CIMC Vehicle, for the acquisition of the 75% equity interest in Nantong CIMC Transportation & Storage Equipment Co., Ltd. (南通中集交通儲運裝備製造有限公司), for a consideration of RMB50,600,250.

(e) On 30 November 2011, Nantong CIMC Tank Equipment Co., Ltd. (南通中集罐式儲運設備製造有限公司) entered into an equity transfer agreement with CIMC Tank Equipment Investment Holdings Company Limited, for the acquisition of the 25% equity interest in Nantong CIMC Transportation & Storage Equipment Co., Ltd. (南通中集交通儲運裝備製造有限公司) for a consideration of USD2,500,000.

(f) On 16 December 2011, CIMC Hong Kong entered into a share transfer agreement with Leung Kee Holdings Limited, Bright Touch Investment Limited and Yantai Shipyard PTE.Ltd, pursuant to which, Leung Kee Holdings Limited, Bright Touch Investment Limited and Yantai Shipyard PTE.Ltd transferred 131,093,400 shares of CIMC Offshore Holdings Limited to CIMC Hong Kong for the consideration of US$113,723,524.5.

(g) On 16 August 2012, Ziemann International GmbH (formerly known as Kronen tausend 706 GmbH., a company established under the laws of Germany and an indirect wholly-owned subsidiary of CIMC Enric), entered into an asset purchase agreement with Dr. Tibor Braun in his capacity as insolvency administrator, whereby, Ziemann International GmbH agreed to purchase certain assets of Ziemann Ludwigsburg GmbH, Ziemann Services GmbH and Ziemann + Bauer GmbH and certain equity interests of Ziemann Consulting Pty. Ltd., Ziemann Australia & Oceania Pty. Ltd., Ziemann USA Inc., Ziemann Asia-Holding Co. Ltd. and Ziemann Asia-Pacific Co. Ltd. (collectively, the "**Ziemann Group**"), the aggregate consideration of which is approximately RMB205,727,075.

(h) On 28 August 2012, Sharp Vision Holdings Limited, a wholly-owned subsidiary of our Company, entered into a placement agreement with Pteris Global Limited (a company listed on the Singapore Stock Exchange, symbol: J74), pursuant to which, Pteris Global Limited agreed to issue and Sharp Vision Holdings Limited agreed to subscribe for 82,220,000 shares, at a price of S$0.13 per share, the total consideration of which amounted to S$10,688,600. Immediately upon the completion of issuance and subscription, our Company held 14.99% of Pteris Global Limited share capital indirectly.

(i) On 17 October 2012, CIMC Vehicle Holdings, a shareholder of CIMC Enric, entered into a share placement deed with Oriental Patron Securities Limited, pursuant to which CIMC Vehicle Holdings disposed of a total of 103,500,000 shares in the issued ordinary share capital of CIMC Enric. Immediately upon the completion of the placing, the issued ordinary share capital of CIMC Enric was held as to 7.53% by CIMC Vehicle Holding, 19.13% by Charm Wise Limited, and 25.53% by CIMC Hong Kong.

2. Our intellectual property rights

As of the Latest Practicable Date, we had registered the following intellectual property rights which are material to our business.

Patents

As of the Latest Practicable Date, we had registered the following patents which are material to our business.

No.	Name of patent	Owner	Patent certificate number	Patent number	Class	Period of validity
1.	"Ventilator with adjustable ventilation volume and container equipped with such ventilator"	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.; China International Marine Containers (Group) Co., Ltd.	No. 717711	ZL 200710175227.X	Invention patent	From 27 September 2007 to 27 September 2027

No.	Name of patent	Owner	Patent certificate number	Patent number	Class	Period of validity
2.	"A kind of door structure for container, its manufacturing method and container adopting such structure"	China International Marine Containers (Group) Co., Ltd.; Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	No. 405836	ZL 200410009649.6	Invention patent	From 10 October 2004 to 10 October 2024
3.	"Zinc clad static spray method"	Nantong CIMC Shunda Containers Co., Ltd.	No. 203713	ZL 01134173.4	Invention patent	From 13 November 2001 to 13 November 2021
4.	"Container coating chamber system with exhaust gas processing facility"	China International Marine Containers (Group) Co., Ltd.	No. 431245	ZL200510037005.2	Invention patent	From 1 September 2005 to 1 September 2025
5.	"Smart refrigeration container"	China International Marine Containers (Group) Co., Ltd.; Qingdao CIMC Special Reefer Co., Ltd.	No. 618723	ZL200610033102.9	Invention patent	From 16 January 2006 to 16 January 2026
6.	"Manufacturing method of a kind of wooden floor for container"	China International Marine Containers (Group) Co., Ltd.; Xinhui CIMC Container Flooring Co., Ltd.	No. 570140	ZL200610060450.5	Invention patent	From 21 April 2006 to 21 April 2026
7.	"A kind of smart container system and its communications method"	China International Marine Containers (Group) Co., Ltd.; Shenzhen CIMC Intelligent Technology Co., Ltd.	No. 861665	ZL200810241950.8	Invention patent	From 26 December 2008 to 26 December 2028
8.	"Sand sprayer and sand spray system with sand sprayer"	China International Marine Containers (Group) Co., Ltd.; Shenzhen Southern CIMC Containers Manufacture Co., Ltd.	No. 954390	ZL200910149198.9	Invention patent	From 30 June 2009 to 30 June 2029
9.	"A kind of pallet container"	China International Marine Containers (Group) Co., Ltd.; Dalian CIMC Logistics Equipment Co., Ltd.	No. 936076	ZL200910236690.X	Invention patent	From 4 November 2009 to 4 November 2029
10	"A kind of door hinge unit and foldable container with such unit"	Nentech Container Industrial Corp.; Taicang CIMC Containers Co., Ltd.; Li Hao	No. 978513	ZL201010111466.0	Invention patent	From 12 February 2010 to 12 February 2030
11	"A kind of tank for carrying bulk cement and powdered materials on semi-trailer"	Luoyang CIMC Linyu Automobile Co., Ltd.	No. 1147166	ZL 200820069336.3	Utility model patent	From 4 February 2008 to 4 February 2018

