CIMC 中集

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

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

A Share Stock Code: 000039

H Share Stock Code: 2039

IMPORTANT NOTICE

The Board of Directors of the Company, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that there are no material omissions from, or misrepresentation or misleading statements contained in this interim report ("Report"), and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this Report.

This Report has been reviewed and approved at the 6th meeting of the seventh session of the Board. All Directors have attended the 6th meeting of the seventh session of the Board.

The financial statements of the Group have been prepared in accordance with China Accounting Standards for Business Enterprises. The interim financial statements and notes (collectively "Financial Report") of the Group have not been audited.

Neither any controlling shareholder (including its subsidiaries) nor substantial shareholder (including its subsidiaries) of the Company has utilized the funds of the Company for non-operating purposes.

The Company proposes not to declare any interim cash dividend, bonus shares or convert shares from reserves into share capital.

Mr. Li Jianhong, Chairman of the Board, and Mr. Jin Jianlong, the person-in-charge of accounting affairs and accounting department of the Company (the financial controller), hereby warrant the truthfulness and completeness of the Financial Report contained in this Report.

This Report contains certain forward-looking statements made on the basis of subjective assumptions and judgments on future policy and economy, which are subject to risks, uncertainties and assumptions. The actual outcome may differ materially from such forward-looking statements. Investors should be aware that undue reliance on or use of such information may lead to risks of investment.

This Report has been prepared in both Chinese and English. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

Contents

DEFINITIONS

In this Report, unless the context otherwise requires, the following expression shall have the following meanings:

Board or Board of Directors	the board of directors of the Company;
CASBE	Accounting Standards for Business Enterprises – Basic Standard and 38 Specific Accounting Standards issued by the Ministry of Finance of the People's Republic of China on 15 February 2006, and application guidance and interpretations to Accounting Standards for Business Enterprises and other related regulations subsequently issued;
CIMC Enric	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), 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 Hong Kong	China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱（香港）有限公司), a company incorporated in Hong Kong on 30 July 1992 with limited liability and a wholly-owned subsidiary of the Company;
CIMC Raffles	CIMC Raffles Offshore (Singapore) Limited, a company incorporated in Singapore on 7 March 1994 with limited liability and a wholly-owned subsidiary of the 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 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 of our Company;
Company	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱（集團）股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability, the H shares of which are listed on the main board of the Hong Kong Stock Exchange and the A shares of which are listed on the Shenzhen Stock Exchange;
Corporate Governance Code	the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules;
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會);
Director(s)	the director(s) of the Company;
Group, we, our and us	the Company and its subsidiaries;
Hong Kong	The Hong Kong Special Administrative Region of the PRC;
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited;
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

Jack-up Drilling Platform	a jack-up drilling platform is a mobile oil rig commonly used for shallow water operation. Most jack-up rigs operate in water depths ranging from 250 to 400 feet. This oil drilling equipment is generally used for mounting machinery, power supply, equipment and accommodation facilities for drilling and certain liftable spud legs on a platform floating on the water;
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules;
ONE Model	Optimization Never Ending, the lean management system of CIMC;
PRC or China	the People's Republic of China;
QHSE	A management system that guides and controls an organisation in respect of Quality, Health, Safety and Environment;
Reporting Period	The six months started from 1 January 2013 and ended on 30 June 2013;
RMB or Renminbi	Renminbi, the lawful currency of the PRC;
Semi-submersible Drilling Platform	A semi-submersible drilling platform is a mobile oil rig, the upper part of the hull structure is the working deck and the lower part comprises two lower hulls, with the parts connected by support columns. When in operation, the lower hulls are submerged into the water. A semi-submersible platform is generally used in deep seas with water depths ranging from 600-3600m. The platform typically uses a dynamic positioning system for positioning;
SFO	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
Shareholder(s)	holder(s) of our Shares;
Shenzhen Listing Rules	Rules Governing the Listing of Securities on the Shenzhen Stock Exchange;
Shenzhen Stock Exchange	the Shenzhen Stock Exchange;
Supervisory Committee	the Supervisory Committee of the Company;
Supervisor(s)	the member(s) of the Supervisory Committee of the Company;
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; and
US$, or U.S. dollars	United States dollars, the lawful currency of the United States of America.

1.1 COMPANY INFORMATION

Legal Chinese Name of the Company:	中國國際海運集裝箱(集團)股份有限公司
Abbreviated Chinese Name of the Company:	中集集團
English Name of the Company:	China International Marine Containers (Group) Co., Ltd.
Abbreviated English Name of the Company:	CIMC
Legal Representative:	Li Jianhong
Authorised representatives:	Mai Boliang, Yu Yuqun

1.2 CONTACT PERSONS AND MEANS OF COMMUNICATION

Secretary to the Board, Company Secretary:	Yu Yuqun
Assistant Company Secretary:	Cheong Sui Fai
Contact Address:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong 518067, PRC
Contact Telephone:	(86) 755 – 2669 1130
Facsimile::	(86) 755 – 2682 6579
Email Address	shareholder@cimc.com
Representative of Securities Affairs:	Wang Xinjiu
Contact Address:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong 518067, PRC
Contact Telephone:	(86) 755 – 2680 2706
Facsimile:	(86) 755 – 2681 3950
Email Address:	shareholder@cimc.com

Representative in Hong Kong:	Cheong Sui Fai
Contact Address:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Contact Telephone:	(852) 2528 9386
Facsimile:	(852) 2865 9877
Email Address:	dickens.cheong@enric.com.hk

1.3 BASIC PROFILE

Registered Address and Address of Head Office:	8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC
Postal Code:	518067
Company Website:	http://www.cimc.com
Email Address:	shareholder@cimc.com
Principal Place of Business in Hong Kong:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Enterprise Legal Business License Registration Number:	440301501119369
Taxation Registration Number:	440300618869509
Organisation Code:	61886950-9
First Registration Date of the Company:	14 January 1980
First Registration Place of the Company:	Shenzhen Administration of Industry and Commerce

1.4 INFORMATION DISCLOSURE AND LOCATIONS FOR DOCUMENTS FOR INSPECTION

Designated Newspapers for Information Disclosure:	A Shares: "China Securities Journal", "Securities Times", and "Shanghai Securities News"
Authorized websites on which this Report is made available:	A Shares: http://www.cninfo.com.cn H Shares: http://www.hkexnews.hk
Legal Website:	www.cimc.com
Places at which this Report is Available:	Office of the Secretary to the Board, Financial Management Department, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong 518067, PRC

1.5 STOCK OF THE COMPANY

Stock Exchange on which A Shares are Listed:	Shenzhen Stock Exchange
Abbreviated Stock Name for A Shares:	CIMC
Stock Code:	000039
Stock Exchange on which H Shares are Listed:	Hong Kong Stock Exchange
Abbreviated Stock Name for H Shares:	CIMC, ZJHD (Note)
Stock Code:	02039, 299901 (Note)

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

1.6 OTHER RELEVANT INFORMATION

Hong Kong Share Registrar:	Computershare Hong Kong Investor Services Limited
Address:	Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Compliance Adviser:	Guotai Junan Capital Limited
Address:	27/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong
Hong Kong Lawyers:	Paul Hastings
Address:	21-22/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong
PRC Lawyers:	Commerce & Finance Law Offices
Address:	6/F, NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, China
Auditors:	PricewaterhouseCoopers Zhong Tian CPAs Limited Company
Address:	11th Floor, PricewaterhouseCoopers Centre, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai 200021, PRC

2.1 KEY ACCOUNTING DATA PREPARED IN ACCORDANCE WITH CASBE

During the Reporting Period, the Company did not make retrospective adjustments to or restate the accounting data of previous years due to changes in accounting policies and correction of accounting errors.

Unit: RMB thousand

Items	The Reporting Period (January – June 2013)	The corresponding period of last year (January – June 2012)	Changes from the corresponding period of last year to the Reporting Period (%)
Revenue	28,585,158	27,364,446	4.46%
Profit from operations	1,117,169	1,439,124	(22.37)%
Profit before income tax expense	1,160,046	1,493,051	(22.30)%
Income tax expense	444,817	485,373	(8.36)%
Profit for the period	715,229	1,007,678	(29.02)%
Attributable to:			
Equity holders of the Company	551,972	933,710	(40.88)%
Non-controlling interest	163,257	73,968	120.71%
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss	513,212	906,470	(43.38)%

Unit: RMB thousand

Items	As at the end of the Reporting Period (30 June 2013)	As at the end of last year (31 December 2012)	Changes from the end of last year to the Reporting Period (%)
Total current assets	42,978,287	38,346,189	12.08%
Total non-current assets	25,792,033	24,646,191	4.65%
Total assets	68,770,320	62,992,380	9.17%
Total current liabilities	33,156,612	25,540,032	29.82%
Total non-current liabilities	12,759,756	15,335,191	(16.79)%
Total liabilities	45,916,368	40,875,223	12.33%
Shareholders' equity	22,853,952	22,117,157	3.33%
Attributable to:			
Equity holders of the Company	19,603,024	19,513,176	0.46%
Non-controlling interest	3,250,928	2,603,981	24.84%
Share capital (thousand shares)	2,662,396	2,662,396	0.00%
Net cash flows from/(used in) operating activities	(3,021,559)	(2,107,043)	(43.40)%
Net cash flows from/(used in) investing activities	(892,669)	(1,785,683)	50.01%
Net cash flows from/(used in) financing activities	2,924,851	1,335,284	119.04%

2.2 KEY FINANCIAL INDICATORS

Key Financial Indicators	The Reporting Period (January – June 2013)	The corresponding period of last year (January – June 2012)	Changes from the corresponding period of last year to the Reporting Period (%)
Basic earnings per share attributable to shareholders of the Company (RMB/share)	0.2073	0.3507	(40.88)%
Diluted earnings per share attributable to shareholders of the Company (RMB/share)	0.2070	0.3495	(40.77)%
Weighted average return on net assets (%)	2.78%	4.93%	(2.15)%
Weighted average return on net assets after deducting non-recurring profit or loss (%)	2.59%	4.92%	(2.33)%
Net cash flows from operating activities per share (RMB/share)	(1.13)	(0.79)	(43.04)%

	As at the end of the Reporting Period (30 June 2013)	As at the end of last year (31 December 2012)	Changes from the end of last year to the Reporting Period (%)
Net assets per share attributable to shareholders of the Company (RMB/share)	7.36	7.33	0.46%
Gearing ratio (%) (Note)	66.77%	64.89%	1.88%

Note: Calculation method for gearing ratio: calculated based on total liabilities divided by total assets of the Company at the respective dates

2.3 NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: RMB thousand

Item	Amount
Gains from disposal of non-current assets	(2,783)
Government grants recognised in profit or loss for the current period (except those closely related to the operation of the enterprise, for a fixed quota or for a fixed amount in accordance with national unified standards)	36,011
Except for the effective hedging activities related to the Company's ordinary activities, profit or loss arising from changes in fair value of financial assets and financial liabilities held for trading, and investment income from disposal of financial assets and financial liabilities held for trading and available-for-sale financial assets	32,496
Gains from debt restructuring	(20)
Other non-operating income/expenses other than the above items	5,255
Payment received from non-financial enterprises for using funds and recognised in profit or loss for the current period	3,121
Effect of income tax	(25,556)
Effect of minority interests (after tax)	(9,764)
Total	38,760

3.1 OVERVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD

Impacted by the global macro-economic conditions, the Group's business confronted with substantial pressure and challenges from January to June 2013. The Group's revenue slightly increased compared with the same period last year, but net profit declined substantially compared with the same period last year. From January to June 2013, the Group's revenue amounted to RMB28,585 million, representing an increase of 4.46% compared with the same period last year and its net profit attributable to equity holders of the Company amounted to RMB552 million, representing a decrease of 40.88% compared with the same period last year, mainly due to the decrease in consolidated gross profit margin of the Group's businesses and the increase in costs including financial expenses against the overall challenging economic environment during the Reporting Period.

3.2 ANALYSIS OF PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

Year-on-year changes in key financial data

Unit: RMB thousand

Items	The reporting period (January – June 2013)	The corresponding period of last year (January – June 2012)	Changes from the corresponding period of last year to the Reporting Period (%)
Revenue	28,585,158	27,364,446	4.46%
Cost of sales	24,160,416	23,013,597	4.98%
Selling and distribution expenses	921,175	863,756	6.65%
General and administrative expenses	1,714,217	1,655,709	3.53%
Financial expenses	454,826	236,439	92.37%
Income tax expenses	444,817	485,373	(8.36)%
Technology development costs	126,942	95,105	33.48%
Net profit attributable to equity holders of the Company	551,972	933,710	(40.88)%
Net cash flows from operating activities	(3,021,559)	(2,107,043)	(43.40)%
Net cash flows from investing activities	(892,669)	(1,785,683)	50.01%
Net cash flows from financing activities	2,924,851	1,335,284	119.04%
Net (decrease)/increase of cash and cash equivalents	(1,164,186)	(2,658,816)	56.21%

Financial expenses

During the Reporting Period, the Group's financial expense amounted to RMB454.826 million, representing an increase of RMB218.387 million compared with RMB236.439 million in the same period of 2012, or an increase of approximately 92.37%, which was mainly due to the increase in exchange loss resulting from the changes of foreign exchange rates during the Reporting Period.

Technology development costs

During the Reporting Period, the Group's technology development costs amounted to RMB126.942 million, representing an increase of RMB31.837 million compared with RMB95.105 million in the same period of 2012, or an increase of approximately 33.48%, which was mainly due to the Group's increased efforts in technology research and development.

Net profit attributable to equity holders of the Company

During the Reporting Period, the Group's net profit attributable to equity holders of the Company amounted to RMB551.972 million, representing a decrease of RMB381.738 million compared with RMB933.710 million in the same period of 2012, or a decrease of approximately 40.88%, which was mainly due to the decrease in consolidated gross profit margin of the Group's businesses and the increase in costs including financial expenses against the overall challenging economic environment during the Reporting Period.

Net cash flows from operating activities

During the Reporting Period, the Group's net cash outflows from operating activities amounted to RMB3,021.559 million, representing an increase of RMB914.516 million compared with RMB2,107.043 million in the same period of 2012, or an increase of approximately 43.40%, which was mainly due to increased occupation of working capital as a result of the fact that the Group was in relatively peak season of production and operation in the second quarter during the Reporting Period.

Net cash flows from investing activities

During the Reporting Period, the Group's net cash outflows from investing activities amounted to RMB892.669 million, representing a decrease of RMB893.014 million compared with RMB1,785.683 million in the same period of 2012, or a decrease of approximately 50.01%, which was mainly due to less cash payment for the Group's investment during the Reporting Period.

Net cash flows from financing activities

During the Reporting Period, the Group's net cash inflows from financing activities amounted to RMB2,924.851 million, representing an increase of RMB1,589.567 million compared with RMB1,335.284 million in the same period of 2012, or an increase of approximately 119.04%, which was mainly due to the Group's financing activities to satisfy the increased fund requirements of the Group's operating activities during the Reporting Period.

Net cash and cash equivalents

During the Reporting Period, the Group's net decrease of cash and cash equivalents amounted to RMB1,164.186 million, representing a decrease of RMB1,494.630 million compared with RMB2,658.816 million in the same period of 2012, or a decrease of approximately 56.21%.

3.3 SEGMENT RESULTS

The Group is principally engaged in the manufacture of modern transportation equipment, energy, chemical, liquid food equipment and offshore engineering equipment as well as the provision of relevant services, including the design, manufacture and service of international standard dry containers, reefer containers, regional special containers, tank containers, wooden container floorboards, road tank trucks, natural gas equipment and static tanks, road transportation vehicles, Jack-up Drilling Platforms, Semi-submersible Drilling Platforms, special vessels and airport facilities. In addition, the Group is also engaged in logistics service and equipment manufacturing, railway equipment manufacturing, real estate development, financing leases and other businesses. Currently, the Group ranks No. 1 in the world in terms of output and sales of standard dry containers, reefer containers and tank containers. The Group is also the China's largest manufacturer of road transportation vehicles and one of China's leading offshore engineering equipment enterprises.

During the Reporting Period, the products contributing 10% or more to the Group's revenue or operating profit included containers, road transportation vehicles, and energy, chemical and food equipment.

Container Manufacturing Business

The Group's container business mainly involves standard dry containers, standard reefer containers and special containers. The special container business primarily includes the modularized construction products and products such as 53-foot containers for inland transport in North America, European pallet-wide containers, bulk containers, special reefer containers and flatrack containers.

In the first half of 2013, given the slow recovery of European and American economies and the insufficient shipping demand due to cyclical industrial factors, the container industry performed slightly below expectation with a small increase in overall capacity across the industry, though the overall capacity utilization was only around 50% and the market share of each manufacturer remained stable in general. Due to the increased off-season orders during the traditional slack season, the peak season delivered no peak performance.

In the first half of 2013, the total sales of the Group's ordinary dry containers were 641,500 TEUs, representing a year-on-year increase of 15.01% (the first half of 2012: 557,800 TEUs). The total sales of reefer containers were 49,400 TEUs, representing a year-on-year decrease of 39.39% (the first half of 2012: 81,500 TEU). The total sales of special containers were 30,800 units, representing a year-on-year decrease of 6.67% (the first half of 2012: 33,000 units). In the first half of 2013, affected by market factors such as the overall weak demand, declining price of reefer containers and fluctuation in the price of dry cargo containers within a narrow range at low level as well as the decline in gross profit margin, the container segment recorded revenue of RMB12,314.928 million, representing a year-on-year decrease of 9.92% and the net profit was RMB410.226 million, representing a year-on-year decrease of 48.73%.

In the first half of the year, the Group continued to push forward the optimisation of production allocation of standard containers and endeavoured to promote the efficiency of production lines of containers and the design and research and development of new types of containers. The Group completed the phase one construction of the factory of CIMC Taicang Refrigeration Equipment Logistics Co., Ltd., and part of the phase one construction of production lines of Qingdao CIMC Reefer Container Manufacture Co., Ltd.. In respect of special container and modularized construction products businesses, the Group strengthened the competitiveness of the core products in a comprehensive manner, and consolidated the leading position of existing mainstream products, so as to enhance the market share.

By adopting a business model of "integrated design, factory manufacturing and on-site installation", the Group's modularized construction products business enjoyed a promising growth potential due to advantages including quick transferability, fast building, zero pollution and recyclability which are in line with the new concept of environmental protection and the new industry development trend. In April 2013, the container-based hospital donated by the Company to the Ya'an earthquake-stricken area was put into operation quickly. The Group has possessed the ability of independent design and proprietary intellectual property rights in respect of modularized construction products and participated in the preparation of the national standard "Technical Specifications for Modularized Container Housing", which was approved in April 2013 by relevant governmental authorities to be included into the standards series of China Construction Association.

Road Transportation Vehicle Business

With a strategic vision of "relying on domestic competitive strengths to offer global customers first-class land logistics equipment and services", CIMC Vehicle, a subsidiary of the Company, adheres to the strategic development of the full value chain businesses including the design and development of products, manufacturing and delivery of products, sales and services, customer tracking and feedback and others. Currently, it has established a special vehicle family consisting of 10 series and more than 1,000 models, including container semi-trailers, flatbed/staked-side semi-trailers, low-flatbed semi-trailers, vehicle loaded semi-trailers, stake trucks, van trucks, tank trucks, tipping trucks, sanitation trucks and special vehicles. These products cover major domestic and international markets.

In the first half of the year, the demand from semi-trailers in logistics industry underwent a weak demand due to the slowdown in domestic economic growth and tightened capital. The demand from engineering modified vehicles revived to some extent as a result of the expected impact from the tightened emission standards implemented by the government and the larger-than-expected impact from the real estate recovery. In overseas market, orders from emerging market increased rapidly. While its market position in North America remained stable, and the Group began to enter in the European market. The year of 2013 was also the first year for the mass production of Silvergreen, a new type of semi-trailer, which posted a loss during the Reporting Period.

Under the abovementioned domestic and overseas economic and industrial circumstances, our vehicle segment recorded a slight decrease in operating revenue, while the product sales remained a steady trend. Except for dump trucks and logistics semi-trailers, the sales of major products either increased or remained the same as compared with the same period of last year. The total sales of road transportation vehicles were 53,000 units (sets) in the first half of 2013, representing a year-on-year decrease of 0.33%. The sales revenue was RMB6,673.349 million, representing a year-on-year decrease of 2.17% and the net profit was RMB390.164 million, representing a year-on-year increase of 353.54%, which was mainly due to the increase in investment gains as a result of the sale of shares of CIMC Enric held by it during the Reporting Period.

In the first half of 2013, our vehicle segment continued to implement a steady operation strategy and the investment focused on technology upgrades and construction of the marketing network. The segment distributed high value-added new products in the mature distribution system and regional markets and deepened the cooperation with major customers, and achieved breakthroughs in the orders from emerging markets; the segment accelerated the construction of Burg Silvergreen (BSG) factory in Germany, pushed forward the cost improvement scheme, and gradually establish and improve the European BSG components supply system in China; the segment continued to take various measures to adjust product structure and optimize cost, so as to reduce losses and improve cost efficiency; the segment initialised the research and development project of advanced tipping trucks modules which targeted markets covering China and Europe as well as development projects for two products including advanced van trailer for logistics and advanced semi-trailer for transportation, which targeted the PRC market; the segment also continued to push forward the subsequent construction of the Chengdu Logistics Park project.

In the first half of 2013, benefiting from the surging market demand from natural gas-fired heavy trucks, C&C Trucks Co., Ltd. ("C&C Trucks"), an associate 45% owned by the Company, recorded a notable year-on-year increase in sales volume with revenue amounting to RMB873 million, which however incurred losses. C&C Trucks continued to develop medium and heavy trucks and lightweight products with an aim to reduce product weight and improve the sales of tractor trucks, while continuing to vigorously develop LNG heavy truck products and launch competitive series of medium and heavy trucks. In the first half of 2013, C&C Trucks initiated the first 13-liter engine for LNG heavy trucks and the hybrid 6K13N natural gas-fired engine has met the National V Emission Standard. In July 2013, 15 units of 6x4 heavy tipping trucks and 5 units of 6x4 heavy tractor trucks were delivered to Bolivia. It is also the first time for its trucks to export in bulk to the international market.

Energy, Chemical and Food Equipment Business

The Group's subsidiary CIMC Enric is principally engaged in design, development, manufacturing, engineering and sales of various transportation, storage and processing equipment widely used in three sectors namely energy, chemical and liquid food, as well as provision of relevant technical and maintenance services. Its energy and chemical equipment products and services are supplied throughout China and are exported to Southeast Asia, Europe and North and South Americas; and from its production base in Europe, its liquid food equipment products and services are offered worldwide.

Driven by the increasing demand for natural gas and special gas storage and transportation equipment from the world, most notably in China, the energy equipment business continued its robust growth in the first half of 2013 and the demand for tank containers, a major product line of the chemical equipment business, was also improved. Amid the improving business environment for the liquid food equipment business, the acquisition of certain assets from Ziemann Group in Germany

also expanded the product family of CIMC Enric. Therefore, in the first half of 2013, our energy, chemical and food equipment business recorded revenue of RMB5,565.543 million, representing a year-on-year increase of 23.11% and the net profit was RMB391.627 million, representing a year-on-year increase of 52.56%. Among which, the revenue from energy (natural gas) equipment business of CIMC Enric was RMB2,521.843 million, representing a year-on-year increase of 26.11%; the revenue from chemical equipment business was RMB1,507.202 million, representing a year-on-year increase of 5.37% and the revenue from liquid food equipment business was RMB799.876 million, representing a year-on-year increase of 100.50%. In particular, the liquid food equipment business recorded a substantial growth in turnover due to the exploration in emerging markets coupled with the contribution from Ziemann International GmbH.

The promising prospects of LNG storage and transportation equipment were further confirmed by the latest natural gas utilization policy promulgated by the National Development and Reform Commission. During the past two years, CIMC Enric has taken the lead to carry out a series of projects to expand production capacity of energy equipment, allowing it to capture the opportunities from the increasing demand for CNG/LNG storage and transportation equipment fuelled by the accelerating consumption of natural gas. In the first half of 2013, CIMC Enric carried forward the capacity expansion campaign for natural gas-filling station systems and LNG cylinders for vehicles to cater for the strong demand from the booming natural gas vehicle (NGV) industry in China. The capital expenditures were mainly used in production capacity expansion of LNG cylinders for vehicles in Zhangjiagang and Shijiazhuang, as well as further expansion of production capacity for natural gas-filling station systems in Langfang.

In the first half of 2013, TGE Gas Engineering GmbH ("TGE GAS"), a gas engineering company in which the Company holds 60% equity interest, made strenuous efforts to explore the market, optimize project management and reduce costs so as to improve profitability. During the first half of the year, as some of the new projects of TGE GAS were still at the beginning stage, the upfront income recognized was minimum. In the first half of the year, the EPC projects including No. 4 tank farm project for the LNG receiving terminal of Guangdong Dapeng LNG Company Limited ("No.4 Tank Farm Project of Guangdong Dapeng") and the storage tank project for the LNG receiving terminal of CNOOC Shenzhen Natural Gas Co., Ltd. ("CNOOC Shenzhen Diefu Project") undertaken by the consortium comprising TGE GAS and SINOPEC Ningbo Engineering Company Limited were under smooth progress. These two projects were located in Dapeng Bay, Shenzhen city. The No.4 Tank Farm Project of Guangdong Dapeng was to build a LNG storage tank with a capacity of 160,000 cubic meters, while the CNOOC Shenzhen Diefu Project was one of the 175 key construction projects of Guangdong Province with an aim to develop into a province with powerful marine economic strength, comprising four LNG storage tanks with a capacity of 160,000 cubic meters each and the ancillary gas facilities. Both projects are scheduled to be completed in 2015.

In the first half of this year, TGE GAS further enhanced the post-acquisition integration with TECHNODYNE INTERNATIONAL COMPANY LTD., an UK professional design company of cryogenic tanks, and the collaboration and business exploration with Nanjing Yangzi Petrochemical Design Engineering Company Ltd. ("YPDI"), a majority-owned subsidiary of the Company. The full containment concrete cryogenic ethylene storage tank project in Ningbo with a capacity of 20,000 cubic meters which was jointly contracted and designed by TGE GAS and YPDI had been successfully delivered, while the full containment concrete ethylene storage tank project in Yangzhou Aoke with a capacity of 50,000 cubic meters was under construction, and the project of Xinpu Chemical (Taizhou) Co., Ltd. comprising the cryogenic ethylene tank project with a capacity of 30,000 cubic meters and the ancillary facilities was basically completed. TGE GAS and YPDI cooperated to further explore the field of cryogenic LNG receiving terminal/storage tanks. Currently, the LNG storage tank project with a capacity of 30,000 cubic meters in Jincheng Huagang jointly undertaken by both parties was under smooth progress.

Furthermore, the acquisition of certain assets from Ziemann Group in Germany has benefited CIMC Enric in R&D in relation to the one-stop turnkey solutions for processing and delivery of liquid foods so as to provide an access to broader resources and advanced technologies.

On 7 May 2013, the Group through its wholly-owned subsidiary CIMC Hong Kong converted 495,000,000 preference shares in CIMC Enric into its ordinary shares. Upon completion of such conversion, the Group indirectly held 1,322,335,645 ordinary shares in CIMC Enric, representing 70.14% of its issued ordinary shares.

Offshore Engineering Business

We are one of the leading offshore engineering equipment manufacturers in China and have been participating in the competitive international market of offshore engineering business all the time. Our major products include Jack-up Drilling Platforms, Semi-submersible Drilling Platforms, and auxiliary vessels for offshore engineering projects.

In the first half of 2013, the offshore engineering business of the Group recorded sales revenue of RMB1,519.799 million, representing a year-on-year increase of 22.09%. It incurred a net loss of RMB195.473 million, representing a year-on-year increase of 32.87%. The substantial increase in revenue was mainly due to the fewer projects under construction in the same period last year, most of which were previously unqualified for revenue recognition due to their progress in initial construction. In the first half of 2013, except that several self-constructed projects realised a sales revenue, the number of projects commenced initial construction increased. Moreover, the Jack-up Drilling Platform and the Semi-submersible Drilling Platform entered the mid or late construction stages, resulting in part of recognized revenue. However, loss in the first half of the year increased as compared with that of the corresponding period of last year, which was due to the fact that the revenue recognized in the first half of the year was

insufficient to cover operating expenses because most of our orders on hand were secured in the second half of 2012 and thus construction of the projects were commenced at a relatively late time, coupled with an increase in finance costs.

Since 2013, the development of our offshore engineering business has continued to benefit from a favourable policy environment. The national industrial policies have begun to lend substantive funding and project support so as to push forward the industrialization and to expedite the mergers and restructuring of major offshore engineering and shipbuilding enterprises in future. According to the Notice on Organization and Implementation of the 2013 Offshore Engineering Equipment Research and Development and Industrialization Program issued by the National Development and Reform Commission in February 2013, three categories of 12 offshore engineering equipment products were clearly included as products with special national support, including major offshore engineering equipment and ancillary equipment and systems, new offshore engineering equipment, and key offshore engineering underwater equipment. At the instruction of the national policies, the Group is expected to further reinforce its proprietary design and construction capabilities for the existing offshore engineering product lines, and gain official recognition and strong supports to its attempts on domestically manufactured key equipment.

As at 30 June 2013, CIMC Raffles, a wholly owned subsidiary of our Group, already delivered 6 deepwater Semi-submersible Drilling Platforms which officially commenced operation in the waters of North Sea of Norway, Brazil and other regions, with good functionality and normal operation. COSLpioneer, the first domestically manufactured deepwater Semi-submersible Drilling Platform delivered by CIMC Raffles, ranked among the forerunners for many times in terms of comprehensive strengths among over 30 drilling platforms of Statoil operating in the North Sea, and was named "Platform of the Month". CIMC Raffles has established a reputable brand image in the North Sea market in Europe, winning the attention and recognition of major international customers. Currently, 10 Jack-up Drilling Platforms of CIMC Raffles were delivered and under construction, including "Caspian Driller", a Jack-up Drilling Platform delivered in October 2012 in Astrakhan, Russia which is the first overseas high-end offshore engineering EPC project undertaken by a Chinese enterprise. SSCV 1# and SSCV 2#, two deepwater semi-submersible lifting platforms which are independently designed, through research and development, and constructed by CIMC Raffles, reached the delivery stage and are expected to be delivered to the customer in the second half of 2013.

The project on four deepwater and super deepwater Semi-submersible Drilling Platforms under construction was in smooth progress. In June 2013, the North Dragon deepwater Semi-submersible Drilling Platform for North Sea of North Sea Rigs As (NSR) commenced construction, which will serve the North Sea and Barents Sea Oilfields, Norway. The Jack-up Drilling Platform built for Sinopec Shengli Oilfield Construction Limited, named "New Shengli #1" commenced construction and is expected to be completed by the end of March 2014, and it will be used for oil and gas development in Bohai Bay area.

In respect of expansion of our markets and customers, CIMC Raffles continued to focus on the Semi-submersible Drilling Platform and Jack-up Drilling Platform markets, endeavoured to reinforce the expansion of major international and domestic customers, and aimed to strengthen the market exploration of high-margin products in the first half of 2013. CIMC Raffles has received bid invitations for certain projects from Technip, the world's largest offshore engineering company, and Ensco, the world's second-largest drilling services company. As at 30 June 2013, CIMC Raffles had certain orders in respect of four Semi-submersible Drilling Platforms which secured the largest market share in the domestic market.

In terms of international market, CIMC Raffles and Frigstad Offshore Pte Ltd., a subsidiary of Frigstad Deepwater Ltd, signed an EPC contract of 2+4 ultra-deep water Semi-submersible Drilling Platforms in January 2013. Such drilling platform was the 7th generation developed by Frigstad Engineering Company. The confirmed two platforms are expected to be delivered in the fourth quarter of 2015 and the second quarter of 2016.

In terms of domestic market, CIMC Raffles achieved breakthrough in obtaining orders from PetroChina and SinoPec, among which the effective orders including the construction of six jack-up platforms and the reconstruction of one jack-up platform. In April 2013, CIMC Raffles won the bid for the "New Shengli #1" Jack-up Drilling Platform of Sinopec Shengli Oilfield Construction Limited, which marked the first winning bid since the signing of the strategic cooperation agreement on supply between CIMC Raffles and SinoPec in 2012.

In the first half of the year, CIMC Raffles accelerated the enhancement of its research and design capabilities and project management capabilities through optimizing the production of large-sized module and summarizing the experience on mass production of drilling platforms. With the help of the so-called "innovation platform" of CIMC Offshore Research Institute, CIMC Raffles integrated the key enterprises in the industry and educational and research institutions in the process of innovation. By designing jointly with internationally renowned design companies in the deep water area, it endeavored to promote the jointly designed products to enter the mainstream of global markets. CIMC Raffles cooperates with Transocean, the world's largest drilling services company, to develop new products. The cooperation with Technip has also improved the QHSE level. Moreover, it has established strategic cooperation with major international suppliers such as Siemens and NOV.

Airport Facilities Equipment Business

The Group's airport facilities business mainly includes passenger boarding bridges, air cargo handling systems, ground services equipment (GSE) (shuttle buses), and vertical car parking spaces, logistics products and related services.

Given the nature of the Group's airport facilities business, following the completion of production of certain products in the first half of a year, most of the field installation and delivery work is typically completed in the second half. Therefore, sales revenue and profit are generally realized in the second half of each year.

In the first half of 2013, CIMC Tianda, a 70%-owned subsidiary of the Company, sold 79 sets and produced 140 sets of passenger boarding bridges. Airport facilities equipment business recorded sales revenue of RMB225.451 million, representing a year-on-year increase of 227.11%. Its net loss was RMB14.689 million, decreasing by approximately 54.35% as compared with the loss for the same period last year. The substantial increase in revenue was mainly due to the good sales performance in passenger boarding bridges in the first half of 2013, as well as the lower base of last year. The loss was mainly due to the fact that certain products manufactured in the first half of the year had not been sold out and the expenses also incurred during the period.

The Group remained positive about the growing demand of passenger boarding bridges business. The Group continued to expand the international market, and obtained orders from Togo, Mayotte and Nigeria for the first time in the first half of the year. With sufficient orders, CIMC Tianda's market position remained stable. In the next few years, it is expected that the automatic logistics equipment market in China would maintain a growth of 20%. The Group accelerated its penetration in the automatic logistics equipment market by establishing Shenzhen CIMC Tianda Logistics System Engineering Co., Ltd. on 18 April 2013. The company received a great number of orders in the first half of the year, marking a new penetration in the automobile and pharmaceuticals industries. In terms of airport GSE business, the overall business of shuttle bus developed smoothly, and the research and development of bi-directional airport shuttle buses was successfully completed and such products have been sold to Hong Kong and Australia. The Group was also exploring market of other airport special vessels. The domestic market demand for three dimensional car parking spaces remained relatively high, thus the current business model achieved noticeable results and the orders remained strong, and the largest order for intelligent three dimensional car parking spaces in China in this year was obtained. The Group also expanded into the business of airport baggage handling systems through acquisition. In August 2012, it purchased 14.99% equity interests in Pteris Global Limited ("Pteris", a company listed on the Main Board of the Singapore Exchange Limited, stock code: J74), becoming its single largest shareholder. On 30 July 2013, the Company announced to inject its 70% equity interests in CIMC Tianda into Pteris and as consideration, Pteris would issue new shares to the Company. The transaction amount will be approximately RMB486.331 million. Upon completion of the transaction, the Company's shareholding in Pteris will increase from 14.99% to 63.88% if no adjustment mechanisms are triggered. By means of coordination and integration, the Company's investment in Pteris will further develop its business with competitive edge such as airport baggage handling system, global airport logistics management system and international airline catering management system, with an emphasis on high-end technologies such as logistics sorting and system integration, so as to seize the opportunities in the development of domestic and international civil aviation markets.

Other Principal Businesses

Logistics service and equipment manufacturing business

The Group is committed to offering comprehensive logistic solution and specialized logistic equipments for customers in different industries. The Group has a container stack yard service network across the nation which provides container services such as shipping agency, freight forwarding, logistics and transportation, repairment, storage, and the sales, leasing, refurbishment and repackaging of secondhand containers. In the first half of

2013, with the consolidation of the results of the newly acquired Zhenhua Logistic Group Co., Ltd. ("Zhenhua Group") on 1 April 2013, the operating income from our container services business amounted to RMB1,489.343 million and its net profit was RMB34.571 million. The Group provides logistic services based on its standardized logistic appliances, which offers transportation service solutions regarding finished automobiles based on special containers, logistic service solutions regarding logistic of liquid based on IBC containers, logistic service solutions regarding transportation of automobiles based on pallet boxes as well as pallet leasing and repairing services. The logistic equipment products of the Group mainly comprise of the pallet containers for vehicle, logistics, food, chemical and agricultural purposes, and the intermediate bulk container (IBC) made of stainless steel for chemical and food usage, as well as specialised logistic equipment. Our main manufacturing bases are located in Dalian, Tianjin, Foshan and Wuhu. In the first half of 2013, the Company sold 370,000 units (sets) of logistics equipment, representing a decrease of 9.76% from 410,000 units (sets) for the same period last year. The sales revenue was RMB671.042 million, representing a year-on-year decrease of approximately 3.01%. In addition, the Company recorded a net profit of RMB32.778 million, representing a decrease of approximately 28.42% as compared with the corresponding period of the previous year, which was primarily due to the lower selling price and gross profit margin as a result of market competition and fluctuation of exchange rate of JPY.

The Group proactively developed innovative businesses in the trade and financial services of container logistics and container services throughout the whole life span of containers, and sought new business opportunities arising in the upgrading of coastal industries, the development of Central and Western China, urbanization, energy conservation and emission reduction, as well as the development of recycling economy. On 6 March 2013, the Group acquired 36.78% equity interests in Zhenhua Group. After the transaction, the Group held 75% equity interests in Zhenhua Group, thus Zhenhua Group became the Group's subsidiary from 1 April 2013. With its headquarter located in Tianjin, Zhenhua Group is mainly engaged in logistics

and transportation business. This transaction will strengthen the competitiveness of the Group in terms of comprehensive logistics services.

Due to multiple factors such as the dramatic depreciation of Japanese Yen and the slowdown in domestic economic growth, the logistic appliances business in major overseas markets recorded a depressed demand, while selling prices decreased and costs hiked. However, the automobile industry in the domestic market maintained a growth of over 10%, automobile export continued to increase, leading to the demand growth for logistic appliances. China-manufactured commercial vehicles and construction machinery products enjoyed considerable competitiveness and demand in overseas emerging markets. From a long-term perspective, this is favorable for the development of artery logistics based on self-owned equipment and the growth of the Group's domestic logistics services business. In February 2013, Shenzhen South CIMC Logistics Limited, the Group's

subsidiary, and Shenzhen Xinhe Cheng Supply Chain Management Co., Ltd. set up a joint venture, Shenzhen CIMC New Process of Automotive Supply Chain Management Company Limited, in which the Group holds 60% equity interests. The principal business of the joint venture is automobile supply chain management.

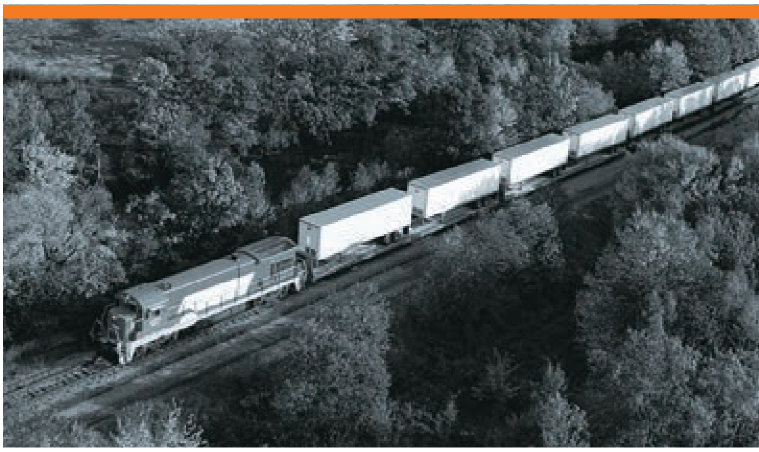
Real estate development business

In first half of 2013, there was no fundamental change in the macro control policies relating to the real estate industry in China, the accumulated effects continued and the market pressure remained relatively high. In the first half of the year, Shenzhen CIMC Real Estate Development Co., Ltd. (深圳市中集地產發展有限公司), a subsidiary of the Group, continued to push forward the construction and sales of projects in Yangzhou, Zhenjiang, Jiangmen and Yangjiang as planned, and carried out the early stage preparations for the project of CIMC Innovation Industrial Park in Songshan Lake of Dongguan (東莞松山湖中集創新產業園), and the projects in Longhua of Shenzhen and Kunshan of Jiangsu Province. During the Reporting Period, the Group's real estate business recorded contracted income from sales of commercial housing of RMB873.47 million, representing a year-on-year increase of 2.5 times. In addition, this segment also realized an income from preselling activities of approximately RMB1.1 billion. Since the recognition and delivery of the developed projects this year were concentrated in the second half of the year, during the Reporting Period, the segment recorded revenue of RMB173.754 million and loss of RMB3.086 million.

The Group owns a parcel of land for industrial use with an area of 524,200 square meters in Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone of Shenzhen ("Qianhai Cooperation Zone"). In the first half of the year, the Company carried out in-depth communications with Shenzhen Government and Authority of Qianhai Cooperation Zone in respect of the future development of the land, and initially received recognition and support from the government, although no concrete development plan has been reached yet. The Company will actively participate in the future development and construction of Qianhai in accordance with the requirements of the overall plan formulated for Qianhai, with a view to make new contributions for the development of Qianhai and embody the Company's new value. In addition to Qianhai Zone of Shenzhen, the Group holds land reserves or industrial land parcels the use of which are expected to be changed into commercial development in various regions including Shekou and Pingshan (in Shenzhen), Songshan Lake (in Dongguan), Yangjiang (in Guangdong), Qingdao (in Shandong), Yangzhou and Zhenjiang (in Jiangsu) and Baoshan (in Shanghai).

Railway equipment manufacturing business

Affected by a number of adverse factors including the domestic economic slowdown and weak demand as well as insufficient production orders of the Company which led to an averagely low rate of operation, the Group's railway equipment manufacturing business recorded revenue of RMB35.613 million during the Reporting Period, representing a decrease of approximately 72.85% as compared with the same period of the previous year, and loss of RMB19.497 million, representing an increase of approximately 235.46% as compared with the loss of the same period of the previous year.



Financial business

In respect of financial business, the Group took an overall approach to enhance the efficiency and effectiveness of its internal capital utilization and assist itself to realize its objectives in industrial strategic development, industrial restructuring and market competition, and was devoted to the establishment of a financial service system which matches its role as a world leading manufacturer, so as to become a profit growth point of the Group. The main operating subsidiaries consist of CIMC Financing and Leasing Co., Ltd. and CIMC Finance Company Ltd. In the first half of 2013, the segment recorded revenue of RMB210.062 million and net profit of RMB96.448 million, representing a decrease of 8.31% and an increase of 15.47% respectively compared with the same period of last year.

In the first half of the year, CIMC Financing and Leasing Co., Ltd. achieved breakthrough in terms of significant projects and investment, endeavored to complete the container leasing project with CMA CGM, and vigorously developed the business of offshore engineering leasing and vehicle leasing through resource integration, which resulted in significant development in the project of Jack-up Drilling Platform of CIMC Raffles. By establishing Qianhai Leasing Company, it actively explored new business opportunities, innovated and improved the business model of modularized building leasing.

In the first half of the year, by establishing highly efficient operation system, CIMC Finance Company Ltd. further improved its governance flow and the base management of human resources, while promoting the three core capabilities of innovation, marketing and risk management and fostering the four business focuses on foreign exchange, supply chain financing, notes and intermediary business. Through centralized management and efficient operation on the capital pool of the Group, CIMC Finance Company Ltd. supported the strategic investment of the Group and its significant projects, leading to a further enhancement of efficiency in capital utilization. In June 2013, CIMC Finance Company Ltd. was approved to enter the domestic interbank lending market and the business of cross-border RMB settlement for members of the Group. With the approval by the People's Bank of China, the system of electronic commercial bills went online. All these new financial instruments expanded the channels of short-term capital investment and financing for CIMC Finance Company Ltd., which further enhanced the efficiency of capital utilization and improved the quality of financial service.

3.4 COMPOSITION OF PRINCIPAL BUSINESSES

3.4.1 By industry and by product

Unit: RMB thousand

By industry or by product	Revenue during the Reporting Period	Cost of sales during the Reporting Period	Gross profit margin during the Reporting Period (%)	Changes in revenue from the corresponding period of last year (%)	Changes in cost of sales from the corresponding period of last year (%)	Changes in gross profit margin from the corresponding period of last year (%)
By industry						
Container	12,314,928	10,654,483	13.48%	(9.92)%	(8.70)%	(1.16)%
Road transportation vehicle	6,673,349	5,699,538	14.59%	(2.17)%	(3.17)%	0.88%
Energy, chemical and food equipment	5,565,543	4,446,564	20.11%	23.11%	20.43%	1.77%
Offshore engineering	1,519,799	1,504,615	1.00%	22.09%	36.68%	(10.56)%
Airport facilities equipment	225,451	164,554	27.01%	227.11%	242.64%	(3.31)%
Others	2,825,635	2,230,209	21.07%	96.93%	154.50%	(17.86)%
Offset on consolidation	(539,547)	(539,547)				
Total	28,585,158	24,160,416	15.48%	4.46%	4.98%	(0.42)%
By product						
Container	12,314,928	10,654,483	13.48%	(9.92)%	(8.70)%	(1.16)%
Road transportation vehicle	6,673,349	5,699,538	14.59%	(2.17)%	(3.17)%	0.88%
Energy, chemical and food equipment	5,565,543	4,446,564	20.11%	23.11%	20.43%	1.77%
Offshore engineering	1,519,799	1,504,615	1.00%	22.09%	36.68%	(10.56)%
Airport facilities equipment	225,451	164,554	27.01%	227.11%	242.64%	(3.31)%
Others	2,825,635	2,230,209	21.07%	96.93%	154.50%	(17.86)%
Offset on consolidation	(539,547)	(539,547)				
Total	28,585,158	24,160,416	15.48%	4.46%	4.98%	(0.42)%

3.4.2 By region

Unit: RMB thousand

Region	Revenue during the Reporting Period	Changes in revenue from the corresponding period of last year (%)
China	13,646,979	8.95%
Asia (excluding China)	3,413,649	41.40%
America	5,399,426	(0.61)%
Europe	5,238,156	(11.37)%
Others	886,948	(18.01)%
Total	28,585,158	4.46%

3.4.3 Reasons for material changes in principal businesses and its structure

There was no material change in profit composition or profit source of the Company during the Reporting Period.

3.4.4 Reasons for material changes in the profitability (gross profit margin) of principal businesses as compared with last year

The Company recorded a decrease in consolidated gross profit margin from principal businesses as compared with the corresponding period of the previous year, which was mainly attributable to various market factors such as overall weak demands to container services, declining price of reefer containers and fluctuation in the price of dry cargo container within a narrow range at low level, as well as the intrinsic factors such as limited recognized revenue due to the late commencement of construction of some projects.

3.4.5 Reasons for material changes in the profit composition during the Reporting Period as compared with last year

During the Reporting Period, there was no material change in the profit composition as compared with last year.

3.4.6 The business nature, major products or services and net profit of the investee companies that contributed more than 10% of the net profit

During the Reporting Period, there was no single investee company whose net profit would contribute 10% or above to the net profit of the Company.

3.4.7 Status of future developments and plans disclosed in publicly disclosed documents such as prospectus, offering memorandum and assets reorganisation report of the Company that continued into the Reporting Period

There was no future development and plans disclosed in publicly disclosed documents such as prospectus, offering memorandum and assets reorganisation report that continued into the Reporting Period.

3.4.8 The review and summary of the progress of the operating plan of the Company disclosed during previous periods

None.