No.	Name of patent	Owner	Patent certificate number	Patent number	Class	Period of validity
12	"A kind of tipping trailer"	CIMC Vehicle Group Co., Ltd.; Zhumadian CIMC Huajun Vehicle Co., Ltd.	No. 648645	ZL200510101461.9	Invention patent	From 15 November 2005 to 15 November 2015
13	"Goose-neck semi-trailer"	China International Marine Containers (Group) Co., Ltd.; Zhumadian CIMC Huajun Vehicle Co., Ltd.	No. 956815	ZL200810137380.3	Invention patent	From 8 July 2008 to 8 July 2028
14	"A kind of refrigeration vehicle"	China International Marine Containers (Group) Co., Ltd.; Qingdao Refrigeration Transport Equipment Co., Ltd.; Qingdao CIMC Reefer Container Manufacture Co., Ltd.	No. 1020585	ZL200910243974.4	Invention patent	From 28 December 2009 to 28 December 2029
15	"Stand reinforcement mechanism and semi-trailer support unit and semi-trailer with such mechanism"	CIMC Vehicle Group Co., Ltd.; Liangshan Dongyue CIMC Vehicle Co., Ltd. Zhongji Dongyue Vehicle Co., Ltd.	No. 991241	ZL200910163580.5	Invention patent	From 28 August 2009 to 28 August 2029
16	"Split-type lateral beam and curtainsider semi-trailer with such split-type lateral beam"	CIMC Vehicle (Group) Co., Ltd.	No. 945370	ZL200910163597.2	Invention patent	From 28 August 2009 to 28 August 2029
17	"Lock-pin mechanism for transport semi-trailer"	CIMC Vehicle (Group) Co., Ltd.	No. 956239	ZL200910209227.6	Invention patent	From 2 November 2009 to 2 November 2029
18	"Large-capacity high-pressure wound gas bottle with steel liner and its manufacturing method"	Shijiazhuang Enric Gas Equipment Co., Ltd.	No. 428930	ZL 200610048148.8	Invention patent	From 15 August 2006 to 15 August 2026
19	"Low-temperature insulation gas bottle"	Shijiazhuang Enric Gas Equipment Co., Ltd.	No. 1141261	ZL 200720138400.4	Utility model patent	From 28 December 2007 to 28 December 2017
20	"Self-inflated compressed natural gas transport vehicle"	Shijiazhuang Enric Gas Equipment Co., Ltd.	No. 944050	ZL 200620127364.7	Utility model patent	From 15 August 2006 to 15 August 2016
21	"Manufacturing method of a kind of ultra-high pressure hydrogen bottle"	Shijiazhuang Enric Gas Equipment Co., Ltd.	No. 609281	ZL 200710185660.1	Invention patent	From 28 December 2007 to 28 December 2027

No.	Name of patent	Owner	Patent certificate number	Patent number	Class	Period of validity
22	"High vacuum insulation low-temperature liquefied gas tank"	China International Marine Containers (Group) Co., Ltd.; Shanghai Jiao Tong University	No. 341632	ZL 200410009013.1	Invention patent	From 15 April 2004 to 15 April 2024
23	"LNG refilling machine and refilling method"	China International Marine Containers (Group) Co., Ltd.; CIMC Vehicle (Group) Co., Ltd.; Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.	No. 868065	ZL200610011770.1	Invention patent	From 21 April 2006 to 21 April 2026
24	"Canopy for aircraft connection point of boarding bridge and canopy fabric and connection method for canopy skeleton"	China International Marine Containers (Group) Co., Ltd.; Shenzhen CIMC-Tianda Airport Support Ltd.	No. 349474	ZL 200410009313.X	Invention patent	From 9 July 2004 to 9 July 2024
25	"Stack building equipment"	Shenzhen CIMC-Tianda Airport Support Ltd.; China International Marine Containers (Group) Co., Ltd.	No. 911307	ZL200910158605.2	Invention patent	From 7 July 2009 to 7 July 2029
26	"Boarding bridge control system"	China International Marine Containers (Group) Co., Ltd.; Shenzhen CIMC-Tianda Airport Support Ltd.	No. 905859	ZL200810090399.1	Invention patent	From 1 April 2008 to 1 April 2028
27	"A kind of vertical vehicle depot"	Shenzhen CIMC-Tianda Airport Support Ltd.; China International Marine Containers (Group) Co., Ltd.	No. 913940	ZL200910238134.6	Invention patent	From 16 November 2009 to 16 November 2029

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which are material to our business.

No.	Trademark	Registrant	Registration number	Class	Period of validity	Place of Registration
1	Enric 安瑞科	Shijiazhuang Enric Gas Equipment Co., Ltd.	No. 3121218	6	From 14 June 2003 to 13 June 2013	PRC
2	YHTC	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	No. 1207583	12	From 14 September 1998 to 13 September 2018	PRC

No.	Trademark	Registrant	Registration number	Class	Period of validity	Place of Registration
3	中 集	China International Marine Containers (Group) Co., Ltd.	No. 1030773	12	From 14 June 2007 to 13 June 2017	PRC
4	CIMC	China International Marine Containers (Group) Co., Ltd.	No. 3082636	12	From 14 March 2003 to 13 March 2013	PRC
5	CIMC SSC	China International Marine Containers (Group) Co., Ltd.	No. 3658950	6	From 14 March 2005 to 13 March 2015	PRC
6	DOMINO Flatracks	China International Marine Containers (Group) Co., Ltd.	No. 3900303	6	From 28 December 2005 to 27 December 2015	PRC
7	CIMC 中集	China International Marine Containers (Group) Co., Ltd.	No. 4278586	6	From 21 January 2009 to 20 January 2019	PRC
8	CIMC	China International Marine Containers (Group) Co., Ltd	No. 300620711	12	From 18 April 2006 to 17 April 2016	Hong Kong
9	中集	China International Marine Containers (Group) Co., Ltd	No. 300620720	6,12	From 18 April 2006 to 17 April 2016	Hong Kong
10	CIMC	China International Marine Containers (Group) Co., Ltd	No. 300377866	6	From 1 March 2005 to 28 February 2015	Hong Kong

Domain Names

As of the Latest Practicable Date, we had registered the following domain names which are material to our business:

No.	Domain name	Registrant	Expiry Date
1	http://www.cimc.com	Our Company	14 July 2014
2	http://www.enricgroup.com	Enric (Langfang) Energy Equipment Integration Co., Ltd.	3 June 2013
3	http://www.cimc-raffles.com	CIMC Raffles	23 March 2015
4	http://www.holvrieka.net	Holvrieka Nirota B.V.	11 January 2013
5	http://www.tge-gas.com	TGE Gas Engineering GmbH	17 August 2013

C. DISCLOSURE OF INTERESTS

1. Disclosure of the interests of our Directors, Supervisors and chief executive

Immediately following completion of the Listing, the interests of our Directors, Supervisors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, once the Shares are listed, are as follows (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to our Supervisors):

(i) Interests in our Company

Name	Nature of interest	Number of securities	Approximate percentage of shareholding in the relevant class of Shares after the Listing	Approximate percentage of shareholding in the total share capital of our Company after the Listing
Mai Boliang.	Beneficial Interest	494,720 A Shares	0.04%	0.02%
Liu Xuebin	Beneficial Interest	2,400 H Shares	0.0002%	0.0001%

(ii) Interests in the underlying shares of our Company

Options were granted by our Company on 28 September 2010 and 22 September 2011 under a share option scheme approved by the extraordinary shareholders meeting held on 17 September 2010. For more details about the interest of directors, supervisors and senior managements in the underlying shares of our Company, please refer to "H. Other Information — 1. Share Option Scheme — (b) Outstanding Options Granted" in the same section of this listing document.

(iii) Interests in associated corporations

Name of associated corporation	Name	Nature of interest	Number of securities	Approximate percentage of shareholding
CIMC Enric Holdings Ltd.	Zhao Qingsheng	Beneficial Interest	1,664,000 *(Note 1)*	0.12% *(Note 2)*
	Yu Yuqun	Beneficial Interest	1,100,000 *(Note 1)*	0.08% *(Note 2)*
	Jin Jianlong	Beneficial Interest	1,100,000 *(Note 1)*	0.08% *(Note 2)*
	Wu Fapei	Beneficial Interest	500,000 *(Note 1)*	0.04% *(Note 2)*
CIMC Vehicle (Group) Co., Ltd	Mai Boliang	Beneficiary of a trust *(Note 3)*	10,000,000	4.5% *(Note 4)*
	Feng Wanguang	Beneficiary of a trust *(Note 3)*	1,500,000	0.68% *(Note 4)*
	Zhao Qingsheng	Beneficiary of a trust *(Note 3)*	3,000,000	1.36% *(Note 4)*
	Liu Xuebin	Beneficiary of a trust *(Note 3)*	2,000,000	0.91% *(Note 4)*
	Wu Fapei	Beneficiary of a trust *(Note 3)*	3,000,000	1.36% *(Note 4)*
	Li Yinhui	Beneficiary of a trust *(Note 3)*	4,000,000	1.81% *(Note 4)*
	Yu Ya	Beneficiary of a trust *(Note 3)*	2,000,000	0.91% *(Note 4)*
	Zhang Baoqing	Beneficiary of a trust *(Note 3)*	2,000,000	0.91% *(Note 4)*
	Yu Yuqun	Beneficiary of a trust *(Note 3)*	2,000,000	0.91% *(Note 4)*
	Jin Jianlong	Beneficiary of a trust *(Note 3)*	2,000,000	0.91% *(Note 4)*
	Zeng Beihua	Beneficiary of a trust *(Note 3)*	3,000,000	1.36% *(Note 4)*

Notes:

1. As of the Latest Practicable Date, Mr. Zhao owned 214,000 ordinary shares of CIMC Enric. Besides, Mr. Zhao, Mr. Yu, Mr. Jin and Mr. Wu were granted share options by CIMC Enric with 1,450,000 units, 1,100,000 units, 1,100,000 and 500,000 units of options on 11 November 2009 and 28 October 2011. For more details of CIMC Enric Option Scheme, please refer to "H Other Information — 1. Share Option Scheme — Our subsidiaries" in the same section of this listing document.

2. As of the Latest Practicable Date, the total number of issued ordinary shares of CIMC Enric was 1,382,401,522 , which is the calculation basis for these percentages.

3. Upon approval of shareholder's meeting on 17 October 2007, CIMC Vehicle adopted a stock credit plan, pursuant to which, China Resources SZITIC Trust Co., Ltd. who has been engaged as the trustee, for the benefit of core employees of CIMC Vehicle, acquired 20% equity interest in CIMC Vehicle and held the 20% equity interest by way of trust.

4. As of 30 June 2012, the total number of stock credit units under the stock credit plan of CIMC Vehicle was 220,700,000, which is the calculation basis for these percentages.

2. Particulars of service contracts

Each of our Directors has entered into a service contract with our Company on 5 December 2012. The principal particulars of these service contracts are (a) effective from the Listing Date to our Company's forthcoming 2012 annual general meeting to be held in April 2013 and can be renewed for a term of three years upon expiry; and (b) are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations.

Each of the Supervisors has entered into a contract with our Company on 5 December 2012 in respect of, among others, compliance with relevant laws and regulations, observations of the Articles of Association and provision on arbitration.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Remuneration of our Directors and Supervisors

For the three financial years ended 31 December 2009, 2010, 2011 and the six months ended 30 June 2012, the aggregate amount of remuneration and other benefits in kind (if applicable) paid by us to our Directors and Supervisors in their capacities as Directors and Supervisors were approximately RMB0.36 million, RMB0.36 million, RMB0.36 million and RMB0.18 million, respectively.

Save as disclosed above, no Director or Supervisor received other remuneration or benefits in kind from the Group in respect of the three financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012. Under the arrangement currently in force as of the date of this listing document, the aggregate amount of remuneration payable by our Group to our Directors and Supervisors in their capacities as Directors and Supervisors for the year ended 31 December 2012 is expected to be approximately RMB0.36 million in aggregate.

There was no arrangement under which a Director or Supervisor has waived or agreed to waive any emoluments during the Track Record Period.

4. Substantial Shareholders

(a) So far as our Directors are aware, immediately following the completion of the Listing, each of the following persons (other than our Directors, Supervisors and chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO or who is directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company carrying rights to vote in all circumstances at general meetings of our Company:

Name	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the relevant class of Shares after the Listing	Approximate percentage of shareholding in the total share capital of the Company after the Listing
China Merchants (CIMC) Investment Limited	Beneficial interest	679,927,917 H Shares	47.53%	25.54%
China Merchants Holdings (International) Limited *(Note 1)*	Interest in controlled corporation	679,927,917 H Shares	47.53%	25.54%
China Merchants Group Limited *(Note 1)*	Interest in controlled corporation	679,927,917 H Shares	47.53%	25.54%
COSCO Container Industries Limited . . .	Beneficial interest	432,171,843 A Shares	35.08%	16.23%
		148,320,037 H Shares	10.37%	5.57%
COSCO Pacific Limited *(Note 2)*	Interest in controlled corporation	432,171,843 A Shares	35.08%	16.23%
		148,320,037 H Shares	10.37%	5.57%
COSCO Pacific Investment Holdings Limited *(Note 2)*	Interest in controlled corporation	432,171,843 A Shares	35.08%	16.23%
		148,320,037 H Shares	10.37%	5.57%
China COSCO Holdings Company Limited *(Note 2)*	Interest in controlled corporation	432,171,843 A Shares	35.08%	16.23%
		148,320,037 H Shares	10.37%	5.57%

Name	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the relevant class of Shares after the Listing	Approximate percentage of shareholding in the total share capital of the Company after the Listing
COSCO *(Note 2)*.	Interest in controlled corporation	432,171,843 A Shares	35.08%	16.23%
		173,642,143 H Shares *(Note 3)*	12.14%	6.52%
Broad Ride *(Note 4)*. . .	Beneficial Interest	137,255,434 H Shares	9.60%	5.16%
Hony Capital Fund V, L.P. *(Note 5)*.	Interest in controlled corporation	137,255,434 H Shares	9.60%	5.16%

Notes:

(1) China Merchants (CIMC) Investment Limited is a wholly-owned subsidiary of China Merchants Holdings (International) Company Limited. China Merchants Group Limited owns 54.77% of the issued share capital of China Merchants Holdings (International) Company Limited. Therefore, China Merchants Holdings (International) Company Limited and China Merchants Group Limited are deemed or taken to be interested in all the shares which are owned by China Merchants (CIMC) Investment Limited for the purposes of the SFO.

(2) COSCO Container Industries Limited is a wholly-owned subsidiary of COSCO Pacific Limited, which in turn is 43.21% owned by COSCO Pacific Investment Holdings Limited. COSCO Pacific Investment Holdings Limited is a wholly-owned subsidiary of China COSCO Holdings Company Limited, which in turn is 52.80% owned by COSCO. Therefore, COSCO Pacific Limited, COSCO Pacific Investment Holdings Limited, China COSCO Holdings Company Limited and COSCO are deemed or taken to be interested in all the shares which are owned by COSCO Container Industries Limited for the purposes of the SFO.

(3) Of such 173,642,143 H Shares, 148,320,037 H Shares are directly held by COSCO Container Industries Limited and 25,322,106 H Shares are directly held by Long Honour Investments Limited, which is held as to 100% by COSCO (Hong Kong) Group Limited, which in turn is held as to 100% by COSCO.

(4) Broad Ride acquired 137,255,434 B Shares as the result of the exercise of Cash Option by the B Shareholders during the period from 5 December 2012 to 11 December 2012, which will be converted into H Shares upon the Listing.

(5) Broad Ride is a wholly-funded subsidiary of Hony Capital Fund V, L.P., thus Hony Capital Fund V, L.P is deemed or taken to be interested in all the shares owned by Broad Ride for the purpose of the SFO.

(b) As of the Latest Practicable Date, so far as is known to our Directors, the following persons were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our major subsidiaries or had option in respect of such capital:

Name of shareholder	Name of member of major subsidiaries	Approximate percentage of shareholding
China Resources SZITIC Trust Co., Ltd (華潤深國投信託有限公司)	CIMC Vehicle (Group) Co., Ltd. (中集車輛(集團)有限公司)	20%

Name of shareholder	Name of member of major subsidiaries	Approximate percentage of shareholding
Shenzhen Oriental Skyspace Investment and Development Co., Ltd (深圳市東方天宇投資發展有限公司)	Shenzhen CIMC Skyspace Real Estate Development Co., Ltd (深圳市中集天宇房地產發展有限公司)	10%
Sumitomo Corporation.	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd (南通中集特種運輸設備製造有限公司)	15%
	Xinhui CIMC Container Co., Ltd (新會中集集裝箱有限公司)	10%
	Nantong CIMC Shunda Containers Co., Ltd. (南通中集順達集裝箱有限公司)	15%
Nantong Wanda Boiler Co., Ltd. (南通萬達鍋爐有限公司)	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd (南通中集特種運輸設備製造有限公司)	14%
	Nantong CIMC Shunda Containers Co., Ltd. (南通中集順達集裝箱有限公司)	14%
Nippon Steel Corporation. . .	Xinhui CIMC Container Co., Ltd (新會中集集裝箱有限公司)	10%
Mitsui & Co., Ltd.	Xinhui CIMC Container Co., Ltd (新會中集集裝箱有限公司)	10%
Luoyang Lingyu Industrial Development Co., Ltd (洛陽凌宇實業發展有限公司)	Luoyang CIMC Lingyu Automobile Co., Ltd. (洛陽中集凌宇汽車有限公司)	25%
Wuhu Ruijiang Investment Co., Ltd. (蕪湖瑞江投資有限公司).	Wuhu CIMC Rui Jiang Automobile Co., Ltd. (蕪湖中集瑞江汽車有限公司)	25%

D. PERSONAL GUARANTEES

Our Directors and Supervisors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to us.

E. AGENCY FEES OR COMMISSIONS RECEIVED

Save as disclosed in this listing document, none of our Directors, Supervisors or any of the persons whose names are listed in the paragraph headed "consents of the experts" in this Appendix had received any commissions, discounts, agency fees, brokerages or other special terms were granted within the two years preceding the date of this listing document in connection with the issue or sale of any capital of any member of our Group.

F. RELATED PARTY TRANSACTIONS

During the two years preceding the date of this listing document, we have engaged in the material related party transactions as described in Note VI to Appendix III — Consolidated Financial Information for the year ended 31 December 2011 to this listing document.