3.5 ANALYSIS OF CORE COMPETITIVE ADVANTAGES

A development strategy focusing on core businesses to accelerate industrial upgrades

After the global financial crisis in 2008, we stepped up the paces of industrial upgrades, focusing on strategic emerging businesses including natural gas equipment and offshore engineering equipment while setting foot in financial, logistics and other modern services.

At present, we have built up a diversified business portfolio, including container business, which continues to take the lead in the industry, as well as road transportation vehicles, energy, chemical and liquid food equipment and offshore engineering businesses with strong competitive edges in the PRC. The long-term focus on core business to constantly sharpen competitiveness in the industry is the core competitive advantage of the Group.

An enterprise framework and management system for continuous improvement and sustainability

The Company has developed a set of effective management models covering business philosophy, governance structure and management mechanism, thus establishing the competitive advantages over its rivals. A standardized and effective corporate governance structure is the institutional safeguards of the Company's sustainable and healthy development. In recent years, the Company launched the strategic upgrade campaign of "building an empowering platform for sustainable healthy development of CIMC". According to the organizational transformation direction of "layering management", the Company established a three-tier management model comprising the Executive Committee, special committees and the Board of Directors as well as a 5S core management process. By introducing the lean management concept and promoting the "ONE" management model to meet the goal of continuous improvements, the Company has established an innovative and forward-looking management system to ensure sustainable and healthy development of its businesses.

Manufacturing management capabilities ensuring high quality at low costs

With the accumulation of large-scale, serialized and standardized management experience and capabilities in the area of container manufacturing over the years and its continuous improvements and upgrades, the Group brings into full play of its manufacturing technologies and process management with high efficiency and competitive costs as well as the core capabilities in lean production management across its business segments.

Integrated resources and collaborative development capacity

In the container sector, the Group has completed industrial consolidation through a series of mergers and acquisitions, and fully integrated supply chain, production and manufacturing, services and other processes to secure its leading cost advantage and leadership in the industry. Hence, on the basis of the existing resources and manufacturing and operating strengths, the Group is able to cultivate new businesses and industry chains for resource sharing and development synergy. The Group is also diversifying into other business segments, aiming to capitalize on local strengths and integrate global resources to establish a new business ecosystem.

Technological research and development capabilities

The Company always attaches great importance to technological research and development capabilities through: (1) developing mid-to-long term development strategy to optimize R&D system and platform and accelerate development of products and technologies as well as evolution of existing products; (2) adhering to the core value of "unlimited innovations" to promote R&D of new products, technologies, processes and equipment, while constantly improving the mechanism for identifying, inspiring and promoting innovations to speed up the commercialization of technological achievements; and (3) strengthening protection of intellectual property including the construction of intellectual property rights system covering technical secrets and copyrights, and establishing and improving an all-round effective mechanism for protecting, operating, safeguarding and preventing infringement of intellectual property.

In addition to a national enterprise technology center, the Group has 25 group-level technology centers under 9 core business segments, including 5 research institutes and 20 technical sub-centers. Capitalizing on its strong R&D organization, the Group is well positioned to translate its leading technologies into competitive advantages and business success for customers.

3.6 MAJOR RISK FACTORS OF THE COMPANY AND EFFECTS

In the second half of 2013, the Company will still face up with the following macroeconomic and policy risks against its business environment:

(1) depressed orders of containers, vehicles and other businesses with overcapacity and low utilization of production capacity, due to the combination of slow global economic recovery in a low-growth cycle, declining external demand for China, a slowdown in export growth, higher energy dependence and escalating volatility in bulk raw material prices;

(2) risks in exchange rate fluctuations as a result of a potentially one-side rapid appreciation of the RMB exchange rate in the changing and volatile financial market;

(3) hiking costs as a result of numerous pressures on the Group's business development and operations such as the mid-to-long term challenges including the forthcoming structural adjustment for China's economy, the decreasing demographic dividend and the requirements on low carbon, environmental protection, energy conservation and emission reduction;

(4) a decline in business profit margins due to the high pressure of market competition from some industries;

(5) the investment risks in offshore engineering equipment business which is a sector requiring tremendous investment and a long payback period. While offshore engineering as a strategic emerging industry is to benefit from policy supports, the domestic offshore engineering industry is exposed to the potentially intensified competition from leading foreign offshore engineering players as well as new entrants such as domestic traditional shipbuilders and capitals. The Company's offshore engineering business, given its limited resources and capacity, is faced up with the challenge to maintain the leadership in the industry, as well as the challenges against its centralized procurement, order management and delivery on schedule and within budget from the parallel design and construction of multiple projects.

3.7 PROSPECTS AND INITIATIVES

3.7.1 Industry Development Trend and Market Outlook

Looking into the second half of 2013, as the US economic recovery is expected to accelerate, the downside trend of European economy is eased but with uncertainties, and the recovery of emerging economies is slower than the expectation, the growth rate of global economy remained to stabilize and rebound at a low level.

In respect of container business, the authoritative institutions lowered the estimates for growth in global container trade for 2013 due to the estimated weaker annual demand for containers as a result of certain impacts on international container trade such as the polarized global economic pattern mixed with a slow recovery in the United States, the lingering weakness in the Eurozone and the slowdown in the growth rate of emerging economies while the situation of supply over demand in relation to shipping capacity will remain. Meanwhile, the pressure from high container inventory in the industry due to a weak performance in the peak season might substantially impact the container demand in the second half of 2013. It is expected that the demand for standard dry containers in the second half year is less likely to rebound, while the demand for reefer containers is expected to recover by the end of the year; whereas the demand for special containers should remain relatively stable.

In respect of road transportation vehicle business, as the U.S. economy is expected to continue to recover in the second half of 2013, the demand for major products will maintain stable, and the demand for flatbed vehicles should rebound from a prolonged recession. Emerging markets are expected to witness relatively stable demand for special vehicles, given the absence of new stimulus packages. Given the relatively slow economic growth in China, it is expected that the overall demand of the industry would continue to fall and the low entrance barrier would lead to overcapacity and fierce competition. However, as the government will implement the economic policy of "ensuring growth", the rising investment in real estate, urban rail transit and railway construction would still play a positive role in fueling market demand. On the other hand, the country enforced the policy of upgrading from National III Standard to National IV Standard for emission from diesel vehicles this year and local governments would gradually enforce the national policies on regulating oversize and overload vehicles on road in a stringent manner, which would promote lighter vehicles, thus generating surging demand on vehicles upgrades. The gradual shift "from yellow sticker to green sticker" in relation to emission standard, an indication of vehicles qualifying for a higher emission standard, would also stimulate the demand for upgrading vehicles in the future.

In respect of energy, chemical and food equipment business, the global economy was navigating into a recovery track during the Reporting Period, albeit still with some uncertainties. Recently the State Council announced a series of new policies to support environmental protection and energy conversation industries.

In the first half of 2013, the natural gas consumption in the PRC was 81.5 billion cubic meters, representing an increase of 13.1%; natural gas imports also surged by 24.6% to approximately 24.7 billion cubic meters compared with the same period last year. According to the forecast by the International Energy Agency, China will expend approximately US$240 billion from 2012 to 2035 in natural gas transportation and distribution infrastructure and LNG industry chains. Moreover, the demand for natural gas application equipment will be further stimulated by the considerations including the concerns about air pollution and cost efficiency, and the encouragement by Chinese oil and gas companies on using natural gas to fuel motor vehicles.

In respect of offshore engineering business, the external macro environment should remain stable in the second half of 2013. The international oil prices currently still remain at a high level of US$100-110, allowing oil companies to sustain their upstream investment enthusiasm in offshore oil and gas sectors, while the replacement and evolution of obsolete platform will still experience a long cycle. Therefore, the potential demand for jack-up platforms would be huge, while the moderately deepwater semi-submersible platforms would become a demand driver for the second half of the year and in the future. In particular, due to the deficiency in manufacturing capabilities, the market in Brazil that attracted global attention will turn to international market to seek equipment to cover the existing gap, which implies new opportunities and as a result, the Chinese offshore engineering enterprises will also benefit from such unprecedented opportunities.

The competitive landscape in offshore engineering equipment manufacturing sector remained essentially unchanged in 2013. However, given the saturated production capacity of enterprises in South Korea and Singapore, the global construction of jack-up platform has shifted to China in the first half of 2013. Among the total jack-up platforms commencing construction, China has taken a larger market share than Singapore. Many shipyards in China turn to offshore engineering market, the jack-up platform market in particular, which exacerbates the competition in domestic offshore engineering market and increases potential industrial risks.

3.7.2 Overall Operation Targets and Initiatives for our Businesses Development

Adapting to the global economic restructuring in the second half of 2013, the Group will continue to deepen its industrial restructuring and strategic upgrades, carry out systematic upgrades in terms of development strategy, business model, organizational culture, operational management and other areas, and continue to implement layering management and precision management so as to establish an "accumulative continuous improvement mechanism", laying a new foundation for the sustainable and healthy development of the Group.

In respect of the container business, we will implement lean management, and strengthen services and collaboration. Through research and development in technology and management, we strive to break through the manufacturing bottlenecks from the rising costs of productive resources, environmental protection and labor-intensive conditions. We will also optimize resource allocation to increase asset operational efficiency while enhancing the decision-making level of this segment.

In respect of the road transportation vehicle business, we will: (1) further expand our business in the European market, optimise production cost and improve supply chains; (2) continue to develop our North American market, invest in new products and establish and enhance our network of distributors; (3) launch new products for high-end logistics vans; and (4) increase investment in the vehicle logistics park business, and build Xi'an Vehicle Logistics Park (西安車輛物流園).

In respect of the energy, chemical and food equipment business, by remaining cautiously optimistic to the industry outlook, the Group will continue to expand its principal businesses and enhance the core competitiveness in order to further consolidate its leadership in the equipment manufacturing market, and proactively tap on new income streams for sustainable and healthy development. The Group will establish strategic plans and carry out prospective research on energy equipment and engineering aspects so as to grasp potential development opportunities. We will set up and improve a business-oriented management model and system and strengthen internal collaboration to ensure healthy business growth in the future. We will fully utilize the production capacities of the newly constructed and expanded production bases as well as production lines by improving the operational efficiency of the cryogenic equipment business. The Group will strive to maintain the leading position of its tank container manufacturing business through improvements in production cost control, quality and profitability. We will, by taking advantage of business collaboration and the complementary advantages of China and Europe, enhance our management ability for engineering projects and strengthen the development of more turnkey projects, with a particular focus on cryogenic tanks, filling station projects, small and medium-sized liquefied and petrochemical gas storage and processing projects, chemical spherical tanks and special containers for nuclear energy. In respect of high-pressure, low-temperature, medium-pressure containers, tank containers and liquid food equipment, the expansion strategy will be continued to amplify our customer base. In particular, the Group will capitalize on the brand, market network, production technology, automated processing, project credentials and other resources of Ziemman International GmbH to facilitate its overseas and domestic market development.

In respect of offshore engineering business, the key objectives for the second half of the year include: (1) striving to fulfill the delivery conditions of the projects, enhancing the communication and cooperation with target customers, so as to realize project sale or lease; (2) continuing to implement the "focus strategy" in market, intensifying efforts in exploring mainstream customers, compete for new orders, and increasing the utilization of production capacity; (3) comprehensively pushing forward the cost control to improve gross profit margin of projects; (4) pushing forward the design and technological shaping of platforms, so as to enhance the capability as a general contractor (EPC); and (5) strengthening basic management and improving QHSE management level.

In respect of airport facilities equipment business, in the second half of the year, we will consolidate and improve the market position of passenger boarding bridges, and tap into new market in the second half of the year. We will pay attention to the integration following the acquisition of Pteris of Singapore, and commence market cooperation. We will also seek new growth opportunities in the field of GSE and automation logistics business and complete the construction of the new base in Shenzhen and the early stage preparation for production bases in other regions as well as pushing forward the technology management and research of development of new products.

In respect of logistics service and equipment manufacturing business, we will push forward the key project businesses such as engine packaging and in relation to customers of automobile components in the second half of the year. In addition, we will initialise packaging and logistics projects for components of passenger vehicles, light trucks and commercial vehicles, so as to enlarge customer groups. We will also reinforce the lean management of each business and promote the cold chain projects, and study the timing for entering the e-commerce logistics market.

In respect of real estate development business, in the second half of the year, the Group will strive for progressive success in projects situated in Longhua, Taiziwan, Qianhai and Pingshan (in Shenzhen) as well as in Baoshan (in Shanghai), ensure the commencement of construction of projects situated in Songshan Lake (in Dongguan) and Jiaozhou (in Qingdao), and continue to develop various markets including Jiangmen (in Guangdong) and Yangzhou (in Jiangsu), so as to expand our land reserves for future projects and achieve simultaneous operation of a number of projects.

3.8 REVIEW OF FINANCIAL RESOURCES DISCLOSED IN ACCORDANCE WITH THE HONG KONG LISTING RULES

3.8.1 Revenue and profit attributable to shareholders of the Company

For details of revenue and profit attributable to shareholders of the Company during the Reporting Period, please refer to the sections headed "II. Summary of Accounting Data and Financial Indicators" as well as "Overview of operating results during the Reporting Period" and "Analysis of principal operations during the Reporting Period" under "III. Management's Discussion and Analysis" in this Report.

3.8.2 Liquidity and financial resources

As at 30 June 2013, the Group's cash on hand amounted to RMB3,705.414 million (31 December 2012: RMB5,221.539 million). The Group has always maintained sufficient cash on hand to repay the bank loans due, and will concurrently continue to remain prudent in managing its future development and capital expenditure.

As at 30 June 2013, the Group's bank loans, debentures payable and other current liabilities (issuance of commercial papers) amounted to RMB23,978.803 million (31 December 2012: RMB20,799.527 million).

As at 30 June 2013, the Group's net cash flows from operating activities amounted to RMB(3,021.559) million (2012: RMB(2,107.043) million). The Group had appropriated an amount of RMB14,047.704 million (2012: RMB15,241.020 million) of bank loans and made repayment of bank loans of RMB10,908.473 million (2012: RMB12,309.686 million).

3.8.3 Capital structure

The Group's capital structure consists of equity interests attributable to shareholders and liabilities. As at 30 June 2013, the equity interests attributable to shareholders amounted to RMB22,853.952 million and the total liabilities amounted to RMB45,916.368 million and total assets amounted to RMB68,770.320 million.

Significant changes in assets items

Unit: RMB thousand

Assets	Notes	As at 30 June 2013	As at 31 December 2012	Changes in amount and percentage	
				Changes in amount	Percentage change (%)
Cash at bank and on hand	(1)	3,705,414	5,221,539	(1,516,125)	(29)%
Financial assets held for trading – current portion	(2)	160,570	405,092	(244,522)	(60)%
Notes receivable	(3)	1,246,167	778,109	468,058	60%
Accounts receivable	(4)	12,725,556	8,238,033	4,487,523	54%
Advance to suppliers	(5)	2,520,119	1,213,042	1,307,077	108%
Investment properties	(6)	284,977	183,668	101,309	55%
Long-term prepaid expenses	(7)	95,175	47,947	47,228	99%

Notes:

(1) Cash at bank and on hand: mainly due to the centralised management of funds by the Group.

(2) Financial assets held for trading: due to changes in the investment costs and fair values of equity instruments held for trading in the Reporting Period.

(3) Bills receivable: mainly due to the increase in sales settled by bills in the Reporting Period.

(4) Accounts receivable: mainly due to the fact that the Reporting Period was a peak season for production and sales.

(5) Advance to suppliers: mainly due to the increase in procurement of raw materials in the Reporting Period.

(6) Investment properties: mainly due to the acquisition of Zhenhua Group in the Reporting Period.

(7) Long-term prepaid expenses: mainly due to the increase in insurance premium for finance lease items in the Reporting Period.

Significant changes in liabilities items

Unit: RMB thousand

Liabilities	Notes	As at 30 June 2013	As at 31 December 2012	Changes in amount and percentage	
				Changes in amount	Percentage change (%)
Short-term borrowings	(1)	7,540,666	5,438,407	2,102,259	39%
Taxes payable	(2)	340,631	747,530	(406,899)	(54)%
Interest payable	(3)	68,989	203,288	(134,299)	(66)%
Dividends payable	(4)	782,117	38,747	743,370	1919%
Current portion of non-current liabilities within one year	(5)	2,538,641	1,261,940	1,276,701	101%
Other current liabilities	(6)	2,448,805	–	2,448,805	–
Financial liabilities held for trading – non-current portion	(7)	34,234	82,242	(48,008)	(58)%
Long-term borrowings	(8)	4,996,681	7,641,785	(2,645,104)	(35)%

Notes;

(1) Short-term borrowings: mainly due to financing arrangements arising from an increase in the scale of production and sales in the Reporting Period.

(2) Taxes payable: mainly due to the filing and settlement of enterprise income tax in the Reporting Period.

(3) Interest payable: mainly due to the settlement of interest of debentures payable in the Reporting Period.

(4) Dividends payable: mainly due to the dividends for ordinary shares declared but unpaid in the Reporting Period.

(5) Current portion of non-current liabilities: mainly due to the long-term borrowings due within one year that were transferred in.

(6) Other current liabilities: mainly due to the issuance of commercial papers by the Group in the Reporting Period.

(7) Financial liabilities held for trading – non-current portion; mainly due to changes in the fair values of derivative financial instruments in the Reporting Period.

(8) Long-term borrowings: mainly due to the long-term borrowings that were due in the Reporting Period and transferred to the current portion of non-current liabilities.

Gearing ratio

The gearing ratios of the Group were calculated based on the Group's total debts divided by total assets as at the respective dates. The gearing ratio of the Group increased from 64.89% as at 31 December 2012 to 66.77% as at 30 June 2013, mainly due to the fact that the Group was in peak season of production and operation during the interim period coupled with the increase in current liabilities as a result of increased occupation of working capital.

3.8.4 Foreign exchange risk

The majority currency of the Group's revenue is U.S. dollars, while most of its expenditure is made in Renminbi. The exchange rates of Renminbi are affected by domestic and international economic and political changes, and demand for and supply of Renminbi. Future exchange rates of Renminbi against other currencies may vary significantly from the current exchange rates, the amount of which would affect the operating results and financial position of the Group.

3.8.5 Pledge of assets

For details of the pledge of assets of the Group, please refer to note V.22 to the Financial Report prepared in accordance with CASBE in this Report.

3.8.6 Capital commitments

For details of the capital commitments of the Group, please refer to note IX.1 to the Financial Report prepared in accordance with CASBE in this Report.

3.8.7 Contingent liabilities

For details of the contingent liabilities of the Group, please refer to note VIII.1 to the Financial Report prepared in accordance with CASBE in this Report.

3.8.8 Significant investments

For details of the significant investments of the Group, please refer to the section of "Investment of the Company" under "VI. Report of the Board" in this Report.

3.8.9 Future plans for significant investments and expected source of funding

The operating and capital expenditures of the Group are mainly financed by our own fund and external financing. The Group will take a prudent attitude to enhance its operating cash flow. The Group has sufficient resources of funding to meet requirements of capital expenditure and working capital during the year.

3.8.10 Capital expenditure and financing plan

Based on changes in the economic situation and operating environment, as well as the needs for the Group's strategic upgrade and business development, the capital expenditure of the Group in 2013 is approximately RMB6.1 billion, among which approximately RMB1.85 billion was actually expensed in the first half of the year. Various forms of financing arrangements will be considered in the second half of the year.

3.8.11 Events after the balance sheet date

(1) On 3 July 2013, CIMC Financial Leasing (Hong Kong) Ltd. ("CIMC FL (HK)") signed a shipbuilding contract with Dalian Shipbuilding Industry Co., Ltd. for the construction of seven 8,800 TEU container vessels. The total contract price for the shipbuilding contract amounted to approximately RMB3,675 million in equivalent. On the same day, CIMC FL (HK) signed a container vessel finance lease contract ("Charter Agreement (DCIC)") for a term of 204 months with a subsidiary of MSC Mediterranean Shipping Company SA. ("MSC").

For details, please refer to the announcement dated 3 July 2013 published by the Company on China Securities Journal, Shanghai Securities News, Securities Times and CNINFO (www.cninfo.com.cn) and the websites of Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cimc.com).

(2) On 24 July 2013, CIMC FL (HK) signed a shipbuilding contract with New Times Shipbuilding Co., Ltd. for the construction of five 8,800 TEU container vessels. The total contract price for the shipbuilding contract amounted to approximately RMB2,622 million in equivalent. On the same day, CIMC FL (HK) signed a container vessel finance lease contract ("Charter Agreement (NTS)") for a term of 204 months with a subsidiary of MSC.

For details, please refer to the announcement dated 24 July 2013 published by the Company on China Securities Journal, Shanghai Securities News, Securities Times and CNINFO (www.cninfo.com.cn) and the websites of Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cimc.com).

(3) On 29 July 2013, CIMC Hong Kong, a wholly-owned subsidiary of the Company, signed a sale and purchase agreement with Pteris, CIMC Hong Kong intends to inject its entire equity interests in Techman (Hong Kong) Limited ("Techman (HK)") into Pteris, and as consideration, Pteris will issue new shares to CIMC Hong Kong (or its nominee). Techman (HK), which will hold 70% equity interests in CIMC Tianda upon completion of the CIMC Tianda restructuring, is a limited company incorporated in Hong Kong. CIMC Hong Kong has reached an agreement in respect of the acquisition of the entire equity interests in Techman (HK). Upon completion of the Techman (HK) Acquisition, Techman (HK) will become a wholly-owned subsidiary of CIMC Hong Kong.

The consideration for the transaction was approximately S$96,303,200 (equivalent to approximately RMB486,331,000). Upon settlement, the equity interests of CIMC Hong Kong in Pteris are expected to increase from approximately 14.99% at present to 63.88% (up to approximately 65.80%, subject to certain adjustment mechanisms). As a result, after completion of the transaction, Pteris will become a subsidiary of the Company through CIMC Hong Kong, and CIMC Tianda will become a subsidiary of Pteris, and thus CIMC Tianda will continue to be a subsidiary of the Company.

For details, please refer to the relevant announcements dated 29 July 2013 published on China Securities Journal, Shanghai Securities News, Securities Times and CNINFO (www.cninfo.com.cn), and the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cimc.com).

3.8.12 Employment, training and development

As at 30 June 2013, the Group had 58,243 employees in total. The total staff cost during the Reporting Period, including Directors' remuneration, contribution to the retirement benefit schemes and share option schemes, amounted to approximately RMB2,308.870 million, representing approximately 8.08% of the Group's revenue.

The Group provides salary and bonus payment to its employees based on their performance, qualification, experience and market conditions. The share option scheme aims to recognize the previous contribution of Directors and core employees to the Group and reward them for their long-term service. Other benefits include contribution to the governmental pension schemes and insurance plans for employees in mainland China.

The Group regularly reviews its remuneration policies, including Directors' remuneration payable, and strives to formulate an improved incentive and assessment mechanism based on the operating results of the Group and market conditions.

4.1 CHANGES IN SHARE CAPITAL OF THE COMPANY DURING THE REPORTING PERIOD

There is no change in share capital of the Company during the Reporting Period.

	As at 31 December 2012		Increase/decrease (+/-)					As at 30 June 2013	
	Numbers of shares	Percentage (%)	New Issue	Bonus Issue	Conversion from Reserves	Others	Sub-total	Numbers of shares	Percentage (%)
I. Shares with selling restrictions	371,026	0.01%	0	0	0	0	0	371,026	0.01%
1. State-owned shares	0	0%	0	0	0	0	0	0	0%
2. Shares held by state-owned legal persons	0	0%	0	0	0	0	0	0	0%
3. Shares held by other domestic investors	0	0%	0	0	0	0	0	0	0%
Of which: Shares held by domestic legal persons	0	0%	0	0	0	0	0	0	0%
Shares held by domestic natural persons	0	0%	0	0	0	0	0	0	0%
4. Shares held by foreign investors	0	0%	0	0	0	0	0	0	0%
Of which: Shares held by foreign legal persons	0	0%	0	0	0	0	0	0	0%
Shares held by foreign natural persons	0	0%	0	0	0	0	0	0	0%
5. Senior management shares (Note)	371,026	0.01%	0	0	0	0	0	371,026	0.01%
II. Shares without selling restrictions	2,662,025,025	99.99%	0	0	0	0	0	2,662,025,025	99.99%
1. RMB-denominated ordinary shares (A Shares)	1,231,544,516	46.26%	0	0	0	0	0	1,231,544,516	46.26%
2. Shares traded in non-RMB currencies and listed domestically	0	0%	0	0	0	0	0	0	0%
3. Shares traded in non-RMB currencies and listed overseas (H Shares)	1,430,480,509	53.73%	0	0	0	0	0	1,430,480,509	53.73%
4. Others	0	0%	0	0	0	0	0	0	0%
III. Total Shares	2,662,396,051	100.00%	0	0	0	0	0	2,662,396,051	100.00%

Note: Senior management shares do not include the 329,802 A shares of the Company held by Li Ruiting.

During the Reporting Period, there was no changes in share capital or related approval and transfer, nor was there any effect on financial indicators such as basic earnings per share, diluted earnings per share and net assets per share attribute to shareholders of ordinary shares of the Company in the latest year and the latest period.

Changes in the structure of shareholders of the Company

On 20 May 2013, the Company was notified by COSCO Pacific Ltd. ("COSCO Pacific") of its intention to transfer all issued shares and relevant shareholders' loan agreements of its subsidiary, COSCO Container Industries Limited ("COSCO Container"), to its connected person, Long Honour ("Long Honour").

COSCO Container was originally the second largest shareholder of the Company and held 432,171,843 A Shares and 148,320,037 H Shares of the Company, which accounted for approximately 21.80% of the total issued share capital of the Company. Long Honour directly held 25,322,106 H Shares of the Company which accounted for approximately 0.95% of the total issued share capital of the Company.

On 27 June 2013, such transfer of equity interest was completed. As at the end of the Reporting Period, Long Honour was the second largest shareholder of the Company and its shareholding percentage was approximately 22.75%. The shares and the shareholding percentage of the Company held by China Ocean Shipping (Group) Company ("COSCO"), the ultimate holding company of COSCO Pacific and Long Honour, remained unchanged upon the completion of such transfer of equity interest.

4.2 NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF THE COMPANY

4.2.1 Number of Shareholders

As at the end of the Reporting Period, the number of shareholders of the Company was 146,641, including 3 holders of H Shares and 146,638 holders of A Shares, of which 146,640 were shareholders of shares without selling restrictions while 1 was shareholder of shares with selling restrictions.

Based on the public information available to the Company and as far as the Directors were aware, the minimum public float of the Company as at 30 June 2013 satisfied the requirements of the Hong Kong Listing Rules.

4.2.2 Shareholdings of shareholders interested in 5% or more of the share capital of the Company

Total number of shareholders as at the end of the Reporting Period									146,641
								Status of being pledged or frozen	
Name of shareholder	Nature of shareholder	Type of shares	Shareholding percentage (%)	Number of Shares held as at the end of the Reporting Period (share)	Changes (increase/decrease) during the Reporting Period	Number of shares with selling restrictions (share)	Number of shares without selling restrictions (share)	Status of Shares	Number of shares
HKSCC NOMINEES LIMITED	Foreign legal person	H Shares	53.73%	1,430,480,309	–	–	1,430,480,309	–	–
COSCO CONTAINER INDUSTRIES LIMITED (中遠集裝箱工業有限公司)	Foreign legal person	A Shares	16.23%	432,171,843	–	–	432,171,843	–	–
China Merchants Bank Co., Ltd. – Everbright Pramerica Advantage Allocation Securities Investment Fund (招商銀行股份有限公司－光大保德信優勢配置股票型證券投資基金)	Domestic Non-state-owned legal person	A Shares	1.04%	27,762,496	–	–	27,762,496	–	–
New China Life Insurance Company Ltd. – Dividends – Personal Dividends – 018L-FH002 Shenzhen (新華人壽保險股份有限公司－分紅－個人分紅-018L-FH002深)	Domestic Non-state-owned legal person	A Shares	0.90%	23,903,176	–	–	23,903,176	–	–
China Minsheng Banking Corp., Ltd. – Yinhua SZSE 100 ETF Classified Securities Investment Fund (中國民生銀行－銀華深證100指數分級證券投資基金)	Domestic Non-state-owned legal person	A Shares	0.44%	11,668,306	–	–	11,668,306	–	–
Wang Zhiyao (王志堯)	Domestic natural person	A Shares	0.42%	11,274,325	–	–	11,274,325	–	–
Bosera Value Growth Securities Investment Fund (博時價值增長證券投資基金)	Domestic Non-state-owned legal person	A Shares	0.40%	10,589,347	–	–	10,589,347	–	–
Bank of China – E Fund SZSE 100 Index Tradable Open-Ended ETF Securities Investment Fund (中國銀行－易方達深證100交易型開放式指數證券投資基金)	Domestic Non-state-owned legal person	A Shares	0.40%	10,580,066	–	–	10,580,066	–	–
PICC Life Insurance Company Limited – Dividends – Individual Insurance Dividends (中國人民人壽保險股份有限公司－分紅－個險分紅)	Domestic Non-state-owned legal person	A Shares	0.37%	9,783,809	–	–	9,783,809	–	–
PICC Property and Casualty Company Limited – Traditional – General Insurance Products (中國人民財產保險股份有限公司－傳統－普通保險產品)	Domestic Non-state-owned legal person	A Shares	0.36%	9,663,737	–	–	9,663,737	–	–
Explanation on any affiliated relationships and acting in concert relationships among the aforesaid shareholders			Nil						

4.2.3 Shareholdings of the top ten Shareholders

Name of Shareholder (Full name)	Nature of shareholder	Type of shares	Shareholding percentage (%)	Total number of Shares held	Number of Shares with selling restrictions	Status of being pledged or frozen	
						Status of shares	Number of shares
HKSCC NOMINEES LIMITED	Foreign legal person	H Shares	53.73%	1,430,480,309	–	–	–
COSCO CONTAINER INDUSTRIES LIMITED (中遠集裝箱工業有限公司)	Foreign legal person	A Shares	16.23%	432,171,843	–	–	–
China Merchants Bank Co., Ltd. – Everbright Pramerica Advantage Allocation Securities Investment Fund (招商銀行股份有限公司 – 光大保德信優勢配置股票型證券投資基金)	Domestic non-state-owned legal person	A Shares	1.04%	27,762,496	–	–	–
New China Life Insurance Company Ltd. – Dividends – Personal Dividends – 018L-FH002 Shenzhen (新華人壽保險股份有限公司 – 分紅 – 個人分紅 – 018L-FH002深)	Domestic non-state-owned legal person	A Shares	0.90%	23,903,176	–	–	–
China Minsheng Banking Corp., Ltd. – Yinhua SZSE 100 ETF Classified Securities Investment Fund (中國民生銀行 – 銀華深證100指數分級證券投資基金)	Domestic non-state-owned legal person	A Shares	0.44%	11,668,306	–	–	–
Wang Zhiyao (王志堯)	Domestic natural person	A Shares	0.42%	11,274,325	–	–	–
Bosera Value Growth Securities Investment Fund (博時價值增長證券投資基金)	Domestic non-state-owned legal person	A Shares	0.40%	10,589,347	–	–	–
Bank of China – E Fund SZSE 100 Index Tradable Open-Ended ETF Securities Investment Fund (中國銀行 – 易方達深證100交易型開放式指數證券投資基金)	Domestic non-state-owned legal person	A Shares	0.40%	10,580,066	–	–	–
PICC Life Insurance Company Limited – Dividends – Individual Insurance Dividends (中國人民人壽保險股份有限公司 – 分紅 – 個險分紅)	Domestic non-state-owned legal person	A Shares	0.37%	9,783,809	–	–	–
PICC Property and Casualty Company Limited – Traditional – General Insurance Products (中國人民財產保險股份有限公司 – 傳統 – 普通保險產品)	Domestic non-state-owned legal person	A Shares	0.36%	9,663,737	–	–	–

4.2.4 Shareholdings of the top ten Shareholders without selling restrictions

Name of Shareholder	Number of shares without selling restrictions held at the end of the Reporting Period	Type of shares	
		Type of shares	Number of shares
HKSCC NOMINEES LIMITED	1,430,480,309	H Shares	1,430,480,309
COSCO CONTAINER INDUSTRIES LIMITED (中遠集裝箱工業有限公司)	432,171,843	A Shares	432,171,843
China Merchants Bank Co., Ltd. – Everbright Pramerica Advantage Allocation Securities Investment Fund (招商銀行股份有限公司－光大保德信優勢配置股票型證券投資基金)	27,762,496	A Shares	27,762,496
New China Life Insurance Company Ltd. – Dividends – Personal Dividends – 018L-FH002 Shenzhen (新華人壽保險股份有限公司－分紅－個人分紅-018L-FH002深)	23,903,176	A Shares	23,903,176
China Minsheng Banking Corp., Ltd. – Yinhua SZSE 100 ETF Classified Securities Investment Fund (中國民生銀行－銀華深證100指數分級證券投資基金)	11,668,306	A Shares	11,668,306
Wang Zhiyao (王志堯)	11,274,325	A Shares	11,274,325
Bosera Value Growth Securities Investment Fund (博時價值增長證券投資基金)	10,589,347	A Shares	10,589,347
Bank of China – E Fund SZSE 100 Index Tradable Open-Ended ETF Securities Investment Fund (中國銀行－ 易方達深證100交易型開放式指數證券投資基金)	10,580,066	A Shares	10,580,066
PICC Life Insurance Company Limited – Dividends – Individual Insurance Dividends (中國人民人壽保險股份有限公司－分紅－個險分紅)	9,783,809	A Shares	9,783,809
PICC Property and Casualty Company Limited – Traditional – General Insurance Products (中國人民財產保險股份有限公司－傳統－普通保險產品)	9,663,737	A Shares	9,663,737
Explanation on the affiliated relationships or acting in concert relationships among each of the aforesaid top ten Shareholders of shares without selling restrictions, and between the top ten Shareholders of Shares without selling restrictions and the top ten Shareholders	Nil		

4.2.5 Disclosure of shareholdings of the Substantial Shareholders and other persons under SFO

As far as the Directors are aware, as at 30 June 2013, the persons (other than a Director, Supervisor or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which are required to be disclosed to the Company pursuant to Section 2 and 3 of Part XV of the SFO are as follows:

Name of shareholder	Type of shares held	Number of shares (share)	Capacity	Percentage of such shares in the same class of the issued share capital (%)	Percentage of total issued share capital (%)
China Merchants Group Limited [1]	H Shares	679,927,917(L)	Interest of Corporation Controlled by the Substantial Shareholder	47.53	25.54
China Ocean Shipping (Group) Company ("COSCO") [2]	A Shares	432,171,843(L)	Interest of Corporation Controlled by the Substantial Shareholder	35.08	16.23
	H Shares	173,642,143(L)	Interest of Corporation Controlled by the Substantial Shareholder	12.14	6.52
Hony Capital Management Limited[3]	H Shares	137,255,434 (L)	Interest of Corporation Controlled by the Substantial Shareholder	9.60	5.16
Templeton Asset Management Ltd.	H Shares	129,086,286 (L)	Investment manager	9.02	4.85

(L) Long position

Note 1: China Merchants Group Limited, through various subsidiaries, had an interest in the H shares of the Company, all the 679,927,917 H shares (long position) were held in the capacity as interest of corporation controlled by the substantial shareholder.

Note 2: COSCO, through various subsidiaries, had an interest in the A shares and H shares of the Company, all the 432,171,843 A shares (long position) and 173,642,143 H Shares (long position) were held in the capacity as interest of corporation controlled by the substantial shareholder.

Note 3: Hony Capital Management Limited, through various subsidiaries, had an interest in the H shares of the Company, all the 137,255,434 H shares (long position) were held in the capacity as interest of corporation controlled by the substantial shareholder.

As at 30 June 2013, as far as the Directors were aware, save as disclosed above, no other person (other than a Director, Supervisor or chief executive of the Company) had any interest or short position in the shares of the Company recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the SFO.

4.3 INFORMATION ON SUBSTANTIAL SHAREHOLDERS, CONTROLLING SHAREHOLDERS AND THE ACTUAL CONTROLLER

4.3.1 Change of controlling shareholders during the Reporting Period

There is no controlling shareholder of the Company.

4.3.2 Change of actual controller during the Reporting Period

There is no actual controller of the Company.

4.3.3 Substantial Shareholders

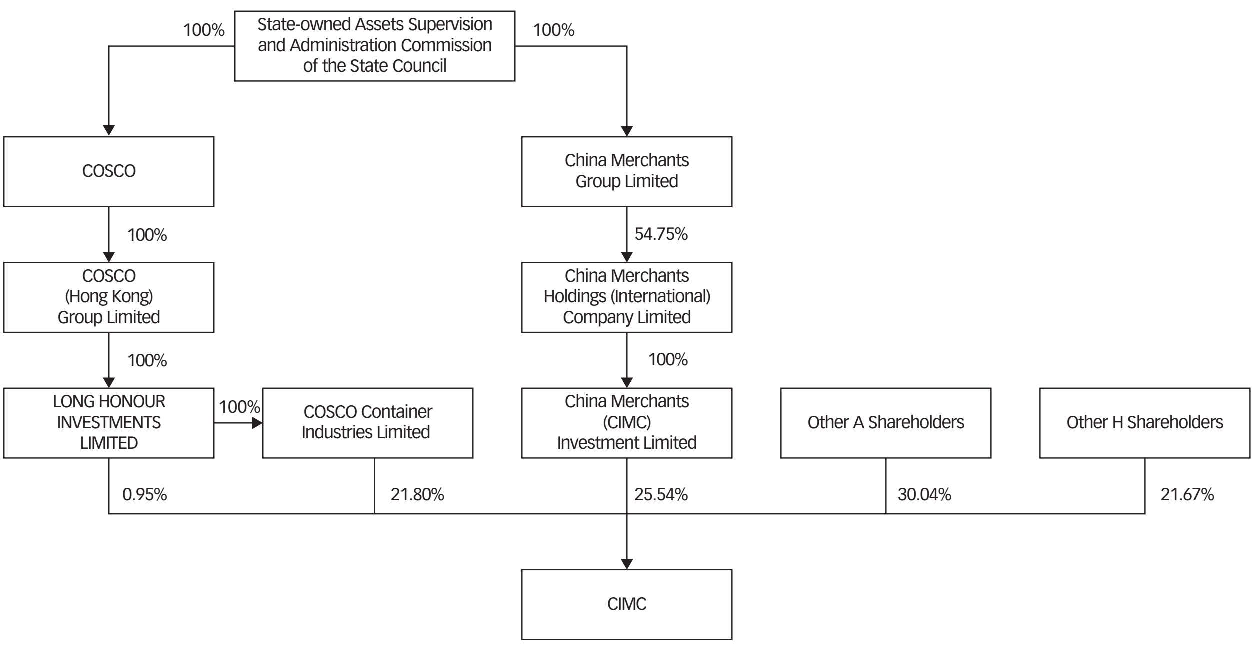
The substantial shareholders of the Company are China Merchants Group Limited and COSCO.

China Merchants Group Limited was incorporated on 14 October 1986 in the PRC with limited liability. Its registered capital is RMB10.05 billion and its legal representative is Fu Yuning. Its three core business sectors focus on the construction, operation and service in respect of transportation and related infrastructure (ports, toll roads, energy transportation and logistics), financial investment and management, property development and management.

COSCO was incorporated on 27 April 1961 in the PRC with limited liability. Its registered capital is RMB4,103.367 million and its legal representative is Wei Jiafu. COSCO is an international company with businesses covering marine transportation, logistics terminals, ship building and repairing.

Except for the abovementioned China Merchants Group Limited and COSCO, no other legal person or individual holds 10% or more of the shares of the Company (excluding HKSCC Nominees Limited).

4.3.4 The equity interest structure between the Company and the substantial Shareholders



5.1 CHANGES IN SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

5.1.1 There is no change in shareholdings of Directors, Supervisors and Senior Management during the Reporting Period.

5.1.2 As at 30 June 2013, the shares of the Company held by the Directors, Supervisors and the chief executive, and the interests and short positions held by the Directors, Supervisors and the chief executive of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange under section 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors or Supervisors are taken or deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under section 352 of the SFO, or otherwise required to be notified by the Directors, Supervisors and chief executives to the Company and the Hong Kong Stock Exchange under the Model Code, were as follows:

(1) Interests in the shares of the Company:

Name	Position	Capacity	H/A Shares	Number of shares held at the beginning of the Reporting Period (Share)	Number of shares held at the end of the Reporting Period (Share)	Change (Share)	Nature of interest	Percentage of shares under the same class (%)	Percentage of total issued shares (%)
Mai Boliang	Executive Director, President	Beneficial Owner	A Shares	494,702	494,702	––	Long position	0.04%	0.02%
Li Ruiting	Supervisor	Beneficial Owner	A Shares	329,802	329,802	––	Long position	0.03%	0.01%

(2) Interests in the underlying shares of the Company:

For details of the interests in the underlying shares of the Company held by Directors, Supervisors and the chief executive of the Company as at 30 June 2013, please refer to the section “Share Incentives and the Share Option Scheme” under “VI. Report of the Board” of this Report.

(3) Interests in the shares in associated corporations of the Company:

Name	Position	Associated corporation	Capacity	Number of shares held at the beginning of the Reporting Period (share)	Number of shares held at the end of the Reporting Period (share)	Change (share)	Reason for the change
Mai Boliang	Executive Director, President	CIMC Vehicle	Beneficiary of a trust	10,350,000	10,350,000	–	–

Save as disclosed above, as at 30 June 2013, none of the Directors, Supervisors and chief executives held any interest or short position in the shares, underlying shares and bonds (within the meaning of Part XV of the SFO) of the Company and any of its associated corporations, which are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register required to be kept under section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code contained in Appendix 10 of the Hong Kong Listing Rules.

5.2 APPOINTMENT AND RESIGNATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

The election of the new session of the Board of Directors was conducted at the 2012 Annual General Meeting of the Company held on 28 June 2013. Mr. Ding Huiping, Mr. Jin Qingjun and Mr. Xu Jing'an retired as independent non-executive Directors of the Company. The resolutions in relation to the appointment of Mr. Li Jianhong, Mr. Xu Minjie, Mr. Wang Hong and Mr. Wang Xingru as non-executive Directors, Mr. Mai Boliang as executive Director and Mr. Li Kejun, Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert as independent non-executive Directors were considered and approved at the 2012 Annual General Meeting.

At the employees' representatives meeting of the Company held on 28 June 2013, Mr. Li Ruiting was elected as Supervisor representing the employees of the 7th Session of the Supervisory Committee of the Company. At the 2012 Annual General Meeting held on 28 June 2013, Mr. Lui Sai Kit Eddie and Ms. Wong Sin Yue Cynthia were elected as Supervisors representing the Shareholders, and Mr. Feng Wanguang resigned as Supervisor representing the employees on the same day.

For details, please refer to relevant announcements published on China Securities Journal, Securities Times, Shanghai Securities News and CNINFO (www.cninfo.com.cn) and the websites of Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cimc.com) on 28 June 2013.

Name	Position	Appointment or Removal	Date of change	Reason for the change
Ding Huiping	Independent non-executive Director	Retired due to term expiration	28 June 2013	Retired due to term expiration
Jin Qingjun	Independent non-executive Director	Retired due to term expiration	28 June 2013	Retired due to term expiration
Xu Jing'an	Independent non-executive Director	Retired due to term expiration	28 June 2013	Retired due to term expiration
Feng Wanguang	Supervisor representing the employees	Retired due to term expiration	28 June 2013	Retired due to term expiration
Li Kejun	Independent non-executive Director	Appointment	28 June 2013	Appointment
Pan Chengwei	Independent non-executive Director	Appointment	28 June 2013	Appointment
Wong Kwai Huen, Albert	Independent non-executive Director	Appointment	28 June 2013	Appointment
Li Ruiting	Supervisor representing the employees	Appointment	28 June 2013	Appointment

Note: Non-executive Director Wang Xingru already resigned on 19 July 2013.

5.3 CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

Under the disclosure requirements of Rule 13.51B(1) of the Hong Kong Listing Rules, the changes in information of Directors and Supervisors during the Reporting Period are as follows:

Mr. Li Kejun, the independent non-executive Director of the Company, has been appointed as an independent director of Weichai Heavy-duty Machinery Co., Ltd. (a company list on the Shenzhen Stock Exchange with stock code: 000880) in May 2013, and as an independent director of Jiangsu Sinopacific Shipbuilding Group Co., Ltd. in June 2013.

6.1 REVIEW OF RESULTS OF OPERATIONS DURING THE REPORTING PERIOD AND THE BUSINESS PROSPECTS OF THE COMPANY

For review of results of operations during the Reporting Period and the business prospects of the Company, please refer to "II. Summary of Accounting Data and Financial Indicators" and "III. Management's Discussion and Analysis" in this Report.

6.2 INVESTMENT OF THE COMPANY

6.2.1 External Equity Investments

(1) External Investments

External Investments		
Investments in the Reporting Period (RMB thousand)	Investments in the corresponding period of last year (RMB thousand)	Change (%)
408,667	–	–

Investees		
Company name	Principal activities	The Company's share percentage of interest in investees (%)
Zhenhua Logistics Group Co., Ltd.	Transportation of goods, etc.	36.78%

(2) Equity investment in Financial institutions

Company name	Company type	Initial investment cost (RMB thousand)	Number of shares held at the beginning of the Reporting Period (share)	Shareholding at the beginning of the Reporting Period (%)	Number of shares held at the end of the Reporting Period (share)	Shareholding at the end of the Reporting Period (%)	Book value at the end of the Reporting Period (RMB thousand)	Profit or loss during the Reporting Period (RMB thousand)	Classification in accounts	Source of shareholding
Bank of Communications Schroder	Non-listed financial institutions	8,125	–	5%	–	5%	8,125	–	Long-term equity investment	Legal person shares
Total		8,125	–	–	–	–	8,125	–	–	–

(3) Securities Investment

Securities	Stock code	Abbreviation of stock name	Initial investment cost (RMB thousand)	Number of shares held at the beginning of the Reporting Period ('000)	Shareholding at the beginning of the Reporting Period (%)	Number of shares held at the end of the Reporting Period ('000)	Shareholding at the end of the Reporting Period (%)	Book value at the end of the Reporting Period (RMB thousand)	Profit or loss during the Reporting Period (RMB thousand)	Classification in accounts	Source of shareholding
Shares	600016	Minsheng Bank	10,440	–	–	1,000	0.0035%	8,570	(1,870)	Financial assets held for trading	Acquired from secondary market
Shares	200581	Su Weifu-B	49,471	3,000	0.44%	500	0.07%	10,753	3,346	Financial assets held for trading	Acquired from secondary market
Shares	368	Sinotrans Ship H	20,076	2,997	0.08%	2,997	0.08%	4,440	(48)	Financial assets held for trading	Acquired from secondary market
Shares	G05.SI	GoodPack	100,764	13,500	2.58%	13,500	2.58%	103,975	(23,071)	Financial assets held for trading	Acquired from secondary market
Other securities investment held at the end of the Reporting Period			–	–	–	–	–	412	–	–	–
Profit or loss from securities investment sold during the Reporting Period			–	–	–	–	–	–	(15,934)	–	–
Total			180,751	19,497	–	17,997	–	128,150	(37,577)	–	–

On 30 June 2013, the balance of other financial assets available-for-sale of the Group represented equity investments to China Merchants Bank Co., Ltd., China Merchants Securities Co., Ltd. and Otto Energy Limited, amounting to RMB133,702,000, RMB436,576,000 and US$912,000 (equivalent to approximately RMB5,635,000), respectively.