G. DISCLAIMERS

Save as disclosed herein, as at the Latest Practicable Date:

(a) none of our Directors, Supervisors or the chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors;

(b) none of our Directors, Supervisors or any of the persons whose names are listed in the paragraph headed "consents of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this listing document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this listing document which is significant in relation to the business of our Group taken as a whole;

(d) save as disclosed in the paragraph headed "particulars of service contracts", none of our Directors or Supervisors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) none of our Directors knows of any person (not being a Director, Supervisor or chief executive of our Company) who will, immediately following completion of the Listing, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(f) so far as is known to our Directors, none of our Directors, Supervisors, or their respective associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

H. OTHER INFORMATION

1. Share Option Scheme

(a) Share Option Scheme

Our Company

(i) A share option scheme (the "**Scheme**") was approved and adopted at an extraordinary general meeting of the Company held on 17 September 2010. According to the Scheme, the Board of Directors was authorised to grant share options (at nil consideration) to certain eligible persons (subject to their respective acceptance) to subscribe for a total of 60,000,000 A Shares. Among the 60,000,000 share options, 54,000,000 share options were for the initial grants (the "**Initial Grants**") while the remaining 6,000,000 share options were for reservation purpose. The board resolution, which passed at the sixth meeting in 2010 of the Sixth Board of Directors of the Company held on 27 September 2010, has granted the Initial Grants and certain details of the Initial Grants are set out as follows:

Date of Grant:	28 September 2010 (the "**Grant Date**")
Consideration:	Nil
Exercise price:	RMB11.58 per share *(Note 1)*
Total number:	54,000,000 (each option entitles the grantee to subscribe for one A Share)
Validity period of the Scheme:	10 years commencing from the Grant Date and expiring on 27 September 2020 (both days inclusive) 25% of the options under the Initial Grants are exercisable from the first trading day after 24 months since the Grant Date to the last trading day within 48 months since the Grant Date. The remaining 75% options under the Initial Grants are exercisable from the first trading day after 48 months since the Grant Date to the last trading day of the validity period of the Scheme
Eligible persons:	181 core personnel of the Group, including senior executives and key personnel of technology and/or business operations of the Group

(ii) According to the board resolution passed at the thirteenth meeting in 2011 of the Sixth Board of Directors of the Company held on 21 September 2011, the aforementioned 6,000,000 share options for reservation under the Scheme approved on 28 September 2010 were granted to certain eligible persons (subject to their respective acceptance) to subscribe for a total of 6,000,000 A Shares (the "**Second Grants**"). Certain details of the Second Grants are set out as follows:

Date of Grant:	22 September 2011 (the "**Second Grant Date**")
Consideration:	Nil
Exercise price:	RMB17.11 per share *(Note 2)*
Total number:	6,000,000 (each option entitles the grantee to subscribe for one A Share)
Validity period of the Scheme:	10 years commencing from the Grant Date and expiring on 27 September 2020 (both days inclusive) 25% of the options under the Second Grants are exercisable from the first trading day after 24 months since the Second Grant Date to the last trading day within 48 months since the Second Grant Date. The remaining 75% options under the Second Grants are exercisable from the first trading day after 48 months since the Second Grant Date to the last trading day of the validity period of the Scheme
Eligible persons:	48 senior executives of certain members of the Group

Notes:

(1) The Company distributed a cash dividend of RMB0.35 per share on 1 June 2011 and RMB0.46 per share on 21 June 2012 to Shareholders which was approved by the respective extraordinary general meeting of the Company. Upon the implementation of the annual dividend distribution plan for 2010 and 2011, the exercise price of the 54,000,000 share options granted on 28 September 2010 under the Initial Grants was adjusted from RMB12.39 per share to RMB11.58 per share.

(2) The Company distributed a cash dividend of RMB0.46 per share on 21 June 2012 which was approved by the extraordinary general meeting of the Company. Upon the implementation of the annual dividend distribution plan for 2011, the exercise price of the 6,000,000 share options granted on 22 September 2011 under the Second Grants was adjusted from RMB17.57 per share to RMB17.11 per share.

Our Subsidiaries

(iii) On 11 November 2009, CIMC Enric Holdings Limited (**"CIMC Enric"**), a subsidiary of the Company which is listed on the Main Board of the Hong Kong Stock Exchange, has granted share options to certain eligible persons (subject to their respective acceptance) to subscribe for a total of 43,750,000 ordinary shares of HK$0.01 each in the capital of CIMC Enric (the "**Enric Plan I**") under its share option scheme adopted on 12 July 2006 (the "**CIMC Enric Option Scheme**"). According to the shareholders' resolution passed on 12 July 2006, the maximum number of shares which may be issued pursuant to the CIMC Enric Option Scheme shall not exceed 10% of the total issued share capital of CIMC Enric as at 12 July 2006. Among all the 43,750,000 share options granted under the Enric Plan I, 6,100,000 were granted to certain directors and the chief executive of CIMC Enric. Certain details of the Enric Plan I are set out as follows:

Date of Grant:	11 November 2009
Consideration:	HK$1.0
Exercise price:	HK$4.0 per share
Total number:	43,750,000 (each option shall entitle the grantee to subscribe for one ordinary share of CIMC Enric)
Validity period of the share option scheme:	10 years commencing from 11 November 2009 and expiring on 10 November 2019 (both days inclusive) 50% of the share options under the Enric Plan I are exercisable upon the expiry of 12 months from 11 November 2009, and up to 10 November 2019. The remaining 50% of the share options under the Enric Plan I are exercisable upon the expiry of 24 months from 11 November 2009, and up to 10 November 2019
Eligible persons:	Senior executives and other key employees (among all the 43,750,000 share options granted under Enric Plan I, 6,100,000 were granted to certain directors and the chief executive of CIMC Enric)

(iv) On 28 October 2011, CIMC Enric has granted another share options to certain eligible persons (subject to their respective acceptance) to subscribe for a total of 38,200,000 ordinary shares of HK$0.01 each in the capital of CIMC Enric under the CIMC Enric Option Scheme (the "**Enric Plan II**"). According to the shareholders' resolution with regard to refreshment of scheme mandate limit passed on 20 May 2011, the maximum number of shares which may be issued pursuant to the CIMC Enric Option Scheme shall not exceed 10% of the total issued share capital of CIMC Enric on the date of 20 May 2011. Among all the 38,200,000 share options granted under the Enric Plan II, 3,150,000 were granted to certain directors and the chief executive of CIMC Enric. Certain details of the Enric Plan II are set out as follows:

Date of Grant:	28 October 2011
Consideration:	HK$1.0
Exercise price:	HK$2.48 per share
Total number:	38,200,000 (each option shall entitle the grantee to subscribe for one ordinary share of CIMC Enric)
Validity period of the share options:	10 years commencing from 28 October 2011 and expiring on 27 October 2021 (both days inclusive)
	40% of the share options under the Enric Plan II are exercisable upon the expiry of 24 months from 28 October 2011, and up to 27 October 2021. 70% of the share options under the Enric Plan II are exercisable upon the expiry of 36 months from 28 October 2011, and up to 27 October 2021. The remaining 30% of the share options under Enric Plan II are exercisable upon the expiry of 48 months from 28 October 2011, and up to 27 October 2021
Eligible persons:	Senior executives and other key employees (among all the 38,200,000 share options granted under Enric Plan II, 3,150,000 were granted to certain directors and the chief executive of CIMC Enric)

CIMC Enric is a company listed on the Main Board of the Hong Kong Stock Exchange (Hong Kong stock code: 3899). For more details of the CIMC Enric Option Scheme, please refer to the relevant announcements of CIMC Enric on the website of the Hong Kong Stock Exchange.

(v) On 18 September 2007, CIMC Raffles Offshore (Singapore) Limited ("**CIMC Raffles**"), a subsidiary of the Company which is principally engaged in provision of project management services, construction and conversion of vessels, rigs and offshore facilities and investment holding, has granted share options to certain eligible persons (subject to their respective acceptance) to subscribe for a total of 6,355,003 ordinary shares in the capital of CIMC Raffles (the "**Raffles Scheme**") under its share option scheme adopted on 21 June 2006 (the "**CIMC Raffles Option Scheme**"). According to the shareholders' resolution passed on 21 June 2006, the maximum number of shares which may be issued pursuant to the CIMC Raffles Option Scheme shall not exceed 10% of the total issued share capital of CIMC Raffles on the date preceding the date of grant. Certain details of the CIMC Raffles Option Scheme are set out as follows:

Date of Grant:	18 September 2007
Consideration:	S$1
Exercise price:	Nok 10.5–26.00 per share
Total number:	6,355,003 (each option shall entitle the grantee to subscribe for one ordinary share of CIMC Raffles)
Validity period of the share options:	10 years commencing from 21 June 2006 and expiring on 20 June 2016 (both days inclusive), beyond which is subject to the shareholders' approval and the approval from relevant authorities The exercise period of share options under the CIMC Raffles Option Scheme is from 16 January 2009 to 18 September 2017
Eligible persons:	Eligible directors, senior executives and key employees

Save as disclosed above, there is no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option during the Track Record Period.

(b) Outstanding Options Granted

As Chapter 17 of the Hong Kong Listing Rules apply to all share option schemes involving the grant by a listing applicant or any of its subsidiaries of options over new shares or other new securities of the listing applicant or any of its subsidiaries under Rule 17.01(1) of the Hong Kong Listing Rules, no further options will be granted under the share option schemes of the Company and CIMC Raffles as described above after the Listing.

Our Company

As at the Latest Practicable Date, all the options to subscribe for an aggregate of 60,000,000 A Shares (representing approximately 2.25% of the total issued share capital of our Company) under the Scheme were granted and no further options will be granted under the Scheme from the Latest Practicable Date. Particulars of all the outstanding options under the Scheme (including both the Initial Grants and the Second Grants) are as follows:

Grantee	Title in our Company	Address	Number of share options granted	Percentage of total share options granted (%)	Percentage of total share capital (%)
Mai Boliang 麥伯良	Executive Director and President	Building 32C, Tianhaihaojingyuan, Shekou, Nanshan District, Shenzhen, Guangdong, PRC	3,800,000	6.33	0.14
Zhao Qingsheng 趙慶生 . . .	Vice President	17A, Yiting Garden No. 50 Hou Hai Road, Shekou, Nanshan District, Shenzhen, Guangdong, PRC	1,500,000	2.50	0.06
Wu Fapei 吳發沛	Vice President	5/F Shekou Financial Center, Nanshan District, Shenzhen, Guangdong, PRC	1,000,000	1.67	0.04
Li Yinhui 李胤輝	Vice President	Room 1602, Unit 3, Building 4, No.9 Naoshikou Street, Xicheng District, Beijing, PRC	1,000,000	1.67	0.04
Yu Ya 于亞	Vice President	Room 603, Gate 4, Building 1 No.1 Yuetanbeixiaojie, Xicheng District, Beijing, PRC	1,000,000	1.67	0.04
Liu Xuebin 劉學斌	Vice President	Room 23D, Seaview Square, Nanshan District, Shenzhen, Guangdong, PRC	1,500,000	2.50	0.06

Grantee	Title in our Company	Address	Number of share options granted	Percentage of total share options granted (%)	Percentage of total share capital (%)
Zhang Baoqing 張寶清 . . .	Vice General Manager	Room 801, Building 10, Donghua Yuan, Pengjiang District, Jiangmen, Guangdong, PRC	1,000,000	1.67	0.04
Jin Jianlong 金建隆	General Manager of Finance Management Department	Room 701, Building 4, Yuyuan, No.4 Industrial 9th Road, Nanshan District, Shenzhen, Guangdong, PRC	1,000,000	1.67	0.04
Zeng Beihua 曾北華	General Manager of Fund Management Department	Room 501, Building 27, Sihai Nanshan District, Shenzhen, Guangdong, PRC	1,000,000	1.67	0.04
Yu Yuqun 于玉群	Board Secretary	Room 4A, Unit 3, Building 1, Mangrove West Coast Garden, Nanshan District, Shenzhen, Guangdong, PRC	1,000,000	1.67	0.04
219 other employees in the Company and other members of the Group			46,200,000	77.00	1.73
Total			60,000,000	100.00	2.25

As of the Latest Practicable Date, out of all the share options granted under the Scheme (including both the Initial Grants and the Second Grants), options representing 3,800,000 A Shares were granted to one Director of our Company, options representing 10,000,000 A Shares were granted to 9 senior managers and officers of our Company, options representing 46,200,000 A Shares were granted to 219 other employees and officers of the Company and other members of the Group.