6.2.2 Entrusted wealth management, derivatives investment and entrustment loans

(1) Derivatives investment

Unit: RMB thousand

Name of the derivatives investment operator	Affiliated relations	Related party transaction or not	Type of derivatives investment	Initial investment amount of derivatives investment	Date of commencement	Date of termination	Investments at the beginning of the Reporting Period	Provision for impairment (if any)	Investments at the end of the Reporting Period	Proportion of investments at the end of the Reporting Period to net assets of the Company at the end of the Reporting Period (%)	Actual profit or loss during the Reporting Period
HSBC/Standard Chartered/China Merchants Bank, etc.,	Nil	No	Foreign exchange forward contract	–	7 August 2012	23 December 2014	3,008,961	–	4,337,966	22.13%	8,686
China Development Bank/China Construction Bank	Nil	No	Interest rate swap contract	–	21 December 2008	29 December 2018	1,005,680	–	803,231	4.10%	55,628
Total				–	–	–	4,014,641	–	5,141,197	26.23%	64,314

Source of funds of derivatives investment	Self-funded.
Risk analysis of positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operation risk, legal risk etc.)	As at 30 June 2013, the derivative financial instruments held by the Group mainly consisted of foreign exchange forward and interest rate swap contracts. The risks in interest rate swap contracts are closely related to interest rate fluctuations. Foreign exchange forwards are exposed to the risks in foreign currency markets and the certainty of the Group's future foreign currency cash inflows. The Group exercises control over derivative financial instruments mainly through: prudently choosing and deciding on the type and quantity of additional derivative financial instruments; and establishing strict and standard internal approval system and operational process for derivative transactions, where the approval and authorization procedures at relevant levels are clearly defined to control the associated risks.
Changes in market price or product fair value of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of derivatives' fair value	During the Reporting Period, the Group's derivative financial instruments recorded fair value gains/losses of RMB64.314 million. The fair values of the Group's derivative financial instruments are determined based on the quoted market prices from external financial institutions.
Explanations of any significant changes in the Company's accounting policies and specific accounting principles on derivatives between the Reporting Period and the last reporting period	Nil
Specific opinions of independent Directors on the derivatives investment and risk control of the Company	Independent Directors believe that in accordance with the regulations and requirements of regulatory authorities, the Company has followed the principle of prudence and established sound internal approval system and operational process to manage its derivative investments, and the risk control is effective.

(2) Entrustment loans

During the Reporting Period, the Company had no entrustment loans.

6.2.3 Principal subsidiaries and associates

Please refer to the relevant information in the section headed "Analysis of Principal Operations" under "III. Management's Discussion and Analysis" in this Report for details of the operations principal subsidiaries and associates.

The details on the subsidiaries that began and ceased to be consolidated into the accounts of the Company during the Reporting Period are set out in note IV.4 to the Financial Report prepared in accordance with CASBE as set out in this Report.

6.2.4 Significant Projects using funds other than raised proceeds

Event	Total amount of investment (RMB'000)	Amount of investment during the Reporting Period (RMB'000)	Actual amount of investment as at the end of the Reporting Period (RMB'000)	Progress
Acquisition of 36.78% equity interest in Zhenhua Group	710,811	408,667	710,811	Completed

6.3 ESTIMATE ON THE OPERATING RESULTS FOR THE PERIOD FROM JANUARY TO SEPTEMBER 2013

Based on the Company's reasonable estimates, the possibility that the accumulated net profit made during the period from the beginning of the year to the end of the next reporting period turns to a loss or records a significant change when compared to the same period of last year is relatively remote.

6.4 IMPLEMENTATION OF PROFIT DISTRIBUTION OF THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, the proposed profit distribution plan for 2012 was passed at the 2012 Annual General Meeting on 28 June 2013 in accordance with the relevant requirements of the Articles of Association of the Company: the Company paid a cash dividend of RMB2.30 (inclusive of tax) for every 10 shares to Shareholders, totalling RMB612,351,091.73, which was calculated based on total share capital of 2,662,396,051 shares of the Company as at the end of 2012. The Company completed the payment of the 2012 final dividend on 15 August 2013.

6.5 PLAN FOR PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE FUND INTO SHARE CAPITAL

During the Reporting Period, the Company did not have any plan for profit distribution or conversion of capital reserve fund into share capital

6.6 MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the aggregate purchase attributable to the five largest suppliers of the Group was RMB2,111.029 million, representing approximately 28.68% of the Group's total purchase.

During the Reporting Period, the aggregate revenue derived from the five largest customers was RMB4,657.835 million, representing approximately 16.29% of the Group's total operating revenue.

None of the Directors, Supervisors and their associates or shareholders (who to the knowledge of the Directors were holding 5% or more of the Company's share capital) had any interest in any of the above-mentioned suppliers and customers.

6.7 OPERATIONS OF THE BOARD OF DIRECTORS

6.7.1 The convening of Board meetings and special committee meetings and the issues resolved

During the Reporting Period, the Board of Directors has convened six Board meetings and passed the following resolutions:

Name of meeting	Date of meeting	Resolution considered
The first meeting of the Sixth Board of Directors for 2013	31 January 2013	Resolution on reverse merger and acquisition of Pteris by injecting the interests in CIMC Tianda
The second meeting of the Sixth Board of Directors for 2013	21 March 2013	1. Resolution on the second meeting of the Sixth Board of Directors for 2013 2. Resolution on financing arrangements for 2013 3. Resolution on application for destroying part of the accounting files for 1981 to 1993 4. Resolution on the revision of annual caps for continuing connected transaction with COSCO Pacific proposed at the shareholders' general meeting for approval 5. Resolution on implementation of day-to-day related party transactions in 2012
The third meeting of the Sixth Board of Directors for 2013	23 April 2013	1. Resolution on provision of external guarantee by the member of the Group applied by CIMC Finance Company Ltd. 2. Resolution on provision of credit guarantee by CIMC Vehicle and its controlling subsidiaries to their respective dealers and customers 3. Resolution on provision of guarantee by CIMC Vehicle to its subsidiaries in respect of bank facilities 4. Resolution on provision of guarantee to subsidiaries in respect of bank facilities and projects for 2013 5. Resolution on the third meeting for 2013
The fourth meeting of the Sixth Board of Directors for 2013	26 April 2013	Resolution on the report for the first quarter of 2013
The fifth meeting of the Sixth Board of Directors for 2013	28 June 2013	No resolution
The first meeting of the Seventh Board of Directors for 2013	28 June 2013	Resolution on the first meeting for 2013

Audit Committee

During the Reporting Period, the Audit Committee held two meetings by way of passing written resolution:

Name of meeting	Date of meeting	Resolution considered
The first meeting of the sixth session for 2013	8 March 2013	No resolution
The second meeting of the sixth session for 2013	20 March 2013	1. Audit opinion on the "Internal Control and Self-Appraisal Report of CIMC in 2012" 2. Audit opinion on the implementation of day-to-day related party transactions in 2012 3. Audit opinion on the assessment of work of accounting firm and the recommendation of auditing institution for 2013 4. Audit opinion on the continuing connected transaction with COSCO Pacific and the newly amended annual caps proposed at the shareholders' general meeting for approval 5. Audit opinion on the financial report of 2012 of the Company

Remuneration and Appraisal Committee

During the Reporting Period, the Remuneration and Appraisal Committee held two meetings:

Name of meeting	Date of meeting	Resolution considered
The first meeting of the sixth session for 2013	20 March 2013	Audit opinion on the disclosure of remuneration of the Directors, Supervisors and Senior Management of the Company
The second meeting of the sixth session for 2013	25 June 2013	No resolution

Nomination Committee

During the Reporting Period, the Nomination Committee did not hold any meeting.

Strategic Committee

The Strategic Committee of the Company held various meetings from time to time to discuss important matters of the Company. At the same time, the Company's investment review committee under the Strategic Committee also held 2 meetings to give full evaluations on the Company's major investments and acquisitions, which provided a strong basis for the decision of the Board of Directors.

6.7.2 Members of the Board of Directors and attendance rate of Directors

Position	Name	Attendance Rate (%)
Chairman	Li Jianhong	100%
Vice Chairman	Xu Minjie	100%
Executive Director	Mai Boliang	100%
Non-executive Director	Wang Hong	100%
Non-executive Director	Wang Xingru (Note 2)	67%
Independent non-executive Director	Ding Huiping (Note 1)	100%
Independent non-executive Director	Jin Qingjun (Note 1)	100%
Independent non-executive Director	Xu Jing'an (Note 1)	100%
Independent non-executive Director	Li Kejun	100%
Independent non-executive Director	Pan Chengwei	100%
Independent non-executive Director	Wong Kwai Huen, Albert	100%

Note 1: Ding Huiping, Jin Qingjun and Xu Jing'an resigned as the independent non-executive Directors on 28 June 2013.

Note 2: Wang Xingru resigned as the non-executive Director on 19 July 2013.

6.8 SHARE INCENTIVE AND SHARE OPTION SCHEME

6.8.1 Summary of Share Option Incentive Scheme

(1) Share Option Scheme of the Company:

To establish and improve an incentive-constraint mechanism, and effectively combine the interests of the shareholders, the interests of the Company and the personal interests of individuals, a "Share Option Scheme of China International Marine Containers (Group) Co., Ltd." (the "CIMC Share Option Scheme") was considered and approved at the Extraordinary General Meeting of the Company on 17 September 2010. According to such plan, 54,000,000 share options and the second tranche of 6,000,000 share options were registered on 26 January 2011 and 17 November 2011, respectively. For details, please refer to the relevant announcements published on the websites of the Shenzhen Stock Exchange and the Company as well as the 2012 Annual Report of the Company.

The first batch of the aforesaid share options has been exercisable since 28 September 2012. As at 30 June 2013, the amount of share options already exercised was 0, representing 0.00% of the total amount of share options under the CIMC Share Option Scheme.

(2) The Share Incentive Plan of CIMC Enric, a subsidiary of the Company:

CIMC Enric, a subsidiary of the Company, has adopted a share option plan according to the ordinary resolution passed at its extraordinary general meeting held on 12 July 2006. The plan aims to reward and give back to employees and directors of CIMC Enric and other eligible persons for their contributions to CIMC Enric. On 11 November 2009, CIMC Enric granted share options to several eligible persons according to the scheme to subscribe for 43,750,000 ordinary shares with par value of HK$0.01 per share in the share capital of CIMC Enric in total ("2009 Enric Share Option"); CIMC Enric granted share options to several eligible persons on 28 October 2011 according to the scheme to subscribe for 38,200,000 ordinary shares with par value of HK$0.01 per share in the share capital of CIMC Enric in total ("2011 Enric Share Option"). Please refer to the relevant announcements of CIMC Enric published on the website of Hong Kong Stock Exchange and the 2012 annual report of the Company published on the websites of Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company for details.

As at 30 June 2013, a total of 3,350,000 share options of the 2009 Enric Share Options and 2,350,000 share options of the 2011 Enric Share Options were lapsed, respectively.

(3) The Equity Trust Scheme of CIMC Vehicle:

An equity trust scheme of CIMC Vehicle was considered and approved at the general meeting of the Company on 17 October 2007 for implementation (the "CIMC Vehicle Equity Trust Scheme"). Pursuant to the scheme, the senior management related to the vehicle business of the Company and the key employees of the Company's subsidiary CIMC Vehicle (the "CIMC Vehicle Scheme Participants") held 20% equity interests in CIMC Vehicle by capital increase of RMB220.7 million through Shenzhen International Trust & Investment Co., Ltd. (深圳國際信託投資有限責任公司). Please refer to the relevant announcements and the 2012 annual report of the Company published on the websites of the Shenzhen Stock Exchange and the Company for details.

As at 30 June 2013, the CIMC Vehicle Equity Trust Scheme had distributed 214,860,000 share options, representing 97.35% of the total trust scheme.

6.8.2 Implementation of Share Incentive Scheme of the Company and its Influence

Scope of participants during the Reporting Period	The first tranche of 54,000,000 share options granted to 181 senior management and key technical personnel of the Company; the second tranche of 6,000,000 share options granted to 48 key technical personnel and middle-level management.
Total equity granted during the Reporting Period (share)	0
Total equity exercised during the Reporting Period (share)	0
Total equity cancelled during the Reporting Period (share)	0
Total equity lapsed during the Reporting Period (share)	0
Total equity granted but outstanding at the end of the Reporting Period on a cumulative basis (share)	60,000,000
Total equity granted and exercised at the end of the Reporting Period on a cumulative basis (share)	0
Adjustments to grant price and exercise price during the Reporting Period and latest grant price and exercise price after such adjustments	The initial exercise price for the first tranche was RMB12.39 which was adjusted to RMB11.58 after implementation of the dividend distribution proposals for 2010 and 2011; the initial exercise price for the second tranche was RMB17.57 which was adjusted to RMB17.11 after implementation of the dividend distribution proposal 2011. During the Reporting Period, there was no adjustment to the exercise price.

		Grant and Exercise of Interest of Directors, Supervisors and Senior Management during the Reporting Period		
Name	Position	Number of granted interest during the Reporting Period (share)	Number of exercised interest during the Reporting Period (share)	Number of outstanding interest at the end of the Reporting Period (share)
Mai Boliang	President, Executive Director	0	0	3,800,000
Zhao Qingsheng	Vice President	0	0	1,500,000
Liu Xuebin	Vice President	0	0	1,500,000
Wu Fapei	Vice President	0	0	1,000,000
Li Yinhui	Vice President	0	0	1,000,000
Yu Ya	Vice President	0	0	1,000,000
Zhang Baoqing	Vice President	0	0	1,000,000
Yu Yuqun	Secretary to the Board	0	0	1,000,000
Jin Jianlong	General Manager of Finance Department	0	0	1,000,000
Zeng Beihua	General Manager of Treasury Department	0	0	1,000,000
Li Ruiting	Supervisor	0	0	1,300,000

Equity changes arising from exercise by participants	–
Measurement of fair value of equity instrument	Fair value of share option is estimated based on the 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 exercise of the option.
Valuation model, parameters and selection criteria	–
Apportion period and result for fair value of equity instrument	–

Note: Mr. Li Ruiting was granted the share options on 28 September 2010. He was elected as the Supervisor representing the employees at the election held at the employees' meeting on 28 June 2013.

6.9 INTERESTS IN COMPETING BUSINESS

None of the substantial shareholders, Directors, Supervisors and Senior Management and their respective associates (as defined in the Hong Kong Listing Rules) of the Company were interested in any business which competes or may compete with businesses of the Group.

6.10 REPURCHASE, SALE OR REDEMPTION OF SECURITIES

The Group did not repurchase, sell or redeem any of the securities of the Company during the Reporting Period.

6.11 SUFFICIENCY OF PUBLIC FLOAT

Based on the public information of the Company and within the knowledge of the Directors, the Directors confirmed that the public float of the Company satisfied relevant requirements under the Hong Kong Listing Rules as at the date of this Report.

6.12 SOCIAL RESPONSIBILITY

In the first half of 2013, the Group continued to implement the vision and strategy of corporate social responsibility, with its commitment to the harmonious, sustainable development of the economy, society and environment as guided by the scientific development concept, endeavouring to lift the social responsibility project to a new level.

The Company continued to maintain healthy development and was still managed to achieve satisfactory operating results under a complex and difficult external environment to create value for shareholders and make contributions to local economic growth and employment as well as community development. In line with its actual situations, the Company incorporated the concept of social responsibility into its development strategies and daily operations; accelerated the pace of development of the emerging industries; accelerated updating and upgrading of internal obsolete production capacity to enhance equipment manufacturing level and automation level for improving overall labour production efficiency; stepped up the push for the lean ONE Model to enhance delicacy management level; solved the bottleneck problems in a proactive approach by means of new industrialization, such as environment and resources constraints over industrial development; further implemented the "people-oriented and mutual business" cultural philosophy to provide staff with a better return and promote staff development; stepped up investment to push forward R&D of new products, conducted studies on the application of various new technologies, new materials and new procedures, and established a collaborative product R&D and market development system; and extended services to provide customers with professional industry solutions and to enhance value creativity and industrial competitiveness.

The Company donated a complex removable miniature hospital to the earthquake stricken area in Ya'an in April 2013. The modularized construction products of the Company have played an indispensable role during the disaster relief and recovery and thus receiving wide social attention and recognition.

6.13 RELATIONSHIPS WITH INVESTORS

6.13.1 Effective market communication and interaction

During the first half year of 2013, the Company continued to actively carry out sincere communications with investors and analysts by a variety of means including results presentation and road shows, and achieved more than 28 times of communication with analysts and fund managers.

6.13.2 Reception of investors for research, communication and interviews during the Reporting Period

Date of reception	Venue of reception	Mode	Type of party received	Party received	Main topics of discussion and information provided
7 January 2013	Company	Field research	Organization	UBS	Business structure of the Company, recent industrial developments, main business situations and investment progress of the Company, as well as industry outlook in 2013
11 January 2013	Company	Field research	Organization	RBC Investment Banking	Same as above
14 January 2013	Company	Field research	Organization	First Capital, China Life Insurance, China Merchants Securities, Morgan Stanley Huaxin and Sun Life Everbright Life	Same as above
15 January 2013	Company	Field research	Organization	Harvest Fund	Same as above
21 January 2013	Company	Field research	Organization	UBS International	Same as above
25 January 2013	Company	Field research	Organization	CITIC Securities	Same as above
28 January 2013	East factory	Field research	Organization	Morgan Stanley and BNP Paribas	Same as above
29 January 2013	Company	Field research	Organization	HSBC and Standard Chartered Bank	Same as above
31 January 2013	Company	Field research	Organization	Morgan Stanley and Barclays Bank	Same as above
31 January 2013	Zhangjiagang and Nantong	Field research	Organization	UBS International and Merrill Lynch	Same as above
4 February 2013	Company	Field research	Organization	HSBC and Atlantis Investment	Same as above
5 February 2013	Company	Field research	Organization	Deutsche Bank	Same as above
22 March 2013	Hong Kong	Field research	Organization	Securities analysts and fund managers	Results representation regarding 2012 Annual Report
25 March 2013	Hong Kong	Field research	Organization	Morgan Stanley, HSBC and their customers	Road show of annual results of 2012
28 March 2013	Singapore	Field research	Organization	Goldman Sachs and its customers	Road show of annual results of 2012
9 April 2013	Yantai	Field research	Organization	DnB, Moon Capital and Religare Capital	Recent industrial developments, main business situations and investment progress of the offshore engineering business, as well as industry outlook in 2013

Date of reception	Venue of reception	Mode	Type of party received	Party received	Main topics of discussion and information provided
10 April 2013	Company	Field research	Organization	Shenyin Wanguo	Business structure of the Company, recent industrial developments, main business situations and investment progress of the Company, as well as industry outlook in 2013
19 April 2013	Company	Field research	Organization	Jefferies and its customers, USB and its customers	Same as above
6 May 2013	East factory	Field research	Organization	Guoyuan Securities, Perritex Investment (百利達投資), Eastern Bay Investment, Yingtai Investment (盈泰投資) and Shanghai Rising Investment	Same as above
21 May 2013	East factory	Field research	Organization	Daiwa Securities	Same as above
23 May 2013	Company	Field research	Organization	UBS	Same as above
30 May 2013	Company	Field research	Organization	Soochow Securities	Same as above
4 June 2013	Company	Field research	Organization	Neuberger Berman	Same as above
6 June 2013	Yantai	Field research	Organization	Guosen Securities, Shanghai Changxin Asset Management (上海長信資產管理), Taikang Assets, DM capital, Everbright Pramerica, Merrill Lynch, Essence Securities, Huatai Securities, Haitong Securities, Rising Investment, Shenzhen Perritex Investment(深圳百利達投資), Caida Securities, BOCI Securities, Yingtai Investment (盈泰投資), Harvest Fund, Guotai Fund, Hong Yuan Securities and Panther Asset Management	Recent industrial developments, main business situations and investment progress of the offshore engineering business, as well as industry outlook in 2013

Date of reception	Venue of reception	Mode	Type of party received	Party received	Main topics of discussion and information provided
7 June 2013	Wuhu	Field research	Organization	Guosen Securities, Guotai Fund, Taikang Assets, Everbright Pramerica, Merrill Lynch, Essence Securities, Huatai Securities, Everbright Securities, Haitong Securities, Rising Investment, Shenzhen Perritex Investment (深圳百利達投資), Caida Securities, BOCI Securities, Hong Yuan Securities, Jefferies and its customers	Recent industrial developments, main business situations and investment progress of the heavy truck business, as well as industry outlook in 2013
18 June 2013	Langfang	Field research	Organization	Everbright Securities, China Re Asset, Infore Capital, Wanjia Fund, Essence Securities, Huatai Securities, Haitong Securities, Golden Nest Capital, China Merchants Securities, BOCI Securities, HuaChuang Securities, Shenyin Wanguo, Shanghai Sunflower Investment (上海向日葵投資), Shanghai Elegant, CICC, J.P. Morgan, Guotai Junan, GF securities, Guoyuan Securities (Hong Kong), CICC and Bosera Funds	Recent industrial developments, main business situations and investment progress of the energy and chemical business, as well as industry outlook in 2013
19 June 2013	Zhangjiagang	Field research	Organization	Everbright Securities, China Re Asset, Infore Capital, Wanjia Fund, Essence Securities, Huatai Securities, Haitong Securities, Golden Nest Capital, China Merchants Securities, BOCI Securities, HuaChuang Securities, Shenyin Wanguo, Shanghai Sunflower Investment (上海向日葵投資), Shanghai Elegant, CICC, J.P. Morgan, Guotai Junan, GF securities, Guoyuan Securities (Hong Kong) and Bosera Funds	Same as above
26 June 2013	Shanghai	Field research	Organization	Merrill Lynch and Nomura Asset Management	Business structure of the Company, recent industrial developments, main business situations, investment progress and industry outlook in 2013

7.1 CORPORATE GOVERNANCE

– Overview

During the Reporting Period, the Company strictly complied with related national regulations and new laws and regulations as well as documents introduced by the China Securities Regulatory Commission, the CSRC Shenzhen Bureau, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, constantly enhanced the corporate governance, and kept the Company's operation standardised. During the Reporting Period, the Company revised Rules and Procedures of the Shareholders' General Meeting, Rules and Procedures of the Board of Directors and Rules and Procedures of Supervisory Committee, reviewed the previous establishment of and actual work on the internal control and risk management system of the Company, ascertained the plans for recent internal control of the Company and the objectives, principles and tasks for long-term internal control of the Company.

In the first half of 2013, the Company continued the implementation of internal control and regulation. Last year, the establishment progress of the corporate internal control system surpassed the 80% mark; on such basis, the Company will strive to introduce the corporate internal control system to almost all entities within 2013. In the first half of the year, business segments, such as logistics, real estate, energy and chemical, vehicles and finance, have devised monthly plans under the guidance of the headquarters of the Group, and the plans were initiated; the Company continued to press ahead the four key internal control tasks arranged in 2012, i.e. the internal control talent fostering system, hierarchical preparation of internal control manual, standard internal control project and E-KRI key risk indicators, achieving preliminary success.

Appointed as one of the 22 key enterprises for the 2011 CSRC Shenzhen Bureau pilot program of the Basic Norms for Enterprise Internal Control ("Norms for Internal Control") and related ancillary guidelines, the Company, with reference to requirements of the Norms for Internal Control, successively revised the Regulations on Raised Funds, the Insider Registration and Management System and the Administrative Rules for Related Party Transactions.

– Compliance with the Corporate Governance Code

The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules during the Reporting Period.

– The Board of Directors and Its Operation

During the Reporting Period, the shareholders' general meeting, the Board of Directors, the Supervisory Committee and each special Board committee of the Board of Directors duly performed their own duties and operated in a proactive manner, which guaranteed the Company's robust operation in compliance with rules and its sustained healthy development. During the Reporting Period, the Company held 17 meetings of various natures. Among them were one shareholders' general meetings, six meetings of the Board of Directors, six meetings of the special Board committees of the Board of Directors and four meetings of the Supervisory Committee. Please refer to the section of "Operations of the Board of Directors" under "VI. Report of the Board" in this Report.

– The Audit Committee

The Company has appointed independent non-executive Directors and established the Audit Committee pursuant to the requirements of the Hong Kong Listing Rules. At the end of the Reporting Period, the members of the Audit Committee under the Board of Directors consisted of Mr. Pan Chengwei (Chairman of the Audit Committee under the Board of Directors with professional qualifications and experience in relation to financial management such as accounting), Mr. Li Kejun and Mr. Wong Kwai Huen, Albert. On 26 August 2013, the Audit Committee reviewed the interim financial report of the Company and its subsidiaries for the six months ended 30 June 2013, and agreed to present the same to the Board of Directors for consideration.

– Compliance with the Model Code by Directors, Supervisors and Employees Concerned for Securities Transactions

The Company has adopted the standards prescribed in the Model Code contained in Appendix 10 of the Hong Kong Listing Rules as the code of conduct in dealing in shares of the Company by Directors and Supervisors. After inquiries, all the Directors and Supervisors confirmed that they had complied with the Model Code contained in Appendix 10 of the Hong Kong Listing Rules and adopted by the Company during the Reporting Period.

Save for the work relationship inside the Company, there was no relationship among the Directors, the Supervisors and the senior management in respect of financial affairs, businesses, family members and other aspects of significance.

Save for the service contracts entered into with the Company, the Directors and the Supervisors of the Company had no personal beneficial interests, directly or indirectly, in any material contracts entered into by the Company or its subsidiaries in the first half of 2013.

– Independence of and separation from the substantial shareholders

The Company is independent of its substantial shareholders: China Merchants Group Limited and China Ocean Shipping (Group) Company and their respective subsidiaries in respect of business, personnel, asset, organizational structure and finance. The Company has independent and comprehensive business operations and management capabilities.

– The shareholders' general meeting

During the Reporting Period, the Company held the 2012 annual general meeting on 28 June 2013 in Shenzhen. The notice, convening, holding and polling procedures were in compliance with the relevant requirements of the PRC Company Law, the Articles of Association and the Hong Kong Listing Rules. The announcement on the related resolutions of the meeting was published on 29 June 2013 in China Securities Journal, Shanghai Securities News, Securities Times and on the websites of cninfo (http://www.cninfo.com.cn), and on 28 June 2013 on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cimc.com).

– The operation of the Supervisory Committee

During the Reporting Period, three meetings of the Sixth Session and one meeting of the Seventh Session of the Supervisory Committee of the Company were held with 9 resolutions reviewed and 2 events briefed. The Supervisory Committee was in attendance at two on-site meetings of the Board of Directors, and attended one shareholders' general meeting.

During the Reporting Period, each operation of the Company was in compliance with rules, and the Company will continue to prioritise the establishment of the internal control system and step up efforts to improve corporate governance in strict accordance with the requirements of the PRC Company Law, the PRC Securities Law, the Hong Kong Listing Rules and the related laws and regulations, so as to raise the level of standardized operation of the Company and achieve the sustainable development of the Company.

7.2 INTERNAL CONTROL AND INTERNAL AUDIT

In the first half of 2013, the Company examined the operation of the internal control system of each of its subsidiaries, and the results of the examination had passed the review of the Internal Control Committee; the Internal Control Committee of the Company held the first meeting in 2013, at which the Committee was briefed on the work progress of the Company's internal control in 2012 and the plan for the work in 2013 which was approved after the review of the Audit Committee of the Board of Directors; the Company began amending the existing systems for internal control and internal review, in the hope of formulating systems that could adapt to the new situation as soon as possible; the Company organized each department to prepare a self-assessment report on internal control for 2012, and PricewaterhouseCoopers Zhong Tian CPAs Limited completed internal control and audit works and issued unqualified opinions on internal control; the Company prepared its work conference on internal control and internal review for 2013, systematically summarised the work on internal control and internal review since 2012, solicited opinions on the amendment to the internal control and internal review system under the layered management, interpreted the COSO New Framework on international internal control, summarized and exchanged views on the work development of the four key internal control tasks, and invited external experts to offer professional enhancement training and give suggestions on the arrangement of the future work for the deepening of internal control.

The Company continued to achieve overall coverage of the internal control system, and set the 2013 objectives to achieve such goal. In the first half of the year, business segments devised monthly plans under the guidance of the headquarters of the Group, and implemented the plans; the Company continued to push forward the four key internal control tasks, i.e. the internal control talent fostering system, preparation of hierarchical internal control manual, standard internal control project and E-KRI key risk indicators planned in the 2012; teamed up with professional functional departments, the Company and such departments jointly deepened the ad hoc management of risks in enterprise acquisition, procurement business, employment and cost control; the Company welcomed the visits of professional parties of external companies, and conducted in-depth exchanges; the Company advocated and implemented the code of conduct for the Directors and employees in the Group, so as to establish a healthy and transparent system with continued efforts in improving the anti-fraud mechanism.

7.3 MATERIAL LITIGATION AND ARBITRATION EVENTS

Basics of the Litigation (Arbitration)	Amounts involved	Expected liabilities generated or not	Progress on the Litigation (Arbitration)	Trial decisions of the Litigation (Arbitration) and its impacts	The enforcement of the trial decisions of the Litigation (Arbitration)	Disclosure date	Disclosure index
The semi-submersible oil drilling platforms named SS Pantanal and SS Amazonia built by CIMC Raffles and its subsidiaries for subsidiaries of Schahin Group in Brazil were delivered in November 2010 and April 2011, respectively. CIMC Raffles and its subsidiaries also provided advances for Schahin Holdings SA and its six related companies for the construction of the drilling platforms.	US$208 million (equivalent to approximately RMB1.3 billion)	No	CIMC Raffles and its subsidiaries lodged law suit and arbitration applications in New York, the US and London, the UK respectively against Schahin Holdings SA and its six related companies. The Company won the case in the US with US$694.7 million being awarded, pending performance by the defendants. The Company won the case in London with US$19.6 million being awarded. The defendants filed an appeal.	The Company is optimistic on the litigation and arbitration results and will actively take legal actions in favour of shareholders' interests. However, as the case is still pending, there are uncertainties and the outcome of the litigation may affect the Company's profits of 2013 or subsequent periods to a certain extent.	Case still pending	–	–

7.4 MATTERS QUESTIONED BY THE MEDIA

None.

7.5 ASSET TRANSACTIONS

7.5.1 Acquisition of assets

For details of the asset acquisitions of the Company during the Reporting Period, please refer to Note IV.6 and 10 to the Financial Report prepared in accordance with CASBE contained in this Report.

7.5.2 Disposal of assets

For details of the asset disposals of the Company during the Reporting Period, please refer to Note IV.11 to the Financial Report prepared in accordance with CASBE contained in this Report.

7.5.3 Corporate mergers

For details of the corporate mergers of the Group during the Reporting Period, please refer to note IV.6 to the Financial Report prepared in accordance with CASBE in this Report.

7.6 MATERIAL CONNECTED TRANSACTIONS DISCLOSED ACCORDING TO SHENZHEN LISTING RULES

7.6.1 Connected transactions in relation to daily operation

Connected parties	Affiliated relations	Type of connected transaction	Details of connected transaction	Pricing principle of connected transaction	Price of connected transaction	Connected transaction amount (RMB'000)	Proportion in amount of same type of transaction (%)	Connected transaction settlement method	Available market price of similar transactions	Date of disclosure	Disclosure Index
Other connected parties	Other connected parties	Purchase of goods	Purchase of goods	In compliance with the approval procedure of normal non-connected transactions	–	130,476	0.54%	–	–	–	–
Other connected parties	Other connected parties	Purchase of goods	Purchase of goods	In compliance with the approval procedure of normal non-connected transactions	–	4,780	0.02%	–	–	–	–
Key management personnel	Key management personnel	Payment of remuneration for receiving services	Payment of remuneration for receiving services	–	–	9,344	–	–	–	–	–
Other connected parties	Other connected parties	Sale of goods	Sale of containers/ vehicles	In compliance with the approval procedure of normal non-connected transactions	–	1,029,673	3.60%	–	–	–	–
Total				–	–	1,174,273	–	–	–	–	–

Details of substantial sales return	Nil
Projected total amount of continuing connected transactions during the period by type and actual performance during the Reporting Period (if any)	Nil
Reason for substantial difference between transaction prices and referential market prices (if applicable)	N/A

7.6.2 Connected transaction in relation to assets acquisition and disposal

During the Reporting Period, the Company had no connected transactions in relation to acquisition and disposal of assets.

7.6.3 Material connected transaction in relation to joint external investment

During the Reporting Period, the Company had no material connected transactions relating to joint external investment.

7.6.4 Non-operating creditors and debtors with connected parties

Connected party	Affiliated relations	Type of claims and liabilities	Reason	Whether non-operating capital is being used or not	Opening balance (RMB'0000)	Amount incurred during the Reporting Period (RMB'0000)	Closing balance (RMB'0000)
Gasfin	Minority shareholder of subsidiaries	Due to related party	Proportionate shareholder loans	No	45,660	2,816	42,844
Shanghai Fengyang	Associate of the Group	Due from related party	Proportionate shareholder loans	No	177,482	76,879	100,603
XYW	Associate of the Group	Due from related party	Proportionate shareholder loans	No	3,953	70	3,883
MSC	Associate of the Group	Due from related party	Proportionate shareholder loans	No	287,505	4,878	282,627

During the Reporting Period, the Company had no appropriation and settlement of funds.

7.6.5 Other material connected transactions

During the Reporting Period, the Group had no other material connected transactions.

7.7 MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

7.7.1 Trusteeship, Sub-contracting or Leasing

During the Reporting Period, the Company had no trusteeship, sub-contracting or leasing in relation to assets of other companies which contributed to more than 10% (including 10%) of the Company's total profits for the period.

7.7.2 Particulars of guarantees

Unit: RMB thousand

External guarantees undertaken by the Company (excluding guarantees provided to its subsidiaries)								
Name of guaranteed party	Disclosure date of the announcement in relation to the guaranteed amount	Guaranteed amount	Actual date of event (date of signing the agreement)	Actual guaranteed amount	Type of guarantee	Duration of guarantee	Discharged or not	Whether in favour of any related party (Yes/No)
Customers and distributors of CIMC Vehicle	24 April 2013	1,900,000	1 January 2013	471,257	Suretyship	1-2 years	No	No
Guarantee provided by a subsidiary to another subsidiary	24 April 2013	16,200,000	1 January 2013	4,411,000	Suretyship	1-2 years	No	No
Total external guaranteed amount approved during the Reporting Period (A1)			2,409,000	Total actual external guaranteed amount during the Reporting Period (A2)				482,320
Total external guaranteed amount approved as at the end of the Reporting Period (A3)			18,100,000	Total balance of actual guaranteed amount as at the end of the Reporting Period (A4)				4,882,257

Guarantees provided by the Company to its subsidiaries								
Name of guaranteed party	Disclosure date of the announcement in relation to the guaranteed amount	Guaranteed amount	Actual date of event (date of signing the agreement)	Actual guaranteed amount	Type of guarantee	Duration of guarantee	Discharged or not	Whether in favour of any related party (Yes/No)
Subsidiaries of CIMC	24 April 2013	10,845,000	1 January 2013	4,950,000	Suretyship	1-2 years	No	No
CIMC Hong Kong	24 April 2013	3,065,000	1 December 2011	2,300,000	Suretyship	3 years	No	No
Total guaranteed amount to its subsidiaries approved during the Reporting Period (B1)			684,000	Total actual guaranteed amount to its subsidiaries during the Reporting Period (B2)				1,907,000
Total guaranteed amount to its subsidiaries approved as at the end of the Reporting Period (B3)			13,410,000	Total balance of actual guaranteed amount to its subsidiaries as at the end of the Reporting Period (B4)				7,250,000
Total guaranteed amount provided by the Company (being the sum of the above two major items)								
Total guaranteed amount approved during the Reporting Period (A1 + B1)			3,093,000	Total actual guaranteed amount during the Reporting Period (A2 + B2)				2,389,320
Total guaranteed amount approved as at the end of the Reporting Period (A3 + B3)			31,510,000	Total balance of actual guaranteed amount as at the end of the Reporting Period (A4 + B4)				12,132,257
Ratio of total actual guaranteed amount (A4 + B4) to the net asset of the Company								61.89%
Among which:								
Guaranteed amount provided for shareholders, actual controller and their related parties (C)								0
Guaranteed amount provided directly or indirectly to guaranteed parties with gearing ratio exceeding 70% (D)								5,506,190
Total guaranteed amount in excess of 50% of net asset value (E)								2,330,745
Total guaranteed amount of the above three items (C+D+E)								7,836,935
Explanation of assumption of possible joint and several liability for undue guarantees (if any)				The guarantor shall assume joint and several liability of repayment if the debtor fails to repay the debts.				
Explanation of external guarantees in violation of prescribed procedures (if any)								Nil

During the Reporting Period, the Group had no compound guarantees.

7.7.3 Other material contracts

During the Reporting Period, the Company had not entered into any other material contract.

7.7.4 Other material transactions

During the Reporting Period, the Company did not have other material transaction.

7.8 ENGAGEMENT AND DISENGAGEMENT OF FIRM OF ACCOUNTANTS

The interim Financial Report contained in this Report have not been audited.

7.9 PENALTIES AND REMEDIES

During the Reporting Period, the Company had not experienced any penalties and remedies.

7.10 EXPLANATION ON OTHER MATERIAL MATERS

(1) On 26 April 2013, the Company entered into a series of memoranda of understanding on investment and cooperation in Dongguan City with Dongguan Municipal Government and governments of relevant local districts and towns. For relevant information, please refer to the announcement of China International Marine Containers (Group) Co., Ltd. in relation to entering into memoranda of understanding on investment and cooperation with Dongguan Municipal Government (reference no.[CIMC] 2013-015) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com), and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 27 April 2013. As at the date of this Report, no formal agreement or contract has been entered into by the Company in respect of the above-mentioned memoranda of understanding on cooperation.

(2) During the Reporting Period, the Company planned to proceed with the proposed bond issue. For relevant information, please refer to the Announcement of China International Marine Containers (Group) Co., Ltd. in Relation to the Proposed Issuance of US$ Guaranteed Bonds by Its Subsidiary (reference no.[CIMC] 2013-016) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 3 May 2013. As at the date of this Report, the above proposed bonds have not been issued.

VIII. INDEX TO INFORMATION DISCLOSURE

8.1 INDEX TO INFORMATION DISCLOSURE FOR A SHARES

Event	Name of newspaper	Date of publication	Website and searching route of publication
CIMC: Announcement in relation to its subsidiary entering into a memorandum of understanding with Pteris on acquisitions	China Securities Journal, Shanghai Securities News and Securities Times	2013-02-07	http://www.cninfo.com.cn/
CIMC: Announcement in relation to resolutions of the 1st meeting of the Sixth Session of the Board of Directors in 2013	China Securities Journal, Shanghai Securities News and Securities Times	2013-02-07	http://www.cninfo.com.cn/
CIMC: Announcement in relation to the date of Board meeting	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-08	http://www.cninfo.com.cn/
CIMC: Self-assessment report on internal control for 2012	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: 2012 Annual Report	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: 2012 Corporate Social Responsibility Report	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Summary of 2012 Annual Report	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: 2012 Annual Audit Report	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Announcement in relation to resolutions of the 2nd meeting of the Sixth Session of the Board of Directors in 2013	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Announcement in relation to resolutions of the 1st meeting of the Sixth Session of the Supervisory Committee in 2013	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Implementation Rules of the Audit Committee of the Board of Directors (March 2013)	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Implementation Rules of the Strategy Committee of the Board of Directors (March 2013)	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Implementation Rules of the Remuneration and Appraisal Committee of the Board of Directors (March 2013)	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Announcement in relation to audit opinion on the Self-Assessment Report on CIMC's Internal Control for 2012 of the Sixth Session of the Supervisory Committee	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Work report of independent Directors for 2012	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/

VIII. INDEX TO INFORMATION DISCLOSURE

Event	Name of newspaper	Date of publication	Website and searching route of publication
CIMC: Independent Directors' specific explanations and independent opinions on use of funds by related parties in 2012	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Independent Directors' independent opinions on the Self-Assessment Report on CIMC's Internal Control for 2012	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Independent Directors' specific explanations and independent opinions on guarantees to external parties in 2012	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Announcement in relation to implementation of day-to-day related party transactions in 2012	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Announcement in relation to the contemplated day-to-day related party transactions for 2013 and 2014	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Independent Directors' independent opinions on appointment of senior management members	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Independent Directors' independent opinions on implementation of day-to-day related party transactions in 2012	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Independent Directors' specific opinions on investment in derivative products and relevant risk control in 2012	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Special report on use of funds by the Company's controlling shareholders and other related parties	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Internal Control Audit Report	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Independent Directors' independent opinions on the proposal to the shareholders' general meeting for approval of continuing connected transactions to be conducted with COSCO Pacific Limited and revision of annual transaction caps	China Securities Journal, Shanghai Securities News and Securities Times	2013-03-22	http://www.cninfo.com.cn/
CIMC: Announcement in relation to the date of Board meeting	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-13	http://www.cninfo.com.cn/
CIMC: Notice of the 2012 annual general meeting	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Rules of procedure of the Supervisory Committee (April 2013)	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/

VIII. INDEX TO INFORMATION DISCLOSURE

Event	Name of newspaper	Date of publication	Website and searching route of publication
CIMC: Announcement in relation to provision of guarantees to subsidiaries and their respective dealers and customers in respect of application for banking facilities for 2013	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Statement of the parties who nominate candidates for independent Director (I)	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Rules of procedure of the shareholders' general meeting (April 2013)	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Statement of the candidates for independent Director (Pan Chengwei)	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Statement of the candidates for independent Director (Wong Kwai Huen, Albert)	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Statement of the parties who nominate candidates for independent Director (III)	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Statement of the parties who nominate candidates for independent Director (II)	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Statement of the candidates for independent Director (Li Kejun)	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Independent Directors' independent opinions on provision of credit guarantees by CIMC Vehicle (Group) Co., Ltd. and its subsidiaries to their respective dealers and customers	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Independent Directors' independent opinions on nomination of candidates for the Directors and Independent Directors of the Seventh Session of the Board of Directors	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Independent Directors' independent opinions on appointment of the accounting firm	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Rules of procedure of the Board of Directors (April 2013)	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Announcement in relation to resolutions of the 2nd meeting of the Sixth Session of the Supervisory Committee in 2013	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/
CIMC: Announcement in relation to resolutions of the 3rd meeting of the Sixth Session of the Board of Directors in 2013	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-24	http://www.cninfo.com.cn/

VIII. INDEX TO INFORMATION DISCLOSURE

Event	Name of newspaper	Date of publication	Website and searching route of publication
CIMC: Main body of First Quarterly Report of 2013	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-27	http://www.cninfo.com.cn/
CIMC: Full text of First Quarterly Report of 2013	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-27	http://www.cninfo.com.cn/
CIMC: Announcement in relation to entering into memoranda of understanding on investment and cooperation with Dongguan Municipal Government	China Securities Journal, Shanghai Securities News and Securities Times	2013-04-27	http://www.cninfo.com.cn/
CIMC: Indicative announcement in relation to recent progress on its subsidiary entering into a memorandum of understanding with Pteris on acquisitions	China Securities Journal, Shanghai Securities News and Securities Times	2013-05-03	http://www.cninfo.com.cn/
CIMC: Announcement in relation to proposed issuance of US$ guaranteed bonds by its subsidiary	China Securities Journal, Shanghai Securities News and Securities Times	2013-05-03	http://www.cninfo.com.cn/
CIMC: Indicative announcement in relation to change in shareholding of its shareholder	China Securities Journal, Shanghai Securities News and Securities Times	2013-05-21	http://www.cninfo.com.cn/
CIMC: Detailed report on the change in equity interests	China Securities Journal, Shanghai Securities News and Securities Times	2013-05-23	http://www.cninfo.com.cn/
CIMC: Condensed report on the change in equity interests	China Securities Journal, Shanghai Securities News and Securities Times	2013-05-23	http://www.cninfo.com.cn/
CIMC: Indicative announcement in relation to the 2012 annual general meeting	China Securities Journal, Shanghai Securities News and Securities Times	2013-06-26	http://www.cninfo.com.cn/
CIMC: Legal Opinion on the 2012 annual general meeting	China Securities Journal, Shanghai Securities News and Securities Times	2013-06-29	http://www.cninfo.com.cn/
CIMC: Announcement in relation to resolutions of the 2012 annual general meeting	China Securities Journal, Shanghai Securities News and Securities Times	2013-06-29	http://www.cninfo.com.cn/
CIMC: Announcement in relation to resolutions of the 1st meeting of the Seventh Session of the Supervisory Committee in 2013	China Securities Journal, Shanghai Securities News and Securities Times	2013-06-29	http://www.cninfo.com.cn/
CIMC: Announcement in relation to resolutions of the 1st meeting of the Seventh Session of the Board of Directors in 2013	China Securities Journal, Shanghai Securities News and Securities Times	2013-06-29	http://www.cninfo.com.cn/
CIMC: Announcement in relation to resolutions of the staff meeting	China Securities Journal, Shanghai Securities News and Securities Times	2013-06-29	http://www.cninfo.com.cn/

8.2 INDEX TO INFORMATION DISCLOSURE FOR H SHARES

Event	Date of publication	Website and searching route of publication
Monthly Return of Equity Issuer on Movements in Securities of CIMC for the month ended 31 December 2012	2013-01-02	http://www.hkexnews.hk/
Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2013	2013-02-04	http://www.hkexnews.hk/
Announcement of China International Marine Containers (Group) Co., Ltd. in relation to its subsidiary entering into a memorandum of understanding with Pteris on acquisitions	2013-02-06	http://www.hkexnews.hk/
Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2013	2013-03-04	http://www.hkexnews.hk/
Notice of Board Meeting	2013-03-07	http://www.hkexnews.hk/
Results Announcement for the year ended 31 December 2012	2013-03-22	http://www.hkexnews.hk/
Revision of annual caps for continuing connected transaction for the years ending 31 December 2013 and 2014	2013-03-22	http://www.hkexnews.hk/
Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2013	2013-04-02	http://www.hkexnews.hk/
Notice of Board Meeting	2013-04-16	http://www.hkexnews.hk/
Delay in dispatch of circular in relation to continuing connected transaction	2013-04-16	http://www.hkexnews.hk/
Revision of annual caps for continuing connected transaction for the years ending 31 December 2013 and 2014, general mandate to issue shares, proposed election and appointment of Directors and Supervisors and Notice of the Annual General Meeting	2013-04-24	http://www.hkexnews.hk/
Notice of Annual General Meeting for the year 2012	2013-04-24	http://www.hkexnews.hk/
Form of Proxy for the Annual General Meeting to be held on Friday, 28 June 2013	2013-04-24	http://www.hkexnews.hk/
Reply Slip	2013-04-24	http://www.hkexnews.hk/
2012 Annual Report	2013-04-24	http://www.hkexnews.hk/
First Quarterly Report of 2013	2013-04-26	http://www.hkexnews.hk/
Announcement of China International Marine Containers (Group) Co., Ltd. in relation to entering into memoranda of understanding on investment and cooperation	2013-04-26	http://www.hkexnews.hk/
Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2013	2013-05-02	http://www.hkexnews.hk/
Proposed Issuance of US$ Guaranteed Bonds	2013-05-03	http://www.hkexnews.hk/
Announcement of China International Marine Containers (Group) Co., Ltd. in relation to recent progress on its subsidiary entering into a memorandum of understanding with Pteris on acquisitions	2013-05-03	http://www.hkexnews.hk/
Announcement of China International Marine Containers (Group) Co., Ltd. in relation to Change in Shareholding of its Shareholder	2013-05-21	http://www.hkexnews.hk/
Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2013	2013-06-04	http://www.hkexnews.hk/
Closure of Register of Members for H Shares – Proposed Final Dividend of 2012	2013-06-17	http://www.hkexnews.hk/

(I) Auditors' opinions

The interim Financial Report has not been audited.

(II) Financial Statements

Consolidated Balance Sheet

At 30 June 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Note	**30 June 2013**	31 December 2012
Assets			
Current assets:			
Cash at bank and on hand	V.1	**3,705,414**	5,221,539
Financial assets held for trading	V.2	**160,570**	405,092
Notes receivable	V.3	**1,246,167**	778,109
Accounts receivable	V.4	**12,725,556**	8,238,033
Advance to suppliers	V.6	**2,520,119**	1,213,042
Interest receivable		**5,688**	14,410
Other receivables	V.5	**2,729,163**	2,114,435
Inventories	V.7	**17,516,418**	18,034,726
Current portion of non-current assets	V.8	**1,619,432**	1,636,332
Other current assets	V.9	**749,760**	690,471
Total current assets		**42,978,287**	38,346,189
Non-current assets:			
Financial assets held for trading	V.2	**420**	–
Available-for-sale financial assets	V.10	**575,913**	609,751
Long-term receivables	V.11	**2,738,621**	2,540,574
Long-term equity investments	V.12	**1,465,195**	1,913,762
Investment property	V.13	**284,977**	183,668
Fixed assets	V.14	**12,194,109**	11,608,747
Construction in progress	V.15	**2,683,227**	2,279,993
Intangible assets	V.16	**3,572,211**	3,273,750
Goodwill	V.17	**1,283,876**	1,267,162
Long-term prepaid expenses	V.18	**95,175**	47,947
Deferred tax assets	V.19	**707,899**	717,797
Other non-current assets	V.20	**190,410**	203,040
Total non-current assets		**25,792,033**	24,646,191
Total assets		**68,770,320**	62,992,380

Consolidated Balance Sheet

At 30 June 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Note	**30 June 2013**	31 December 2012
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings	V.23	**7,540,666**	5,438,407
Financial liabilities held for trading	V.24	**9,640**	12,856
Notes payable	V.25	**843,538**	989,710
Accounts payable	V.26	**8,174,932**	7,059,420
Advances from customers	V.27	**2,535,564**	2,722,482
Employee benefits payable	V.28	**1,908,563**	2,019,563
Taxes payable	V.29	**340,631**	747,530
Interest payable	V.30	**68,989**	203,288
Dividends payable	V.31	**782,117**	38,747
Other payables	V.32	**5,216,363**	4,292,597
Provisions	V.33	**748,163**	753,492
Current portion of non-current liabilities	V.34	**2,538,641**	1,261,940
Other current liabilities	V.9	**2,448,805**	–
Total current liabilities		**33,156,612**	25,540,032
Non-current liabilities:			
Financial liabilities held for trading	V.24	**34,234**	82,242
Long-term borrowings	V.35	**4,996,681**	7,641,785
Debentures payable	V.36	**6,455,527**	6,462,235
Long-term payable	V.37	**162,885**	145,103
Payables for specific projects	V.38	**535**	4,802
Deferred tax liabilities	V.19	**735,528**	650,394
Other non-current liabilities	V.39	**374,366**	348,630
Total non-current liabilities		**12,759,756**	15,335,191
Total liabilities		**45,916,368**	40,875,223
Shareholders' equity:			
Share capital	V.40	**2,662,396**	2,662,396
Capital reserve	V.41	**1,147,962**	930,482
Surplus reserve	V.42	**3,059,836**	3,059,836
Undistributed profits	V.43	**13,332,416**	13,392,795
Difference on translation of foreign currency financial statements		**(599,586)**	(532,333)
Total equity attributable to shareholders of the Company		**19,603,024**	19,513,176
Minority interests		**3,250,928**	2,603,981
Total equity		**22,853,952**	22,117,157
Total liabilities and shareholders' equity		**68,770,320**	62,992,380

The accompanying notes form an integral part of these financial statements.

Balance Sheet

At 30 June 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Note	**30 June 2013**	31 December 2012
Assets			
Current assets:			
Cash at bank and on hand	XII.1	**256,882**	447,387
Financial assets held for trading	XII.2	**8,570**	177,450
Dividends receivable	XII.3	**3,828,729**	4,066,711
Other receivables	XII.4	**11,083,513**	10,860,103
Total current assets		**15,177,694**	15,551,651
Non-current assets:			
Available-for-sale financial assets	XII.5	**570,278**	601,356
Long-term equity investments	XII.6	**6,863,429**	6,831,621
Fixed assets		**133,948**	139,120
Construction in progress		**720**	4,950
Intangible assets		**15,789**	15,931
Long-term prepaid expenses		**6,854**	5,649
Deferred tax assets	XII.17	**66,101**	53,983
Total non-current assets		**7,657,119**	7,652,610
Total assets		**22,834,813**	23,204,261

Balance Sheet

At 30 June 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Note	30 June 2013	31 December 2012
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings	XII.7	**339,828**	465,703
Financial liabilities held for trading	XII.8	**1,142**	8,987
Employee benefits payable	XII.9	**715,104**	657,886
Taxes payable	XII.10	**8,339**	43,493
Interest payable	XII.11	**37,994**	187,691
Dividends payable	XII.12	**612,351**	–
Other payables	XII.13	**4,418,962**	3,574,947
Current portion of non-current liabilities	XII.14	**2,535,513**	1,257,100
Total current liabilities		**8,669,233**	6,195,807
Non-current liabilities:			
Financial liabilities held for trading	XII.8	**34,161**	81,944
Long-term borrowings	XII.15	**1,737,000**	3,875,845
Debentures payable	XII.16	**5,992,125**	5,990,833
Total non-current liabilities		**7,763,286**	9,948,622
Total liabilities		**16,432,519**	16,144,429
Shareholders' equity:			
Share capital	V.40	**2,662,396**	2,662,396
Capital surplus	XII.18	**351,703**	334,259
Surplus reserve	V.42	**3,059,836**	3,059,836
Undistributed profits		**328,359**	1,003,341
Total equity		**6,402,294**	7,059,832
Total liabilities and shareholders' equity		**22,834,813**	23,204,261

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement

For the period from 1 January 2013 to 30 June 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

		Note	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Item				
I.	**Revenue**	V.44	**28,585,158**	27,364,446
II.	**Cost of sales**	V.44	**24,160,416**	23,013,597
	Taxes and surcharges	V.45	**147,141**	162,351
	Selling and distribution expenses	V.46	**921,175**	863,756
	General and administrative expenses	V.47	**1,714,217**	1,655,709
	Financial expenses	V.48	**454,826**	236,439
	Asset impairment losses	V.51	**34,838**	(24,986)
	Add: Profit/(losses) from changes in fair value	V.49	**9,741**	(14,934)
	Add: Investment income	V.50	**(45,117)**	(3,522)
	Including: Share of profit of associates and joint ventures		**(64,960)**	(10,095)
III.	**Operating profit**		**1,117,169**	1,439,124
	Add: Non-operating income	V.52	**52,760**	77,031
	Less: Non-operating expenses	V.53	**9,883**	23,104
	Including: Income/(loss) on disposal of non-current assets		**1,631**	4,705
IV.	**Total profit**		**1,160,046**	1,493,051
	Less: Income tax expenses	V.54	**444,817**	485,373
V.	**Net profit**		**715,229**	1,007,678
	Net profit attributable to equity holders of the Company		**551,972**	933,710
	Minority shareholders		**163,257**	73,968
VI.	**Earnings per share**			
	(I) Basic earnings per share (RMB)	V.55	**0.2073**	0.3507
	(II) Diluted earnings per share (RMB)	V.55	**0.2070**	0.3495
VII.	**Other comprehensive income**	V.56	**(65,254)**	35,279
VIII.	**Total comprehensive income**		**649,975**	1,042,957
	Total comprehensive income attributable to equity holders of the Company		**465,306**	980,741
	Total comprehensive income attributable to minority shareholders		**184,669**	62,216

The accompanying notes form an integral part of these financial statements.

Income Statement

For the period from 1 January 2013 to 30 June 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

		Note	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Item				
I.	**Revenue**	XII.19	**119,187**	233
II.	**Cost of sales**	XII.19	**–**	17
	Tax and surcharges		**15,581**	11,947
	General and administrative expenses		**199,845**	277,077
	Financial expenses		**96,775**	107,311
	Add: Profit/(losses) from changes in fair value	XII.20	**39,821**	3,458
	Investment income	XII.21	**85,810**	364,578
III.	**Operating profit (loss)**		**(67,383)**	(28,083)
	Add: Non-operating income	XII.22	**665**	2,082
	Less: Non-operating expenses		**262**	322
	Including: Losses on disposal of non-current assets		**63**	(1,319)
IV.	**Total profit (loss)**		**(66,980)**	(26,323)
	Less: Income tax expenses	XII.23	**(4,349)**	(21,606)
V.	**Net profit (loss)**		**(62,631)**	(4,717)
VI.	**Other comprehensive income**	XII.24	**(23,309)**	36,809
VII.	**Total comprehensive income**		**(85,940)**	32,092

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the period from 1 January 2013 to 30 June 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Item		Note	From 1 January to 30 June 2013	From 1 January to 30 June 2012
I.	**Cash flows from operating activities:**			
	Cash received from sale of goods and rendering of services		**24,572,443**	25,950,382
	Refund of taxes and surcharges		**1,074,747**	1,089,739
	Other cash received relating to operating activities	V.57(1)	**256,763**	152,728
	Sub-total of cash inflows from operating activities		**25,903,953**	27,192,849
	Cash paid for goods and services		**24,710,071**	24,935,924
	Cash paid to and on behalf of employees		**2,148,977**	2,051,733
	Payments of taxes and surcharges		**1,267,328**	1,343,578
	Other cash paid relating to operating activities	V.57(2)	**799,136**	968,657
	Sub-total of cash outflows		**28,925,512**	29,299,892
	Net cash flows from operating activities	V.58(1)	**(3,021,559)**	(2,107,043)
II.	**Cash flows from investing activities:**			
	Cash received from disposal of investments		**220,682**	–
	Cash received from return on investments		**–**	26,100
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**203,227**	21,949
	Other cash received relating to investing activities	V.57(3)	**73,000**	–
	Sub-total of cash inflows from investing activities		**496,909**	48,049
	Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**1,041,204**	870,260
	Cash paid for investments		**–**	244,528
	Net cash paid for acquisition of subsidiaries		**275,374**	718,944
	Other cash paid relating to investing activities	V.57(4)	**73,000**	–
	Sub-total of cash outflows from investing activities		**1,389,578**	1,833,732
	Net cash flows from investing activities		**(892,669)**	(1,785,683)

Consolidated Cash Flow Statement

For the period from 1 January 2013 to 30 June 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

		Note	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Item				
III.	**Cash flows from financing activities:**			
	Cash received from capital contributions		**201,435**	–
	Including: Cash received from capital contributions by minority shareholders of subsidiaries		**201,435**	–
	Cash received from borrowings		**14,047,704**	15,241,020
	Other cash received relating to financing activities	V.57(5)	**570,599**	–
	Sub-total of cash inflows from financing activities		**14,819,738**	15,241,020
	Cash repayments of borrowings		**10,908,473**	12,309,686
	Cash payments for distribution of dividends and profits or interest expenses		**581,156**	1,581,590
	Including: Cash payments for dividends and profits to minority shareholders of subsidiaries		**38,273**	23,224
	Cash paid relating to financing activities	V.57(6)	**405,258**	14,460
	Sub-total of cash outflows from financing activities		**11,894,887**	13,905,736
	Net cash inflow/(outflow) from financing activities		**2,924,851**	1,335,284
IV.	**Effect of foreign exchange rate changes on cash and cash equivalents**		**(174,809)**	(101,374)
V.	**Net (decrease)/increase in cash and cash equivalents**	V.58(1)	**(1,164,186)**	(2,658,816)
	Add: cash and cash equivalents at the beginning of the period		**4,397,512**	6,563,253
VI.	**Cash and cash equivalents at the end of the period**		**3,233,326**	3,904,437

The accompanying notes form an integral part of these financial statements.

Cash Flow Statement

For the period from 1 January 2013 to 30 June 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

		Note	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Item				
I.	**Cash flows from operating activities:**			
	Cash received from sales of goods or rendering of services		**103,604**	–
	Cash received relating to other operating activities		**8,308,198**	8,948,916
	Sub-total of cash inflows		**8,411,802**	8,948,916
	Cash paid to and on behalf of employees		**48,585**	47,532
	Payments of taxes and surcharges		**43,153**	16,801
	Cash paid relating to other operating activities		**7,649,472**	9,860,729
	Sub-total of cash outflows		**7,741,210**	9,925,062
	Net cash inflow/(outflow) from operating activities	XII.25	**670,592**	(976,146)
II.	**Cash flows from investing activities:**			
	Cash received from disposal of investments		**138,987**	–
	Cash received from returns on investments		**155,821**	427,796
	Net cash received from disposal of fixed assets		**1,923**	2,005
	Net cash received from disposal of subsidiaries		**–**	4,218
	Sub-total of cash inflows		**296,731**	434,019
	Cash paid to acquire fixed assets and other long-term assets		**6,591**	7,683
	Cash paid to acquire investments		**116,194**	703,657
	Sub-total of cash outflows		**122,785**	711,340
	Net cash inflows/(outflows) from investing activities		**173,946**	(277,321)
III.	**Cash flows from financing activities**			
	Cash received from borrowings and sub-total of cash inflows		**892,047**	3,997,130
	Cash repayments of borrowings		**1,501,080**	784,267
	Cash payments for interest expenses and distribution of dividends or profits		**409,150**	1,349,880
	Cash payments relating to other financing activities		**16,591**	14,461
	Sub-total of cash outflows		**1,926,821**	2,148,608
	Net cash inflows/(outflows) from financing activities		**(1,034,774)**	1,848,522
IV.	**Effect of foreign exchange rate changes on cash and cash equivalents**		**(253)**	916
V.	**Net (decrease)/increase in cash and cash equivalents**	XII.25	**(190,489)**	595,971
	Add: cash and cash equivalents at beginning of year		**444,913**	427,874
VI.	**Cash and cash equivalents at 30 June 2013**	XII.25	**254,424**	1,023,845

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January 2013 to 30 June 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Item	Note	From 1 January to 30 June 2013							2012						
		Attributable to equity holders of the Company							Attributable to equity holders of the Company						
		Share capital	Capital reserve	Surplus reserve	Undistributed profits	Difference on translation of foreign currency financial statements	Minority interests	Total shareholders' equity	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Difference on translation of foreign currency financial statements	Minority interests	Total shareholders' equity
I. Balance at 1 January 2013		**2,662,396**	**930,482**	**3,059,836**	**13,392,795**	**(532,333)**	**2,603,981**	**22,117,157**	2,662,396	799,261	2,953,160	12,785,092	(566,755)	2,980,518	21,613,672
II. Movements for the period															
(I) Net profit		**-**	**-**	**-**	**551,972**	**-**	**163,257**	**715,229**	-	-	-	1,939,081	-	(8,651)	1,930,430
(II) Other comprehensive income	V.56	**-**	**(19,413)**	**-**	**-**	**(67,253)**	**21,412**	**(65,254)**	-	24,003	-	-	34,422	403	58,828
Sub-total of (I)&(II)		**-**	**(19,413)**	**-**	**551,972**	**(67,253)**	**184,669**	**649,975**	-	24,003	-	1,939,081	34,422	(8,248)	1,989,258
(III) Capital contribution and withdrawal by owners															
1. Contributions by minority shareholders		**-**	**-**	**-**	**-**	**-**	**179,316**	**179,316**	-	22,352	-	-	-	106,951	129,303
2. Increase in minority interests resulted from acquisition or establishment of subsidiary		**-**	**-**	**-**	**-**	**-**	**293,725**	**293,725**	-	-	-	-	-	39,347	39,347
3. Decrease in capital surplus/ undistributed profits resulted from acquisition of minority interests	IV.10	**-**	**(89,997)**	**-**	**-**	**-**	**(190,931)**	**(280,928)**	-	(168,657)	-	-	-	(625,888)	(794,545)
4. Decrease in minority interests resulted from disposal of subsidiary (not losing the controlling rights on the subsidiary)	IV.11	**-**	**288,761**	**-**	**-**	**-**	**193,692**	**482,453**	-	178,916	-	-	-	184,500	363,416
5. Decrease in capital surplus resulted from corporate restructuring		**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	(42,696)	-	-	-	42,696	-
6. Capital contribution resulted from share option exercised in subsidiary		**-**	**(5,816)**	**-**	**-**	**-**	**26,036**	**20,220**	-	1,880	-	-	-	16,906	18,786
7. Increase in shareholders' equity resulted from share-based payments	VII.2	**-**	**43,945**	**-**	**-**	**-**	**1,359**	**45,304**	-	115,423	-	-	-	2,856	118,279
(IV) Profit distribution															
1. Appropriation for surplus reserve	V.42	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	106,676	(106,676)	-	-	-
2. Profit distributions to shareholders	V.43(1)	**-**	**-**	**-**	**(612,351)**	**-**	**(40,919)**	**(653,270)**	-	-	-	(1,224,702)	-	(135,657)	(1,360,359)
(V) Effect of functional currency change		**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-	-
III.Balance at 30 June 2013		**2,662,396**	**1,147,962**	**3,059,836**	**13,332,416**	**(599,586)**	**3,250,928**	**22,853,952**	2,662,396	930,482	3,059,836	13,392,795	(532,333)	2,603,981	22,117,157

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

For the period from 1 January 2013 to 30 June 2013
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Item	Note	From 1 January to 30 June 2013					2012				
		Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total shareholders' equity	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at 1 January		**2,662,396**	**334,259**	**3,059,836**	**1,003,341**	**7,059,832**	2,662,396	199,322	2,953,160	1,267,958	7,082,836
II. Movements for the period											
(I) Net (loss)/profit		**–**	**–**	**–**	**(62,631)**	**(62,631)**	–	–	–	1,066,761	1,066,761
(II) Other comprehensive income	XII.24	**–**	**(23,309)**	**–**	**–**	**(23,309)**	–	27,901	–	–	27,901
Sub-total of (I)&(II)		**–**	**(23,309)**	**–**	**(62,631)**	**(85,940)**	–	27,901	–	1,066,761	1,094,662
(III) Capital contribution and withdrawal by owners											
1. Increase in shareholders equity resulted from share-based payment	VII.2	**–**	**40,753**	**–**	**–**	**40,753**	–	107,036	–	–	107,036
(IV) Profit distribution											
(I). Appropriation to surplus reserves	V.42	**–**	**–**	**–**	**–**	**–**	–	–	106,676	(106,676)	–
(II). Profit distribution to shareholders	V.43(1)	**–**	**–**	**–**	**(612,351)**	**(612,351)**	–	–	–	(1,224,702)	(1,224,702)
III. Balance at 30 June 2013		**2,662,396**	**351,703**	**3,059,836**	**328,359**	**6,402,294**	2,662,396	334,259	3,059,836	1,003,341	7,059,832

The accompanying notes form an integral part of these financial statements.

I. GENERAL INFORMATION

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] No.1736" issued by the General Office of the People's Government of Shenzhen and "ShenRen Yin Fu Zi (1992) No.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] No.925" issued by the General Office of the People's Government of Shenzhen and "Shen Zheng Ban Fu [1994] No.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".

On 19 December 2012, the Company's B shares changed listing location and went public on the Main Board of the Hong Kong Stock Exchange through the way of introduction. Henceforth, all the company's B shares converted to overseas listed foreign shares (H shares). Up to 31 December 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 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 Hong Kong Stock Exchange. 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.

These financial statements have been approved for issue by the Company's Board of Directors on 27 August 2013.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation

The interim financial statements were prepared in accordance with the Basic Standard and 38 specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter collectively referred to as "the Accounting Standards for Business Enterprises" or "CAS") and the disclosure requirements in the "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 in 2013. The same accounting policies are followed in the interim financial statements as compared with financial statements for the year 2012. According to "Accounting Standards for Business Enterprises No. 32-Interim Financial Reporting", notes to interim financial statements are properly compared with annual report.

2. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the period from 1 January 2013 to 30 June 2013 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as of 30 June 2013 and of their financial performance, cash flows and other information for the period from 1 January 2013 to 30 June 2013.

3. Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

4. Recording 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 its subsidiaries domiciled in PRC are Renminbi. Hong Kong and the 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).

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements (Continued)

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, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes 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 effect of exchange rate changes on cash presented separately in the cash flow statement.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Foreign currency transactions and translation of financial statements denominated in foreign currency (Continued)

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. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash presented separately in the cash flow statement.

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, 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. Interests and cash dividends received during the period in which such financial assets are held, as well as the gains or losses arising from disposal of these assets are recognised in profit or loss for the current period.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(1) Recognition and measurement of financial assets and financial liabilities (Continued)

– *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 are included in other current assets on the balance sheet if management intends to dispose of them within 12 months after the balance sheet date.

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. Interests on available-for-sale investments in debt instruments calculated using the effective interest method during the period in which such investments are held and cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised as investment income, which is recognised in profit or loss for the period.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(1) Recognition and measurement of financial assets and financial liabilities (Continued)

– *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 payables, borrowings, debentures payable, and the liabilities arising from financial guarantee contracts.

Payables, including accounts payable and other payables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and debentures payable are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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).

(2) Presentation of financial assets and financial liabilities

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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(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; if the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or if the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

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. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(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 include but are 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. The Group assesses all available-for-sale financial assets on an individual basis at each balance sheet date. Impairment loss should be recognised if the fair value of an equity instrument has reached 50% or less of its initial investment cost or in the case that the fair value has been less than the initial investment cost for more than one year or longer. The Group will consider other relevant factors, such as the price volatility, to determine whether an impairment loss should be recognised for the equity instrument if the decline in the fair value of an equity instrument is 20% or more but less than 50% of its initial investment cost.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(5) Impairment of assets (Continued)

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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

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.

(1) 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 of RMB10 million or above or accounting for 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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables (Continued)

(2) 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 bad debts.	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.

(3) 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 according to the preceding paragraphs (1) and (2).

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 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

(All amounts in RMB'000 unless otherwise stated)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables (Continued)

(3) Receivables that are assessed for impairment on a collective group basis: (Continued)

For the above groups, provision is made based on their respective ageing analysis follows:

Ageing	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: Among the aforesaid ageing groups, the provision of "Trailers" is determined based on natural age, while others are determined based on the overdue age.

(4) When the Group transfers the accounts receivable to the financial institutions without recourse, the difference between the proceeds received from the transaction and their carrying amounts and the related taxes is recognised in profit or loss for the current period.

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 values of inventories and 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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Inventories (Continued)

(3) The underlying factors in the determination of net realisable values of inventories and basis of provision for decline in value of inventories (Continued)

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 material

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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

(1) Investment cost (Continued)

(a) Long-term equity investments acquired through a business combination (Continued)

– 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.

(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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

(2) Subsequent measurement (Continued)

(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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

(2) Subsequent measurement (Continued)

(b) Investment in jointly controlled enterprises and associates (Continued)

- 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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

(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;

– 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.

(All amounts in RMB'000 unless otherwise stated)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognized in profit or loss in the period in which they are incurred. 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:

Item	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%

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at its carrying amount at the date of the transfer.

The investment property's estimated useful life, net residual value and depreciation (amortisation) method applied are reviewed and adjusted as appropriate at each year-end.

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

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

(All amounts in RMB'000 unless otherwise stated)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Fixed assets (Continued)

(2) Depreciation

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives, unless the fixed asset is classified as held for sale (see Note II.28). For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives. The estimated useful lives, residual values and depreciation rates of each class of fixed assets are as follows:

Classes	Residual Period (years)	Depreciation 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%-30%
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) Basis for identification of fixed assets held under finance leases and related measurement

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 derecognized:

– on disposal;

– 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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Construction in progress

Construction in progress is measured at actual cost. 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 (and becomes depreciable from the next month) 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.

(All amounts in RMB'000 unless otherwise stated)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Borrowing costs (Continued)

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	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

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets (Continued)

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.

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Expenditure on the research phase is recognised in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalised only if all of the following conditions are satisfied:

– it is technically feasible to complete the intangible asset so that it will be available for use or sale;

– management intends to complete the intangible asset, and to use or sell it;

– it can be demonstrated how the intangible asset will generate economic benefits;

– there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Long-term prepaid expenses

Long-term prepaid expenses are amortised on a straight-line method within the beneficial period:

Item	Amortisation period (years)
Water and electricity capacity enlargement expenses	5 to 10 years
Rental	2 to 10 years
Others	5 to 10 years

20. Impairment of assets other than inventories, financial assets and other long-term investments

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Provisions and contingent liabilities

Provisions for product warranties, onerous contracts etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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. 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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Share-based payments (Continued)

(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.

– *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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue recognition (Continued)

(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 recognized.

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) Transfer of asset use rights

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

Income from an operating lease is recognised on a straight-line basis over the period of the lease.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Employee benefits

Employee benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, social security contributions, housing funds, labour union funds, employee education funds and other expenditures incurred in exchange for service 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.

(a) 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. Based on salaries of the employees, basic pensions insurance is provided for monthly according to stipulated proportions (10% to 22%) and not exceeding the stipulated upper limit, which is paid to local labour and social security institutions. 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.

(b) 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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at nil consideration except for the capital contribution from the government as an investor in the Group, including refund of taxes and financial subsidies, etc.. 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 the conditions attached to it can be complied with and the government grant can be received.

If a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. Government grants measured at nominal amounts are recognised immediately in profit or loss for the current period. For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred by the Group in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in profit or loss for the current period.

26. Deferred tax assets and deferred tax 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). No deferred tax liability is recognised for a temporary difference 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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Deferred tax assets and deferred tax liabilities (Continued)

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.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognized.

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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Operating and finance leases (Continued)

(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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Operating and finance leases (Continued)

(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 presented under Other current assets.

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:

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Hedge accounting (Continued)

- 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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Hedge accounting (Continued)

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. Dividend distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

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;

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Related parties (Continued)

(j) key management personnel of the Company's parent and close family members of such individuals; and

(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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Segment reporting (Continued)

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. Critical 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.3 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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Critical accounting estimates and judgments (Continued)

(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 recognized.

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.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Critical accounting estimates and judgments (Continued)

(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

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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.

(All amounts in RMB'000 unless otherwise stated)

III. TAXATION

1. Main taxes categories and rates

Types of tax	Taxable base	Tax rate
Value added tax (VAT) (a)	The output VAT calculated based on taxable income from sales of goods and rendering of service according to related tax laws, after subtracting the deductable input VAT of the period, is VAT payable	6%, 11% and 17%
Business tax (a)	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 or rendering of service, less deductible or refundable taxes for purchase of goods	10-19%

(a) Pursuant to "Circular on Printing and Issuing the Pilot Proposals for the Change from Business Tax to Value-Added Tax"(Cai Shui [2011] No.110), "Circular on the Launch of Pilot for the Chang from Business Tax to Value-Added Tax in Shanghai in the transportation industry and modern service industry (Cai Shui [2011] No.111) and "Circular on the Launch of Pilot for the Chang from Business Tax to Value-Added Tax in Beijing and other 8 regions in the transportation industry and some modern service industries" (Cai Shui [2012] No.71) issued by the Ministry of Finance and the State Administration of Taxation, incomes from transportation industry and some modern service industries (including logistics support service and tangible movable property leasing) of the subsidiaries registered in Shanghai, Beijing, Tianjin, Jiangsu, Anhui, Zhejiang (including Ningbo), Fujian (including Xiamen), Hubei, Guangdong (including Shenzhen) are applicable to VAT since 1 January 2012, with tax rate of 11%, 6% and 17%.

Note 1: The income tax rates applicable to the Company and significant subsidiaries for the period are as follows:

	January – June 2013	January – June 2012
The Company	**25%**	24%
Subsidiaries registered in China	**15-25%**	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%

(All amounts in RMB'000 unless otherwise stated)

III. TAXATION (CONTINUED)

2. Preferential tax treatments

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 2011 entitled to 15% preferential rate
2	Shenzhen CIMC Intelligent Technology Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
3	Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
4	Zhumadian CIMC Huajun Vehicle Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
5	Enric (Bengbu) Compressor Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
6	Shanghai CIMC Reefer Containers Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
7	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
8	Xinhui CIMC Special Transportation Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2010 entitled to 15% preferential rate
9	Dalian CIMC Logistics Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
10	Shenzhen CIMC Special Vehicle Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
11	Tianjin CIMC Logistics Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
12	Luoyang CIMC Lingyu Automobile Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2010 entitled to 15% preferential rate
13	Wuhu CIMC Ruijiang Automobile Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
14	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd	25%	15%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
15	Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2011 entitled to 15% preferential rate
16	Enric (Lang fang) Energy Equipment Integration Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
17	JingmenHongtu Special Aircraft Manufacturing Co., Ltd	25%	15%	Recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
18	Nantong CIMC Tank Equipment Co., Ltd	25%	15%	Recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
19	Yangzhou Tonglee Reefer Container Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2013 entitled to 15% preferential rate

III. TAXATION (CONTINUED)

2. Preferential tax treatments (Continued)

The Group's subsidiaries that are entitled to preferential tax treatments are as follows (Continued):

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, starting from 1 January 2008, a withholding tax is applied on dividends distributed by foreign-invested enterprises to Hong Kong and other overseas investors with a tax rate of 5% and 10%, respectively. Therefore, as at 30 June 2013, temporary difference caused by the Group's subsidiaries' undistributed profits amounted to RMB5,181,578,000 (as at 31 December 2012: RMB4,810,979,000) and deferred tax liabilities amounting to RMB427,274,000 (as at 31 December 2012: RMB405,726,000) were recognised by the Group accordingly.

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

1. Company status of significant 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.

As at 30 June 2013, the number of companies included in the scope of consolidation added up to 386 Except for the subsidiaries listed as below, the number of other subsidiaries held by the Group was 215, with total paid-in capitals amounting to RMB120,719,724.54. Other subsidiaries mainly included those engaged in manufacturing or service provision with small scale of operation and paid-in capital below RMB20 million or US$3 million respectively. Other subsidiaries also included those investment holding companies registered in Hong Kong, British Virgin Islands or other overseas countries with no other operating activities.

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(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	US$	16,600,000.00	Manufacture, repair and sale of container, container stockpiling business	US$	16,600,000.00	100.00%	100.00%	Yes
2	Shenzhen Southern CIMC Eastern Logistic Equipment Manufacturing Co., Ltd. (SCIMCEL)	Corporation	Guangdong, China	US$	80,000,000.00	Manufacture and repair of container design and manufacture of new-style special road and port mechanical equipment	US$	80,000,000.00	100.00%	100.00%	Yes
3	Xinhui CIMC Container Co., Ltd. (XHCIMC)	Corporation	Guangdong, China	US$	24,000,000.00	Manufacture, repair and sale of containers	US$	16,800,000.00	70.00%	70.00%	Yes
4	Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	Corporation	Jiangsu, China	US$	7,700,000.00	Manufacture, repair and sale of containers	US$	5,467,000.00	71.00%	71.00%	Yes
5	Tianjin CIMC Containers Co., Ltd. (TJCIMC)	Corporation	Tianjin, China	US$	50,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	US$	50,000,000.00	100.00%	100.00%	Yes
6	Dalian CIMC Containers Co., Ltd. (DLCIMC)	Corporation	Dalian, China	US$	17,400,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	US$	17,400,000.00	100.00%	100.00%	Yes
7	Ningbo CIMC Logistics Equipment Co., Ltd. (NBCIMC)	Corporation	Ningbo, China	US$	15,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	US$	15,000,000.00	100.00%	100.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries (Continued)

	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			
8	Taicang CIMC Containers Co., Ltd. (TCCIMC)	Corporation	Jiangsu, China	US$	40,000,000.00	Manufacture and repair of container	US$	40,000,000.00	100.00%	100.00%	Yes
9	Yangzhou Runyang Logistics Equipments Co., Ltd. (YZRYL)	Corporation	Jiangsu, China	US$	20,000,000.00	Manufacture, repair and sale of container	US$	20,000,000.00	100.00%	100.00%	Yes
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. (SHYSLE)	Corporation	Shanghai, China	US$	20,000,000.00	Manufacture and sale of container as well as relevant technical advisory	US$	20,000,000.00	100.00%	100.00%	Yes
11	Shanghai CIMC Reefer Containers Co., Ltd. (SCRC)	Corporation	Shanghai, China	US$	31,000,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat Preservation car	US$	28,520,000.00	92.00%	92.00%	Yes
12	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	Corporation	Jiangsu, China	US$	10,000,000.00	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	US$	7,100,000.00	71.00%	71.00%	Yes
13	Xinhui CIMC Special Transportation Equipment Co., Ltd. (XHCIMCS)	Corporation	Guangdong, China	US$	16,600,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts; providing leasing and maintenance service	US$	16,600,000.00	100.00%	100.00%	Yes
14	Nantong CIMC Tank Equipment Co., Ltd. (NTCIMCT)	Corporation	Jiangsu, China	US$	25,000,000.00	Manufacture and sale of various container, semi-finished container relevant components and parts	US$	18,395,000.00	70.14%	100.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries (Continued)

			Registered capital			Actual investment and actual net amount of investment of the Company at the end of the year				
Name	Entity type	Registration place	Currency	Amount of original currency	Business scope	Currency	Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope
15 Dalian CIMC Railway Equipment Co., Ltd. (DLCIMCS)	Corporation	Liaoning, China	US$	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	US$	20,000,000.00	100.00%	100.00%	Yes
16 Nantong CIMC Large-sized Tank Co., Ltd.	Corporation	Jiangsu, China	US$	47,700,000.00	Design, production and sale of tank relevant parts; undertaking tank-related general contracting projects	US$	47,700,000.00	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	US$	17,500,000.00	Development and production of various trailer, special-use vehicles and tank equipment as well as components and parts	US$	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
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

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries (Continued)

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			
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 services	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	US$	16,000,000.00	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	US$	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	24,663,000.00	82.21%	100.00%	Yes
29 CIMC Financing and Leasing Co., Ltd. (CIMCVL)	Corporation	Guangdong, China	RMB	70,000,000.00	Finance lease business; disposal and maintenance for residual value of leased property; advisory and warranty for leasing transaction	RMB	70,000,000.00	100.00%	100.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries (Continued)

			Registered capital			Actual investment and actual net amount of investment of the Company at the end of the year				
Name	Entity type	Registration place	Currency	Amount of original currency	Business scope	Currency	Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope
30 Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV)	Corporation	Shandong, China	US$	25,000,000.00	Manufacture and sales of various refrigeration, heat preservation and other transport equipments and spare parts	US$	20,000,000.00	80.00%	100.00%	Yes
31 Nantong CIMC Tank Equipment Co., Ltd. (NTCY)	Corporation	Jiangsu, China	US$	10,000,000.00	Manufacture and repair of large-sized tank, production of various pressurization tank car, special pressurization trough, tank and parts	US$	7,014,000.00	70.14%	100.00%	Yes
32 Shenzhen CIMC – Tianda Airport Support Ltd. (TAS)	Corporation	Guangdong, China	US$	13,500,000.00	Production and operation of various airport-purpose electromechanical equipment products	US$	9,450,000.00	70.00%	70.00%	Yes
33 Xinhui CIMC Wood Co., Ltd. (XHCIMCW)	Corporation	Guangdong, China	US$	15,500,000.00	Production of container-purpose wood floor and relevant products of various specifications; providing relevant technical advisory service	US$	15,500,000.00	100.00%	100.00%	Yes
34 Inner Mongolia Holonbuir CIMC Wood Co., Ltd. (NMGW)	Corporation	Inner Mongolia, China	US$	12,000,000.00	Production and sales of various container wood floors and wood products for transport equipments	US$	12,000,000.00	100.00%	100.00%	Yes
35 Jiaxing CIMC Wood Co., Ltd. (JXW)	Corporation	Zhejiang, China	US$	5,000,000.00	Production and sales of container wood floors, wood products for transport equipments and other wood products	US$	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

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries (Continued)

			Registered capital			Actual investment and actual net amount of investment of the Company at the end of the year				
Name	Entity type	Registration place	Currency	Amount of original currency	Business scope	Currency	Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope
37 Shenzhen Southern CIMC Containers Service Co., Ltd. (SCIMCL)	Corporation	Guangdong, China	US$	5,000,000.00	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance	US$	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	US$	7,000,000.00	Container transshipment, stockpiling, devanning, vanning, and warehousing; container maintenance, try-off and technical service	US$	6,650,000.00	95.00%	95.00%	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
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	US$	168,000,000.00	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	US$	134,400,000.00	80.00%	80.00%	Yes
43 Qingdao CIMC Special Reefer Co., Ltd. (QDCSR)	Corporation	Shandong, China	US$	11,500,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts	US$	11,500,000.00	100.00%	100.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries (Continued)

Name	Entity type	Registration place	Registered capital: Currency	Registered capital: Amount of original currency	Business scope	Actual investment and actual net amount of investment of the Company at the end of the year: Currency	Actual investment and actual net amount of investment of the Company at the end of the year: Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope
44 Tianjin CIMC Logistics Equipments Co., Ltd. (TJCIMCLE)	Corporation	Tianjin, China	US$	5,000,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	US$	5,000,000.00	100.00%	100.00%	Yes
45 Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Corporation	Dalian, China	US$	14,000,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	US$	14,000,000.00	100.00%	100.00%	Yes
46 Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Corporation	Chongqing, China	US$	8,000,000.00	Design, manufacture, lease, maintenance of container, special container, other logistic equipment and relevant components and parts	US$	8,000,000.00	100.00%	100.00%	Yes
47 Dalian CIMC Heavy Logistics Equipments Co., Ltd. (DLZH)	Corporation	Liaoning, China	US$	45,170,000.00	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	US$	45,170,000.00	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

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries (Continued)

			Registered capital			Actual investment and actual net amount of investment of the Company at the end of the year				
Name	Entity type	Registration place	Currency	Amount of original currency	Business scope	Currency	Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope
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

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries (Continued)

			Registered capital			Actual investment and actual net amount of investment of the Company at the end of the year				
Name	Entity type	Registration place	Currency	Amount of original currency	Business scope	Currency	Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope
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	229,170,659.40	90.00%	90.00%	Yes
60 Yangzhou CIMC Grand Space Real Estate Development Co., Ltd (CIMC Haoyu) Note IV. 1(4)	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 Real Estate") Note IV. 1(4)	Corporation	Guangdong, China	RMB	30,000,000.00	Real estate development, projects sale of decoration and building materials	RMB	27,000,000.00	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	Shenzhen 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

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries (Continued)

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			
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
67 Zhumadian CIMC Huajun Casting Co. Ltd. (HJCAST)	Corporation	Henan China	RMB	297,762,000.00	Casting manufacturing for Vehicle and coal mining machinery	RMB	166,746,720.00	56.00%	70.00%	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
71 Ningbo MRO Trading Co.,Ltd. (MRO)	Corporation	Ningbo China	RMB	10,000,000.00	Production and sales of gas mask and other plastic productions	RMB	10,000,000.00	100.00%	100.00%	Yes
72 Shenzhen CIMC Container Holding Co., Ltd. (Container Holding)	Corporation	Shenzhen China	RMB	1,000,000,000.00	Equity investment, Investment management and related investment business	RMB	1,000,000,000.00	100.00%	100.00%	Yes
73 Chengdu CIMC Logistics Equipments Co., Ltd.	Corporation	Chengdu China	RMB	7,500,000.00	Chemical liquid tank truck and semi-trailer	RMB	6,000,000.00	80.00%	100.00%	Yes
74 Shanxi CIMC Vehicle Industry Garden	Corporation	Shanxi China	RMB	80,000,000.00	Production and sales of vehicle	RMB	64,000,000.00	80.00%	100.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(i) Domestic subsidiaries (Continued)

	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			
75	Shenzhen CIMC Vehicle Industry Garden	Corporation	Shenzhen China	RMB	85,000,000.00	Investment management	RMB	68,000,000.00	80.00%	100.00%	Yes
76	CIMC modular building design & Development. Co. Ltd	Corporation	Guangdong China	RMB	50,000,000.00	Decoration engineering construction engineering, landscape engineering design etc.	RMB	50,000,000.00	100.00%	100.00%	Yes
77	CIMC modular construction investment Co. Ltd.	Corporation	Guangdong China	RMB	50,000,000.00	Equity investment management, asset management, real estate development, sales	RMB	50,000,000.00	100.00%	100.00%	Yes
78	CIMC cold chain Investment Co. Ltd.	Corporation	Shandong China	RMB	809,000,000.00	Industrial investment, project investment etc.	RMB	809,000,000.00	100.00%	100.00%	Yes
79	CIMC Cold Chain Research Institute Company Limited	Corporation	Shandong China	RMB	50,000,000.00	Standard marine refrigerated containers, special refrigerated containers, refrigerated transport vehicles	RMB	50,000,000.00	100.00%	100.00%	Yes
80	Shenzhen CIMC New Process of Automotive Supply Chain Management Co. Ltd.	Corporation	Shenzhen China	RMB	10,000,000.00	Supply chain management	RMB	6,000,000.00	60.00%	60.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(ii) Overseas subsidiaries

		Registered capital			Actual investment and actual net amount of investment of the Company at the end of the year				
Name	Registration place	Currency	Amount of original currency	Business scope	Currency	Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope
81 CIMC Holdings (B.V.I.) Limited (CIMC BVI)	British Virgin Islands	US$	34,001.00	Investment	US$	34,001.00	100.00%	100.00%	Yes
82 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
83 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
84 CIMC Vehicle Investment Holding Co., Ltd. (CIMC Vehicle)	Hong Kong	US$	50,000.00	Investment	US$	40,000.00	80.00%	100.00%	Yes
85 CIMC Europe BVBA ("BVBA")	Belgium	EUR	18,550.00	Investment	EUR	18,550.00	100.00%	100.00%	Yes
86 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
87 CIMC Burg B.V. ("BV")	Holland	EUR	60,000,000.00	Investment	EUR	60,000,000.00	100.00%	100.00%	Yes
88 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
89 Charm Wise Limited ("Charm Wise")	Hong Kong China	US$	1.00	Investment	US$	1.00	100.00%	100.00%	Yes
90 Gold Terrain Assets Limited ("GTA")	British Virgin Islands	US$	1.00	Investment	US$	1.00	100.00%	100.00%	Yes
91 Full Medal Holdings Ltd. ("Full Medal")	British Virgin Islands	US$	50,000.00	Investment	US$	35,070.00	70.14%	100.00%	Yes
92 Charm Ray Holdings Limited ("Charm Ray")	Hong Kong China	HKD	1.00	Investment	HKD	0.70	70.14%	100.00%	Yes
93 Charm Beat Enterprises Limited ("Charm Beat")	British Virgin Islands	US$	1.00	Investment	US$	1.00	100.00%	100.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

(ii) Overseas subsidiaries (Continued)

		Registered capital			Actual investment and actual net amount of investment of the Company at the end of the year				
Name	Registration place	Currency	Amount of original currency	Business scope	Currency	Amount of original currency	Shareholding percentage	Voting rights	Within consolidation scope
94 Sharp Vision Holdings Limited ("Sharp Vision")	Hong Kong China	HKD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes
95 Sound Winner Holdings Limited ("Sound Winner")	British Virgin Islands	US$	10,000.00	Investment	US$	7,014.00	70.14%	100.00%	Yes
96 Grow Rapid Limited ("Grow Rapid")	Hong Kong China	HKD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes
97 Powerlead Holding Ltd. ("Powerlead")	British Virgin Islands	US$	10.00	Investment	US$	10.00	100.00%	100.00%	Yes
98 Cooperatie Vela U.A.	Holland	EUR	18,000.00	Investment	EUR	12,625.20	70.14%	100.00%	Yes
99 Vela Holding B.V.	Holland	EUR	18,000.00	Investment	EUR	12,625.20	70.14%	100.00%	Yes
100 CIMC ENRIC Tank and Process B.V.	Holland	EUR	14,038,200.00	Investment	EUR	9,846,393.48	70.14%	100.00%	Yes
101 CIMC Financial Leasing (HK) Ltd. ("Financial Leasing")	Hong Kong China	HKD	500,000.00	Finance Lease	HKD	500,000.00	100.00%	100.00%	Yes
102 CIMC Offshore Holdings Limited ("CIMC Offshore")	Hong Kong China	HKD	342,860,173.00	Investment	HKD	342,860,173.00	100.00%	100.00%	Yes
103 Cooperatie CIMC U.A ("COOP")	Holland	ERU	25,500,000.00	Investment	EUR	25,500,000.00	100.00%	100.00%	Yes
104 North Sea Rigs Holdings ("NSR")	British Virgin Islands	US$	1.00	Finance leasing project company	US$	1.00	100.00%	100.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(2) The Group does not have subsidiaries obtained through combination under common control

(3) Subsidiaries acquired through combinations not under common control

(i) Domestic subsidiaries

	Name	Entity type	Registration place	Registered capital: Currency	Registered capital: Amount of original currency	Business scope	Actual investment and actual net amount of investment of the Company at the end of the period: Currency	Actual investment and actual net amount of investment of the Company at the end of the period: Amount of original currency	Shareholding percentage (%)	Voting rights (%)	Within consolidation scope
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	US$	27,840,000.00	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipment	US$	27,840,000.00	100.00%	100.00%	Yes
5	Qingdao CIMC Reefer Container Manufacture Co., Ltd. (QDCRC)	Corporation	Shandong, China	US$	86,846,680.00	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	US$	86,846,680.00	100.00%	100.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(3) Subsidiaries acquired through combinations not under common control (Continued)

(i) Domestic subsidiaries (Continued)

	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			
6	Tianjin CIMC North Ocean Container Co., Ltd. (TJCIMC)	Corporation	Tianjin, China	US$	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	US$	15,469,300.00	100.00%	100.00%	Yes
7	Shanghai CIMC Baowell Industries Co. Ltd (SBWI)	Corporation	Shanghai, China	US$	28,500,000.00	Manufacture and sale of container as well as relevant technical advisory	US$	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	13,177,246.61	69.61%	87.01%	Yes
9	Zhangzhou CIMC Container Co., Ltd. (ZZCIMC)	Corporation	Fujian, China	US$	23,000,000.00	Manufacture and sale of container as well as relevant technical advisory	US$	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

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(3) Subsidiaries acquired through combinations not under common control (Continued)

(i) Domestic subsidiaries (Continued)

			Registered capital			Actual investment and actual net amount of investment of the Company at the end of the period				
Name	Entity type	Registration place	Currency	Amount of original currency	Business scope	Currency	Amount of original currency	Shareholding percentage (%)	Voting rights (%)	Within consolidation scope
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	101,606,236.27	70.14%	100.00%	Yes
13 Donghwa Container Transportation Service Co., Ltd. (DHCTS)	Corporation	Shanghai, China	US$	4,500,000.00	Container cargo devanning, vanning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components and parts	US$	3,150,000.00	70.00%	70.00%	Yes
14 Yangzhou Tonglee Reefer Container Co., Ltd. (TLC)	Corporation	Jiangsu, China	US$	34,100,000.00	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	US$	34,100,000.00	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) Note IV.1(4)	Corporation	Anhui, China	HKD	60,808,385.00	Manufacturing base of NG compressor and related products	HKD	42,651,001.24	70.14%	100.00%	Yes
17 Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Enric")	Corporation	Hebei, China	US$	7,000,000.00	Manufacturing pressure vessel	US$	4,909,800.00	70.14%	100.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(3) Subsidiaries acquired through combinations not under common control (Continued)

(i) Domestic subsidiaries (Continued)

	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			
18	Enric (Langfang) 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	35,070,000.00	70.14%	100.00%	Yes
19	Enric (Beijing) Energy Technology Co., Ltd (Beijing Enric) Note IV.1(4)	Corporation	Beijing, China	HKD	40,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	28,056,000.00	70.14%	100.00%	Yes
20	CIMC Enric (Jingmen) Energy Equipment Co., Ltd. Note IV.1(4)	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	36,790,000.00	70.14%	100.00%	Yes
21	JingmenHongtu 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	11,222,000.00	56.11%	80.00%	Yes
22	Ningguo CIMC Wood Co., Ltd. ("NGCIMCW")	Corporation	Anhui China	US$	1,300,000.00	Production and sales of self-produced veneers, flooring, decorative board and wood and bamboo related products; acquisition of wood and bamboo for production	US$	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	1,020,689,241.00	97.89%	97.89%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(3) Subsidiaries acquired through combinations not under common control (Continued)

(i) Domestic subsidiaries (Continued)

			Registered capital			Actual investment and actual net amount of investment of the Company at the end of the period				
Name	Entity type	Registration place	Currency	Amount of original currency	Business scope	Currency	Amount of original currency	Shareholding percentage (%)	Voting rights (%)	Within consolidation scope
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	105,155,506.00	83.47%	83.47%	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	195,780,000.00	97.89%	97.89%	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	283,881,000.00	97.89%	97.89%	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%	75.00%	Yes
28 Xinfa Airport Equipment Ltd. ("Xinfa Airport")	Corporation	Shandong China	RMB	10,000,000.00	Manufacture and sales of airport shuttle buses	RMB	7,000,000.00	49.00%	70.00%	Yes
29 Yangjiang East Furi Real Estate Co., Ltd ("YJFR")	Corporation	Guangdong China	RMB	36,000,000.00	Real estate development and operation planning and consulting, sale of construction materials and inner house decoration	RMB	19,440,000.00	54.00%	54.00%	Yes
30 Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("YPDI")	Corporation	Jiangsu China	RMB	30,000,000.00	Project relating to petrochemical industry	RMB	21,042,000.00	70.14%	100.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(3) Subsidiaries acquired through combinations not under common control (Continued)