As of the Latest Practicable Date, no options under the Scheme had been exercised. Considering the difference between the exercise price and A Share price of our Company, the Directors reasonably believe that there will be no dilutive impact on earnings per share of our Company if all options are exercised. No further options will be granted under the Scheme after the Latest Practicable Date.

Our Subsidiaries

As at the Latest Practicable Date, all the options to subscribe for an aggregate of 81,950,000 ordinary shares of CIMC Enric were granted under the CIMC Enric Option Scheme. As at the Latest Practicable Date, there were 73,412,000 outstanding share options (representing 5.31% of the total issued ordinary share capital of CIMC Enric as at the Latest Practicable Date), particulars of which (including both the Enric Plan I and Enric Plan II) are as follows:

For Enric Plan I:

Grantee	Title in CIMC Enric	Address	Number of share options granted	Percentage of total share options granted (%)	Number of outstanding share options as of the Latest Practicable Date	Percentage of total issued ordinary share capital of CIMC Enric as of the Latest Practicable Date (Note 2) (%)
Zhao Qingsheng 趙慶生	Chairman and executive director	17A, Yiting Garden, No. 50 Hou Hai Road, Shekou, Nanshan District, Shenzhen, Guangdong, PRC	1,000,000	1.22	1,000,000	0.07
Gao Xiang 高翔 . . .	General manager and executive director	Room 3A, Tianhai Grand Scene Garden, Shekou Industrial Zone, Nanshan District, Shenzhen, Guangdong, PRC	1,000,000	1.22	1,000,000	0.07
Jin Jianlong 金建隆 .	Executive director	Room 701, Building 4, Yuyuan, No. 4 Industrial 9th Road, Nanshan District, Shenzhen, Guangdong, PRC	800,000	0.97	800,000	0.06
Yu Yuqun 于玉群. . .	Executive director	Room 3-4A, Building 1, Mangrove West Coast, Shekou, Nanshan District, Shenzhen, Guangdong, PRC	800,000	0.97	800,000	0.06
Jin Yongsheng 金永生	Non-executive director	No. 1-502, Jin Cheng Lane, Langfang City, Hebei, PRC	500,000	0.61	500,000	0.04

Grantee	Title in CIMC Enric	Address	Number of share options granted	Percentage of total share options granted (%)	Number of outstanding share options as of the Latest Practicable Date	Percentage of total issued ordinary share capital of CIMC Enric as of the Latest Practicable Date (Note 2) (%)
Petrus Gerardus Maria van der Burg. .	Non-executive director	Boseind 17, 3910 Neerpelt, Belgium	1,000,000	1.22	1,000,000	0.07
Wong Chun Ho 王俊豪.	Independent non-executive director	Flat F, 35/F, Block 26, South Horizons, Ap Lei Chau, Hong Kong	500,000	0.61	500,000	0.04
Ren Yingjian 任英建 .	Deputy General Manager	Room 603, Building 8, Hanging Garden, Langfang City, Hebei, PRC	1,000,000	1.22	1,000,000	0.07
Cheong Siu Fai 張紹輝.	Financial Controller and Company Secretary	Flat F, 21/F, Tower 1, Sunshine Grove, Tak Yi Street, Shatin, New Territories, Hong Kong	500,000	0.61	500,000	0.04
Shou Binan 壽比南 .	Independent non-executive director *(Note 1)*	No. 10-1-501, Zhiqiangbeiyuan, North Taiping Zhuang Wai, Haidian District, Beijing, PRC	500,000	0.61	500,000	0.04
73 other employees in CIMC Enric and other members of the Group			36,150,000	44.11	28,492,000	2.06
Total			43,750,000	53.39	36,092,000	2.61

For Enric Plan II:

Grantee	Title in CIMC Enric	Address	Number of share options granted	Percentage of total share options granted (%)	Number of outstanding share options as of the Latest Practicable Date	Percentage of total issued ordinary share capital of CIMC Enric as of the Latest Practicable Date (Note 2) (%)
Zhao Qingsheng 趙慶生	Chairman and executive director	17A, Yiting Garden, No. 50 Hou Hai Road, Shekou, Nanshan District, Shenzhen, Guangdong, PRC	450,000	0.55	450,000	0.03
Gao Xiang 高翔 . . .	General manager and executive director	Room 3A, Tianhai Grand Scene Garden, Shekou Industrial Zone, Nanshan District, Shenzhen, Guangdong, PRC	500,000	0.61	500,000	0.04
Jin Jianlong 金建隆 .	Executive director	Room 701, Building 4, Yuyuan, No. 4 Industrial 9th Road, Nanshan District, Shenzhen, Guangdong, PRC	300,000	0.37	300,000	0.03
Yu Yuqun 于玉群. . .	Executive director	Room 3-4A, Building 1, Mangrove West Coast, Shekou, Nanshan District, Shenzhen, Guangdong, PRC	300,000	0.37	300,000	0.03
Jin Yongsheng 金永生	Non-executive director	No. 1-502, Jin Cheng Lane, Langfang City, Hebei, PRC	300,000	0.37	300,000	0.03
Petrus Gerardus Maria van der Burg. .	Non-executive director	Boseind 17, 3910 Neerpelt, Belgium	400,000	0.49	400,000	0.03
Wong Chun Ho 王俊豪	Independent non-executive director	Flat F, 35/F, Block 26, South Horizons, Ap Lei Chau, Hong Kong	300,000	0.37	300,000	0.03

Grantee	Title in CIMC Enric	Address	Number of share options granted	Percentage of total share options granted (%)	Number of outstanding share options as of the Latest Practicable Date	Percentage of total issued ordinary share capital of CIMC Enric as of the Latest Practicable Date (Note 2) (%)
Tsui Kei Pang 徐奇鵬	Independent non-executive director	Flat A, 21/F, Block 10, Braemar Hill Mansions, 33 Braemar Hill Road, North Point, Hong Kong	300,000	0.37	300,000	0.03
Zhang Xueqian 張學謙	Independent non-executive director	Room 2106, Building 117, Wangjing Garden, Chaoyang District, Beijing, PRC	300,000	0.37	300,000	0.03
Ren Yingjian 任英建	Deputy General Manager	Room 603, Building 8, Hanging Garden, Langfang City, Hebei, PRC	700,000	0.85	700,000	0.05
Cheong Siu Fai 張紹輝	Financial Controller and Company Secretary	Flat F, 21/F, Tower 1, Sunshine Grove, Tak Yi Street, Shatin, New Territories, Hong Kong	600,000	0.73	600,000	0.04
130 other employees in CIMC Enric and other members of the Group			33,750,000	41.18	32,870,000	2.38
Total			38,200,000	46.61	37,320,000	2.70

Notes:

1. Mr. Shou Binan resigned as the independent non-executive director of CIMC Enric on 30 September 2009.

2. As of the Lastest Practicable Date the total number of issued ordinary shares of CIMC Enric was 1,382,401,522, which is the calculation basis for these percentages.