(i) Domestic subsidiaries (Continued)

			Registered capital			Actual investment and actual net amount of investment of the Company at the end of the period				
Name	Entity type	Registration place	Currency	Amount of original currency	Business scope	Currency	Amount of original currency	Shareholding percentage (%)	Voting rights (%)	Within consolidation scope
31 Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group")	Corporation	Tianjin China	US$	51,956,000.00	Tianjin Port container and grocery distribution transportation, container repair, processing	US$	38,967,000.00	75.00%	75.00%	Yes
32 Tianjin Port CIMC Zhenhua Logistics Co., Ltd. ("Tianjin Gang Zhenhua")	Corporation	Tianjin China	RMB	100,000,000.00	Container storage management storage, removable box etc.	RMB	61,500,000.00	61.50%	70.00%	Yes
33 Zhenhua International Shipping Agency (Qingdao) Co., Ltd. ("Qingdao Shipping")	Corporation	Qingdao China	RMB	10,000,000.00	The international ship agency business	RMB	7,500,000.00	75.00%	100.00%	Yes
34 Zhenhua (Tianjin) Logistics Co., Ltd. ("Zhenhua Tianjin")	Corporation	Tianjin China	RMB	10,000,000.00	Special transport general cargo, cargo (containers)	RMB	7,500,000.00	75.00%	100.00%	Yes
35 Tianjin Zhenhua Haijing Logistics Co. Ltd. ("Zhenhua Haijing")	Corporation	Tianjin China	RMB	145,000,000.00	The construction of storage facilities, storage yard Container transfer station operation	RMB	65,250,000.00	45.00%	60.00%	Yes
36 Tianjin Zhenhua International Logistics Limited ("Zhenhua International Logistics")	Corporation	Tianjin China	US$	17,000,000.00	The non vessel shipping, warehousing Transit	US$	12,750,000.00	75.00%	100.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(3) Subsidiaries acquired through combinations not under common control (Continued)

(i) Domestic subsidiaries (Continued)

			Registered capital			Actual investment and actual net amount of investment of the Company at the end of the period				
Name	Entity type	Registration place	Currency	Amount of original currency	Business scope	Currency	Amount of original currency	Shareholding percentage (%)	Voting rights (%)	Within consolidation scope
37 Tianjin Zhenhua shipping Agency Co. Ltd. ("Tianjin Shipping")	Corporation	Tianjin China	RMB	10,000,000.00	The international ship agency business	RMB	7,500,000.00	75.00%	100.00%	Yes
38 Shanghai Zhenhua shipping Agency Co. Ltd. ("Shanghai Shipping")	Corporation	Shanghai China	RMB	10,000,000.00	The international ship agency business	RMB	7,500,000.00	75.00%	100.00%	Yes
39 Shandong Zhenhua Logistics Co., Ltd. ("Shandong Zhenhua")	Corporation	Shandong China	US$	9,150,000.00	General cargo, dangerous goods transport Special transport of goods	US$	6,862,500.00	75.00%	100.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(3) Subsidiaries acquired through combinations not under common control (Continued)

(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			
40	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
41	Enric Energy Equipment Holdings Limited ("Enric") Note IV.1(4)(i)	Cayman Islands	HKD	120,000,000.00	Investment holding	HKD	84,168,000.00	70.14%	70.14%	Yes
42	Burg Industries B.V.	Holland	EUR	3,403,351.62	Investment holding	EUR	3,403,351.62	100.00%	100.00%	Yes
43	Holvrieka Holding B.V.	Holland	EUR	12,000,000.00	Investment holding	EUR	8,416,800.00	70.14%	100.00%	Yes
44	Holvriekaldo B.V.	Holland	EUR	136,200.00	Sales of tank equipment	EUR	95,530.68	70.14%	100.00%	Yes
45	Holvrieka Nirota B.V.	Holland	EUR	680,670.32	Production, assembly and sale of tank equipment	EUR	701,400.00	70.14%	100.00%	Yes
46	Noordkoel B.V.	Holland	EUR	500,000.00	Sales of tank equipment	EUR	350,700.00	70.14%	100.00%	Yes
47	Beheermaatschappij Burg B.V.	Holland	EUR	453,780.22	Investment holding	EUR	453,780.22	100.00%	100.00%	Yes
48	Burg Carrosserie B.V.	Holland	EUR	90,756.04	Production of road transport vehicle	EUR	90,756.04	100.00%	100.00%	Yes
49	Exploitatiemaatschappij Intraprogres B.V.	Holland	EUR	79,411.54	Trade, financing and leasing of road transport vehicle	EUR	79,411.54	100.00%	100.00%	Yes
50	Hobur Twente B.V.	Holland	EUR	226,890.11	Production and sale of oil and components and parts	EUR	226,890.11	100.00%	100.00%	Yes
51	Burg Service B.V.	Holland	EUR	250,000.00	Assembly and repair of road transport vehicle and tank equipment	EUR	250,000.00	100.00%	100.00%	Yes
52	LAG Trailers N.V.	Belgium	BEF	30,000,000.00	Manufacturing trailer	BEF	30,000,000.00	100.00%	100.00%	Yes
53	Holvrieka N.V.	Belgium	BEF	40,000,000.00	Manufacturing tank equipment	BEF	28,056,000.00	70.14%	100.00%	Yes
54	Immoburg N.V.	Belgium	BEF	10,000,000.00	Manufacturing road transport vehicle	BEF	10,000,000.00	100.00%	100.00%	Yes
55	Holvrieka Danmark A/S	Denmark	DKr	1,000,000.00	Manufacturing tank equipment	DKr	735,800.00	70.14%	100.00%	Yes
56	Direct Chassis LLC ("DCEC")	USA	US$	10,000,000.00	Manufacturing and sales of special vehicles	US$	6,000,000.00	100.00%	100.00%	Yes
57	CIMCTGE Gasinvestments SA ("TGESA")	Luxemburg	EUR	50,000.00	Investment holding	EUR	30,000.00	60.00%	60.00%	Yes

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(3) Subsidiaries acquired through combinations not under common control (Continued)

(ii) Overseas subsidiaries (Continued)

		Registered capital			Actual investment and actual net amount of investment of the Company at the end of the period				
Name	Registration place	Currency	Amount of original currency	Business scope	Currency	Amount of original currency	Shareholding percentage (%)	Voting rights (%)	Within consolidation scope
58 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
59 CIMC Raffles Offshore (Singapore) Limited ("Raffles")	Singapore	US$	624,541,970.96	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi-submersible drilling Platforms, FPSOs, FSOs	US$	624,541,970.96	100.00%	100.00%	Yes
60 CIMC Raffles Investments Limited	Hong Kong China	HKD	2.00	Investment holding	HKD	2.00	100.00%	100.00%	Yes
61 CIMC Raffles Leasing Pte Ltd.	Singapore	SGD	2.00	Leasing of marine ship	SGD	2.00	100.00%	100.00%	Yes
62 Caspian Driller Pte. Ltd.	Singapore	US$	30,000,000.00	Leasing of marine ship	US$	30,000,000.00	100.00%	100.00%	Yes
63 Technodyne International Limited ("Technodyne")	UK	GBP	1.00	Research and development of Energy equipment	GBP	0.60	60%	60%	Yes
64 GadidaeAB.	Sweden	SEK	1,000.00	Investment holding	SEK	1,000.00	100.00%	100.00%	Yes
65 Perfect Victor Investments Limited ("Perfect Victor')	Hong Kong China	US$	1.00	Investment holding	US$	1.00	100.00%	100.00%	Yes
66 Ziemann International GmbH ("Ziemann Group")	Germany	EUR	16,000,000.00	Design, production and sales	EUR	11,222,400.00	70.14%	100.00%	Yes
67 Zhenhua Logistics (Hong Kong) Limited company ("Zhenhua (Hong Kong)")	Hong Kong China	US$	6,000,000.00	The international ship agency business	US$	4,500,000.00	75.00%	100.00%	Yes

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Company status of significant subsidiaries (Continued)

(4) Subsidiaries with inconsistent shareholding percentage and voting rights

(i) *Enric*

As at 30 June 2013, the Company held 190,703,000 number of ordinary shares in Enric through its wholly owned subsidiary-Charm Wise, and 1,131,632,645 number of ordinary shares in Enric through its wholly owned subsidiary-CIMC Hong Kong. Therefore, both the Company's shareholding percentage and voting right in Enric were 70.14%.

(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 in 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 consolidated financial statements

Newly purchased (see Note IV.6) and established subsidiaries during the period changed the scope of the consolidated financial statements.

4. Subsidiaries newly included in and excluded from the scope of consolidation for the current period

(1) Subsidiaries newly included in the scope of consolidation included Zhenhua Group, Tianjin Zhenhua which are acquired through combinations not under common control and other 54 subsidiaries.

(2) There was no significant subsidiary, special purpose entity or operating entity that having control through being entrusted to manage or leasing that excluded from the scope of consolidation for the current period.

5. There was no acquisition through combination under common control for the current period (from January to June 2012: Nil).

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. The Group's acquisition through combination not under common control for the current period

On 6 March, 2013, the Group entered into an equity interests acquisition contract with Zhenhua Logistic Group Co., Ltd ("Zhenhua Group")'s shareholder to acquire a total of 36.78% equity interests of Zhenhua Group for the consideration of approximately RMB408,666,000. Before the transaction, the Group already hold 38.22% equity interests of Zhenhua Group. After the transaction, the Group increased its equity interest in Zhenhua to 75% and Zhenhua Group becomes the Group's subsidiary from 1 April 2013.

The principal activities of Zhenhua Group are logistics and transportation business. Its headquarter are located in Tianjin.

Before acquiring Zhenhua Group, the Group already hold 36% equity interests of Tianjin Zhenhua. As Zhenhua Group hold 34% equity interests of Tianjin Zhenhua, after the above mentioned transaction, the Group directly and indirectly hold 61.5% equity interests of Tianjin Zhenhua and Tianjin Zhenhua became the Group's subsidiary.

7. There is no loss of control of subsidiaries by disposal of equity interest for the current period.

8. There is no reverse acquisition of the Group for the current period.

9. There is no consolidation by merger of the Group for the current period.

10. Significant acquisition of minority interests for the current period

On 8 February 2013, CIMC OFFSHORE, a wholly-owned subsidiary of the Group acquired the remaining interests of 11.42% equity interests of CIMC Raffles for the consideration of US$0.55 per share. After the transaction, CIMC Raffles became a wholly-owned subsidiary of CIMC OFFSHORE.

The difference between the additional share of identified net assets adjusted and the consideration paid was recognised to capital surplus.

11. Significant disposal of subsidiary's equity interests without loss of control for current period

In the period, CIMC Vehicle, the Company's 80% owned subsidiary, disposed of 75,055,792 Enric's ordinary shares at the price of HKD8.37 per share, representing approximately 3.19% equity interests, and received total proceeds of HKD628,216,979 (equivalent to RMB500,406,235). The difference between the proceeds from disposal and the share of the subsidiary's identifiable net assets was amounted to approximately RMB288,761,000, which was recognized in capital surplus.

(All amounts in RMB'000 unless otherwise stated)

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Exchange rates applied to financial statement items of foreign operations:

	Average exchange rate		Benchmark exchange rate	
	From January to June 2013	From January to June 2012	**30 June 2013**	31 December 2012
US$	**6.2267**	6.3052	**6.1787**	6.2854
EUR	**8.1433**	8.1633	**8.0536**	8.3195
HKD	**0.8021**	0.8126	**0.7966**	0.8108
JPY	**0.0643**	0.0788	**0.0626**	0.0730

The shareholders' equity items other than "undistributed profits", income and expense items, and the cash flows items are translated at the spot exchange rates on the dates of the transactions.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

	30 June 2013			31 December 2012			
	Original currency '000	**Exchange rate**	**RMB'000**		Original currency '000	Exchange rate	RMB'000
Cash on hand:							
RMB	**3,106**	**1.0000**	**3,106**	RMB	1,119	1.0000	1,119
US$	**16**	**6.1787**	**101**	US$	21	6.2854	134
HKD	**8**	**0.7966**	**6**	HKD	17	0.8108	14
JPY	**176**	**0.0626**	**11**	JPY	753	0.0730	55
EUR	**19**	**8.0536**	**152**	EUR	29	8.3195	240
GBP	**2**	**9.4213**	**17**	GBP	–	10.1626	–
Others	**–**	**–**	**–**	Others	–	–	18
Subtotal			**3,393**				1,580
Deposits with banks:							
RMB	**1,564,135**	**1.0000**	**1,564,135**	RMB	1,777,496	1.0000	1,777,496
US$	**154,361**	**6.1787**	**953,750**	US$	282,272	6.2854	1,774,192
HKD	**382,271**	**0.7966**	**304,517**	HKD	82,389	0.8108	66,801
JPY	**499,649**	**0.0626**	**31,278**	JPY	530,164	0.0730	38,702
AUD	**23,400**	**5.7061**	**133,522**	AUD	17,779	6.5359	116,200
EUR	**44,353**	**8.0536**	**357,200**	EUR	65,527	8.3195	545,150
GBP	**1,269**	**9.4213**	**11,953**	GBP	–	10.1626	–
THB	**368,684**	**0.1991**	**73,405**	THB	–	0.2055	–
Others	**–**	**–**	**4,395**	Others	–	–	74,079
Subtotal			**3,434,155**				4,392,620
Other cash balances:							
RMB	**264,678**	**1.0000**	**264,678**	RMB	599,864	1.0000	599,864
US$	**516**	**6.1787**	**3,188**	US$	36,180	6.2854	227,402
HKD	**–**	**0.7966**	**–**	HKD	90	0.8108	73
Subtotal			**267,866**				827,339
Total			**3,705,414**				5,221,539

As at 30 June 2013, restricted cash at bank and on hand of the Group amounted to RMB472,088,000 (31 December 2012: RMB824,027,000). Refer to Note V.22 for details.

As at 30 June 2013, Finance Company, the subsidiary of the Group, had deposit with the People's Bank of China totalling of RMB333,241,000 (31 December 2012: RMB559,009,000). Finance Company is a finance institution authorised by the People's Bank of China.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Financial assets held for trading

(1) Classification of financial assets held for trading

Category	Note	**30 June 2013**	31 December 2012
Current portion			
1. Investments in equity instrument held for trading			
– listed companies	(3)	**128,150**	389,557
2. Derivative financial assets			
– Forward contract	(4)	**25,133**	12,684
3. Hedging instrument		**7,287**	2,851
Subtotal		**160,570**	405,092
Non-current portion			
1. Derivative financial assets – Forward contract	(4)	**420**	–
Subtotal		**420**	–
Total		**160,990**	405,092

(2) As at 30 June 2013, there is no material restriction on sales or realisation of the investment in financial assets held for trading.

(3) The equity instruments held for trading are securities listed on the Hong Kong Stock Exchange, the Shenzhen Stock Exchange, the Shanghai Stock Exchange and the Singapore Exchange Limited, of which the fair value is determined at the closing price on the last trading day of the period of the above stock exchanges.

(4) Derivative financial assets held for trading

As at 30 June 2013, the Group had certain open forward contracts (mainly unsettled forward contracts) denominated in U.S. dollars. The nominal value of these contracts amounted to approximately US$653 million. The Group had other unsettled forward contracts of Japanese Yuan, Euro and Australian Dollar. The nominal value of these amounted to JPY 2,235 million, EUR 16.74 million and AUD 5 million respectively. Pursuant to these forward contracts, the Group is required to buy/sell foreign currencies, such as US$, 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 3 July 2013 to 23 December 2014.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Notes receivable

(1) Classification of Notes receivable

Category	30 June 2013	31 December 2012
Bank acceptance notes	1,167,075	776,309
Commercial acceptance notes	79,092	1,800
Total	1,246,167	778,109

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 30 June 2013, the Group had pledged notes receivable totalling RMB188,758,000 (31 December 2012: Nil). The five largest amounts of pledged notes receivable are:

Issuer	Issuance date	Maturity date	Amount	Remarks
Zhanjiang Henglian Automobile Trade Co., Ltd.	29 March 2013	29 September 2013	11,000	Bank acceptance notes
Qian'an Jiujiang Wire Co., Ltd.	5 February 2013	4 August 2013	10,000	Bank acceptance notes
Qian'an Jiujiang Wire Co., Ltd.	5 February 2013	4 August 2013	10,000	Bank acceptance notes
Shaanxi Automobile Holding Group Co., Ltd	26 April 2013	26 October 2013	10,000	Bank acceptance notes
Aksu Zhongrun Automobile Co., Ltd	27 April 2013	27 October 2013	10,000	Bank acceptance notes
Total			51,000	

(3) As at 30 June 2013, there were no amount transferred to accounts receivable from acceptance bills due to failure of performance by the issuers (31 December 2012: Nil).

(4) At 30 June 2013, the five largest amounts of outstanding notes receivable endorsed by the Group are:

Issuer	Issuance date	Maturity date	Amount	Remarks
Pangda Automobile Trade Group Co., Ltd.	28 May 2013	27 November 2013	10,000	Bank acceptance notes
Pangda Automobile Trade Group Co., Ltd.	28 May 2013	27 November 2013	10,000	Bank acceptance notes
Pangda Automobile Trade Group Co., Ltd.	28 May 2013	27 November 2013	10,000	Bank acceptance notes
Pangda Automobile Trade Group Co., Ltd.	28 May 2013	27 November 2013	10,000	Bank acceptance notes
Pangda Automobile Trade Group Co., Ltd.	28 May 2013	27 November 2013	10,000	Bank acceptance notes
Total			50,000	

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable

(1) Accounts receivables are analysed by customer categories as follows:

Category	**30 June 2013**	31 December 2012
Containers group	**3,769,367**	2,711,559
Trailers group	**2,468,424**	1,827,664
Energy, chemistry and equipment group	**2,706,461**	2,215,151
Offshore business group	**2,561,504**	1,022,797
Airport facilities group	**322,325**	413,934
Others	**1,284,444**	416,849
Subtotal	**13,112,525**	8,607,954
Less: provision for bad debts	**(386,969)**	(369,921)
Total	**12,725,556**	8,238,033

(2) The ageing of accounts receivable is analysed as follows:

Category	**30 June 2013**	31 December 2012
Within 1 year (inclusive)	**11,068,104**	7,524,749
1 to 2 years (inclusive)	**923,189**	814,730
2 to 3 years (inclusive)	**973,890**	162,123
Over 3 years	**147,342**	106,352
Subtotal	**13,112,525**	8,607,954
Less: provision for bad debts	**(386,969)**	(369,921)
Total	**12,725,556**	8,238,033

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(3) Accounts receivables are analysed by categories as follows:

		30 June 2013				31 December 2012			
		Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
Category	Note	Amount	% of total balance	Amount	Ratio (%)	Amount	% of total balance	Amount	Ratio (%)
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	(4)	1,124,123	8.57%	143,132	12.73%	1,431,696	16.63%	169,086	11.81%
With amounts that are not individually significant and that the related provision for bad debts is provided on the individual basis	(5)	189,153	1.44%	44,997	23.79%	45,659	0.53%	16,089	35.24%
That the related provision for bad debts is provided on the grouping basis*									
Containers group	(6)	3,761,832	28.69%	1,302	0.03%	2,435,399	28.30%	1,319	0.05%
Trailers group	(6)	2,082,236	15.88%	84,183	4.04%	1,689,304	19.62%	94,664	5.60%
Energy, chemistry and equipment group	(6)	2,693,737	20.54%	68,696	2.55%	2,087,691	24.25%	61,903	2.97%
Offshore business group	(6)	1,682,305	12.83%	–	–	126,296	1.47%	10	0.01%
Airport facilities group	(6)	322,325	2.46%	29,946	9.29%	386,219	4.49%	22,377	5.79%
Others	(6)	1,256,814	9.58%	14,713	1.17%	405,690	4.71%	4,473	1.10%
Group subtotal		11,799,249	89.98%	198,840	1.69%	7,130,599	82.84%	184,746	2.59%
Total		13,112,525	100.00%	386,969	2.95%	8,607,954	100.00%	369,921	4.30%

Note*: This category includes accounts receivable individually tested but not impaired

As at 30 June 2013, the Group did not hold any collateral for accounts receivable that were made impairment aforesaid.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(3) Accounts receivables are analysed by categories as follows (Continued):

Individually significant items represent accounts receivable with an individual amount over RMB10,000,000 (inclusive) or the book value of which account for 5% or more of the total accounts receivable in individual financial statements included in the consolidated financial statement.

Accounts receivable denominated in original currencies are as follows:

	30 June 2013				31 December 2012		
Currency	**Original currency '000**	**Exchange rate**	**Amount RMB'000**	**Currency**	Original currency '000	Exchange rate	Amount RMB'000
RMB	**5,492,967**	**1.0000**	**5,492,967**	RMB	3,230,211	1.0000	3,230,211
US$	**1,099,833**	**6.1787**	**6,795,536**	US$	697,967	6.2854	4,386,969
HKD	**60,023**	**0.7966**	**47,814**	HKD	21,384	0.8108	17,339
JPY	**951,821**	**0.0626**	**59,584**	JPY	520,829	0.0730	38,046
AUD	**31,583**	**5.7061**	**180,213**	AUD	25,099	8.3195	208,809
EUR	**55,191**	**8.0536**	**444,486**	EUR	103,649	6.5359	677,446
Others			**91,925**	Others			49,134
Total			**13,112,525**				8,607,954

(4) As at 30 June 2013, accounts receivable with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analysed as follows:

Category	**Ending balance**	**Provision for bad and doubtful debts**	**Ratio**	**Reason**
Trailers group	221,297	14,467	6.54%	Provision is made based on the estimated recoverable amount according to assessment of credit risk and historical data
Energy, chemistry and equipment group	12,724	12,724	100.00%	
Offshore business group	879,199	105,038	11.95%	
Others	10,903	10,903	100.00%	
Total	1,124,123	143,132	12.73%	

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(5) As at 30 June 2013, accounts receivable with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis are analysed as follows:

Category	Ending balance	Provision for bad and doubtful debts	Ratio	Reason
Containers group	7,535	2,352	31.21%	Provision is made based on the estimated recoverable amount according to assessment of credit risk and historical data
Trailers group	164,891	39,902	24.20%	
Others	16,727	2,743	16.40%	
Total	189,153	44,997	23.79%	

(6) Accounts receivable that the related provision for bad debts is provided on grouping basis using the ageing analysis method are analysed as follows:

	30 June 2013			31 December 2012		
	Ending balance		**Provision**	Ending balance		Provision
Currency	**Amount**	**% of total balance**	**for bad debts**	Amount	% of total balance	for bad debts
Within 1 year	**10,875,335**	**82.94%**	**57,662**	6,719,921	78.08%	86,718
1 to 2 years	**710,703**	**5.42%**	**35,828**	261,199	3.03%	18,576
2 to 3 years	**153,373**	**1.17%**	**48,164**	98,503	1.14%	29,011
Over 3 years	**59,838**	**0.46%**	**57,186**	50,976	0.59%	50,441
Total	**11,799,249**	**89.98%**	**198,840**	7,130,599	82.84%	184,746

The ageing is counted starting from the date the account receivable is recognised.

(7) The recovery of provision in current period

There were no accounts receivable that the related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in current period (from January to June 2012: Nil).

(8) Accounts receivable that are written off in current period

There were no material accounts receivable that are written off in current period (from January to June 2012: Nil).

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(9) As at 30 June 2013, the five largest accounts receivable are analysed as follows:

Company name	Relationship with the Company	Amount	Ageing	% of total balance
1. Hapag-Lloyd Container Line	None	759,502	Within 1 year	5.79%
2. Goodpack Ltd	None	546,556	Within 1 year	4.17%
3. Soratu Drilling LLC	None	522,346	2 to 3 years	3.98%
4. Compagnie Maritime d'Affretement	None	513,048	Within 1 year	3.91%
5. Sea Containers Ltd.	None	485,467	1 to 2 years	3.70%
Total		2,826,919		21.56%

The total amount of the Group's five largest accounts receivable at 31 December 2012 was RMB2,015,627,000, accounting for 23.41% of the total accounts receivable.

(10) Accounts receivable from shareholders holding 5% or more of the voting rights of the Company are analysed as follows:

As at 30 June 2013, no amount due from shareholders holding 5% or more of the voting rights of the Company is included in the above balance of accounts receivable (31 December 2012: Nil).

(11) Accounts receivable from related parties are analysed as follows:

As at 30 June 2013, the Group's accounts receivable due from related parties amount to RMB271,959,000 (31 December 2012: RMB218,419,000), accounting for 2.07% of the total accounts receivable (31 December 2012: 2.54%).

Company name	Relationship with the Company	Amount	% of total balance
Shaanxi Heavy Duty Automobile Co., Ltd	Minority shareholders of subsidiaries	158,340	1.21%
Sumitomo Corp.	Minority shareholders of subsidiaries	32,695	0.25%
Florens Maritime Limited	Subsidiaries of significant shareholders	31,144	0.24%
Florens Container Corp. SA	Subsidiaries of significant shareholders	18,289	0.14%
Others		31,491	0.24%
Total		271,959	2.07%

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(12) Accounts receivable derecognized due to transfer of financial assets are analysed as follows:

Accounts receivable with a carrying amount of RMB691,581,000 (31 December 2012: RMB412,241,000) are derecognised due to transfer of financial assets in current period, with no losses occurred (31 December 2012: Nil). The accounts receivable are transferred to financial institutions without recourse.

(13) Amount of assets and liabilities recognised due to the continuing involvement of securitised accounts receivable

There were no securitised accounts receivable during the period (31 December 2012: Nil).

As at 30 June 2013, restricted accounts receivable equals to RMB98,241,000 (31 December 2012: Nil). Refer to Note V.22.

5. Other receivables

(1) Other receivables are analysed by categories as follows:

Category	**30 June 2013**	31 December 2012
Receivables arising from financing to related parties	**630,275**	638,940
Loans	**450,459**	504,369
Drawback tax receivable	**751,781**	280,829
Deposit	**72,061**	138,289
Prepayment for land and equipment	**87,652**	109,776
Receivables from transfer of equity investment	**70,650**	70,650
Others	**807,945**	512,520
Subtotal	**2,870,823**	2,255,373
Less: provision for bad debts	**(141,660)**	(140,938)
Total	**2,729,163**	2,114,435

(2) The ageing of other receivables is analysed as follows:

Ageing	**30 June 2013**	31 December 2012
Within 1 year (inclusive)	**1,518,576**	1,083,476
1 to 2 years (inclusive)	**376,516**	224,138
2 to 3 years (inclusive)	**443,212**	317,585
Over 3 years	**532,519**	630,174
Subtotal	**2,870,823**	2,255,373
Less: provision for bad debts	**(141,660)**	(140,938)
Total	**2,729,163**	2,114,435

The ageing is counted starting from the date the other receivable is recognized.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

(3) Other receivables are analysed by categories as follows:

		30 June 2013				31 December 2012			
		Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
Category	Note	Amount	% of total balance	Amount	Ratio (%)	Amount	% of total balance	Amount	Ratio (%)
Other receivables with amount that are individually significant	(4)	1,400,958	48.80%	70,931	5.06%	1,368,956	60.70%	71,145	5.20%
Other receivables with amount that are not individually significant	(5)	1,469,865	51.20%	70,729	4.81%	886,417	39.30%	69,793	7.87%
Total		2,870,823	100%	141,660	4.93%	2,255,373	100%	140,938	6.25%

The Group did not hold any collateral 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% or more of the total other receivables in individual financial statements included in the consolidated financial statement.

(4) As at 30 June 2013, other receivables with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analysed as follows:

Category	Amount	Provision for bad debts	Provision rate	Reasons
Amounts due from associates	553,230	–	–	Note 1
Receivables arising from transfer of equity investment	70,650	–	–	Note 1
Receivables arising from purchase of land use right	67,652	–	–	Note 1
Receivables arising from financing to third parties	426,570	12,357	2.90%	Note 1
Others	282,856	58,574	20.71%	Note 1
Total	1,400,958	70,931	5.06%	

Note 1: The provision for bad debts is individually assessed based on the recoverability.

(5) As at 30 June 2013, other receivables with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis are analysed as follows:

The Group assessed impairment of other receivables with amounts that are not individually significant and made provision of impairment of RMB70,729,000 as at 30 June 2013.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

(6) The recovery of provision in current period

There were no other receivables that the related provision for bad debts had been provided in full amount or in large proportions in previous years but are collected or reversed in full amount or in large proportions in current period (from January to June 2012: Nil).

(7) Other receivables that are written off in current period

There was no material other receivables that are written off in current period (from January to June 2012: Nil).

(8) As at 30 June 2013, the five largest other receivables are analysed as follows:

Company name	Relationship with the Company	Amount	Ageing	% of total balance
1. Schahin Holding S.A	None	408,570	1 to 3 years	14.23%
2. Marine Subsea & Consafe Ltd	Associate	282,627	1 to 3 and over 3 years	9.84%
3. C&C Trucks Co., Ltd	Associate	170,000	1 to 3 years	5.92%
4. Shanghai Fengyang Real Estate Development Co., Ltd	Associate	100,603	1 to 3 and over 3 years	3.50%
5. China Merchants Property Development Co., Ltd	Subsidiaries of significant shareholders	70,650	Over 3 years	2.46%
Total		1,032,450		35.96%

The Group's five largest other receivables as at 31 December 2012 amounted to RMB1,122,435,000, accounting for 49.77% of the total other receivables.

(i) Raffles entered into loan agreements with Schahin Holding S.A and its other 6 related parties ("Schahin"), whereby the total amount borrowed by Schahin is US$66,126,000 (equivalent to RMB408,570,000) as at 30 June 2013. The repayment is expected to be settled in cash. As a result, the amount was recorded as other receivables. The Group has made provision of RMB12,571,000 for the amount above as at 30 June 2013.

(ii) 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 US$35,625,000 (equivalent to RMB220,124,000) as at 30 June 2013. Raffles recognised interest income according to loan agreement and recorded expenses paid on behalf of MSC with total amount of US$10,116,000 (equivalent to approximately RMB62,503,000) from 2007 to 31 January 2011.

(9) Other receivables from shareholders holding more than 5% (including 5%) of the voting rights of the Company are analysed as follows:

As at 30 June 2013, no amount due from shareholders holding 5% or more of the voting rights of the Company is included in the above balance of other receivables.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

(10) As at 30 June 2013, other receivables from related parties are analysed as follows:

Company name	Relationship with the Group	Amount	% of total balance
Marine Subsea & Consafe Ltd.	Associate	282,627	9.84%
C&C Trucks Co., Ltd	Associate	170,000	5.92%
Shanghai Fengyang Real Estate Development Co., Ltd	Associate	100,603	3.50%
China Merchants Property Development Co., Ltd	Subsidiaries of significant shareholders	70,650	2.46%
Others		6,395	0.22%
Total		630,275	21.95%

The Group's other receivables due from related parties as at 31 December 2012 amounted to RMB713,624,000, accounting for 31.64% of total other receivables.

(11) Other receivables denominated in original currencies are as follows:

	30 June 2013				31 December 2012		
	Original currency	Exchange rate	RMB		Original currency	Exchange rate	RMB
RMB	1,945,698	1.0000	1,945,698	RMB	1,639,933	1.0000	1,639,933
US$	114,931	6.1787	710,123	US$	64,078	6.2854	402,752
HKD	31,142	0.7966	24,808	HKD	49,403	0.8108	40,057
EUR	20,225	8.0536	162,881	EUR	14,933	8.3195	124,236
Others	–	–	27,313	Others	–	–	48,395
Total			2,870,823	Total			2,255,373

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Advance to suppliers

(1) Advance to suppliers are analysed by categories as follows:

Item	30 June 2013	31 December 2012
Raw material (including equipments for ship under construction)	**2,375,446**	1,153,826
Cost of ship under construction	**166,068**	134,775
Others	**161,264**	107,283
Subtotal	**2,702,778**	1,395,884
Less: provision for bad debts	**(182,659)**	(182,842)
Total	**2,520,119**	1,213,042

(2) The ageing of advance to suppliers is analysed below:

	30 June 2013		31 December 2012	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	**1,995,371**	**73.83%**	954,528	68.38%
1 to 2 years (inclusive)	**244,757**	**9.06%**	239,605	17.17%
2 to 3 years (inclusive)	**287,250**	**10.63%**	21,228	1.52%
Over 3 years	**175,400**	**6.49%**	180,523	12.93%
Subtotal	**2,702,778**	**100.00%**	1,395,884	100.00%
Less: provision for bad debts	**(182,659)**	**6.76%**	(182,842)	13.10%
Total	**2,520,119**	**93.24%**	1,213,042	86.90%

The ageing is counted starting from the date of recognition of advance to suppliers.

Advance to suppliers aged over 1 year included steel purchase prepayment made to a supplier in total of RMB91,336,000 in 2008. The supplier has not delivered the steels within due date for its own reasons. As at 30 June 2013, the Group had made full bad debts provision of RMB87,640,000 (31 December 2012: RMB87,640,000) for unsettled balances.

Other than the advance to suppliers mentioned above, the remaining advance to suppliers aged over 1 year mainly represented equipment purchase advance to suppliers for offshore engineering projects. The advance to suppliers are not settled because the construction period of the offshore engineering project usually last more than 1 year.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Advance to suppliers (Continued)

(3) As at 30 June 2013, the five largest advances to suppliers are analysed as follows:

Company Name	Relationship with the company	Amount	% of total balance	Date of making advance	Reason for being unsettled
1. National oilwell Varco Norway AS	None	453,212	16.77%	2013	Project prepayments
2. Friede & Goldman Marketing BV	None	168,432	6.23%	2013	Projects not yet completed within due date
3. AKER MH AS	None	165,732	6.13%	2013	Projects not yet completed within due date
4. NOV-BLM SAS	None	139,880	5.18%	2013	Projects not yet completed within due date
5. THRUSTMASTER OF TEXAS, INC	None	130,808	4.84%	2013	Projects not yet completed within due date
Total		1,058,064	39.15%		

(4) Advance to shareholders holding more than 5% (including 5%) of the voting rights of the Company are analysed as follows:

As at 30 June 2013, no amount advance to shareholders holding 5% or more of the voting rights of the Company is included in the above balance of advance to suppliers (31 December 2012: Nil).

(5) Advance to related parties are analysed as follows:

		30 June 2013			31 December 2012		
Company Name	Relationship with the Group	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Xiamen CIMC Haitou Container Service Co., Ltd	Associate	**1,585**	**0.06%**	**–**	351	0.03%	–
Shaanxi Heavy Duty Car Co., Ltd	Minority shareholders of subsidiary	**129**	**0.00%**	**–**	134	0.01%	–
C&C Trucks Co., Ltd	Associate	**3,717**	**0.14%**	**–**	–	–	–
Total		**5,431**	**0.20%**	**–**	485	0.04%	–

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Advance to suppliers (Continued)

(6) Advance to suppliers denominated in original currencies is as follows:

	30 June 2013				31 December 2012		
	Original currency	**Exchange rate**	**RMB**		Original currency	Exchange rate	RMB
RMB	**1,036,663**	**1.0000**	**1,036,663**	RMB	579,645	1.0000	579,645
US$	**249,093**	**6.1787**	**1,539,071**	US$	118,729	6.2854	746,253
EUR	**12,297**	**8.0536**	**99,039**	EUR	5,634	8.3195	46,872
GBP	**2,040**	**9.4213**	**19,223**	GBP	2,021	10.1626	20,536
HKD	**1,318**	**0.7966**	**1,050**	HKD	2,684	0.8108	2,176
AUD	**1,331**	**5.7061**	**7,596**	AUD	62	6.5359	402
THB	**683**	**0.1991**	**136**				
Total			**2,702,778**	Total			1,395,884

7. Inventories

(1) Inventories are summarised by categories as follows:

	30 June 2013			31 December 2012		
Category	**Ending balance**	**Provision for decline in the value of inventories**	**Carrying amount**	Ending balance	Provision for decline in the value of inventories	Carrying amount
Raw materials	**4,285,587**	**(148,585)**	**4,137,002**	4,260,175	(146,690)	4,113,485
Work in progress	**2,209,732**	**(12,340)**	**2,197,392**	2,094,286	(12,369)	2,081,917
Finished goods	**2,833,177**	**(67,797)**	**2,765,380**	3,540,952	(70,542)	3,470,410
Consignment stocks	**220,826**	**(592)**	**220,234**	203,874	(592)	203,282
Spare parts	**69,676**	**–**	**69,676**	70,811	–	70,811
Low-valued consumables	**74,307**	**–**	**74,307**	44,353	–	44,353
Materials in transit	**35,160**	**–**	**35,160**	63,803	–	63,803
Completed properties held for sale	**165,254**	**–**	**165,254**	139,254	–	139,254
Properties under development	**2,070,879**	**–**	**2,070,879**	1,838,319	–	1,838,319
Ship under construction	**5,682,864**	**(146,175)**	**5,536,689**	5,914,418	(148,698)	5,765,720
Offshore engineering equipment	**244,445**	**–**	**244,445**	243,372	–	243,372
Total	**17,891,907**	**(375,489)**	**17,516,418**	18,413,617	(378,891)	18,034,726

As at 30 June 2013, the Group's closing balances of inventories included capitalised borrowing cost amounting to RMB575,467,000 (31 December 2012: RMB427,156,000). The interest rate per annum at which the borrowing costs were capitalised was 4.41% (31 December 2012: 5.58%).

As at 30 June 2013, the Group had no inventories with restricted ownership (31 December 2012: Nil).

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

(2) Inventories movement for the year are as follows:

Category	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Raw materials	4,260,175	25,162,968	(25,137,556)	4,285,587
Work in progress	2,094,286	24,800,008	(24,684,562)	2,209,732
Finished goods	3,540,952	20,720,135	(21,427,910)	2,833,177
Consignment stocks	203,874	1,566,601	(1,549,649)	220,826
Spare parts	70,811	189,399	(190,534)	69,676
Low-valued consumables	44,353	163,492	(133,538)	74,307
Materials in transit	63,803	190,513	(219,156)	35,160
Completed properties held for sale	139,254	76,475	(50,475)	165,254
Properties under development	1,838,319	252,252	(19,692)	2,070,879
Ship under construction	5,914,418	577,917	(809,471)	5,682,864
Offshore engineering equipment	243,372	12,835	(11,762)	244,445
Total	18,413,617	73,712,595	(74,234,305)	17,891,907

(3) Provision for decline in the value of inventories are as follows:

Category	Beginning balance	Increase in current period	Decrease in current period		Difference on translation of foreign currency financial statements	Ending balance
			Reversal	Write-off		
Raw materials	146,690	3,363	(436)	(1,013)	(19)	148,585
Work in progress	12,369	1,288	(984)	(333)	–	12,340
Finished goods	70,542	–	(642)	(2,080)	(23)	67,797
Consignment stocks	592	–	–	–	–	592
Ship under construction	148,698	–	–	–	(2,523)	146,175
Total	378,891	4,651	(2,062)	(3,426)	(2,565)	375,489

(a) The provision for decline in value of the Group's inventories during the period was recognised mainly for certain products with price dropped and the slow-moving or waste materials.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

(3) Provision for decline in the value of inventories are as follows (Continued):

(b) Written back of provision for decline in value of the Group's inventories during the period is as follows:

Category	Basis for provision	Reasons for reversal/written off	% of total balance
Raw materials	Carrying amount is lower than the net realisable value	Increase in net realisable value resulted from using or selling of inventories	0.01%
Work in progress	Carrying amount is lower than the net realisable value	Increase in net realisable value resulted from using or selling of inventories	0.04%
Finished goods	Carrying amount is lower than the net realisable value	Increase in net realisable value resulted from using or selling of inventories	0.02%
Consignment stocks	Carrying amount is lower than the net realisable value	Increase in net realisable value resulted from using or selling of inventories	–

8. Current portion of non-current assets within one year

Item	30 June 2013	31 December 2012
Finance leases	**1,643,918**	1,631,762
Less: unrealised financing income	**(277,052)**	(282,772)
Sales of goods by instalments	**321,803**	345,354
Others	**3,176**	3,049
Subtotal	**1,691,845**	1,697,393
Less: Provision for impairment	**(72,413)**	(61,061)
Total	**1,619,432**	1,636,332

9. Other current assets/liabilities

(1) Other current assets

Item	30 June 2013	31 December 2012
Tax deductible/withheld	**743,430**	690,087
Others	**6,330**	384
Total	**749,760**	690,471

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Other current assets/liabilities (Continued)

(2) Other current liabilities

Item	30 June 2013	31 December 2012
Commercial paper	2,448,805	–
Total	2,448,805	–

CIMC Hong Kong, a wholly own subsidiary of the Company, issued commercial paper in the United States. The program size was authorized to a maximum outstanding at any time of US$600,000,000. The program maturities were up to three years and each note was authorized to a maximum maturity up to 270 days from date of issue. The issuer can rollover the issue within the maturities. The Letter of Credit to support the Notes was issued by Bank of China, New York Branch. Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPFS"), a subsidiary of Bank of America Corporation was the program's depositary, issuing and paying agent, and dealer.

10. Available-for-sale financial assets

Item	30 June 2013	31 December 2012
Available-for-sale equity instruments	575,913	609,751
Including: market value of listed securities	575,913	609,751

(1) During the period, available-for-sale financial assets held by the Group and the Company included shares of China Merchants Bank, China Merchants Securities Co., Ltd and Otto Energy Limited with a carrying value of RMB133,702,000, RMB436,576,000 and US$912,000 (RMB5,635,000) respectively.

11. Long-term receivables

Item	30 June 2013	31 December 2012
Finance Leases	3,256,482	3,111,214
Less: Unrealised finance income	(500,648)	(529,883)
Net finance Leases	2,755,834	2,581,331
Sales of goods by instalment	45,569	30,296
Others	42,134	45,745
Subtotal	2,843,537	2,657,372
Less: Provision for impairment	(104,916)	(116,798)
Total	2,738,621	2,540,574

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term receivables (Continued)

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:

Minimum lease receipts	**30 June 2013**	31 December 2012
Within 1 year (inclusive)	**1,643,918**	1,631,762
1 to 2 years (inclusive)	**1,123,402**	1,014,213
2 to 3 years (inclusive)	**616,575**	564,213
over 3 years	**1,516,505**	1,532,788
Less: Unrealised finance income	**(777,700)**	(812,655)
Total	**4,122,700**	3,930,321

No long-term receivables which was derecognised due to transferring of financial assets in current period (31 December 2012: RMB1,502,989,000 was derecognised due to transferring of financial assets, with a gain of RMB251,453,000).

12. Long-term equity investments

(1) Long-term equity investments are analysed by categories as follows:

Item	**30 June 2013**	31 December 2012
Joint ventures, unlisted	**41,261**	39,354
Associates		
– listed companies	**242,957**	247,619
– unlisted companies	**791,361**	1,237,173
Other long-term equity investments, unlisted	**392,683**	392,683
Subtotal	**1,468,262**	1,916,829
Less: Provision for impairment	**(3,067)**	(3,067)
Total	**1,465,195**	1,913,762

The listed associates are Pteris Global Ltd listed on Singapore Exchange Limited, and TSC Offshore Group Limited ("TSC") listed on the Hong Kong Stock Exchange.

The fair value of the listed associates mentioned above is as follows:

	30 June 2013	31 December 2012
TSC Offshore Group Limited	**193,535**	170,115
Pteris Global Ltd	**49,184**	46,672
Total	**242,719**	216,787

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments (Continued)

(2) An analysis of long-term equity investments movement of the period is as follows:

			Current period movement										
Investee	Investment cost	31 December 2012	Increase/ Decrease in investment	Share of net profit using the equity method	Cash dividend declared	Difference on translation of foreign currency financial statements	**30 June 2013**	share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in current period	Dividend receivable/ received of the period
Equity method – Joint ventures													
Ruiji Logistic (Wuhu) Co., Ltd	9,884	10,512	–	(97)	–	–	**10,415**	50.00%	50.00%	N/A	–	–	–
South CIMC Logistic Co., Ltd.	15,000	22,321	–	2,612	–	–	**24,933**	50.00%	50.00%	N/A	–	–	–
Supercool (Shanghai) Refrigeration Equipment Co. Ltd ("SCSCRC")	8,002	6,521	–	(608)	–	–	**5,913**	50.00%	50.00%	N/A	–	–	–
Subtotal	32,886	39,354	–	1,907	–	–	**41,261**				–	–	–
Equity method – Associates											–	–	–
Pteris Global Ltd	84,501	78,782	–	–	–	(1,488)	**77,294**	14.99%	14.99%	N/A	–	–	–
KYH Steel Holding Ltd	27,625	126,778	–	2,272	–	(372)	**128,678**	31.83%	31.83%	N/A	–	–	–
Tianjin Port CIMC Zhenhua Logistic Co., Ltd	21,403	43,809	(43,913)	104	–	–	**–**	36.00%	36.00%	N/A	–	–	–
Dalian Jinong Logistic Co., Ltd	16,844	39,156	–	900	–	(392)	**39,664**	30.00%	30.00%	N/A	–	–	–
Xiamen CIMC Haitou Container Service Co., Ltd	11,479	15,285	–	2,162	–	–	**17,447**	45.00%	45.00%	N/A	–	–	–
Tianjin Zhenhua Logistic Group Co., Ltd	302,144	483,059	(402,643)	4,176	(84,592)	–	**–**	38.22%	38.22%	N/A	–	–	–
Ningbo Beilun Donghua Container Service Co., Ltd	3,579	3,164	–	–	–	–	**3,164**	21.00%	21.00%	N/A	–	–	–
New Atlantic Timber (HK) Limited	2,916	2,779	–	–	–	(4)	**2,775**	20.00%	20.00%	N/A	–	–	–
Shanghai Fengyang Real Estate Development Co., Ltd	12,000	143,560	–	3,432	–	–	**146,992**	40.00%	40.00%	N/A	–	–	–
TRS Transportkoeling	12,030	13,464	–	–	–	–	**13,464**	32.00%	32.00%	N/A	–	–	–
Eurotank Oy	6,946	8,988	–	–	–	(476)	**8,512**	40.00%	40.00%	N/A	–	–	–
Xiamen Haitou Logistics Co., Ltd	6,153	5,622	–	(167)	–	(102)	**5,353**	49.00%	49.00%	N/A	–	–	–
C&C TRUCKS Co.,LTD	540,000	326,517	–	(83,778)	–	–	**242,739**	45.00%	45.00%	N/A	–	–	–
TSC Offshore Group Limited	167,591	168,837	–	–	–	(3,174)	**165,663**	14.60%	14.60%	N/A	–	–	–
Xiamen Hongji Container Development Co., Ltd.	4,900	8,545	–	3,223	–	–	**11,768**	49.00%	49.00%	N/A	–	–	–
Senju (Jiangmen) Science & Technology Materials Co., Ltd.	6,072	6,809	–	112	–	–	**6,921**	30.00%	30.00%	N/A	–	–	–
Shanghai Shenyi Enterprise Development Co., Ltd	9,947	9,636	–	–	–	(175)	**9,461**	25.00%	25.00%	N/A	–	–	–
Shanghai 3L Zhenhua Logistics Co., Ltd	24,557	–	61,029	165	–	–	**61,194**	51.00%	51.00%	N/A	–	–	–
"K"Line Zhenhua Logistics (Tianjin) Co., Ltd	14,063	–	17,831	166	–	–	**17,997**	51.00%	51.00%	N/A	–	–	–
NYK Zhenhua Logistics (Tianjin) Co., Ltd	33,771	–	73,253	389	–	–	**73,642**	51.00%	51.00%	N/A	–	–	–
Shanghai CK Logistics Co., Ltd	1,557	–	1,611	(23)	–	–	**1,588**	30.00%	30.00%	N/A	–	–	–
MSC	2	2	–	–	–	–	**2**	40.00%	40.00%	N/A	2	–	–
Subtotal	1,310,080	1,484,792	(292,832)	(66,867)	(84,592)	(6,183)	**1,034,318**				2	–	–

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments (Continued)

(2) An analysis of long-term equity investments movement of the period is as follows (Continued):

			Current period movement										
Investee	Investment cost	31 December 2012	Increase/ Decrease in investment	Share of net profit using the equity method	Cash dividend declared	Difference on translation of foreign currency financial statements	**30 June 2013**	share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in current period	Dividend receivable/ received of the period
Costing method – Other long term equity investments			–								–	–	–
BOCM Schroder Stolt Fund Management	8,125	8,125	–	–	–	–	**8,125**	5.00%	5.00%	N/A	–	–	–
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	383	383	–	–	–	–	**383**	14.00%	14.00%	N/A	–	–	–
Jinmen General Aviation Company Limited	60	60	–	–	–	–	**60**	39.00%	39.00%	N/A	–	–	–
Subtotal	392,683	392,683	–	–	–	–	**392,683**				3,065	–	–
Total	1,735,649	1,916,829	(292,832)	(64,960)	(84,592)	(6,183)	**1,468,262**				3,067	–	–

As at 30 June 2013, except for Marine Subsea & Consafe, 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.

Mr. Yu Yuquan, the Group's secretary of the Board, was assigned as non-executive director of TSC Offshore Group Limited on 15 March 2011. Therefore, the Group had significant influence over TSC Offshore Group Limited and investment in TSC Offshore Group Limited is measured for using the equity method.

Mr. Yu Yuquan, the Group's secretary of the Board, was assigned as non-executive director of Pteris Global Ltd on 24 September 2012. Therefore, the Group had significant influence over Pteris Global Ltd and investment in Pteris Global Ltd is measured using the equity method.

The Group's stake in Jinmen General Aviation Company Limited is higher than 20%, however, the Group has not appointed any director or key management in Jinmen General Aviation Company Limited or influence its financial or operational activity through other method. Therefore, the Group consider it don't have significant influence over Jinmen General Aviation Company Limited and investment in Jinmen General Aviation Company Limited is measured using the cost method.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term equity investments (Continued)

(3) Information for major joint ventures and associates is as follows:

Investee	Total assets at period end	Total liabilities at period end	Net assets at period end	Revenue for the period	Net profit/(loss) for the period
1. Joint ventures					
Ruiji Logistic (Wuhu) Co., Ltd	47,055	25,548	21,507	34,600	(193)
South CIMC Logistic Co., Ltd.	88,881	38,120	50,761	36,430	5,225
SCSCRC	14,458	2,507	11,951	4,408	(1,216)
2. Associates					
KYH Steel Holding Ltd	1,076,338	688,547	387,791	868,627	5,726
Dalian Jinong Logistic Co., Ltd	261,920	145,981	115,939	33,513	3,000
Xiamen CIMC Haitou Container Service Co., Ltd	58,521	19,092	39,429	30,337	4,804
Shanghai Fengyang Real Estate Development Co., Ltd	1,236,253	849,452	386,801	25,000	8,580
Xiamen Haitou Logistics Co., Ltd	11,703	570	11,133	5,748	(342)
C&C TRUCKS Co., Ltd	3,219,072	2,668,596	550,476	664,129	(186,199)
Xiamen Hongji Container Development Co., Ltd.	544,389	526,696	17,693	88,135	6,446
Senju (Jiangmen) Science & Technology Materials Co., Ltd.	38,560	15,492	23,068	30,960	374

(4) There is no restriction on the ability of the invested enterprises to transfer funds to the Group.

(5) Provision for impairment of long-term equity investments

	31 December 2012	Increase in current period	Decrease in current period	30 June 2013
Other long-term equity investments	3,067	–	–	**3,067**

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Investment properties

Item	Buildings	Land use rights	Total
Cost			
Beginning balance	115,950	94,817	210,767
Additions due to business combination	64,932	48,855	113,787
Transferred in current period	19,529	–	19,529
Additions in current period	7,932	22	7,954
Disposal in current period	(191)	–	(191)
Ending balance	208,152	143,694	351,846
Accumulated depreciation/amortisation			
Beginning balance	12,731	14,368	27,099
Additions due to business combination	20,811	6,488	27,299
Transferred in current period	8,435	–	8,435
Depreciation/amortisation charged in current period	3,155	972	4,127
Decrease in current period	(91)	–	(91)
Ending balance	45,041	21,828	66,869
Carrying amount			
At the end of the period	163,111	121,866	284,977
At the beginning of the year	103,219	80,449	183,668

In the current period, RMB4,127,000 of depreciation and amortisation is charged for the investment properties. There was no provision for impairment for investment properties in the period.

The land use rights by locations and the approved land use periods are analysed as follows:

	30 June 2013	31 December 2012
Outside Hong Kong – 10 to 50 years	**121,866**	80,449

In the period, the investment properties generated RMB16,368,000 (from January to June 2012: RMB13,372,000) of lease income, and incurred RMB3,913,000 (from January to June 2012: RMB3,321,000) of direct expenditures.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Fixed assets

(1) Fixed assets

Item	Buildings	Machinery and equipment	Office & other equipment	Motor vehicles	Offshore engineering special equipment	Dock & Port	Total
Cost							
Beginning balance	6,723,469	7,090,364	832,257	834,213	596,717	1,258,130	17,335,150
Additions due to business combination	696,140	137,817	40,753	80,793	–	–	955,503
Additions in current period	44,910	160,116	68,085	10,543	982	1,154	285,790
Transfer from construction in progress	101,780	187,666	17,839	11,192	1,126	31,376	350,979
Decrease in current period	(40,598)	(164,273)	(16,381)	(34,711)	(1,478)	(22,414)	(279,855)
Exchange differences arising from translating foreign operations	(33,177)	(15,572)	(4,062)	(1,498)	(10,135)	(21,436)	(85,880)
Ending balance	7,492,524	7,396,118	938,491	900,532	587,212	1,246,810	18,561,687
Accumulated depreciation							
Beginning balance	1,554,112	2,754,731	497,377	307,646	105,591	118,228	5,337,685
Additions due to business combination	165,658	73,206	32,054	71,637	–	–	342,555
Depreciation charged in current period	112,466	253,792	38,853	24,527	8,550	14,060	452,248
Decrease in current period	(9,362)	(64,307)	(9,716)	(30,010)	(59)	(3,916)	(117,370)
Exchange differences arising from translating foreign operations	(7,753)	(12,498)	(2,190)	(1,126)	(1,858)	(2,085)	(27,510)
Ending balance	1,815,121	3,004,924	556,378	372,674	112,224	126,287	5,987,608
Provision for impairment							
Beginning balance	322,629	65,551	526	12	–	–	388,718
Impairment provided in current period	–	19	–	–	–	–	19
Written off on disposal	–	(1,808)	–	–	–	–	(1,808)
Exchange differences arising from translating foreign operations	(6,844)	(115)	–	–	–	–	(6,959)
Ending balance	315,785	63,647	526	12	–	–	379,970
Carrying amount							
At the end of the period	5,361,618	4,327,547	381,587	527,846	474,988	1,120,523	12,194,109
At the beginning of the year	4,846,728	4,270,082	334,354	526,555	491,126	1,139,902	11,608,747

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Fixed assets (Continued)

(1) Fixed assets (Continued)

As at 30 June 2013, restricted fixed assets of the Group amounted to RMB612,468,000. Refer to Note V.22 for details.

In the period, depreciation charged to fixed assets amounts to RMB452,248,000 (from January to June 2012: RMB411,872,000), of which RMB329,290,000 (from January to June 2012: RMB323,587,000) has been charged in cost of sales, RMB20,642,000 (from January to June 2012: RMB4,123,000) in selling and distribution expenses, and RMB102,316,000 (from January to June 2012: RMB84,162,000) in general and administrative expenses.

(2) As at 30 June 2013, the Group had no temporarily idle fixed assets.

(3) Fixed assets held under finance leases:

	30 June 2013			31 December 2012		
Item	**Cost**	**Accumulated depreciation**	**Carrying amount**	Cost	Accumulated depreciation	Carrying amount
Machinery & equipment	**44,846**	**(14,559)**	**30,287**	39,411	(10,257)	29,154

(4) Fixed assets leased out under operating leases

Item	**Carrying amount**
Buildings	5,250
Machinery & equipment	27,880
Offshore engineering special equipment	31,017
Total	64,147

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Fixed assets (Continued)

(5) Held-for-sale fixed assets at year end

As at 30 June 2013, there were no held-for-sale fixed assets (31 December 2012: Nil).

(6) Fixed assets with pending certificates of ownership

Item	Carrying amount RMB'000	Reasons for not yet obtaining certificates of title	Estimated date that certificate of title will be obtained
Factory	901,826	Put to use, certificate being in the progress	By the end of 2013
Workshop	159,128	Incomplete procedure, certificate being in the progress	By the end of 2013
Office building	187,583	Put to use, certificate being in the progress	By the end of 2013
Warehouse	60,936	Lack of reporting materials, under preparation	By the end of 2013
Dormitory and Canteen	90,930	Put to use, certificate being in the progress	By the end of 2013
Others	55,157	Certificate being in the progress	By the end of 2013
Total	1,455,560		

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Construction in progress

(1) Construction in progress

	30 June 2013			31 December 2012		
Item	**Ending balance**	**Provision for impairment**	**Carrying amount**	Ending balance	Provision for impairment	Carrying amount
Nantong CIMC special Transportation Equipment Third Workshop Project	**1,003**	**–**	**1,003**	822	–	822
Dalian Heavy Logistics Production Line equipment	**10,819**	**–**	**10,819**	19,762	–	19,762
XHCIMCS Production Line and Power Facilities Reconstruction Project	**3,641**	**–**	**3,641**	2,494	–	2,494
Eastern logistic 3rd Phase Project	**28,410**	**–**	**28,410**	25,599	–	25,599
Raffles Dredging Offshore Project	**–**	**–**	**–**	7,339	–	7,339
Raffles sea route project	**–**	**–**	**–**	45,303	–	45,303
Raffles Jack-up Drilling Platform	**1,190,176**	**–**	**1,190,176**	1,175,418	–	1,175,418
Raffles Painting workshop	**18,251**	**–**	**18,251**	18,251	–	18,251
Raffles Terry Project	**118,486**	**–**	**118,486**	96,989	–	96,989
Raffles Fitted Production Line Project	**43,778**	**–**	**43,778**	–	–	–
Raffles Spudleg Workshop	**2,091**	**–**	**2,091**	–	–	–
MEA 1st stage R&D Project	**286,992**	**–**	**286,992**	236,705	–	236,705
TAS New Plant Project	**78,072**	**–**	**78,072**	42,425	–	42,425
TCCIMC new factory project	**257,792**	**–**	**257,792**	114,961	–	114,961
DLL special production line	**21,711**	**–**	**21,711**	17,485	–	17,485
Yangshan Logistic Diluent recovery project	**15,436**	**–**	**15,436**	15,622	–	15,622
Yangshan Logistic staff dormitory	**41,999**	**–**	**41,999**	–	–	–
Qingdao Reefer Container & Cold Chain High-tech Industrial Park	**25,671**	**–**	**25,671**	–	–	–
Nantong Tank 2nd Wharf Warehouse Project	**21,824**	**–**	**21,824**	–	–	–
Tianjin CIMC 48 m/min plate automatic production line	**15,618**	**–**	**15,618**	15,274	–	15,274
Tianjin CIMC automatic processing workshop project	**15,719**	**–**	**15,719**	12,712	–	12,712
TCCIMC LFYD-00 continuous roof forming production line	**11,760**	**–**	**11,760**	11,760	–	11,760
Dalian Railway steel equipment warehouse	**–**	**–**	**–**	10,296	–	10,296
Ningbo CIMC No 4 costing line	**–**	**–**	**–**	10,019	–	10,019
Shandong Vehicle Zhangqiu project	**2,928**	**(1,876)**	**1,052**	2,928	(1,876)	1,052
Others	**472,926**	**–**	**472,926**	399,705	–	399,705
Total	**2,685,103**	**(1,876)**	**2,683,227**	2,281,869	(1,876)	2,279,993

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Construction in progress (Continued)

(1) Construction in progress (Continued)

As at 30 June 2013, the carrying amounts of construction in progress included capitalised borrowing cost of RMB104,079,000 (31 December 2012: RMB78,991,000). The interest rate adopted for determining capitalised at borrowing cost for the current period was 4.80 % (2012: 5.04%).

construction in progress of the Group amounting to RMB1,184,650,000 (31 December 2012: RMB1,184,650,000) are with restrictions in ownership. Please refer to Note V.22 for details.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Construction in progress (Continued)

(2) Movement of significant projects of construction in progress in current period

Item	Budgeted amount	31 December 2012	Increase in current period	Transfer to fixed assets	Other decreases	30 June 2013	Proportion of expenditures incurred to budgeted amount	Progress of construction	Cumulative capitalised borrowing costs	Including: borrowing costs capitalised in current period	Capitalisation rate (%)	Source of funds	Exchange differences arising from translating foreign operations
Nantong CIMC special Transportation Equipment Third Workshop Project	103,938	822	181	–	–	**1,003**	89.33%	99.35%	–	–	–	Self-funding	–
Dalian Heavy Logistics Production Line equipment	143,392	19,762	3,666	(12,609)	–	**10,819**	50.56%	50.56%	–	–	–	Self-funding	–
XHCIMCS Production Line and Power Facilities Reconstruction Project	19,802	2,494	12,479	(11,332)	–	**3,641**	182.17%	96.89%	–	–	–	Self-funding	–
Eastern logistic 3rd Phase Project	469,365	25,599	2,811		–	**28,410**	95.37%	95.37%	–	–		Self-funding	–
Raffles Dredging Offshore Project	62,445	7,339	–	(7,339)	–	**–**	100.00%	100.00%	–	–	–	Self-funding	–
Raffles sea route project	73,737	45,303	–	(45,303)	–	**–**	61.40%	100.00%	–	–	–	Self-funding	–
Raffles Jack-up Drilling Platform	1,214,370	1,175,418	16,958	–	2,200	**1,190,176**	96.79%	96.04%	85,972	15,410	4.41%	Self-funding and bank loan	(2,200)
Raffles Painting workshop	20,000	18,251	–	–	–	**18,251**	91.26%	91.26%	–	–	–	Self-funding	–
Raffles Terry Project	110,000	96,989	21,497	–	–	**118,486**	107.71%	98.00%	–	–	–	Self-funding	–
Raffles Fitted Production Line Project	115,240	–	43,778	–	–	**43,778**	13.69%	50.00%	–	–	–	Self-funding	–
Raffles Spudleg Workshop	70,540	–	2,091	–	–	**2,091**	2.96%	2.96%	–	–	–	Self-funding	–
MEA 1st stage R&D Project	398,000	236,705	50,287	–	–	**286,992**	72.11%	99.00%	14,175	6,850	5.59%	Self-funding and bank loan	–
TAS New Plant Project	224,072	42,425	35,647	–	–	**78,072**	34.84%	67.00%	3,286	2,292	5.42%	Bank loan	–
TCCIMC new factory project	583,097	114,961	142,831	–	–	**257,792**	44.21%	96.44%	–	–		Self-funding	–
DLL special production line	35,728	17,485	4,226	–	–	**21,711**	60.77%	60.77%	646	536	6.60%	Self-funding and bank loan	–
Yangshan Logistic Diluent recovery project	20,000	15,622	1,726	(1,912)	–	**15,436**	77.66%	77.66%	–	–	–	Self-funding	–
Yangshan Logistic staff dormitory	42,000	–	41,999	–	–	**41,999**	100.00%	100.00%	–	–	–	Self-funding	–
Qingdao Reefer Container & Cold Chain High-tech Industrial Park		–	25,671	–	–	**25,671**			–	–	–	Self-funding	–
Nantong Tank 2nd Wharf Warehouse Project	65,389	–	21,824	–	–	**21,824**	33.38%	40.00%	–	–	–	Self-funding	–
Tianjin CIMC 48 m/min plate automatic production line	20,000	15,274	344	–	–	**15,618**	78.09%	80.00%	–	–	–	Self-funding	–
Tianjin CIMC automatic processing workshop project	18,730	12,712	3,007	–	–	**15,719**	83.93%	85.00%	–	–	–	Self-funding	–
TCCIMC LFYD-00 continuous roof forming production line	16,800	11,760	–	–	–	**11,760**	70.00%	70.00%	–	–	–	Self-funding	–
Dalian Railway steel equipment warehouse	12,870	10,296	2,718	(13,014)	–	**–**	101.12%	100.00%	–	–	–	Self-funding	–
Ningbo CIMC No 4 costing line	11,600	10,019	1,048	(11,067)	–	**–**	95.41%	100.00%	–	–	–	Self-funding	–
Others	–	400,757	321,624	(248,403)	–	**473,978**			–	–	–	Self-funding	–
Total	2,279,993	756,413	(350,979)	(2,200)		**2,683,227**			104,079	25,088	–		(2,200)

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Construction in progress (Continued)

(3) Provision for impairment of construction in progress

As at 30 June 2013, the Group made RMB1,876,000 of provision for impairment for construction in progress (31 December 2012: RMB1,876,000).

16. Intangible assets

(1) Intangible assets by categories

Item	Land use rights	Technical know-how and trade marks	Timber concession rights	Customer relationships	Customer contracts	Maritime use rights	Franchise rights	Total
Cost								
Beginning balance	3,144,793	1,017,986	226,678	105,504	135,035	80,123	–	4,710,119
Additions due to business combination	247,899	4,872	–	122,400	–	–	37,700	412,871
Increase in current period	2,433	3,921	–	–	–	–	–	6,354
Decrease in current period	–	(123)	–	–	–	–	–	(123)
Exchange differences arising from translating foreign operations	(3,406)	356	(3,979)	(2,598)	(3,007)	(1,360)	–	(13,994)
Ending balance	3,391,719	1,027,012	222,699	225,306	132,028	78,763	37,700	5,115,227
Accumulated depreciation								
Beginning balance	382,054	630,141	99,800	78,279	81,742	12,121	–	1,284,137
Additions due to business combination	36,848	808	–	–	–	–	–	37,656
Amortisation charged for the period	42,601	23,219	2,596	6,352	503	2,030	–	77,301
Decrease in current period	–	(30)	–	–	–	–	–	(30)
Exchange differences arising from translating foreign operations	(419)	674	(1,770)	(1,809)	(2,093)	(221)	–	(5,638)
Ending balance	461,084	654,812	100,626	82,822	80,152	13,930	–	1,393,426
Provision for impairment								
Beginning balance	–	–	99,968	–	52,264	–	–	152,232
Charge for the period	–	–	–	–	–	–	–	–
Written off on disposal	–	–	–	–	–	–	–	–
Exchange differences arising from translating foreign operations	–	–	(1,755)	–	(887)	–	–	(2,642)
Ending balance	–	–	98,213	–	51,377	–	–	149,590
Carrying amounts								
At the end of the period	2,930,635	372,200	23,860	142,484	499	64,833	37,700	3,572,211
At the beginning of the year	2,762,739	387,845	26,910	27,225	1,029	68,002	–	3,273,750

In the period, amortisation expenses of intangible assets amount to RMB77,301,000 (from January to June 2012: RMB123,162,000 in total, of which RMB77,301,000 (from January to June 2012: RMB123,162,000) is recognised in profit or loss for the current period.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets (Continued)

(2) Land use rights by locations and approved land use periods are analysed as follows:

	30 June 2013	31 December 2012
Outside Hong Kong – 10 to 50 years	**2,930,635**	2,762,739

(3) As at 30 June 2013, the Group's intangible assets with pending certificates of ownership as follows:

Item	**Carrying amount**	**Reasons for not yet obtaining certificates of title**	**Estimated date that certificate of title will be obtained**
Nantong Tank Land (2008) No.0301018	70,713	Certificate being in the progress	By the end of 2013
Tianda Baoan land	60,230	Certificate being in the progress	By the end of 2013
Qingdao CIMC phase II land	55,817	Certificate being in the progress	By the end of 2013
Nantong Tank Land (2009) No.0301030	51,214	Application for certificate renewal will only be entertained when the investment amount reaches a preset level	By the end of 2014
Wuhu Vehicle Phase III land	9,486	Certificate being in the progress	By the end of 2013
Raffles Yantai Zhifu land	8,103	Sufficient approvals have not been obtained for lands acquired through auction in 2012 and the Group is under negotiation with the relevant government authorities	By the end of 2014
Qingdao CIMC Reefer land	2,383	Certificate being in the progress	By the end of 2013
Total	257,946		

(4) As at 30 June 2013, the Group's intangible assets with restriction in ownership amounted to RMB13,967,000 (31 December 2012: Nil).

(5) As at 30 June 2013, there were no intangible assets with indefinite useful lives (31 December 2012: Nil).

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Goodwill

Name of investee or goodwill items	Note	Beginning balance	Increase in current period	Decrease in current period	Exchange differences arising from translating foreign operations	Ending balance
Enric	(1)	572,701	–	–	–	572,701
TGE SA	(2)	178,811	–	–	(3,843)	174,968
Technodyne International		27,430	–	–	–	27,430
Gadidae AB		12,254	–	–	–	12,254
YPDI		86,558	–	–	–	86,558
Others		413,240	–	–	(1,569)	411,671
Zhenhua logistic		–	22,126	–	–	22,126
Total		1,290,994	22,126	–	(5,412)	1,307,708
Less: provision for impairment						
Gadidae AB		12,254	–	–	–	12,254
Others		11,578	–	–	–	11,578
Subtotal		23,832	–	–	–	23,832
Total		1,267,162	22,126	–	(5,412)	1,283,876

(1) 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 30 June 2013, goodwill attributable to Enric amounted to RMB572,701,000 (31 December 2012: RMB572,701,000).

(2) 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 30 June 2013, goodwill attributable to TGE SA amounted to RMB174,968,000 (31 December 2012: RMB178, 811,000).

(3) Impairment test for asset group including goodwill

The goodwill allocated to the asset groups and groups of asset groups are summarised by operating segments as follows:

Item	30 June 2013	31 December 2012
Container asset group	**127,524**	127,524
Trailers asset group	**77,752**	77,752
Energy & chemistry asset group	**922,276**	926,119
Asset groups with insignificant allocation percentage of goodwill group	**156,324**	135,767
Total	**1,283,876**	1,267,162

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Long-term prepaid expenses

Item	Beginning balance	Additions in current period	Amortisation in current period	Exchange differences arising from translating foreign operations	Ending balance
Yard facilities expenses	12,560	3,246	(675)	–	15,131
Rental	3,528	2,045	(1,605)	–	3,968
Project insurance	3,301	23,187	(2,296)	–	24,192
Improvements to fixed assets held under operating leases	2,583	1,777	(913)	–	3,447
Water and electricity capacity enlargement expenses	1,086	–	(49)	–	1,037
Others	24,889	43,273	(20,760)	(2)	47,400
Subtotal	47,947	73,528	(26,298)	(2)	95,175
Less: provision for impairment	–	–	–	–	–
Total	47,947	73,528	(26,298)	(2)	95,175

19. Deferred tax assets/deferred tax liabilities

(1) The offsetting balances of deferred tax assets and liabilities offset and corresponding deductible or taxable temporary differences

Item	30 June 2013		31 December 2012	
	Deductible/ (taxable) temporary difference	**Deferred tax assets/ (liabilities)**	Deductible/ (taxable) temporary difference	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Provisions for impairment	**647,045**	**142,350**	700,105	154,652
Provisions	**494,325**	**99,365**	694,234	142,764
Employee benefits payable	**1,329,583**	**319,100**	1,409,704	332,487
Accrued expenses	**328,473**	**82,059**	283,662	61,695
Deductible losses	**705,199**	**137,107**	473,485	105,516
Movement for fair value of financial assets held for trading/hedging instruments	**43,874**	**9,413**	109,688	27,407
Others	**233,546**	**56,051**	119,897	28,584
Subtotal	**3,782,045**	**845,445**	3,790,775	853,105
Offsetting amount	**(573,108)**	**(137,546)**	(542,826)	(135,308)
Offsetted balances	**3,208,937**	**707,899**	3,247,949	717,797

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets/deferred tax liabilities (Continued)

(1) The offsetting balances of deferred tax assets and liabilities offset and corresponding deductible or taxable temporary differences (Continued)

Item	30 June 2013		31 December 2012	
	Deductible/ (taxable) temporary difference	**Deferred tax assets/ (liabilities)**	Deductible/ (taxable) temporary difference	Deferred tax assets/ (liabilities)
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/hedging instruments	**(23,683)**	**(4,686)**	(24,104)	(5,500)
Available-for-sale financial assets	**(509,946)**	**(122,243)**	(541,024)	(130,138)
Movement for fair value of hedging financial instrument	**(10,320)**	**(1,548)**	(5,885)	(883)
Revaluation gain through combination	**(928,121)**	**(229,579)**	(745,851)	(185,228)
Estimated dividend income earned for non-resident foreign enterprises	**(5,181,578)**	**(427,274)**	(4,810,979)	(405,726)
Others	**(365,600)**	**(87,744)**	(201,698)	(58,227)
Subtotal	**(7,019,248)**	**(873,074)**	(6,329,541)	(785,702)
Offsetting amount	**573,108**	**137,546**	542,826	135,308
Offsetted balances	**(6,446,140)**	**(735,528)**	(5,786,715)	(650,394)

(2) Unrecognised deferred tax assets

Item	**30 June 2013**	31 December 2012
Deductible losses	**781,368**	714,548
Impairment losses of timber concession rights	**22,119**	22,119
Others	**66,658**	66,658
Total	**870,145**	803,325

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets/deferred tax liabilities (Continued)

(3) Deductible losses that are not recognised as deferred tax assets will expire in the following years

Year	**30 June 2013**	31 December 2012	Remark
2013	**94,253**	102,868	
2014	**261,989**	270,604	
2015	**450,425**	459,040	
2016	**1,952,974**	1,961,589	
Over 5 years	**2,134,362**	2,051,057	Note 1
Total	**4,894,003**	4,845,158	

Note 1: By the end of 31 December 2012 and 30 June 2013, 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.

Rather than that, the Group had no unrecognised deferred tax liabilities.

20. Other non-current assets

Item	**30 June 2013**	31 December 2012
Prepayment for construction	**49,735**	61,881
Prepayment for buildings	**41,999**	41,999
Prepayment for machinery	**32,030**	39,853
Prepayment for land use right	**48,105**	38,785
Prepayment for equity	**17,420**	17,420
Others	**1,121**	3,102
Total	**190,410**	203,040

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Provision for asset impairment

	Beginning balance	Increase in current period	Decrease in current period		Foreign exchange rate difference effect	Ending balance
			Reversal	Write-off		
Provision for bad debts						
Including: provision for bad debts of accounts receivables	369,921	58,903	(27,486)	(16,516)	2,147	386,969
Provision for bad debts of other receivables	140,938	28,807	(27,512)	(562)	(11)	141,660
Provision for bad debts of advances to suppliers	182,842	–	(132)	–	(51)	182,659
Provision for bad debts of current portion of non-current assets	61,061	11,532	–	(180)	–	72,413
Provision for bad debts of long-term receivables	116,798	–	(11,882)	–	–	104,916
Provision for decline in value of inventories	378,891	4,651	(2,062)	(3,426)	(2,565)	375,489
Provision for impairment of long-term equity investment	3,067	–	–	–	–	3,067
Provision for impairment of fixed assets	388,718	19	–	(1,808)	(6,959)	379,970
Provision for impairment of construction in progress	1,876	–	–	–	–	1,876
Provision for impairment of intangible assets	152,232	–	–	–	(2,642)	149,590
Provision for impairment of goodwill	23,832	–	–	–	–	23,832
Total	1,820,176	103,912	(69,074)	(22,492)	(10,081)	1,822,441

Please refer to the respective notes of the assets for reasons of the provisions.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Restricted assets

As at 30 June 2013, assets with restrictions in their ownership are as follows:

Item	Note	Beginning balance	Increase in current period	Decrease in current period	Exchange differences arising from translating foreign operations	Ending balance
Assets guaranteed						
Cash at bank and on hand	V.1	824,027	367,642	(718,525)	(1,056)	472,088
Accounts notes	V.3	–	188,758	–	–	188,758
Accounts receivable	V.4	–	98,241	–	–	98,241
Inventories	V.7	–	–	–	–	–
Fixed assets	V.14	10,897	602,550	–	(979)	612,468
Construction in progress	V.15	1,184,650	–	–	–	1,184,650
Intangible assets	V.16	–	13,967	–	–	13,967
Total		2,019,574	1,271,158	(718,525)	(2,035)	2,570,172

The above fixed assets and intangible assets were secured for bank loans. Refer to Note V.23, Note V.34 and Note V.35 for short-term and long-term secured loans analysis. The restricted cash at bank and on hand were guarantee deposit and deposit with the People's Bank of China by Finance Company.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Short-term borrowings

(1) Classification of short-term borrowings

Item	Note	30 June 2013	31 December 2012
Guaranteed	(a)		
RMB		**111,844**	495,156
US$		**882,243**	2,541,196
HKD		**71,690**	117,583
EUR		**1,876**	213,180
Subtotal		**1,067,653**	3,367,115
Secured	(b)		
US$		**595,068**	608,602
Subtotal		**595,068**	608,602
Pledged	(c)		
RMB		**188,758**	–
US$		**98,241**	–
Subtotal		**286,999**	–
Unsecured			
RMB		**56,000**	249,801
US$		**5,122,006**	1,116,460
ERU		**403,826**	90,466
GBP		**–**	5,870
JPY		**6,261**	–
AUD		**2,853**	93
Subtotal		**5,590,946**	1,462,690
Total		**7,540,666**	5,438,407

(a) As at 30 June 2013, guarantee borrowings of the Group included bank loans amounting to RMB497,950,000 guaranteed by the Company for its subsidiaries, RMB183,534,000 guaranteed by Enric for its subsidiaries and RMB386,169,000 guaranteed by Raffles for its subsidiaries.

(b) As at 30 June 2013, Raffles, the subsidiary of the Company, used YCRO's construction contract of H195 drilling platform project, lease contract of H195 drilling platform project signed with Dragon Oil, operation agreement of H195 drilling platform project signed with Momentum Engineering, its stake in Caspian Driller Pte Ltd and guarantee slip from China Export&Credit Insurance Corporation (effective from the 6th withdrawal) as mortgage to borrow loan from China Development Bank amounting to US$96,310,000.

(c) As at 30 June 2013, YZRYL, the subsidiary of the company used its account receivables as pledge to borrow loan amounting to RMB98,241,000; CIMC Finance Company used its bank acceptance notes to borrow loan amounting to 188,758,000.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Short-term borrowings (Continued)

(1) Classification of short-term borrowings (Continued)

(d) As at 30 June 2013, no amount due to shareholders who hold 5% or more of the voting rights of the Company or due to related parties is included in the above balance of short-term borrowings.

(e) As at 30 June 2013, the weighted average interest rate of short-term borrowings is 3.92% annually (31 December 2012: 3.89%).

(2) Short-term borrowings that are due but not repaid

As at 30 June 2013, the Group had no past due and un-repaid short-term borrowings.

24. Financial liabilities held for trading

Item	Note	**30 June 2013**	31 December 2012
Current			
Derivative financial liabilities			
– foreign future contracts	V.2(4)	**8,498**	3,869
– swap contract for interest rate	(i)	**1,142**	8,987
Subtotal		**9,640**	12,856
Non-current			
Derivative financial liabilities			
– foreign future contracts	V.2(4)	**73**	298
– swap contract for interest rate	(i)	**34,161**	81,944
Subtotal		**34,234**	82,242
Total		**43,874**	95,098

(i) As at 30 June 2013, the Company had 2 unsettled interest rate swap contracts denominated in U.S. dollars. The nominal value of these contracts amounted to US$130,000,000. The maturity dates of these interest rate swap contracts range from 31 December 2013 to 29 December 2018. As at 30 June 2013, the company recognised on the foresaid contracts in their fair values of RMB35,303,000 as financial liabilities held for trading. Transaction costs on realisation have not been considered when calculating the fair values.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Notes payable

Item	30 June 2013	31 December 2012
Bank acceptance notes	**671,261**	778,922
Trade acceptance notes	**172,277**	210,788
Total	**843,538**	989,710

The above notes payable are due within one year.

26. Accounts payable

(1) The Group's accounts payable is as follows:

Item	30 June 2013	31 December 2012
Accounts payable for raw material procurement	**8,174,932**	7,059,420

The ageing of accounts payable is analysed as follows:

Ageing	30 June 2013	31 December 2012
Within 1 year	**8,030,324**	6,714,327
1 to 2 years	**72,296**	220,521
2 to 3 years	**30,942**	51,445
Over 3 years	**41,370**	73,127
Total	**8,174,932**	7,059,420

As at 30 June 2013, accounts payable over 1 year with a carrying amount of RMB144,608,000 (31 December 2012: RMB345,093,000) are mainly payables related to offshore engineering business. The payable are not settled because the construction period of the offshore engineering project usually last more than 1 year.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Accounts payable (Continued)

(1) The Group's accounts payable is as follows: (Continued)

Accounts payable denominated in foreign currencies are as follows:

	30 June 2013			31 December 2012		
Currency	**Original currency '000**	**Exchange rate**	**RMB '000**	Original currency '000	Exchange rate	RMB '000
RMB	**6,488,269**	**1.0000**	**6,488,269**	5,871,059	1.0000	5,871,059
US$	**168,149**	**6.1787**	**1,038,945**	123,291	6.2854	774,925
HKD	**31,082**	**0.7966**	**24,760**	1,681	0.8108	1,363
JPY	**13,131**	**0.0626**	**822**	61,095	0.0730	4,463
EUR	**43,173**	**8.0536**	**347,702**	25,258	8.3195	210,134
AUD	**6,756**	**5.7061**	**38,548**	13,352	6.5359	87,265
GBP	**15,839**	**9.4213**	**149,222**	–	10.1626	–
Others			**86,664**			110,211
Total			**8,174,932**			7,059,420

(2) The ending balance of accounts payable to shareholders holding more than 5% (including 5%) of the voting rights of the Company or accounts payable to related parties are as follows:

		30 June 2013		31 December 2012	
Company name	Relationship with the Group	**Amount**	**Percentage of total balance (%)**	Amount	Percentage of total balance (%)
TSC Offshore Group Limited	Associate	**–**	**–**	85,050	1.20%
C & C Trucks	Associate	**1,247**	**0.02%**	12,682	0.18%
Ruiji Logistics (Wuhu) Co., Ltd	Joint Venture	**8,600**	**0.11%**	–	–
Shanxi Heavy Duty Automobile Co., Ltd	Minority shareholders of subsidiaries	**2,700**	**0.03%**	–	–
Others		**1,513**	**0.02%**	20,024	0.28%
Total		**14,060**	**0.18%**	117,756	1.66%

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Advances from customers

(1) The Group's advances from customers

Item	**30 June 2013**	31 December 2012
Advances for goods	**1,026,062**	1,905,725
Advances for construction	**728,614**	211,174
Advances for property	**633,501**	380,573
Others	**147,387**	225,010
Total	**2,535,564**	2,722,482

As at 30 June 2013, 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 2012: Nil).

Advances from customers denominated in original currencies are as follows:

	30 June 2013			31 December 2012		
Currency	**Original currency '000**	**Exchange rate**	**RMB '000**	Original currency '000	Exchange rate	RMB '000
RMB	**2,134,777**	**1.0000**	**2,134,777**	1,595,505	1.0000	1,595,505
US$	**43,957**	**6.1787**	**271,597**	116,344	6.2854	731,262
EUR	**5,883**	**8.0536**	**47,377**	3,536	8.3195	29,416
HKD	**25,178**	**0.7966**	**20,057**	35,226	0.8108	28,562
AUD	**1,869**	**5.7061**	**10,665**	47,326	6.5359	309,323
Others			**51,091**			28,414
Total			**2,535,564**			2,722,482

As at 30 June 2013, there was no significant advances from customers aged over one year.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Employee benefits payable

Item	Beginning balance	Increase in current period	Decrease in current period	Exchange differences arising from translating foreign operations	Ending balance
Wages and salaries, bonuses, allowances and subsidies	1,347,771	1,813,917	(1,875,693)	(2,267)	1,283,728
Senior management bonus	407,812	–	(2,997)	–	404,815
Termination benefits	6,548	1,458	(1,637)	–	6,369
Cash-settled share-based payments	492	–	–	–	492
Housing funds	5,030	43,599	(39,974)	(3)	8,652
Labor union funds and employee education funds	56,614	10,320	(11,378)	(5)	55,551
Staff welfare and others	195,296	395,631	(441,401)	(570)	148,956
Total	2,019,563	2,264,925	(2,373,080)	(2,845)	1,908,563

Please refer to Note VII for cash-settled shared-based payments.

As at 30 June 2013, no defaulted payables are included in the balance of employee benefits payable.

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.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Taxes payable

Item	**30 June 2013**	31 December 2012
Value-added-tax payable	**47,080**	50,891
Business tax payable	**19,033**	17,236
Enterprise income tax payable	**222,175**	515,363
Withholding individual income tax	**15,654**	14,519
City maintenance and construction tax payable	**20,015**	52,892
Educational surcharge payable	**11,829**	42,204
Others	**4,845**	54,425
Total	**340,631**	747,530

30. Interest payable

Item	**30 June 2013**	31 December 2012
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	**6,806**	10,501
Interest of short-term borrowings	**30,289**	9,570
Interest of corporate debentures	**31,188**	176,670
Others	**706**	6,547
Total	**68,989**	203,288

31. Dividends payable

Item	**30 June 2013**	31 December 2012
Minority shareholders of subsidiaries	**169,766**	38,747
Public shareholders	**612,351**	–
Total	**782,117**	38,747

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Other payables

(1) The Group's other payables

Item	Note	30 June 2013	31 December 2012
Advance received		**1,514,754**	969,977
Transportation expenses		**927,021**	734,772
Accruals		**867,187**	612,202
Advance received for shipbuilding	(4)	**415,827**	423,004
Current account with subsidiary's minority		**232,373**	350,125
Quality guarantees		**291,417**	319,940
Equipment or land use rights		**148,608**	195,375
Professional and training fees		**3,693**	67,198
Housing maintenance fees		**6,559**	21,590
Royalties		**18,364**	20,355
Insurances		**16,972**	16,504
Others		**773,588**	561,555
Total		**5,216,363**	4,292,597

Other payables denominated in original currencies are as follows:

Currency	30 June 2013 Original currency '000	30 June 2013 Exchange rate	30 June 2013 RMB '000	31 December 2012 Original currency '000	31 December 2012 Exchange rate	31 December 2012 RMB '000
RMB	**2,934,511**	**1.0000**	**2,934,511**	1,984,086	1.0000	1,984,086
US$	**297,981**	**6.1787**	**1,841,137**	266,970	6.2854	1,678,011
HKD	**14,841**	**0.7966**	**11,822**	107,342	0.8108	87,033
JPY	**38,259**	**0.0626**	**2,395**	2,931	0.0730	214
EUR	**39,878**	**8.0536**	**321,162**	58,147	8.3195	483,750
AUD	**8,309**	**5.7061**	**47,413**	5,116	6.5359	33,441
Others			**57,923**			26,062
Total			**5,216,363**			4,292,597

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Other payables (Continued)

(2) As at 30 June 2013, no amount due to shareholders who hold 5% or more of the voting rights of the Company is included in the balance of other payables. Other payables to related parties are as follows:

Company name	Relationship with the Group	30 June 2013	31 December 2012
Marine Subsea & Consafe	Associate	**415,827**	423,004
Shunde Furi Real Estate Investment Co., Ltd	Minority shareholder of subsidiary	**144,237**	253,513
Gasfin Investment S.A	Minority shareholder of subsidiary	**42,844**	45,660
Shunde Binuo Sunshine Real Estate Co., Ltd	Minority shareholder of subsidiary	**43,850**	43,850
TSC Offshore Group Limited	Associate	**20,083**	13,384
Shanghai Fengyang Property Development Co., Ltd	Associate	**26,390**	–
Others		**1,442**	10,919
Total		**694,673**	790,330

(3) Significant other payables aged over one year are as follows:

Significant other payables aged over one year represented quality guarantee, vehicle mortgage guarantee and various deposits.

(4) Raffles and GadidaeAB entered into a shipbuilding contract, which was terminated afterwards, for the construction and sale of a submersible drilling rig from Raffles to GadidaeAB in 2007. Subsequently GadidaeAB and MSC entered into a contract which GadidaeAB would sell this vessel to MSC. GadidaeAB received US$67,300,000 (equivalent to RMB415,827,000) progress billing from MSC in 2007.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Provisions

Item	Note	Beginning balance	Addition due to business combination	Increase in current period	Payment in current period	Reversal in current period	Difference on translation of foreign currency financial statements	Ending balance
Product warranties	(1)	661,612	–	85,925	(22,122)	(80,144)	(59)	645,212
Guarantees for third parties	(2)	4,219	–	–	–	–	–	4,219
Others	(3)	87,661	7,413	19,247	(1,801)	(8,317)	(5,471)	98,732
Total		753,492	7,413	105,172	(23,923)	(88,461)	(5,530)	748,163

(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.

(3) HI 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. HI would provide provision for the possible loss considering the credit quality.

34. Current portion of non-current liabilities

(1) The analysis of the Group's current portion of non-current liabilities by categories is as follows:

Item	Note	30 June 2013	31 December 2012
Current portion of long-term borrowings – Unsecured	(2)	**2,537,124**	1,257,100
Subtotal		**2,537,124**	1,257,100
Current portion of long-term payables	(3)	**1,517**	4,840
Total		**2,538,641**	1,261,940

There were no overdue borrowings with extended maturity included in current portion of long-term borrowings.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Current portion of non-current liabilities (Continued)

(2) Current portion of long-term borrowings:

(a) Current portion of long-term borrowings denominated in original currencies are as follows:

	30 June 2013			31 December 2012		
	Original currency '000	Exchange rate	RMB '000	Original currency '000	Exchange rate	RMB '000
Bank borrowings						
– RMB	1,930,000	1.0000	1,930,000	–	1.0000	–
– US$	98,261	6.1787	607,124	200,000	6.2855	1,257,100
Total			2,537,124			1,257,100

(b) As at 30 June 2013, the five largest current portion of long-term borrowings:

					30 June 2013		31 December 2012	
Lender	Starting date	Ending date	Currency	Interest rate (%)	Original currency	RMB	Original currency	RMB
1.China Development Bank	2011/01/20	2014/01/07	RMB	4.20%	500,000	500,000	–	–
2.China Development Bank	2011/02/01	2014/02/01	RMB	4.20%	500,000	500,000	–	–
3.China Development Bank	2011/06/15	2014/06/15	RMB	4.20%	400,000	400,000	–	–
4.Hongkong and Shanghai Banking Corporation Limited	2012/06/18	2014/06/18	US$	3-month libor+315BP	58,000	358,365	–	–
5.China Development Bank	2007/12/12	2013/12/12	US$	6-month libor+90BP	40,000	247,148	40,000	251,414
Total						2,005,513		251,414

(3) Current portion of long-term payables

As at 30 June 2013, current portion of long-term payables included deferred income due within one year of RMB1,517,000.

As at 31 December 2012, current portion of long-term payables included net financial leasing payable of RMB4,731,000, which is total amount of RMB4,886,000 minus unrecognised financing expenses of RMB155,000 and payables to compensate employee occupation disease of RMB109,000.

The Group had no financial leasing guaranteed by independent third parties.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term borrowings

(1) The Group's long-term loans

Item	Note	30 June 2013	31 December 2012
Bank borrowings			
– Unsecured		**4,273,648**	4,596,695
– Guaranteed	(a)	**120,483**	2,497,470
– Pledged	(b)	**602,550**	547,620
Total		**4,996,681**	7,641,785

Long-term borrowings denominated in original currencies are as follows:

	30 June 2013				31 December 2012			
	Interest rate	Original currency '000	Exchange rate	RMB '000	Interest rate	Original currency '000	Exchange rate	RMB '000
– RMB	4.20% ~ 4.92%	1,746,760	1.0000	1,746,760	4.76% for the 1st quarter and will be reviewed every quarter to PBOC's Benchmark Rate +10%	3,520,454	1.0000	3,520,454
– US$	1-month LIBOR+190BP ~ 3-month LIBOR+230BP	450,933	6.1787	2,786,177	1-month LIBOR+190BP ~ 3-month LIBOR+315BP	587,100	6.2855	3,681,507
– HKD	3-month LIBOR+230BP	539,991	0.7966	430,157	HIBO+2.2% ~ 3-month LIBOR+230BP	584,604	0.8108	438,647
– AUD	–	–	–	–	8.63%	180	6.5359	1,177
– CAD	1-month CAD LIBOR+2.3%	5,725	5.8669	33,587				
Total				4,996,681				7,641,785

(a) As at 30 June 2013, the Group's long-term guarantee borrowings included bank borrowings RMB120,483,000 guaranteed by Enric for its subsidiaries.

(b) As at 30 June 2013, the Group's long-term pledged borrowings were borrowed by CIMC USA Leasing amounted to RMB602,550,000, which was pledged by trailers bought by CIMC USA Leasing and guaranteed by CIMC Hong Kong.

(c) As at 30 June 2013, the weighted average interest rate of long-term borrowings is 3.32% annually (31 December 2012: 3.24%).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term borrowings (Continued)

(2) As at 30 June 2013, the five largest long-term borrowings:

	Starting date	Ending date	Currency	Rate (%)	30 June 2013 Original currency '000	30 June 2013 RMB '000	31 December 2012 Original currency '000	31 December 2012 RMB '000
1. Syndicated loan	2012/03/13	2015/03/23	US$	1-month LIBOR+190BP	**225,100**	**1,390,825**	225,100	1,414,834
2. Syndicated loan	2012/01/04	2015/03/23	US$	3-month LIBOR+230BP	**100,000**	**617,870**	100,000	628,536
3. Syndicated loan	2011/12/29	2015/03/23	HKD	3-month LIBOR+230BP	**390,000**	**310,674**	390,000	316,212
4. The Export-Import Bank of China	2011/07/25	2014/07/18	RMB	4.92%	**300,000**	**300,000**	300,000	300,000
5. The Export-Import Bank of China	2011/08/10	2014/08/10	RMB	4.92%	**300,000**	**300,000**	300,000	300,000
Total						**2,919,369**		2,959,582

As at 30 June 2013, there were no overdue long-term borrowings of which the durations are extended.

36. Debentures payable

Item	Beginning balance	Increase in current period	Decrease in current period	Ending Balance
Mid-term notes	5,990,833	1,292	–	5,992,125
Convertible bonds	471,402	–	(8,000)	463,402
Total	6,462,235	1,292	(8,000)	6,455,527

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Debentures payable (Continued)

(1) Related information is as follows:

Debenture name	Per value	Issuance date	Maturity	Issuance amount	Balance of interest payable at the beginning of the period	Interest accrued in current period	Balance of interest payable at the end of the period	Exchange differences arising from translating foreign operations	Ending balance
Medium-term notes – 11CIMC MTN1	4,000,000	23 May 2011	5 years	4,000,000	(9,167)	1,292	(7,875)	–	3,992,125
Medium-term notes – 12CIMC MTN2	2,000,000	24 May 2012	3 years	2,000,000	–	–	–	–	2,000,000
Convertible bonds	471,402	10 December 2012	3 years	471,402	–	–	–	(8,000)	463,402
Total									6,455,527

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 tranche 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.

The Company issued the second tranche of MTN on 22 May 2012 with a total amount of RMB2 billion, a term of three years from 24 May 2012 to 23 May 2015, par value of RMB100 per note and fixed interest rate of 4.43% per annum. 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.

NSR, a subsidiary of the financial leasing, issued three-year convertible bonds to third party investor on 10 December, 2012. The par value and the amount was US$75,000,000 with fixed interest rate of 5%. If NSR's offshore drilling platform project have completed and found the eligible leasee, the CB would directly converted to the Category B shares of NSR. In addition, during the life of the CB, the bond holder has the rights to convert the CB to Category B shares of NSR. At the CB maturity date, if the holder have chosen not convert, the NSR should buy-back all the CB and ensure the redemption price could enable the holder obtain 15% internal rate of return.