As options granted by CIMC Enric under the CIMC Enric Option Scheme entitle the grantee to subscribe for ordinary shares of CIMC Enric, there will be no dilutive impact on the shareholding and earnings per share of our Company. For more details of CIMC Enric Option Scheme, please refer to the announcements of CIMC Enric dated 11 November 2009 and 28 October 2011 on the website of the Hong Kong Stock Exchange.

As of the Latest Practicable Date, there were no outstanding share options under the CIMC Raffles Option Scheme. Our Company confirms that no further options will be granted under the CIMC Raffles Option Scheme adopted on 21 June 2006 after the Latest Practicable Date.

2. Estate Duty

Our Directors have been advised that no material liability for estate duty under PRC laws is likely to fall on our Company.

3. Litigation

As at the Latest Practicable Date, save as disclosed in "Business — Legal and Regulatory Proceedings" in this listing document, no member of our Group was involved in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

4. The Sole Sponsor

The Sole Sponsor, namely Guotai Junan Capital Limited, has declared its independence pursuant to Rule 3A.07 of the Hong Kong Listing Rules.

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for a listing of, and permission to deal in the Shares as mentioned in this listing document. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

5. Preliminary Expenses

Our preliminary expenses are estimated to be approximately HK$652,450 and are payable by our Company.

6. Promoter

We do not have any promoter. Save as disclosed in this listing document, within the two years immediately preceding the date of this listing document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Listing and the related transactions described in this listing document.

7. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after 11 February 2006.

(b) Consultation with professional advisers

Intending holders of the Shares are recommended to consult with their professional advisers if they are in any doubt as to the taxation implications of purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors, Supervisors or the other parties involved in the Listing will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their purchasing, holding or disposal of or dealing in the Shares or exercise of any rights attaching to them.

8. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this listing document:

Name	Qualifications
Guotai Junan Capital Limited	Licensed corporation under the SFO to conduct Type 6 (advising on corporate finance) regulated activities under the SFO
KPMG Huazhen	Certified Public Accountants, PRC
PwC Zhongtian	Certified Public Accountants, PRC
CCID Consulting	Industry consultant to our Company
Commerce & Finance Law Office	Legal adviser to our Company as to PRC Law

9. Consents of Experts

Each of Guotai Junan Capital Limited, KPMG Huazhen, PwC Zhongtian, CCID Consulting and Commerce & Finance Law Office has given and has not withdrawn its written consent to the issue of this listing document with the inclusion of its report and/or letter and/or references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

10. Bilingual Listing Document

The English language and Chinese language versions of this listing document are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Miscellaneous

(a) Save as disclosed in this listing document, within the two years immediately preceding the date of this listing document:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(b) we have not issued nor agreed to issue any founder shares, management shares or deferred shares in our Company or any of our subsidiaries;

(c) save as disclosed in this listing document, none of the persons listed in the paragraph headed "consents of experts" in this Appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;

(d) our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since 31 December 2011 (being the date to which the latest audited combined financial statements of our Group were made up);

(e) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this listing document;

(f) none of the Company or any of its subsidiaries has any outstanding convertible debt securities or debentures;

(g) there is no arrangement under which future dividends are waived or agreed to be waived;

(h) we currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-Foreign Joint Venture Law; and

(i) save for the Shenzhen Stock Exchange, none of the equity securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought and we have no issued or outstanding debt securities. Save for CIMC Enric Holdings Limited, a subsidiary of the Company which is listed on the Main Board of the Hong Kong Stock Exchange, no other subsidiary of our Company is presently listed on any stock exchange or traded on any trading system.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Paul Hastings at 22/F, Bank of China Tower, 1 Garden Road, Hong Kong during normal hours up to and including the date which is 14 days from the date of this listing document.

(i) the Articles of Association;

(ii) the Consolidated Financial Information for the year ended 31 December 2009, the text of which is set out in "Appendix I — Consolidated Financial Information for the Year Ended 31 December 2009";

(iii) the Consolidated Financial Information for the year ended 31 December 2010, the text of which is set out in "Appendix II — Consolidated Financial Information for the Year Ended 31 December 2010";

(iv) the Consolidated Financial Information for the year ended 31 December 2011, the text of which is set out in "Appendix III — Consolidated Financial Information for the Year Ended 31 December 2011";

(v) the Unaudited Consolidated Financial Information for the six months ended 30 June 2012, the text of which is set out in "Appendix IV — Unaudited Consolidated Financial Information for the Six Months Ended 30 June 2012";

(vi) the Unaudited Condensed Consolidated Financial Information for the nine months ended 30 September 2012, the text of which is set out in "Appendix V — Unaudited Consolidated Financial Information for the Nine Months Ended 30 September 2012";

(vii) the material contracts referred to in the section headed "Appendix IX — Statutory and General Information — B. Further Information about our Business — Summary of our material contracts";

(viii) the written consents referred to in the section headed "Appendix IX — Statutory and General Information — H. Other Information — 9. Consents of Experts"; and

(ix) the PRC legal opinion issued by Commerce & Finance Law Office, our legal adviser on PRC law dated 17 December 2012, confirming that it has reviewed the summaries of relevant PRC laws and regulations as contained in Appendix VI and is of the view that such summaries are correct summaries relevant to PRC laws and regulations.

In addition:

(i) Company Law can be accessed at http://www.gov.cn/flfg/2005-10/28/content_85478.htm.

Any information contained in, or that can be accessed via the above websites does not constitute or form part of this listing document.

CIMC 中集

中國國際海運集裝箱(集團)股份有限公司
CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.