According to the agreement, when the CB have converted to Category B shares of NSR, NSR should buy-back 25%, 25% and 50% of the Category B shares at the end of 3, 4, and 5 years after the issuance of CB, respectively. The redemption price would depend on the offshore drilling platform's lease or sales price, but should make sure the original CB holder obtain not less than 15% internal rate of return.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Long-term payables

Item	30 June 2013	31 December 2012
Financial Leasing payable	**39,295**	23,056
Payable to minority shareholders	**120,789**	120,789
Others	**2,801**	1,258
Total	**162,885**	145,103

(1) As at 30 June 2013, the three largest long-term payables

Lender	Expiration date	Initial amount	Interest rate (%)	Interest accrued	Ending balance	Conditions
Minority shareholder of subsidiaries	–	120,789	–	–	120,789	–
Bank of America	From 20 December 2011 to 20 September 2018	17,354	3.1272%	–	17,354	–
Bank of America	From 4 November 2011 to 4 September 2018	16,230	3.1508%	–	16,230	–
Total					154,373	

As at 30 June 2013, balance of the long-term payables of the Group included balance amounting to RMB33,584,000 (31 December 2012: RMB23,056,000) denominated in US$.

(2) Details of payable for finance leases

The Group had no financial leasing guaranteed by third party in the period.

As at 30 June 2013, no amount due to the shareholders who hold 5% or more of the voting rights of the Company or due to related parties is included in the above balance of long-term payables.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Payables for specific projects

Item	Beginning balance	Increase in current period	Decrease in current period	Effect foreign exchange rate changes	Ending balance
Project funds	4,802		(4,267)		535
Total	4,802	–	(4,267)	–	535

39. Other non-current liabilities

Item	Note	30 June 2013	31 December 2012
Deferred income	(1)	**374,366**	348,630

(1) Deferred income

	30 June 2013	31 December 2012
Government grants related to assets		
Tianda industrial base project	**30,000**	30,000
Enric relocation compensation	**143,338**	143,715
Enric new factory government grants	**94,026**	94,273
TCCIMC land compensation	**23,240**	23,523
MEA Special funds to support industrial innovation	**8,816**	9,199
Shandong R&D fund	**6,242**	7,871
Zhenhua Group construction compensation	**9,313**	–
Others	**6,734**	7,843
Government grants related to income		
Enric major technology application fund	**5,984**	6,000
Others	**46,673**	26,206
Total	**374,366**	348,630

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Share capital

Amounts: '000

	31 December 2012	Decrease in current period	Change of shares subject to selling restriction	**30 June 2013**
Shares subject to trading restrictions				
Held by domestic natural person	371	–	–	**371**
Shares not subject to trading restrictions				
RMB-denominated ordinary shares	1,231,544	–	–	**1,231,544**
Foreign shares listed overseas	1,430,481			**1,430,481**
Total	2,662,396	–	–	**2,662,396**

Amounts: '000

	31 December 2011	Decrease in current period	Change of shares subject to selling restriction	31 December 2012
Shares subject to trading restriction				
Held by domestic natural person	373	–	(2)	371
Shares not subject to trading restriction				
RMB-denominated ordinary shares	1,231,544	–	–	1,231,544
Foreign shares listed domestically	1,430,479	(1,430,479)	–	–
Foreign shares listed overseas	–	1,430,479	2	1,430,481
Total	2,662,396	–	–	2,662,396

The par value of the aforesaid shares was RMB1.00 per share.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Capital surplus

Item	31 December 2012	Increase in current period	Decrease in current period	**30 June 2013**
Share premiums	201,222	–	–	**201,222**
Other capital surplus:				
– Property revaluation reserve	43,754	–	–	**43,754**
– Exchange reserve on foreign currency capital	692	–	–	**692**
– Donated non-cash assets reserve	257	–	–	**257**
– Changes in fair value of available-for-sale financial assets	541,024	–	(31,078)	**509,946**
– Effective portion of changes in fair value of cash flow hedges	5,885	4,435	–	**10,320**
– Deferred tax effect	(131,021)	7,230	–	**(123,791)**
– Equity settled share-based payment	312,377	43,945	–	**356,322**
– Capital contribution resulted from share option exercised in subsidiary	1,880	–	(5,816)	**(3,936)**
– Capital surplus due to minority shareholders' contribution	101,376	–	–	**101,376**
– Decrease in minority interests resulted from disposal of subsidiary (no loss the controlling rights on the subsidiary)	178,916	288,761	–	**467,677**
– Capital surplus due to corporate restructuring	(42,696)	–	–	**(42,696)**
– Capital surplus due to acquiring minority shareholders' equity	78,457	–	(89,997)	**(11,540)**
– Capital surplus due to minority shareholders' contributor	(58,964)	–	–	**(58,964)**
– Effect of functional currency change	(406,795)	–	–	**(406,795)**
Others	104,118	–	–	**104,118**
Total	930,482	344,371	(126,891)	**1,147,962**

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Capital surplus (Continued)

	31 December 2011	Increase in current period	Decrease in current period	31 December 2012
Share premium	201,222	–	–	201,222
Other capital surplus:				
– Property revaluation reserve	43,754	–	–	43,754
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– Change in fair value of available-for-sale financial assets	503,276	37,748	–	541,024
– Effective portion of changes in fair value of cash flow hedges	12,784	–	(6,899)	5,885
– Deferred tax effect	(122,756)	–	(8,265)	(131,021)
– Equity settled share-based payment	196,954	115,423	–	312,377
– Capital contribution resulted from share option exercised in subsidiary	–	1,880	–	1,880
– Capital surplus due to minority shareholders' contribution	79,024	22,352	–	101,376
– Decrease in minority interests resulted from disposal of subsidiary (not loss the controlling rights on the subsidiary)	–	178,916	–	178,916
– Capital surplus due to corporate restructuring	–	–	(42,696)	(42,696)
– Capital surplus due to acquiring minority shareholders' equity	247,114	–	(168,657)	78,457
– Capital surplus due to minority shareholders' contributor	(58,964)	–	–	(58,964)
– Effect of functional currency change	(406,795)	–	–	(406,795)
Others	102,699	1,630	(211)	104,118
Total	799,261	357,949	(226,728)	930,482

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Surplus reserve

Item	31 December 2012	Increase in current period	Decrease in current period	**30 June 2013**
Statutory surplus reserve	1,269,744	–	–	**1,269,744**
Discretionary surplus reserve	1,790,092	–	–	**1,790,092**
Total	3,059,836	–	–	**3,059,836**

	31 December 2011	Increase in current period	Decrease in current period	31 December 2012
Statutory surplus reserve	1,163,068	106,676	–	1,269,744
Discretionary surplus reserve	1,790,092	–	–	1,790,092
Total	2,953,160	106,676	–	3,059,836

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities.

The Company appropriates for the discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities.

43. Undistributed profits

Item	Note	**30 June 2013**	31 December 2012
Undistributed profits at the beginning of the year		**13,392,795**	12,785,092
Add: net profit attributable to the shareholders of the Parent for the current period		**551,972**	1,939,081
Less: appropriation for surplus reserve		**–**	(106,676)
Less: ordinary share dividend payable	(1)	**(612,351)**	(1,224,702)
Undistributed profits at the end of the period		**13,332,416**	13,392,795

(1) Dividends of ordinary shares declared during the period

In accordance with the resolution approved at the general meeting of the Company dated 28 June 2013, the Company distributed cash dividend at the amount of RMB0.23 per share (2012: RMB0.46 per share) (inclusive of tax) to the ordinary shareholders on 15 August 2013, amounting to RMB612,351,000 (2012: RMB1,224,702,000) calculated by issued shares.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Revenue and cost of sales

(1)

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Revenue from principal operations	**28,142,560**	26,487,354
Revenue from other operations	**442,598**	877,092
Total	**28,585,158**	27,364,446
Cost of sales from principal operations	**23,952,601**	22,394,778
Cost of sales from other operations	**207,815**	618,819
Total	**24,160,416**	23,013,597

There was no individual construction contract whose revenue amounted to more than 10% of the total operating income.

(2) Revenue and cost of sales from main operations by industries and by products

	From 1 January to 30 June 2013		From 1 January to 30 June 2012	
Industry	**Revenue from main operations**	**Cost of sales from main operations**	Revenue from main operations	Cost of sales from main operations
Containers	**12,072,717**	**10,510,091**	13,405,500	11,347,348
Trailers	**6,434,276**	**5,619,462**	6,520,928	5,735,906
Energy and chemistry equipment	**5,292,815**	**4,138,521**	4,199,283	3,380,956
Offshore business	**1,519,799**	**1,499,539**	1,243,014	1,099,649
Logistics	**656,648**	**573,834**	751,349	653,931
Airport facilities	**213,931**	**144,260**	62,974	45,264
Others	**1,952,374**	**1,466,894**	304,306	131,724
Total	**28,142,560**	**23,952,601**	26,487,354	22,394,778

(3) Revenue and cost of sales from main operations by locations

	From 1 January to 30 June 2013		From 1 January to 30 June 2012	
Regions	**Revenue from main operations**	**Cost of sales from main operations**	Revenue from main operations	Cost of sales from main operations
P.R China	**25,227,220**	**22,015,325**	23,602,225	20,524,003
America	**1,183,883**	**924,313**	1,145,678	845,598
Europe	**789,529**	**697,754**	738,130	649,638
Asia	**64,481**	**54,446**	57,601	8,887
Others	**877,447**	**260,763**	943,720	366,652
Total	**28,142,560**	**23,952,601**	26,487,354	22,394,778

The revenue and cost of sales from main operations by locations is determined on the location at which the services were provided or the goods were delivered.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Revenue and cost of sales (Continued)

(4) Revenue and cost of sales from other operations

	From 1 January to 30 June 2013		From 1 January to 30 June 2012	
	Revenue from other operations	**Cost of sales from other operations**	Revenue from other operations	Cost of sales from other operations
Rendering of services	**226,089**	**111,531**	583,916	456,748
Sale of raw materials	**216,509**	**96,284**	293,176	162,071
Total	**442,598**	**207,815**	877,092	618,819

(5) Revenue from the five largest customers of the Group in the period

Customer	**Revenue**	**Percentage of total revenue**
TAL International Container Corporation	1,222,493	4.28%
NYK Line, Inc	936,899	3.28%
Hapag-Lloyd Container Line	928,996	3.25%
Hong Kong Poly Property Group Co., Ltd	820,350	2.87%
Triton Container International Ltd.	749,097	2.62%
Total	4,657,835	16.29%

For the period ended 30 June 2012, revenue from the five largest customers of the Group with an amount of RMB7,095,677,000, accounted for 25.92% of the total revenue of the Group.

45. Taxes and surcharges

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012	Taxation basis and rates
Business tax	**46,415**	49,165	3%-5% of revenue
City maintenance and construction tax	**49,149**	46,439	7% of VAT and business tax paid
Educational surcharge	**36,296**	35,027	3%-5% of VAT and business tax paid
Land appreciation tax	**10,284**	12,446	Appreciation amount in transferring property and applicable tax rate
Others	**4,997**	19,274	
Total	**147,141**	162,351	

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Selling and distribution expenses

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Transportation and distribution charges	**366,585**	361,064
External sales commission	**27,816**	21,791
Employ Benefit	**189,040**	84,616
Warranty	**43,852**	84,221
Others	**293,882**	312,064
Total	**921,175**	863,756

47. General and administrative expenses

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Low-value consumables and materials consumed	**41,132**	28,375
Rental	**30,837**	29,252
Depreciation	**80,231**	81,373
Employ Benefit	**669,369**	522,934
Taxes and surcharges	**77,636**	61,934
Agency fee	**78,386**	45,404
Technology development costs	**126,942**	95,105
Amortisation	**101,142**	96,842
Performance Bonus and president bonus	**76,184**	100,000
Office expenditure, entertainment fee and others	**432,358**	594,490
Total	**1,714,217**	1,655,709

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Financial expenses-net

Item	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Interest expenses	450,228	530,173
Including: Bank borrowings	290,365	415,053
Finance leasing	34,819	–
Debentures payable	109,249	104,600
Other liabilities	15,795	10,520
Less: borrowing costs capitalised	(173,399)	(204,032)
Interest income from bank deposits and amounts receivables	(52,347)	(101,313)
Exchange (gains)/losses	171,408	(11,768)
Others	58,936	23,379
Total	454,826	236,439

Interest expenses are analysed by the repayment terms of bank and other borrowings as follows:

	From 1 January to 30 June 2013		From 1 January to 30 June 2012	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Wholly repayable within five years	290,365	–	415,053	–

49. Profit/(losses) from changes in fair value

Item	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Financial assets held for trading		
– Changes in fair value during the period		
1. Profit from changes in fair value of equity instrument held for trading	(37,577)	3,353
2. Profit/(losses) from changes in fair value of derivative financial instrument	15,131	(22,473)
– Profit for derecognized financial assets held for trading	(16,996)	3,268
Sub-total	(39,442)	(15,852)
Financial liabilities held for trading		
– Changes in fair value during the period		
1. Profit from changes in fair value of derivative financial instrument	49,183	918
Total	9,741	(14,934)

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Investment income

(1) Investment income by categories

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Income from disposal of financial assets held for trading	**16,996**	(3,268)
Income earned during the holding period of available-for-sale financial assets	**7,261**	4,841
Income from long-term equity investments under cost method	**–**	5,000
Income/(losses) from long-term equity investments under equity method	**(64,960)**	(10,095)
Income/(losses) from disposal of long-term equity investment	**(4,414)**	–
Total	**(45,117)**	(3,522)

Investment gains from listed investments and investment losses from non-listed investments in the period ended 30 June 2013 amount to RMB24,257,000 and RMB69,374,000 respectively (For the period ended 30 June 2012: RMB1,573,000 and RMB5,095,000 respectively).

(2) In investment income from long-term equity investment under cost method, investees that contributed investment income for 5% or more of the Group's total profit, or the top five investees that contributed most to the Group's investment income are set out as follows:

Investee	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012	Reason for current period fluctuation
BOCM Schroder Stolt Fund Management	**–**	5,000	Cash dividend wasn't distributed during the period
Total	**–**	5,000	

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Investment (losses)/income (CONTINUED)

(3) In investment income from long-term equity investment under equity method, investees that contributed investment income for more than 5% of the Group's total profit, or the top five investees that contributed most investment income to the Group's total profit are set out as follows:

Investee	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012	Reason for current period fluctuation
Zhenhua Group	**4,176**	7,217	Changes in profit and loss of the investee
Shanghai Fengyang	**3,432**	4,296	Changes in profit and loss of the investee
Xiamen Hongji	**3,223**	1,240	Changes in profit and loss of the investee
Guangxi North Logistic	**2,612**	2,191	Changes in profit and loss of the investee
KYH	**2,272**	3,534	Changes in profit and loss of the investee
Total	**15,715**	18,478	

There was no significant restriction on the remittance of investment income to the investor.

51. Asset impairment losses

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Accounts receivables	**31,417**	3,896
Advance to suppliers	**(132)**	22
Other receivables	**1,295**	529
Inventories	**2,589**	(63,218)
Current portion of non-current assets	**11,532**	–
Long-term receivables	**(11,882)**	21,273
Fixed assets	**19**	12,512
Total	**34,838**	(24,986)

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Non-operating income

(1) Non-operating income by categories is as follows:

Item	Note	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Gains on disposal of fixed assets		**6,066**	11,056
Gains on disposal of intangible assets		**14**	15
Compensation income		**2,120**	21,608
Penalty income		**6,304**	835
Government grants	(2)	**36,011**	36,027
Amounts no longer payable		**1,040**	45
Others		**1,205**	7,445
Total		**52,760**	77,031

(2) Details of government grants

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Financial subsidies	**35,695**	36,027
Tax refund	**129**	–
Others	**187**	–
Total	**36,011**	36,027

53. Non-operating expenses

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Losses on disposal of fixed assets	**4,425**	3,134
Losses on disposal of intangible assets	**24**	3,232
Donations	**1,356**	2,527
Penalty expenses	**665**	1,370
Compensation expenses	**551**	691
Others	**2,862**	12,150
Total	**9,883**	23,104

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Income tax expenses

Item	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Current income tax calculated based on tax law and related regulations	**352,204**	406,187
Change in deferred income tax	**92,613**	79,186
Total	**444,817**	485,373

Reconciliation between income tax expenses and accounting profits is as follows:

Item	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Total profit	**1,160,046**	1,493,051
Income tax expenses calculated at applicable tax rates	**379,479**	476,135
Effect of tax incentive	**(136,072)**	(94,800)
Expenses not deductible for tax purposes	**124,729**	8,706
Income not subject to tax	**(106,925)**	(30,611)
Utilisation of previously unrecognised tax losses	**(9,476)**	(27,147)
Tax effect of unrecognised tax losses	**76,296**	45,016
Deductible temporary differences for which no deferred tax asset was recognised	**74,456**	48,754
Effect of tax rate change on deferred tax	**3,490**	10,766
Tax refund for income tax annual filling	**(1,735)**	(261)
Income tax accruals for profit of foreign holding companies in current period	**40,575**	48,815
Income tax expenses	**444,817**	485,373

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Calculation of basic earnings per share and diluted earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Consolidated net profit attributable to ordinary shareholders of the Company (RMB thousand)	**551,972**	933,710
Weighted average number of ordinary shares outstanding ('000)	**2,662,396**	2,662,396
Basic earnings per share (RMB per share)	**0.2073**	0.3507

(2) Diluted earnings per share

Diluted earnings per share is calculated by dividing adjusted net profit attributable to ordinary shareholders of the Company by the adjusted weighted average number of ordinary shares outstanding:

	Note	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Consolidated net profit attributable to ordinary shareholders of the Company (diluted) (RMB thousand)		**551,972**	933,710
Weighted average number of ordinary shares outstanding (diluted) ('000)		**2,666,450**	2,671,583
Diluted earnings per share (RMB per share)		**0.2070**	0.3495

Note: The subsidiaries' share option program is not material to the Company's diluted earning per share.

Calculation of weighted average number of ordinary shares outstanding (diluted):

	30 June 2013	30 June 2012
Issued ordinary shares at 1 January ('000)	**2,662,396**	2,662,396
Effect of share options ('000)	**4,054**	9,187
Weighted average number of ordinary shares at 30 June ('000)	**2,666,450**	2,671,583

The Board of the Company was authorised to grant 60,000,000 share options (2.25% of the total 2,662,396,051 shares issued by the Company) to the senior management and other staff. According to the share options plan in Note VII.2, the exercisable share options during the period were 13,500,000 shares. Please refer to Note VII for the details of share options.

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Other comprehensive income

Item	From 1 January to 30 June 2013	From 1 January to 30 June 2012
1. Gains/(losses) arising from available-for -sale financial assets	**(31,078)**	49,079
Less: income tax relating to available-for-sale financial assets	**(7,769)**	12,270
Sub-total	**(23,309)**	36,809
2. Gains/(losses) on cash flow hedges financial instrument	**4,435**	(9,665)
Less: income tax relating to cash flow hedges financial instrument	**539**	(1,450)
Sub-total	**3,896**	(8,215)
3. Exchange differences arising from translating foreign operations	**(45,841)**	6,685
Total	**(65,254)**	35,279

57. Notes to the consolidated cash flow statement

(1) Cash received relating to other operating activities

Item	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Cash received from government grants related to assets	**11,084**	15,000
Cash received from government grants related to income	**24,927**	21,027
Cash received from penalty income	**6,304**	835
Cash received from compensation income	**2,120**	1,052
Others	**212,328**	114,814
Total	**256,763**	152,728

(2) Cash paid relating to other operating activities

Item	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Cash paid for transportation and distribution expenses	**336,585**	361,064
Cash paid for rental, insurance and other selling and distribution expenses	**119,621**	153,100
Cash paid for technical development costs	**126,942**	95,105
Cash paid for warranty	**23,852**	30,599
Cash paid for external sales commission	**27,816**	117,330
Cash paid for entertainment fee	**61,527**	28,120
Cash paid for travelling, office expenditure and other expenses in ordinary operation	**102,793**	183,339
Total	**799,136**	968,657

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Notes to the consolidated cash flow statement (Continued)

(3) Cash received relating to other investing activities

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Cash received from bank financial services	**73,000**	–

(4) Cash paid relating to other investing activities

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Cash paid for bank financial services	**73,000**	–

(5) Cash received relating to other financing activities

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Cash received from disposal of subsidiary's equity	**570,599**	–

(6) Cash paid relating to other financing activities

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Cash paid for medium-term notes expenses	**12,000**	14,460
Cash paid for acquiring minority interests	**393,258**	–
Total	**405,258**	14,460

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Information to cash flow statement

(1) Supplementary information to the consolidated cash flow statement

(a) Reconciliation from net profit to cash flows from operating activities:

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Net profit	**715,229**	1,007,678
Add: Provisions for assets impairment	**34,838**	(24,986)
Depreciation of fixed assets	**452,248**	411,871
Amortisation of intangible assets	**77,301**	123,162
Amortisation of investment properties and long-term prepaid expenses	**30,425**	14,308
Losses/(gains) on disposal of fixed assets, intangible assets and other long-term assets	**(1,631)**	(4,705)
Losses/(Gains) on changes in fair value	**(9,741)**	14,934
Financial expense	**224,482**	326,141
Investment losses/(income)	**45,117**	3,522
Share-based payment expenses	**45,304**	59,306
Change in deferred tax assets and liabilities	**92,613**	79,186
Decrease/(increase) in inventories	**518,308**	(1,281,358)
Decrease/(increase) in operating receivables	**(6,433,618)**	(2,299,297)
Increase/(decrease) in operating payables	**1,188,289**	(536,455)
Exchange differences arising from translating foreign operations	**(723)**	(350)
Net cash inflow/(outflow) from operating activities	**(3,021,559)**	(2,107,043)

The Group did not have significant investing and financing activities that do not involve cash receipts and payments in the period.

(b) Net (decrease)/increase in cash and cash equivalents:

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Closing balance of cash and cash equivalents	**3,233,326**	3,904,437
Less: Opening balance of cash and cash equivalents	**4,397,512**	6,563,253
Net increase/(decrease) of cash and cash equivalents	**(1,164,186)**	(2,658,816)

(All amounts in RMB'000 unless otherwise stated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Information to cash flow statement (Continued)

(2) Cash and cash equivalents

Item	**30 June 2013**	31 December 2012
1. Cash at bank and on hand		
Including: Cash	**3,393**	1,593
Bank deposits available on demand	**2,970,573**	3,768,828
Other monetary fund available on demand	**259,360**	134,016
2. Closing balance of cash and cash equivalents	**3,233,326**	3,904,437

Note: Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

VI. RELATED PARTIES AND RELATED PARTY 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 joint ventures and associates of the Company, refer to Note V.12(3).

4. Information of other related parties

Organisation name	Relationship with the Group	Code of organisation
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 Estate Co., Ltd	Subsidiary of significant shareholder	61884513-6
Shenzhen CIMC Skyspace Real Estate Development	Minority shareholder of subsidiary	71526714-7
Gasfin Investment S.A	Minority shareholder of subsidiary	N/A
WHRJI	Minority shareholder of subsidiary	78858986-8
COSCO Container Industries Limited	Significant shareholder	N/A
China Merdant International Ltd.	Significant shareholder	N/A
Qingdao Global International Airline Services Ltd.	Minority shareholder of subsidiary	74722427-2
SXHDA	Minority shareholder of subsidiary	74127207-0
Sumitomo	Minority shareholder of subsidiary	N/A
ShundeFuri Real Estate Investment Co., Ltd	Minority shareholder of subsidiary	66332839-X
ShundeBinuo Sunshine Real Estate Co., Ltd	Minority shareholder of subsidiary	77309806-2
Yangjiang East Property management Co., Ltd	Minority shareholder of subsidiary	67308571-5

Note: Significant shareholders represent shareholders holding 5% or more of the Company's shares.

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions

The following transactions with related parties were conducted under normal commercial terms or relevant agreements and followed the approval procedure of normal non-related party transactions.

(1) Purchase of goods/receiving of services

The Group

		From 1 January to 30 June 2013		From 1 January to 30 June 2012	
Name	Name of the transaction	**Amount**	**Percentage of the total amount of similar transactions (%)**	Amount	Percentage of the total amount of similar transactions (%)
Other related parties	Purchase of goods	**130,476**	**0.54%**	10,804	0.05%
Other related parties	Receiving of services	**4,780**	**0.02%**	2,914	0.32%

The Company

Receiving of services of the Company refer to VI.5 (5).

(2) Sale of goods/rendering of services

The Group

		From 1 January to 30 June 2013		From 1 January to 30 June 2012	
Name	Name of the transaction	**Amount**	**Percentage of the total amount of similar transactions (%)**	Amount	Percentage of the total amount of similar transactions (%)
Other related parties	Sale of goods	**1,029,673**	**3.60%**	607,078	2.96%

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(3) Leases

The Group as a lessor:

Name of lessor	Name of lessee	Category of the leased asset	Starting date	Ending date	Basis for pricing lease income	Lease income recognised for the current period
CIMC Vehicle (Jiangmen) Co. Ltd	Senju (Jiangmen) Technology Material Co. Ltd	Plant, land facilities and equipment	3 September 2010	31 August 2013	Lease contract	2,240

(4) Financing

The Group

Name	Amount	Starting date	Ending date	Note
Financing received				
Gasfin	42,844	19 September 2008	Not fixed repayment date	Shareholder loans
Financing provided				
Shanghai Fengyang	100,603	25 December 2007	Not fixed repayment date	Shareholder loans
Xinyang Woods	3,883	20 June 2006	Not fixed repayment date	Shareholder loans
MSC	282,627	1 December 2007	Not fixed repayment date	Shareholder loans

The Company

Name	Amount	Starting date	Ending date	Note
Financing provided				
Shanghai Fengyang	100,603	25 December 2007	Not fixed repayment date	Shareholder loans

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Other related party transactions

(i) 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
ZengBeihua	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 Yuqun	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.

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Other related party transactions (Continued)

(ii) Directors' and key management personnel's emoluments

Directors' and key management personnel's emoluments for the period ended 30 June 2013 are as follows:

Name	Remuneration	Salary and allowance	Pension	Bonus	Sign-off bonus	Termination Benefits	Others	Total
Directors								
Li Jianhong	–	–	–	–	–	–	–	–
Xu Minjie	–	–	–	–	–	–	–	–
Wang Hong	–	–	–	–	–	–	–	–
Wang Xingru	–	–	–	–	–	–	–	–
Mai Boliang	–	1,099	18	–	–	–	11	1,128
Ding Huiping	60	–	–	–	–	–	–	60
Xu Jing'an	60	–	–	–	–	–	–	60
Jin Qingjun	60	–	–	–	–	–	–	60
Pan Chengwei	–	–	–	–	–	–	–	–
Li Kejun	–	–	–	–	–	–	–	–
Wang Guixun	–	–	–	–	–	–	–	–
Sub-total	180	1,099	18	–	–	–	11	1,308
Supervisors								
Lv Shijie	–	–	–	–	–	–	–	–
Huang Qianru	–	–	–	–	–	–	–	–
Feng Wanguang	–	294	–	–	–	–	–	294
Sub-total	–	294	–	–	–	–	–	294
Other key management personnel								
Zhao Qingsheng	–	412	–	–	–	–	–	412
Wu Fapei	–	392	18	300	–	–	11	721
Li Yinghui	–	392	17	300	–	–	11	720
Liu Xuebin	–	449	18	300	–	–	11	778
Zhang Baoqing	–	420	17	1,920	–	–	11	2,368
Yu Ya	–	449	17	300	–	–	11	777
Jin Jianlong	–	332	18	300	–	–	11	661
Zeng Beihua	–	338	–	300	–	–	–	638
Yu Yuqun	–	338	18	300	–	–	11	667
Sub-total	–	3,522	123	4,020	–	–	77	7,742
Total	180	4,915	141	4,020	–	–	88	9,344

The five individuals whose emoluments are the highest are included aforesaid in the period.

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Other related party transactions (Continued)

(ii) Directors' and key management personnel's emoluments (Continued)

Directors' and key management personnel's emoluments for the period ended 30 June 2012 are as follows:

Name	Remuneration	Salary and allowance	Pension	Bonus	Sign-off bonus	Termination Benefits	Others	Total
Directors								
Li Jianhong	–	–	–	–	–	–	–	–
Xu Minjie	–	–	–	–	–	–	–	–
Wang Hong	–	–	–	–	–	–	–	–
Wang Xingru	–	–	–	–	–	–	–	–
Mai Boliang	–	947	24	7,983	–	–	–	8,954
Ding Huiping	60	–	–	–	–	–	–	60
Xu Jing'an	60	–	–	–	–	–	–	60
Jin Qingjun	60	–	–	–	–	–	–	60
Sub-total	180	947	24	7,983	–	–	–	9,134
Supervisors								
Lv Shijie	–	–	–	–	–	–	–	–
Huang Qianru	–	–	–	–	–	–	–	–
Feng Wanguang	–	310	–	1,696	–	–	–	2,006
Sub-total	–	310	–	1,696	–	–	–	2,006
Other key management personnel								
Zhao Qingsheng	–	439	24	3,193	–	–	–	3,656
Wu Fapei	–	291	24	1,260	–	–	–	1,575
Li Yinghui	–	286	23	910	–	–	–	1,219
Liu Xuebin	–	421	24	2,350	–	–	–	2,795
Zhang Baoqing	–	300	23	1,216	–	–	–	1,539
Yu Ya	–	343	23	1,260	–	–	–	1,626
Jin Jianlong	–	256	24	760	–	–	–	1,040
Zeng Beihua	–	262	–	900	–	–	–	1,162
Yu Yuqun	–	262	24	1,000	–	–	–	1,286
Sub-total	–	2,860	189	12,849	–	–	–	15,898
Total	180	4,117	213	22,528	–	–	–	27,038

The five individuals whose emoluments are the highest are included aforesaid in the period ended 30 June 2012.

(All amounts in RMB'000 unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Other related party transactions (Continued)

(ii) Directors' and key management personnel's emoluments (Continued)

	Number of individuals	
	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Emolument bands:		
RMB0 – 1,000,000	**21**	9
RMB1,000,000 – 1,500,000	**1**	4
More than RMB1,500,000	**1**	7

6. Receivables from and payables to related parties

Details of accounts receivable please refer to Note V.4.
Details of other receivables please refer to Note V.5.
Details of advance to suppliers please refer to Note V.6.
Details of accounts payable please refer to Note V.26.
Details of other payables please refer to Note V.32.

7. Commitments in relation to related parties

As at 30 June 2013, there are no commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group.

(All amounts in RMB'000 unless otherwise stated)

VII. SHARE-BASED PAYMENTS

1. Information about share-based payments

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 6.33 and 8.32 years respectively; 2. As at 30 June 2013, equity-settled share options granted by Raffles all expired or forfeited, no outstanding equity-settled share options; 3. Equity-settled share options granted by the Company in 2010 and 2011: RMB11.58 and RMB17.11 per share respectively (after adjustment), the residual life of contracts is both 7.24 years.
The price of other outstanding equity instruments at the end of the year and residual life of relevant contracts	–

Expenses recognised for the year arising from share-based payments are as follows:

Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012
Equity-settled share-based payment	**45,304**	59,306
Cash-settled share-based payment	**–**	–
Total	**45,304**	59,306

VII. SHARE-BASED PAYMENTS (CONTINUED)

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 two years from the date of grant, and then 100% exercisable after three 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.

Movement of share options of Enric:

	30 June 2013 '000	31 December 2012 '000
Beginning balance	**71,546**	78,700
Granted in current period	**–**	–
Exercised in current period	**(6,288)**	(5,774)
Cancelled in current period	**–**	(1,280)
Forfeited in current period	**(1,070)**	(100)
Ending balance	**64,188**	71,546

VII. SHARE-BASED PAYMENTS (CONTINUED)

2. Information on equity-settled share-based payment (Continued)

(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. In addition, the holder must simultaneously satisfactory all the condition as follows:

(a) The holder should pass the previous year's evaluation.

(b) The increase of net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss should not be lower than the 6% and the average return on net assets after deducting non-recurring profit or loss should not be lower than 10% for the previous year of the exercise date.

(c) During the waiting period, the net profit attributable to ordinary shareholders of the Company and the net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss should not be lower than the average figures of the three fiscal years before the grant day or negative.

The total number of share options granted was 60,000,000.

VII. SHARE-BASED PAYMENTS (CONTINUED)

2. Information on equity-settled share-based payment (Continued)

(2) Information on equity-settled share-based payment of the Company (Continued)

Movement of share options of the Company:

	30 June 2013 '000	31 December 2012 '000
Beginning balance	**59,680**	60,000
Granted in current period	**–**	–
Exercised in current period	**–**	–
Cancelled in current period	**–**	–
Forfeited in current period	**–**	(320)
Ending balance	**59,680**	59,680

(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 US$1.64 to US$1.65, from NOK10.50 to NOK26.00, and from US$1.64 to US$1.65. The longest effective period of the share options plan was ten years from the first grant date of share options. As at 31 December 2012, the aforesaid share options were fully forfeited or cancelled.

(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.

(All amounts in RMB'000 unless otherwise stated)

VII. SHARE-BASED PAYMENTS (CONTINUED)

2. Information on equity-settled share-based payment (Continued)

(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 period and last year.

As at 30 June 2013, accumulated amount recognised in capital surplus for equity-settled share-based payments	**356,322**
Total expenses recognised for equity-settled share-based payments for current period Including:	
– attributable to the Company	**40,753**
– attributable to Enric	**4,551**
– attributable to Raffles	**–**

The number of options exercised of Enric is 6,288,000 (for the period ended 30 June 2012: 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, 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 fulfil.

The SARs are exercisable in 2 installments periods after 2 years from the rights grant date upon the satisfaction of exercisable conditions:

(All amounts in RMB'000 unless otherwise stated)

VII. SHARE-BASED PAYMENTS (CONTINUED)

3. Information on cash-settled share-based payment (Continued)

(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 RMB185,000 as at 30 June 2013 and the expenses recognised for cash-settle share-based payment was nil for the period.

The movement of cash-settled share options:

	30 June 2013	31 December 2012
Beginning balance	**400,000**	760,000
Granted in current period	**–**	–
Exercised in current period	**–**	–
Cancelled in current period	**(250,000)**	(360,000)
Forfeited in current period	**–**	–
Ending balance	**150,000**	400,000

VIII. CONTINGENCIES

1. Contingent liabilities

CIMC Raffles (a subsidiary of the Company) and its subsidiaries entered into vessel construction contracts and vessel leasing contracts with relevant purchasers, which involve terms of compensation for delivery postponement and termination terms.

While the actual amount of compensation for delivery postponement to be assumed in future is subject to the date of actual delivery of vessels, the maximum amount of the compensation for delivery postponement from contracted delivery date to future estimated actual delivery date that CIMC Raffles and its subsidiaries may need to assume is approximately US$19,820,000 (equivalent to RMB122,462,000).

VIII. CONTINGENCIES (CONTINUED)

2. Guarantees provided for external parties

CIMC Vehicle, a subsidiary of the Group, signed contracts with China Construction Bank, Bank of China, China Merchants Bank and China Everbright Bank, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of CIMC Vehicle and its subsidiaries arising from purchase of vehicle products. As at 30 June 2013, as approved by the Board of the Company, the aggregate amount of credit facilities in respect of which CIMC Vehicle and its subsidiaries provided guarantees to the distributors and customers was RMB471,257,000 (31 December 2012: RMB637,605,000).

Jiangmen Real Estate, a subsidiary of the Group, provided guarantees to purchasers of commodity housing by way of secured loans. The amount of guarantees was approximately RMB9,820,000 as at 30 June 2013 (31 December 2012: RMB300,000,000).

3. Notes payable issued but not accounted for, outstanding credit issued but undue and outstanding performance guarantees

The Group does not recognize bills payable or letters of credit issued as deposits. Corresponding inventories, advance to suppliers and notes payable are recognized at the earlier of the date of delivery of goods and the maturity date of the bills issued.

As at 30 June 2013, the Group had bills issued but not accounted for and outstanding letters of credit but undue totalling RMB263,965,000 (31 December 2012: RMB717,454,000).

As at 30 June 2013, CIMC Raffles had outstanding balance of performance guarantees issued by relevant banks totalling US$560,394,000 (equivalent to RMB3,462,506,000), all of which were issued for vessel purchasers (31 December 2012: RMB3,522,355,000).

As at 30 June 2013, TAS had outstanding balance of guarantees issued by relevant banks totalling RMB306,381,000, of which balance of performance guarantees, bid guarantees, quality guarantees and guarantees provided to suppliers was RMB181,522,000, RMB25,230,000, RMB22,225,000 and RMB77,404,000, respectively (total balance as at 31 December 2012: RMB300,599,000).

4. Significant pending litigations

The semi-submersible oil drilling platforms named SS Pantanal and SS Amazonia built by CIMC Raffles and its subsidiaries for subsidiaries of Schahin Group in Brazil, were delivered in November 2010 and April 2011, respectively. CIMC Raffles and its subsidiaries also provided advances for Schahin and its six connected parties for the construction of drilling platforms. Since Schahin and its other connected parties did not pay the amount in accordance with relevant contracts, CIMC Raffles and its subsidiaries lodged a law suit and arbitration application against Schahin and its connected parties in December 2011 and May 2012, respectively, the aggregate amount of which amounted to approximately US$208 million (equivalent to approximately RMB1.3 billion). As at 30 June 2013, the arbitration in relation to the advances was settled and CIMC Raffles was granted US$69 million. As at the date of these financial statements, the arbitration regarding construction of drilling platforms and the law suit regarding guaranteed agreement was still in process, and Schahin and its connected parties have raised a counterclaim. Based on the current progress of the legal proceedings, the Company was in an optimistic view regarding the litigation results. In the course of the proceedings, the Company will take positive legal measures to ensure that shareholders' interests are not compromised.

(All amounts in RMB'000 unless otherwise stated)

IX. COMMITMENTS

1. Significant commitments

(1) Capital commitments

Item	30 June 2013	31 December 2012
Significant fixed assets purchase contracts entered into under performance or preparation of performance	**400,168**	406,690
Foreign Investment contracts entered into but not performed or performed partially	**2,000**	17,420
Significant contracts entered into for vessels to be manufactured, for sales or lease	**6,679,710**	1,804,449
External foreign investment approved by the Board	**–**	35,017
Total	**7,081,878**	2,263,576

Capital commitments authorised by the management but are not yet contracted for

	30 June 2013	31 December 2012
Buildings, machinery and equipment	**–**	468
Intangible assets	**–**	34,549
	–	35,017

The Group's share of the joint ventures' own commitments for capital expenditure as at the balance sheet date are as follows:

	30 June 2013	31 December 2012
Buildings, machinery and equipment	**265**	280

(2) Operating lease commitments

The future minimum lease payments due and payable after 30 June under the signed irrevocable operating lease contracts in relation to property and fixed assets are summarised as follows:

Item	30 June 2013	31 December 2012
Within 1 year (inclusive)	**60,786**	73,628
Over 1 year but within 2 years (inclusive)	**50,941**	58,491
Over 2 years but within 3 years (inclusive)	**41,964**	52,967
Over 3 years	**82,989**	127,181
Total	**236,680**	312,267

Operating lease recognized as expenses for the period ended 30 June 2013 is RMB44,069,000 (For the period ended 30 June 2012: RMB46,267,000).

IX. COMMITMENTS (CONTINUED)

2. Information on equity-settled share-based payment

(1) Fulfilment of commitments for the previous period

The Group has fulfilled the capital and operating lease commitments as at 30 June 2013.

X. EVENTS AFTER THE BALANCE SHEET DATE

1. Acquisition of subsidiaries

On 29 July 2013, China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong"), a wholly-owned subsidiary of the Company, signed a sale and purchase agreement with Pteris Global Limited ("Pteris"). CIMC Hong Kong intends to inject its entire equity interests in Techman (Hong Kong) Limited ("Techman (HK)") into Pteris, and as consideration, Pteris will issue new shares to CIMC Hong Kong (or its nominee) ("Transaction"). Techman (HK) (which will hold 70% equity interests in Shenzhen CIMC-Tianda Airport Support Ltd. ("CIMC-Tianda") upon completion of the CIMC-Tianda restructuring) is a limited company incorporated in Hong Kong. CIMC Hong Kong has reached an agreement in respect of the acquisition of the entire equity interests in Techman (HK) ("Techman (HK) Acquisition"). Upon completion of the Techman (HK) Acquisition, Techman (HK) will become a wholly-owned subsidiary of CIMC Hong Kong.

According to the agreement, CIMC Hong Kong will transfer all the equity interests of Techman (HK) to Pteris while Pteris will issue new shares to the Company with a consideration of SGD0.13 per share. The transaction is amounting to SGD96,303,000 (equivalent to approximately RMB486,331,000, subject to certain adjustment mechanisms). Upon settlement, the equity interests of CIMC Hong Kong in Pteris are expected to increase from approximately 14.99% at present to 63.88% (up to approximately 65.80%, subject to certain adjustment mechanisms). As a result, after completion of the Transaction, Pteris will become a subsidiary of the Company through CIMC Hong Kong, and CIMC-Tianda will become a subsidiary of Pteris, and thus CIMC-Tianda will continue to be a subsidiary of the Company. The Company will disclose the performance of the transaction in the regular reports in the future.

X. EVENTS AFTER THE BALANCE SHEET DATE (CONTINUED)

2. Significant financial leasing and vessel construction contract after the balance sheet date

(1) On 3 July 2013, CIMC FL (HK) signed a container vessel construction contract with DSIC for the construction of seven 8,800 TEU container vessels. The total contract price for the vessel construction contract amounted to approximately RMB3,675 million in equivalent. On 3 July 2013, CIMC FL (HK) signed a container vessel finance lease contract for a term of 204 months with a subsidiary of MSC. According to the above shipbuilding contract and the charter agreement, CIMC FL (HK) will first purchase the abovementioned seven vessels from DSIC and then lease the seven vessels to the subsidiary (as lessee) of MSC. The Company will disclose the performance of the contracts in the future.

(2) On 24 July 2013, CIMC FL (HK) signed a container vessel construction contract with NTS for the construction of five 8,800 TEU container vessels. The total contract price for the vessel construction contract amounted to US$425 million (equivalent to approximately RMB2,622 million). On 24 July 2013, CIMC FL (HK) signed a container vessel finance lease contract ("charter agreement") for a term of 204 months with a subsidiary of MSC. According to the above shipbuilding contract and the charter agreement, CIMC FL (HK) will first purchase the abovementioned five vessels from NTS and then lease the five vessels to the subsidiary (as lessee) of MSC. The Company will disclose the performance of the contracts in the future.

XI. OTHER SIGNIFICANT MATTERS

1. Leases

Please refer to Notes V.11 and V.37 for reference of the Group's receivables and 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, offshore business, airport facilities, logistic services and appliance manufacture, 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) Information on segment profits, losses, assets and liabilities

In order to assess the segment performance and resources allocation, the Group's management review assets, liabilities, revenue, expenses and operating results 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 income tax assets and other un-allocated headquarters assets. Segment liabilities include payables, bank loans, provision, special payables and other liabilities of each segment, 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 attributable to each segment assets, interest expenses and income attributable to bank deposits and bank borrowings of individual segment. Transactions conducted among segments are under normal non-related party transaction commercial terms.

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Segment reporting (Continued)

(1) Information on Segment profits, losses, assets and liabilities (Continued)

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 From January to June 2013	Trailers From January to June 2013	Energy chemistry and food equipment From January to June 2013	Offshore business From January to June 2013	Airport facilities From January to June 2013	Others From January to June 2013	Elimination between segments From January to June 2013	Unallocated items From January to June 2013	Total From January to June 2013
External operating income	12,298,263	6,604,388	5,299,219	1,519,799	225,451	2,638,038	–	–	28,585,158
Inter segment operating income	16,665	68,961	266,324	–	–	187,597	(539,547)	–	–
Income/(losses) from investment in joint ventures and associates	307	112	–	–	–	17,042	(307)	(82,114)	(64,960)
Impairment loss of assets for the period	(3,424)	26,987	4,226	973	288	5,788	–	–	34,838
Depreciation and amortisation expenses	154,838	117,350	120,453	66,132	2,265	98,936	–	–	559,974
Interest income from bank deposits	9,445	10,013	5,004	282	189	19,070	–	8,344	52,347
Interest expenses	3,500	27,511	16,006	94,675	–	8,077	–	300,459	450,228
Total profit/(losses)	605,291	445,122	499,772	(198,258)	(16,279)	561,731	(498,835)	(238,498)	1,160,046
Income tax expenses	195,065	54,958	108,145	(2,785)	(1,590)	59,489	–	31,535	444,817
Net profit/(losses)	410,226	390,164	391,627	(195,473)	(14,689)	502,242	(498,835)	(270,033)	715,229
Total assets	16,397,963	9,394,319	9,726,821	14,040,969	880,782	16,818,348	(24,420,004)	25,931,122	68,770,320
Total liabilities	10,078,263	7,079,918	6,524,317	16,903,531	554,125	9,971,002	(16,362,677)	11,167,889	45,916,368
Other significant non-cash items:									
– Other non-cash expenditures/(income) other than depreciation and amortization expense	125,347	33,250	13,364	13,870	5,588	19,144	–	5,424	215,987
– Long-term equity investment of joint ventures and associates	2,775	38,740	–	–	77,294	349,800	–	606,970	1,075,579
– Additions of non-current assets other than long-term equity investment	314,127	219,107	186,188	191,960	38,614	98,561	–	–	1,048,557

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Segment reporting (Continued)

(1) Information on segment profits, losses, assets and liabilities (Continued)

Item	Containers From January to June 2012	Trailers From January to June 2012	Energy, chemistry and food equipment From January to June 2012	Offshore business From January to June 2012	Airport facilities From January to June 2012	Others From January to June 2012	Elimination between segments From January to June 2012	Unallocated items From January to June 2012	Total From January to June 2012
External operating income	13,648,461	6,735,820	4,370,317	1,244,783	68,923	1,296,142	–	–	27,364,446
Inter segment operating income	22,830	85,474	150,632	–	–	138,723	(397,659)	–	–
Income/(losses) from investment in joint ventures and associates	10,062	(36,855)	–	8,985	–	4,179	–	3,534	(10,095)
Impairment loss of assets 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 from bank deposits	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
Total 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
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
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
Other significant non-cash items:									
– Other non-cash expenditures/(income) other than depreciation and amortization expense	(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
– Additions of non-current assets other than a long-term equity investment	450,187	121,817	222,124	285,064	6,760	74,412	–	1,248,847	2,409,211

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Segment reporting (Continued)

(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 by recipients

	Revenue from external customers		**Total non-current assets**	
Item	**From 1 January to 30 June 2013**	From 1 January to 30 June 2012	**30 June 2013**	31 December 2012
China	**13,646,979**	12,525,779	**20,356,327**	18,099,106
Asia (exclusive of China)	**3,413,649**	2,414,136	**46,411**	47,508
America	**5,399,426**	5,432,811	**337,939**	313,853
Europe	**5,238,156**	5,909,950	**968,198**	1,018,737
Others	**886,948**	1,081,770	**60,725**	49,731
Total	**28,585,158**	27,364,446	**21,769,600**	19,528,935

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 exchange 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.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(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, 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 management 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 financial position and external ratings of the customers and their bank credit records (where available) and previous payment records. Receivables are due within from 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers. However, the Group has established strict rules on transfer of titles and may request the customers to pay deposits or make advance prepayments according to the credit position of customers.

Most of the Group's customers have been transacting with the Group for many years, and losses have occurred infrequently. In order to monitor the credit risk of the Group, customers' overdue amounts are grouped and analyzed according to the ageing, maturity date and number of days overdue. The Group has made the provision for the significant overdue receivables as at 30 June 2013.

The Group provides funds to the associates and joint ventures according to indicators such as the asset status of such associates and joint ventures and the profit forecast of development projects and continues to monitor the project progress and operations to ensure the recoverability of the funds.

The receivables of the Group, neither past due nor impaired, are mainly due to a wide range of customers for whom have 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. Due to the market concentration in the global shipping and related service sectors, significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. As at the balance sheet date, the Group had a certain concentration of credit risk, as 20.56% (2012: 20.05%) 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, and the credit rating of counterparties should be higher or equal to that of the Group. 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 does 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.

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(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 2013 Contractual undiscounted cash flow					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	over 5 years	Total	Balance sheet carrying amount
Financial assets						
Monetary assets	3,705,414	–	–	–	3,705,414	3,705,414
Accounts receivable and other receivables	15,454,719	–	–	–	15,454,719	15,454,719
Current portion of non-current assets due within 1 year	1,619,432	–	–	–	1,619,432	1,619,432
Long-term receivables	484,250	1,151,435	643,752	1,612,889	3,892,326	2,738,621
Sub-total	21,263,815	1,151,435	643,752	1,612,889	24,671,891	23,518,186
Financial liabilities						
Short-term borrowings	7,540,666	–	–	–	7,540,666	7,540,666
Debentures payable	311,715	311,715	6,938,745	–	7,562,175	6,455,527
Accounts payable and other payables	13,391,295	–	–	–	13,391,295	13,391,295
Current portion of non-current liabilities due within 1 year	2,538,641	–	–	–	2,538,641	2,538,641
Long-term borrowings	1,268,562	1,511,383	4,008,958	163,821	6,952,724	4,996,681
Long-term payables	–	–	25,143	154,147	179,290	162,885
Sub-total	25,050,879	1,823,098	10,972,846	317,968	38,164,791	35,085,695
Net total	(3,787,064)	(671,663)	(10,329,094)	1,294,921	(13,492,900)	(11,567,509)

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(2) Liquidity risk (Continued)

	31 December 2012 Contractual undiscounted cash flow					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	Balance sheet carrying amount
Financial assets						
Monetary assets	5,221,539	–	–	–	5,221,539	5,221,539
Accounts receivable and other receivables	10,352,468	–	–	–	10,352,468	10,352,468
Current portion of non-current assets due within 1 year	1,636,332	–	–	–	1,636,332	1,636,332
Long-term receivables	343,833	1,034,424	1,366,884	812,274	3,557,415	2,540,574
Sub-total	17,554,172	1,034,424	1,366,884	812,274	20,767,754	19,750,913
Financial liabilities						
Short-term borrowings	5,438,407	–	–	–	5,438,407	5,438,407
Debentures payable	321,370	321,370	7,320,592	–	7,963,332	6,462,235
Accounts payable and other payables	11,352,017	–	–	–	11,352,017	11,352,017
Current portion of non-current liabilities due within 1 year	1,261,940	–	–	–	1,261,940	1,261,940
Long-term borrowings	2,457,709	4,511,907	1,835,149	197,743	9,002,508	7,641,785
Long-term payables	4,886	4,886	18,926	143,142	171,840	145,103
Sub-total	20,836,329	4,838,163	9,174,667	340,885	35,190,044	32,301,487
Net total	(3,282,157)	(3,803,739)	(7,807,783)	471,389	(14,422,290)	(12,550,574)

Bank and other borrowings are analysed by repayment terms as follows:

	30 June 2013		31 December 2012	
	Bank borrowings	**Other borrowings**	Bank borrowings	Other borrowings
Borrowing with last repayment date repayable within five years	**14,941,109**	**–**	13,789,671	–

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(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 under control. The Group has entered into interest rate swap contracts which were denominated in borrowings currency. In light of its interest policy, the Group has achieved an appropriate mix of fixed and floating rate exposure consistent with the Group's policy.

(a) *As at 30 June 2013, the Group held the following interest-bearing financial instruments:*

	30 June 2013		31 December 2012	
	Interest rate (%)	**Amount**	Interest rate (%)	Amount
Fixed rates interest-bearing financial instruments				
Financial assets				
Long-term receivables	**2.58%-17.53%**	**2,738,621**	2.58%-17.53%	2,540,574
Current portion of non-Current assets due within 1 year	**2.58%-17.53%**	**1,616,256**	2.58%-17.53%	1,636,332
Financial liabilities				
Short-term borrowings	**0.97%-6.60%**	**1,593,618**	0.94%-7.02%	3,929,032
Debenture payable	**4.43%-5.23%**	**6,455,527**	4.43%-5.23%	6,462,235
Long-term borrowings	**4.20%-4.92%**	**1,746,761**	3.00%-8.63%	11,548
Total		**(5,441,029)**		(6,225,909)

	30 June 2013		31 December 2012	
	Interest rate (%)	**Amount**	Interest rate (%)	Amount
Floating rates interest-bearing financial instruments				
Financial assets				
Monetary assets	**0.35%-3.75%**	**3,705,414**	0.35%-3.75%	5,221,539
Financial liabilities				
Current portion of long-term borrowings due within 1 year	**Note V. 34**	**2,537,124**	Note V. 34	1,257,100
Long-term borrowings	**Note V. 35**	**3,249,920**	Note V. 35	7,630,237
Short-term borrowings	**3-month LIBOR+90BP-PBOC's Benchmark rate +10%**	**5,947,048**	3-month LIBOR+1.8%-PBOC's Benchmark rate +10%	1,509,375
Long-term payables	**Note V. 37**	**162,885**	Note V. 37	23,056
Current portion of long-term payables due within 1 year	**Note V. 34**	**1,517**	Note V. 34	4,731
Total		**(8,193,080)**		(5,202,960)

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(3) Interest rate risk (Continued)

(b) Sensitivity analysis

As at 30 June 2013, it is estimated that a general increase/decrease of 25 basis points (31 December 2012: 75 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by RMB15,362,000 and equity by RMB15,362,000 (31 December 2012: RMB9,756,000 and RMB9,756,000).

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 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.

(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.

	30 June 2013				31 December 2012			
	US$	**EUR**	**HKD**	**JPY**	US$	EUR	HKD	JPY
Cash at bank and on hand	**957,039**	**357,352**	**304,523**	**31,289**	2,001,728	545,391	66,888	38,757
Receivables	**7,505,659**	**607,367**	**72,622**	**59,584**	4,789,721	801,682	57,396	38,046
Short-term borrowings	**(6,697,558)**	**(405,702)**	**(71,690)**	**–**	(4,266,258)	(303,646)	(117,583)	–
Long-term receivables	**1,549,933**	**8,303**	**–**	**–**	1,108,073	8,728	–	–
Long-term borrowings	**(2,786,177)**	**–**	**(430,157)**	**–**	(3,681,507)	–	(438,647)	–
Long-term payables	**(33,584)**	**–**	**–**	**–**	(23,056)	–	–	–
Payables	**(2,880,082)**	**(668,864)**	**(36,582)**	**(3,217)**	(2,452,936)	(693,884)	(88,396)	(4,677)
Provisions	**(531,563)**	**(12,992)**	**–**	**–**	(416,856)	(13,708)	(275)	–
Current portion of non-current liabilities	**(607,124)**	**–**	**–**	**–**	(1,257,100)	–	–	–
Gross balance sheet exposure	**(3,523,457)**	**(114,536)**	**(161,284)**	**87,656**	(4,198,191)	344,563	(520,617)	72,126

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(4) Foreign exchange risk (Continued)

(b) The following are the exchange rates for RMB against foreign currencies applied by the Group and the Company:

	Average exchange rate		Benchmark exchange rate	
	From 1 January to 30 June 2013	From 1 January to 30 June 2012	**30 June 2013**	31 December 2012
US$	**6.2267**	6.3052	**6.1787**	6.2854
EUR	**8.1433**	8.1633	**8.0536**	8.3195
HKD	**0.8021**	0.8126	**0.7966**	0.8108
JPY	**0.0643**	0.0788	**0.0626**	0.0730

(c) *Sensitivity analysis*

Assuming all other risk variables remained constant, 1.00%, 2.54%, 0.85% and 10.00% strengthening of the RMB against the US$, EUR, HK dollar and Japanese Yen respectively at 30 June 2013 (1.00%, 2.54%, 0.85% and 10.00% strengthening of the RMB against the US$, EUR, HK dollar, and Japanese Yen respectively at 31 December 2012) 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.

	Equity	Net profit
30 June 2013		
US$	**26,426**	**26,426**
EUR	**2,182**	**2,182**
HKD	**1,028**	**1,028**
JPY	**(6,574)**	**(6,574)**
Total	**23,062**	**23,062**
31 December 2012		
US$	31,486	31,486
EUR	(6,564)	(6,564)
HKD	3,319	3,319
JPY	(5,409)	(5,409)
Total	22,832	22,832

1.00%, 2.54%, 0.85% and 10.00% weakening of the RMB against US$, EUR, HK dollar and Japanese Yen respectively at 30 June (1.00%, 2.54%, 0.85% and 10.00% weakening of the RMB against the US$, EUR, HK dollar, and Japanese Yen respectively at 31 December 2012) would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(4) Foreign exchange risk (Continued)

(c) Sensitivity analysis (Continued)

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 Notes 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 2013 the Group held 41,978,000 tradable shares of China Merchants Securities, 11,526,000 tradable shares of China Merchants Bank and 1,000,000 tradable shares of Minsheng Bank.

As at 30 June 2013, it is estimated that a general increase/decrease of composite index of Shanghai A-share 5% (31 December 2012: 5%), with all other variables held constant, would increase/decrease the Group's shareholders' equity by RMB21,707,000 (31 December 2012: RMB37,472,000).

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. 5% 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.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(6) Fair value

(a) Financial instruments measured at fair value

The following table presents the carrying value of financial instruments measured at fair value as at 30 June 2013 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 included within level 1 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 (i.e., unobservable inputs).

As at 30 June 2013

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
Investments in equity instrument held for trading	V.2	128,150	–	–	128,150
Derivative financial assets	V.2	–	25,553	–	25,553
Hedging instrument	V.2	–	7,287	–	7,287
Sub-total		128,150	32,840	–	160,990
Available-for-sale financial assets	V.10	575,913	–	–	575,913
Total		704,063	32,840	–	736,903

Amounts: RMB'000

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities held for trading					–
Derivative financial liabilities	V.24	–	(43,874)	–	(43,874)
Total		–	(43,874)	–	(43,874)

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(6) Fair value (Continued)

(a) Financial instruments measured at fair value (Continued)

As at 31 December 2012

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading		–	–	–	–
Investments in equity instrument held for trading	V.2	389,557	–	–	389,557
Derivative financial assets	V.2	–	12,684	–	12,684
Hedging instrument	V.2	–	2,851	–	2,851
Sub-total		389,557	15,535	–	405,092
Available-for-sale financial assets	V.10	609,751	–	–	609,751
Total		999,308	15,535	–	1,014,843

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities held for trading		–	–	–	–
Derivative financial liabilities	V.24	–	(95,098)	–	(95,098)
Total		–	(95,098)	–	(95,098)

During the period ended 30 June 2013, there were no significant transfers between instruments in Level 1 and Level 2.

During the period ended 30 June 2013, there were no changes in valuation technique of fair value.

(b) Fair value of other financial instruments (financial instruments not measured at fair value)

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2013.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(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) Borrowings, debentures 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.

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

(7) Estimation and assumption of fair values (Continued)

(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:

	30 June 2013	31 December 2012
Borrowings	**1.95%-6.10%**	1.75%-5.99%
Receivables	**5.50%-6.65%**	5.60%-6.55%

4. Assets and liabilities measured at fair value

Item	Beginning balance	Gains or losses arising from changes in fair value in current period	Cumulative amount of changes in fair value recognised directly in equity	Impairment losses in current period	Ending balance
Financial assets					
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)	389,557	(54,573)	–	–	128,150
2. Derivative financial instrument	12,684	15,131	–	–	25,553
3. Hedging Instrument	2,851	–	10,320	–	7,287
4. Available-for-sale financial assets	609,751	–	509,946	–	575,913
Subtotal	1,014,843	(39,442)	520,266	–	736,903
Financial liabilities	(95,098)	49,183	–	–	(43,874)

(All amounts in RMB'000 unless otherwise stated)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

5. Financial assets and liabilities in foreign currencies

Item	Beginning balance	Gains or losses arising from changes in fair value in current period	Cumulative amount of changes in fair value recognised directly in equity	Impairment losses in current period	Ending balance
Financial assets					
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)	211,702	(38,774)	–	–	119,167
2. Derivative financial instrument	12,684	15,131	–	–	25,553
3. Hedging Instrument	2,851	–	10,320	–	7,287
4. Loans and receivables	7,926,223	–	–	2,771	11,769,034
5. Available-for-sale financial assets	8,396	–	4,003	–	5,635
Sub-total of financial assets	8,161,856	(23,643)	14,323	2,771	11,926,676
Financial liabilities	(14,813,884)	49,183	–	–	(15,487,869)

Notes: (1) Derivative financial instrument in foreign currency includes foreign currency future contract.

(2) Borrowings and receivables in foreign currency includes accounts receivable, other receivables, advance to suppliers and long-term receivables denominated in foreign currencies.

(3) Financial liabilities include foreign currency borrowings, accounts payable, other payables, advances from customers, long-term payables, interest rate swap contracts and stock option contracts.

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS

1. Cash at bank and on hand

	30 June 2013			31 December 2012		
	Amount in original currency '000	**Exchange rate**	**Amount in RMB '000**	Amount in original currency '000	Exchange rate	Amount in RMB '000
Bank deposits:						
RMB	**82,453**	**1.0000**	**82,453**	424,020	1.0000	424,020
US$	**2,037**	**6.1787**	**12,583**	1,242	6.2854	7,810
HKD	**10**	**0.7966**	**8**	10	0.8108	8
JPY	**12,504**	**0.0626**	**783**	12,504	0.0730	913
EUR	**35**	**8.0536**	**284**	35	8.3195	293
Sub-total			**96,111**			433,044
Other cash balances:						
RMB	**158,416**	**1.0000**	**158,416**	11,972	1.0000	11,972
US$	**381**	**6.1787**	**2,355**	377	6.2854	2,371
Sub-total			**160,771**			14,343
Total			**256,882**			447,387

As at 30 June 2013, restricted cash at bank and on hand of the Company amounted to RMB2,458,000 (31 December 2012: RMB2,474,000).

2. Financial assets held for trading

(1) Classification of financial assets held for trading

	30 June 2013	31 December 2012
Investments in equity instrument held for trading – Listed companies	**8,570**	177,450
	8,570	177,450
Including: market value of the listed investments	**8,570**	177,450

The equity instruments held for trading are securities listed on the Shenzhen Stock Exchange and the Shanghai Stock Exchange, of which the fair value is determined at the closing price on the last trading day of year of the above stock exchanges.

(2) As at the Reporting Period, there is no restriction on sale of the financial assets held for trading.

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Dividends receivable

	30 June 2013	31 December 2012
CIMC Hong Kong	**3,059,001**	3,108,609
SCIMC	**592,706**	592,706
TJCIMC	**119,525**	–
TJCIMCLE	**27,669**	–
DLL	**26,860**	–
SZSCIMCL	**2,968**	–
HI	**–**	216,836
SHYSLE	**–**	110,628
Finance Company	**–**	37,932
Total	**3,828,729**	4,066,711

4. Other receivables

(1) Other receivables are analysed by categories as follows:

	30 June 2013	31 December 2012
Amounts due from associates	**10,952,582**	10,862,091
Deposits	**184**	184
Others	**135,520**	2,601
Subtotal	**11,088,286**	10,864,876
Less: provision for bad debts	**(4,773)**	(4,773)
Total	**11,083,513**	10,860,103

(2) The ageing of other receivables is analysed as follows:

Ageing	**30 June 2013**	31 December 2012
Within 1 year (Inclusive)	**10,997,335**	10,693,925
1 to 2 years (Inclusive)	**20,000**	20,000
2 to 3 years (Inclusive)	**2,000**	2,000
Over 3 years	**68,951**	148,951
Subtotal	**11,088,286**	10,864,876
Less: provision for bad debts	**(4,773)**	(4,773)
Total	**11,083,513**	10,860,103

The ageing is counted starting from the date the other receivable is recognized.

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (Continued)

(3) Other receivables are analysed by categories as follows:

		30 June 2013				31 December 2012			
	Note	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
		Amount	% of total balance	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance
Other receivables with amounts that are individually significant	(4)	10,942,173	98.68%	–	–	10,698,979	98.47%	–	–
Other receivables with amounts that are not individually significant	(5)	146,113	1.32%	4,773	3.27%	165,897	1.53%	4,773	2.88%
Total		11,088,286	100.00%	4,773	0.04%	10,864,876	100.00%	4,773	0.04%

There were no collaterals that the Company held for other receivables that were made impairment aforesaid.

Individually significant items represent other receivables with an individual amount of RMB10,000,000 (inclusive) or more or the book value of which account for 5% (inclusive) or more of the total other receivables.

(4) As at the end of Reporting Period, other receivables with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis

As at the end of Reporting Period, the Company has no other receivables with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis (31 December 2012: Nil).

(5) As at the end of Reporting Period, other receivables with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis

As at the end of Reporting Period, the Company has no other receivables with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis (31 December 2012: Nil).

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (Continued)

(6) Other receivables that the related provision for bad debts is provided on grouping basis using the ageing analysis method are analysed as follows:

	30 June 2013				31 December 2012			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance
Within 1 year	141,340	1.27%	–	–	161,124	1.48%	–	–
1 to 2 years	–	–	–	–	–	–	–	–
2 to 3 years	2,000	0.02%	2,000	100%	2,000	0.02%	2,000	100%
3 to 4 years	2,773	0.03%	2,773	100%	2,773	0.03%	2,773	100%
4 to 5 years	–	–	–	–	–	–	–	–
Over 5 years	–	–	–	–	–	–	–	–
Total	146,113	1.32%	4,773	3.27%	165,897	1.53%	4,773	2.88%

(7) The recovery of provision in current reporting period

There were no other receivables that the related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in current reporting period (31 December 2012: Nil).

(8) Other receivables that are written off in current reporting period

There were no material other receivables that are written off in current reporting period (31 December 2012: Nil).

(9) The five largest other receivables are analysed as follows:

	Relationship with the Company	Amount	Aging	% of total balance
Total amounts due from subsidiaries	Subsidiary	10,952,582	Within 1 year	98.78%
Shanghai Fengyang	Associates	100,603	Within 1 year and over 3 years	0.91%
Yantai Hi-tech Industrial Park Finance Bureau	Nil	20,000	1 to 2 years	0.17%
The Dongguan Municipal Land Trading Center	Nil	9,000	Within 1 year	0.08%
Xietong Ltd.	Nil	2,000	2 to 3 years	0.02%
Total		11,084,185		99.96%

The Company's five largest other receivables as at 31 December 2012 amounted to RMB10,859,695,000, accounting for 99.94% of the total other receivables.

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (Continued)

(10) Other receivables from shareholders holding 5% (inclusive) or more of the voting rights of the Company are analysed as follows:

As at the end of current reporting period, no amount due from shareholders holding 5% (inclusive) or more of the voting rights of the Company is included in the above balance of other receivables.

(11) Other receivables from related parties

	Relationship with the Company	Amount	% of total balance
Associates	Associates	100,603	0.91%
Subsidiaries	Subsidiaries	10,952,582	98.78%
Total		11,053,185	99.68%

(12) Other receivables derecognized due to transfer of financial assets

As at the end of current reporting period, there were no other receivables derecognized due to transfer of financial assets of the Company (31 December 2012: Nil).

(13) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

As at the end of current reporting period, there were no securitised other receivables (31 December 2012: Nil).

5. Available-for-sale financial assets

	30 June 2013	31 December 2012
Available-for-sale equity instruments	**570,278**	6 01,356

For detailed analysis for the Company's available-for-sale financial assets, refer to Note V.10.

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Long-term equity investments

(1) Long-term equity investments are analysed by categories as follows:

	30 June 2013	31 December 2012
Subsidiaries		
– Unlisted companies	**6,012,389**	5,896,195
Joint ventures, unlisted	**5,913**	6,521
Associates, unlisted	**456,222**	540,000
Other long-term equity investments, unlisted	**391,970**	391,970
Sub-total	**6,866,494**	6,834,686
Less: Provision for impairment	**(3,065)**	(3,065)
Total	**6,863,429**	6,831,621

There is no restriction on sale of the long-term equity investments held by the Company.

(2) An analysis of long-term equity investments movement of the period is as follows:

Investee	Investment cost	Balance at 31 December 2012	Current period movement	Balance at 30 June 2013	Share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the current period	Cash dividend declared
Cost 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%	–	–	–	–
SHFE	114,249	114,249	–	114,249	100.00%	100.00%	–	–	–	–
SHYSLE	78,955	78,955	–	78,955	100.00%	100.00%	–	–	–	–
TJCIMC	77,703	77,703	–	77,703	100.00%	100.00%	–	–	–	–
TJCIMCN	239,960	239,960	–	239,960	100.00%	100.00%	–	–	–	119,525
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%	–	–	–	–
TCCIMC	131,654	131,654	–	131,654	100.00%	100.00%	–	–	–	–
ZZCIMC	100,597	100,597	–	100,597	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%	–	–	–	–
QDCRC	54,225	54,225	–	54,225	100.00%	100.00%	–	–	–	–
TCRC	311,792	311,792	–	311,792	100.00%	100.00%	–	–	–	–

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Long-term equity investments (Continued)

(2) An analysis of long-term equity investments movement of the period is as follows: (Continued)

Investee	Investment cost	Balance at 31 December 2012	Current period movement	Balance at 30 June 2013	Share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the current period	Cash dividend declared
XHCIMCS	82,026	82,026	–	82,026	100.00%	100.00%	–	–	–	–
QDCSR	12,743	12,743	–	12,743	100.00%	100.00%	–	–	–	–
TLC	126,689	81,548	45,141	126,689	100.00%	100.00%	–	–	–	–
SZW	3,472	3,472	–	3,472	100.00%	100.00%	–	–	–	–
CIMCWD	108,544	108,544	–	108,544	100.00%	100.00%	–	–	–	–
Container holding	1,000,000	1,000,000	–	1,000,000	100.00%	100.00%	–	–	–	–
HI	606,912	606,912	–	606,912	80.00%	80.00%	–	–	–	–
QDSV	26,914	26,914	–	26,914	80.00%	100.00%	–	–	–	–
CIMC Vehicle Finance and leasing C	422,363	422,363	–	422,363	100.00%	100.00%	–	–	–	–
CIMC USA Inc.	171,740	171,740	–	171,740	100.00%	100.00%	–	–	–	–
Cooperatie CIMC U.A	205,022	205,022	–	205,022	99.00%	99.00%	–	–	–	–
DLZH	182,136	111,083	71,053	182,136	100.00%	100.00%	–	–	–	–
TJCIMCLE	39,127	39,127	–	39,127	100.00%	100.00%	–	–	–	27,669
DLL	46,284	46,284	–	46,284	100.00%	100.00%	–	–	–	26,860
SZ SCIMCL	71,715	71,715	–	71,715	100.00%	100.00%	–	–	–	2,968
Tianjin Kangde Logistics Equipment	3,629	3,629	–	3,629	100.00%	100.00%	–	–	–	–
DLCIMCS	69,806	69,806	–	69,806	100.00%	100.00%	–	–	–	–
CIMCSD	162,686	162,686	–	162,686	100.00%	100.00%	–	–	–	–
MEA	111,703	111,703	–	111,703	100.00%	100.00%	–	–	–	–
SHGYTY	40,000	40,000	–	40,000	100.00%	100.00%	–	–	–	–
CIMC Hong Kong	1,690	1,690	–	1,690	100.00%	100.00%	–	–	–	–
CIMC Tech	13,726	13,726	–	13,726	100.00%	100.00%	–	–	–	–
CIMC Management and Training (Shenzhen)	48,102	48,102	–	48,102	100.00%	100.00%	–	–	–	–
Finance Company	482,592	482,592	–	482,592	100.00%	100.00%	–	–	–	–
SZ investment	72,400	72,400	–	72,400	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%	–	–	–	–
Sub-total	6,012,389	5,896,195	116,194	6,012,389				–	–	177,022

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Long-term equity investments (Continued)

(2) An analysis of long-term equity investments movement of the period is as follows: (Continued)

Investee	Investment cost	Balance at 31 December 2012	Current period movement	Balance at 30 June 2013	Share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the current period	Cash dividend declared
Equity method – Joint Ventures										
SCSCRC	9,000	6,521	(608)	5,913	50%	50%		–	–	–
Sub-total	9,000	6,521	(608)	5,913				–	–	–
Equity method – Associates										
C&C Trucks	540,000	540,000	(83,778)	456,222	45%	45%		–	–	–
Sub-total	540,000	540,000	(83,778)	456,222				–	–	–
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%		–	–	–
Sub-total	391,970	391,970	–	391,970				(3,065)	–	–
Total	6,953,359	6,834,686	31,808	6,866,494				(3,065)	–	177,022

Information for the Company's subsidiaries please refer to Note IV.

(3) Provision for impairment of long-term equity investments

	31 December 2012	Increase during the period	Decrease during the period	30 June 2013
Other long-term equity investments	3,065	–	–	**3,065**

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

7. Short-term borrowings

	30 June 2013	31 December 2012
Unsecured		
RMB	–	465,703
US$	339,828	–
Total	339,828	465,703

8. Financial liabilities held for trading

	30 June 2013	31 December 2012
Current portion		
Derivative financial liabilities		
– Swap contact for interest rate	1,142	8,987
Sub-total	1,142	8,987
Non-current portion		
– Swap contact for interest rate	34,161	81,944
Subtotal	34,161	81,944
Total	35,303	90,931

9. Employee benefits payable

	Beginning balance	Increase during the period	Decrease during the period	Ending balance
Wages and salaries, bonuses, allowances and subsidies	250,000	107,448	(47,448)	310,000
Senior management bonus	407,812	–	(2,997)	404,815
Staff welfare and others	74	9,974	(9,759)	289
Total	657,886	117,422	(60,204)	715,104

10. Taxes payable

	30 June 2013	31 December 2012
Enterprise income tax payable	1,867	33,144
Withholding individual income tax	1,916	2,466
Business tax payable	4,061	6,752
Others	495	1,131
Total	8,339	43,493

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

11. Interest payable

	30 June 2013	31 December 2012
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	6,806	10,500
Interest of short-term borrowings	–	521
Interest of corporate debentures	31,188	176,670
Total	37,994	187,691

12. Dividends payable

	30 June 2013	31 December 2012
Public shareholders	612,351	–
Total	612,351	–

13. Other payables

(1) The analysis of the Company's other payables is as follows:

	30 June 2013	31 December 2012
Amounts due to subsidiaries	4,341,921	3,470,041
Quality guarantees	687	687
Advance received	30,000	30,000
Professional and training fees	37,877	56,866
Accruals	–	7,265
Others	8,477	10,088
Total	4,418,962	3,574,947

Other payables denominated in original currencies are as follows:

	30 June 2013			31 December 2012		
Type of currency	Amount in original currency '000	Exchange rate	Amount in RMB '000	Amount in original currency '000	Exchange rate	Amount in RMB '000
RMB	4,414,262	1.0000	4,414,262	3,570,165	1.0000	3,570,165
US$	753	6.1787	4,651	753	6.2854	4,732
HKD	61	0.7966	49	61	0.8108	50
Total			4,418,962			3,574,947

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

13. Other payables (Continued)

(2) As at 30 June 2013, no amount due to shareholders who hold 5% (inclusive) or more of the voting rights of the Company is included in the balance of other payables.

Other payables to related parties:

Company name	Relationship with the company	30 June 2013	31 December 2012
Subsidiaries	Subsidiaries	4,341,921	3,470,041

(3) Significant other payables aged over one year

Significant other payables aged over one year represented quality guarantee, vehicle mortgage guarantee and various deposits.

14. Current portion of non-current liabilities

(1) The analysis of the Company's current portion of non-current liabilities by categories is as follows:

	30 June 2013	31 December 2012
Current portion of long-term borrowings – Unsecured	2,535,513	1,257,100

(2) Current portion of long-term borrowings denominated in original currencies are as follows:

	30 June 2013				31 December 2012			
	Interest rate	Amount in original currency '000	Exchange rate	Amount in RMB '000	Interest rate	Amount in original currency '000	Exchange rate	Amount in RMB '000
Bank borrowings								
– RMB	4.2%~5.95%	1,930,000	1.0000	1,930,000		–	1.0000	–
– US$	Three months libor+315BP ~six months LIBOR+90BP	98,000	6.1787	605,513	LIBOR+90BP& LIBOR US$+1.85%	200,000	6.2855	1,257,100
Total				2,535,513				1,257,100

There were no overdue long-term borrowings of which the durations are extended (As at 31 December 2012: Nil).

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Current portion of non-current liabilities (Continued)

(2) Current portion of long-term borrowings denominated in foreign currencies are as follows (Continued):

(a) As at 30 June 2013, the analysis of the Company's current portion of non-current liabilities is as follows:

					30 June 2013		31 December 2012	
Lender	Starting date	Ending date	Currency	Interest rate (%)	Amount in foreign currency '000	Amount in RMB '000	Amount in foreign currency '000	Amount in RMB '000
1. Hongkong and Shanghai Banking Corporation	18-Jun-2012	18-Jun-2014	US$	Three months libor+315BP	58,000	358,365	–	–
2. China Development Bank	12-Dec-2007	12-Dec-2013	US$	Six months libor+90BP	40,000	247,148	40,000	251,420
3. Export Import Bank of China	20-Jan-2011	7-Jan-2014	RMB	4.200%	500,000	500,000	–	–
4. Export Import Bank of China	1-Feb-2011	1-Feb-2014	RMB	4.200%	500,000	500,000	–	–
5. Export Import Bank of China	15-Jun-2011	15-Jun-2014	RMB	4.200%	400,000	400,000	–	–
Total						2,005,513		251,420

(b) As at 30 June 2013, there were no overdue long-term borrowings of which the durations are extended (As at 31 December 2012: Nil).

15. Long-term borrowings

(1) The analysis of the Company's long-term loans is as follows:

	30 June 2013	31 December 2012
Bank borrowings		
– Unsecured	1,737,000	3,875,845

As at 30 June 2013, the Company has no long-term borrowings not wholly repayable within five years.

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15. Long-term borrowings (Continued)

(2) Long-term borrowings denominated in original currencies are as follows:

	30 June 2013				31 December 2012			
	Interest rate	**Amount in original currency '000**	**Exchange rate**	**Amount in RMB '000**	Interest rate	Amount in original currency '000	Exchange rate	Amount in RMB '000
Bank borrowings								
– RMB	**4.20%~4.92%**	**1,737,000**	**1.0000**	**1,737,000**	4.20%~5.95%	3,505,000	1.0000	3,505,000
– US$		**–**	**6.1787**	**–**	Three months LIBOR+315BP	59,000	6.2855	370,845
Total				**1,737,000**				3,875,845

(3) As at 30 June 2013, the five largest long-term borrowings:

					30 June 2013		31 December 2012	
Lender	**Starting date**	**Ending date**	**Currency**	**Interest rate (%)**	**Amount in foreign currency '000**	**Amount in RMB '000**	Amount in foreign currency '000	Amount in RMB '000
Export Import Bank of China	25-Jul-2011	18-Jul-2014	RMB	4.920%	**300,000**	**300,000**	300,000	300,000
Export Import Bank of China	10-Aug-2011	10-Aug-2014	RMB	4.920%	**300,000**	**300,000**	300,000	300,000
Export Import Bank of China	28-Nov-2011	28-Nov-2014	RMB	4.920%	**200,000**	**200,000**	–	–
Export Import Bank of China	28-Jun-2012	28-Jun-2015	RMB	4.920%	**192,000**	**192,000**	–	–
Export Import Bank of China	24-May-2012	24-May-2015	RMB	4.920%	**141,000**	**141,000**	–	–
Total						**1,133,000**		600,000

As at 30 June 2013, there were no overdue long-term borrowings of which the durations are extended (As at 31 December 2012: Nil).

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

16. Debentures payable

	Beginning balance	Increase during the period	Decrease during the period	Ending balance
Medium-term notes	5,990,833	1,292	–	5,992,125

(a) Related information is as follows:

Debenture name	Par value	Issuance date	Maturity	Issuance amount	Balance of interest payable at the beginning of the year	Interest accrued during the period	Interest paid during the period	Balance of interest payable at the end of the period	Balance at the end of the period
Medium Term Notes –11 CIMC MTN1	4,000,000	May/23/2011	5 years	4,000,000	(9,167)	1,292	–	(7,875)	3,992,125
Medium Term Notes –-12 CIMC MTN1	2,000,000	May/24/2012	3 years	2,000,000	–	–	–	–	2,000,000
Total				6,000,000	(9,167)	1,292	–	(7,875)	5,992,125

For detailed analysis for the Company's debentures payable, refer to Note V.36.

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

17. Deferred tax assets/deferred tax liabilities

(1) The offsetting balances of deferred tax assets and liabilities offset and corresponding deductible or taxable temporary differences

	30 June 2013		31 December 2012	
	Deductible or (Taxable) temporary differences	**Deferred tax assets/ (liabilities)**	Deductible or (Taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Employee benefits payable	**715,104**	**178,776**	657,886	164,472
Movement for fair value of financial assets held for trading/derivative financial instruments	**37,173**	**9,293**	90,931	22,733
Subtotal	**752,277**	**188,069**	748,817	187,205
Offsetting amount	**(505,943)**	**(121,968)**	(550,957)	(133,222)
Offset balance	**246,334**	**66,101**	197,860	53,983
Deferred tax liabilities:				
Evaluation of financial assets held for trading/derivative financial instruments	**–**	**–**	(13,936)	(3,485)
Movement for fair value of available-for-sale financial assets charged to equity	**(505,943)**	**(121,968)**	(537,021)	(129,737)
Sub-total	**(505,943)**	**(121,968)**	(550,957)	(133,222)
Offsetting amount	**505,943**	**121,968**	550,957	133,222
Offsetted balance	**–**	**–**	–	–

During the current Reporting Period, the Company had no unrecognised deferred tax assets.

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

18. Capital surplus

	Beginning balance	Increase during the period	Decrease during the period	Ending balance
Share premiums	212,656	–	–	**212,656**
Other capital surplus:				
– Property revaluation reserve	43,754	–	–	**43,754**
– Exchange reserve on foreign currency capital	687	–	–	**687**
– Donated non-cash assets reserve	87	–	–	**87**
– Change in fair value of available-for-sale financial assets	537,021	–	(31,078)	**505,943**
– Deferred tax effect	(129,737)	7,769	–	**(121,968)**
– Equity settled share-based payment	238,283	40,753	–	**279,036**
Others	(568,492)	–	–	**(568,492)**
Total	334,259	48,522	(31,078)	**351,703**

19. Revenue and cost of sales

(1)

	From January to June 2013	From January to June 2012
Revenue from other operations	**119,187**	233
Cost of sales from other operations	**–**	17

(2) Revenue and cost of sales from other operations

	From January to June 2013		From January to June 2012	
	Revenue from other operations	**Cost of sales from other operations**	Revenue from other operations	Cost of sales from other operations
Commission	**118,999**	**–**	–	–
Others	**188**	**–**	233	17
Total	**119,187**	**–**	233	17

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

20. Profit/(losses) from changes in fair value

	From January to June 2013	From January to June 2012
Financial assets held for trading		
– Changes in fair value during the period		
1. Including: Gains/losses from changes in fair value of trading equity instrument	**(29,894)**	(14,442)
2. Including: Gains/losses from changes in fair value of derivative financial instrument	**–**	841
– Profit/(losses) for derecognized financial assets held for trading	**14,087**	5,451
Subtotal	**(15,807)**	(8,150)
Financial liabilities held for trading		
– Changes in fair value during the period	**55,628**	11,608
1. Including: Profit/(losses) from changes in fair value of derivative financial instrument	**55,628**	11,608
Total	**39,821**	3,458

21. Investment income

(1) Investment income by categories

	From January to June 2013	From January to June 2012
Income from long-term equity investment under cost method	**177,022**	365,188
(Loss)/income from long-term equity investment under equity method	**(84,386)**	–
Income earned during the holding period of available-for-sale financial assets	**7,261**	4,841
(Loss)/income from disposal of financial assets held for trading	**(14,087)**	(5,451)
Total	**85,810**	364,578

At 30 June 2013, investment losses from listed investments and investment income from non-listed investments amount to RMB6,826,000 and RMB92,636,000 respectively (same period in 2012: investment loss RMB610,000 and investment income RMB365,188,000 respectively).

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

21. Investment income (Continued)

(2) In investment income from long-term equity investment under cost method, investees that contributed investment income for 5% or more of the Company's total profit, or less than 5% but were the top five investees that contributed most to the Company's investment income are set out as follows:

Investee	From January to June 2013	From January to June 2012	Reason for current year fluctuation
TJCIMCN	**119,525**	–	Dividend distributed during the period
TJCIMCLE	**27,669**	–	Dividend distributed during the period
DLL	**26,860**	–	Dividend distributed during the period
SZSCIMCL	**2,968**	–	Dividend distributed during the period
Total	**177,022**	–	

There was no significant restriction on the remittance of investment income to the investor.

(3) In investment income from long-term equity investment under equity method, investment income from investee is set out as follows:

Investee	From January to June 2013	From January to June 2012	Reason for current year fluctuation
SCSCRC	**(608)**	–	Loss occurred during the period is more than the same period of last year
C&C Trucks	**(83,778)**	–	Loss occurred during the period is more than the same period of last year
Total	**(84,386)**	–	

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

22. Non-operating income

(1) Non-operating income by categories:

	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Gains on disposal of fixed assets	**4**	1,319
Government grants	**100**	629
Others	**561**	134
Total	**665**	2,082

(2) Details of government grants

	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Financial subsidies	**100**	629

23. Income tax expenses

	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Current income tax calculated based on tax law and related regulations	**–**	–
Deferred income tax	**(4,349)**	(21,606)
Total	**(4,349)**	(21,606)

Reconciliation between income tax expenses and accounting profits is as follows:

	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Total profit	**(66,980)**	(26,323)
Income tax expenses calculated at applicable rates	**(16,745)**	(6,581)
Expenses not deductible for tax purposes	**20,269**	–
Income not subject to tax	**(46,071)**	91,257
Tax effect of tax loss for which no deferred tax asset was recognised	**38,198**	(106,282)
Income tax expenses	**(4,349)**	(21,606)

24. Other comprehensive income

	From 1 January to 30 June 2013	From 1 January to 30 June 2012
1. Gain/(loss) from available-for-sale financial assets	**(31,078)**	49,079
Less: income tax relating to available-for-sale financial assets	**(7,769)**	12,270
Total	**(23,309)**	36,809

(All amounts in RMB'000 unless otherwise stated)

XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

25. Notes to the cash flow statement

(1) Supplementary information to the consolidated cash flow statement:

(a) Reconciliation from net profit to cash flows from operating activities:

	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Net profit	**(62,631)**	(4,717)
Add: Depreciation of fixed assets	**9,543**	4,761
Amortisation of intangible assets	**141**	135
Amortisation of long-term prepaid expenses	**1,081**	615
(Gains)/losses on disposal of fixed assets, intangible assets	**63**	(1,319)
(Gains)/losses on change in fair value	**(39,821)**	(3,458)
Financial expense	**278,717**	234,141
Investment income	**(85,810)**	(364,578)
Share-based payment expenses	**40,753**	53,518
Change in deferred tax assets and deferred tax liabilities	**(12,118)**	(21,606)
Increase in operating receivables	**(3,944,349)**	(3,411,085)
Increase in operating payables	**4,485,023**	2,537,447
Net cash flows from operating activities	**670,592**	(976,146)

(b) Net increase in cash and cash equivalents:

	From 1 January to 30 June 2013	From 1 January to 30 June 2012
Cash and cash equivalents at the end of the period	**254,424**	1,023,845
Less: cash and cash equivalents at the beginning of the year	**444,913**	427,874
Net increase/(decrease) in cash and cash equivalents	**(190,489)**	595,971

(2) Cash and cash equivalents

	From 1 January to 30 June 2013	From 1 January to 30 June 2012
I. Cash		
Including: Cash at bank that can be readily drawn on demand	**96,111**	1,011,582
Other monetary fund that can be readily drawn on demand	**158,313**	12,263
II. Cash and cash equivalents at the end of the period	**254,424**	1,023,845

(All amounts in RMB'000 unless otherwise stated)

XIII. NET CURRENT ASSETS

	The Group	
	30 June 2013	31 December 2012
Current assets	**42,978,287**	38,346,189
Less: current liabilities	**33,156,612**	25,540,032
Net current assets	**9,821,675**	12,806,157

	The Company	
	30 June 2013	31 December 2012
Current assets	**15,177,694**	15,551,651
Less: current liabilities	**8,669,233**	6,195,807
Net current assets	**6,508,461**	9,355,844

XIV. TOTAL ASSETS LESS CURRENT LIABILITIES

	The Group	
	30 June 2013	31 December 2012
Total assets	**68,770,320**	62,992,380
Less: current liabilities	**33,156,612**	25,540,032
Total assets less current liabilities	**35,613,708**	37,452,348

	The Company	
	30 June 2013	31 December 2012
Total assets	**22,834,813**	23,204,261
Less: current liabilities	**8,669,233**	6,195,807
Total assets less current liabilities	**14,165,580**	17,008,454

1. STATEMENT OF NON-RECURRING PROFIT OR LOSS FOR THE FIRST SIX MONTHS OF 2013

Unit: RMB thousand

Item	Amount
Gains from disposal of non-current assets	**(2,783)**
Government grants recognised in profit or loss for the current period (except those closely related to the operation of the enterprise, for a fixed quota or for a fixed amount in accordance with national unified standards)	**36,011**
Except for the effective hedging activities related to the Company's ordinary activities, profit or loss arising from changes in fair value of financial assets and financial liabilities held for trading, and investment income from disposal of financial assets and financial liabilities held for trading and available-for-sale financial assets	**32,496**
Gains from debt restructuring	**(20)**
Other non-operating income/expenses other than the above items	**5,255**
Payment received from non-financial enterprises for using funds and recognised in profit or loss for the current period	**3,121**
Effect of income tax	**(25,556)**
Effect of minority interests (after tax)	**(9,764)**
Total	**38,760**

Note: Aforesaid non-recurring profit or loss was presented at amount before taxation.

Basis for preparation of statement of non-recurring profit or loss

Under the requirements in Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-recurring Profit or Loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No. 9 – Earnings Per Share and Return on Net Assets (Revised 2010) and relevant requirements of accounting standard, the calculation of earnings per share and return on net assets of the Company is listed as follows:

Unit: RMB

Net profit during the Reporting Period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	2.78%	0.2073	0.2070
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	2.59%	0.1928	0.1925

3. EXPLANATIONS OF IRREGULAR FLUCTUATIONS AND RELATED REASONS ON MAJOR ITEMS OF THE FINANCIAL STATEMENTS

Unit: RMB thousand

Assets	Notes	**30 June 2013**	31 December 2012	Changes in amount and percentage	
				Amount	%
Cash at bank and on hand	(1)	**3,705,414**	5,221,539	(1,516,125)	(29)%
Financial assets held for trading-current portion	(2)	**160,570**	405,092	(244,522)	(60)%
Notes receivable	(3)	**1,246,167**	778,109	468,058	60%
Accounts receivable	(4)	**12,725,556**	8,238,033	4,487,523	54%
Advance to suppliers	(5)	**2,520,119**	1,213,042	1,307,077	108%
Investment properties	(6)	**284,977**	183,668	101,309	55%
Long-term prepaid expenses	(7)	**95,175**	47,947	47,228	99%

(1) Cash at bank and on hand: mainly due to the centralised management of fund by the Group.

(2) Financial assets held for trading-current portion: due to changes in the investment costs and fair values of equity instruments held for trading in the period.

(3) Notes receivable: mainly due to the increase in sales settled by bills in the period.

(4) Accounts receivable: mainly due to the fact that the period was a peak season for production and sales.

(5) Advance to suppliers: mainly due to the increase in procurement of raw materials in the period.

(6) Investment properties: mainly due to the acquisition of Zhenhua Group in the period.

(7) Long-term prepaid expenses: mainly due to the increase in insurance premium for finance lease items in the period.

3. EXPLANATIONS OF IRREGULAR FLUCTUATIONS AND RELATED REASONS ON MAJOR ITEMS OF THE FINANCIAL STATEMENTS (CONTINUED)

Unit: RMB thousand

Liabilities	Notes	30 June 2013	31 December 2012	Changes in amount and percentage	
				Amount	%
Short-term borrowings	(1)	**7,540,666**	5,438,407	2,102,259	39%
Taxes payable	(2)	**340,631**	747,530	(406,899)	(54)%
Interest payable	(3)	**68,989**	203,288	(134,299)	(66)%
Dividends payable	(4)	**782,117**	38,747	743,370	1,919%
Non-current liabilities due within one year	(5)	**2,538,641**	1,261,940	1,276,701	101%
Other current liabilities	(6)	**2,448,805**	–	2,448,805	–
Financial liabilities held for trading – non-current portion	(7)	**34,234**	82,242	(48,008)	(58)%
Long-term borrowings	(8)	**4,996,681**	7,641,785	(2,645,104)	(35)%

(1) Short-term borrowings: mainly due to financing arrangements arising from an increase in the scale of production and sales in the period.

(2) Taxes payable: mainly due to the filing and settlement of enterprise income tax in the period.

(3) Interest payable: mainly due to the settlement of interest of debentures payable in the period.

(4) Dividends payable: mainly due to the dividends for ordinary shares declared but unpaid in the period.

(5) Non-current liabilities due within one year: mainly due to the long-term borrowings due within one year that were transferred in.

(6) Other current liabilities: mainly due to the issuance of commercial papers by the Group in the period.

(7) Financial liabilities held for trading – non-current portion: mainly due to changes in the fair values of derivative financial instruments in the period.

(8) Long-term borrowings: mainly due to the long-term borrowings that were due in the period and transferred to the current portion of non-current liabilities.

Unit: RMB thousand

Profit and loss	Notes	30 June 2013	30 June 2012	Changes in amount and percentage	
				Amount	%
Financial expenses	(1)	**454,826**	236,439	218,387	92%
Asset impairment losses	(2)	**34,838**	(24,986)	59,824	239%
Profit/(losses) from changes in fair value	(3)	**9,741**	(14,934)	24,675	165%
Investment gains/(losses)	(4)	**(45,117)**	(3,522)	(41,595)	(1,181)%
Profit/(loss) attributable to minority interest	(5)	**163,257**	73,968	89,289	121%

(1) Financial expenses: mainly due to the increase in exchange loss resulting from the changes of foreign exchange rates in the period.

(2) Asset impairment losses: mainly due to the reversal of the provision for impairment of inventories in the same period last year.

(3) Profit/(losses) from changes in fair value: mainly due to changes in fair values of equity instruments held for trading and derivative financial instruments in the period.

(4) Investment gains/(losses): mainly due to the decrease in investment income under the equity method of the Group in the period.

(5) Profit/(loss) attributable to minority interest: due to the increase in profitability of subsidiaries with minority interests in the period.

X. DOCUMENTS AVAILABLE FOR INSPECTION

1. The original copies of the interim report of the Company for 2013 signed by the Company's legal representative.

2. The original copies of the unaudited Financial Report of the Company for the six months ended 30 June 2013 prepared under CASBE duly signed and under the seal of the Company's legal representative, the person-in-charge of accounting affairs, and accounting person-in-charge (General Manager of Financial Management Department).

3. The original copies of all the documents and announcements of the Company published in the newspapers stipulated by the CSRC during the Reporting Period.

4. The copies of the English and Chinese versions of the 2013 interim report of the Company published on the website of the Hong Kong Stock Exchange.

Li Jianhong
Chairman of the Board
China International Marine Containers (Group) Co., Ltd.

6 September 2013

创·造·新价值

Driving new value Moving the world

China International Marine Containers (Group) Co., Ltd.
CIMC R&D Center, No.2 Gangwan Avenue, Shekou,
Nanshan District, Shenzhen, Guangdong, P.R.C

Tel: 86-755-26691130
Fax: 86-755-26692707

www.cimc.com