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

2011

Semi-Annual Report

24 August 2011

Chairman of the Board: Li Jianhong

Important Statement

The Board of Directors, the Board of Supervisors, directors, supervisors and senior executives of China International Marine Containers (Group) Co., Ltd. (hereinafter referred to as "the Company") hereby undertake that the information and data contained in this report are free from false records, misleading statements or significant omissions, and shall assume individual and joint liabilities for the factuality, accuracy and integrity of the contents in this report.

Eight directors should be present at the Board meeting and actually all of them did.

Mr. Li Jianhong, the Chairman of the Board, Mr. Mai Boliang, the President of the Company and Mr. Jin Jianlong, the General Manager of Financial Management Dept., hereby undertake that the financial report enclosed in this semi-annual report is true and complete.

The semi-annual financial report 2011 of the Company has been reviewed by KPMG.

English Translation for Reference Only. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

Contents

Ⅰ. Company Profile

(I) Company Profile

1. Company name: 中国国际海运集装箱（集团）股份有限公司（缩写为 “中集集团”）
   In English: CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD (abbreviated “CIMC”)
2. Registered address: CIMC R&D Center, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen
   Office address: CIMC R&D Center, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen
   Zip code: 518067
   Internet website: http://www.cimc.com
3. Legal representative: Li Jianhong
4. Secretary to the Board: Yu Yuqun
   Contact Address: CIMC R&D Center, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen
   Tel: (86) 755-2669 1130
   Fax: (86) 755-2682 6579
   E-mail:shareholder@cimc.com
   Representative for securities affairs: Wang Xinjiu
   Tel: (86) 755-2680 2706
   Fax: (86) 755-2681 3950
5. Newspapers designated by the Company for information disclosure: “China Securities Journal”, “Securities Times”, “Shanghai Securities News” and “Ta Kung Pao”
   Website designated by CSRC for information disclosure: http://www.cninfo.com.cn
   Places where the semi-annual report is made available: Board secretary’s office and Financial Management Dept
6. Stock exchange on which the Company are listed: Shenzhen Stock Exchange
   Stock short form and code:
   CIMC (中集集团)　000039
   CIMC B (中集 B)　200039

(II) Key accounting data and financial highlights

Unit: RMB’000

	30 Jun. 2011	31 Dec. 2010	Increase/decrease (%)
Total assets	66,163,921	54,130,649	22.23%
Owners’ equity attributable to shareholders of listed company	18,143,875	16,223,057	11.84%
Share capital (share)	2,662,396,051	2,662,396,051	-
Net asset per share attributable to shareholders of listed company (Yuan/share)	6.81	6.09	11.84%
	Jan.-Jun. 2011	Jan.-Jun. 2010	Year-on-year increase/decrease (%)
Operating revenue	36,478,098	21,237,889	71.76%
Operating profit	3,729,782	1,129,318	230.27%
Total profit	3,817,519	1,318,665	189.50%
Net profit attributable to shareholders of listed company	2,807,629	912,556	207.67%
Net profit attributable to shareholders of listed company after deducting non-recurring gains and losses	2,798,284	736,305	280.04%
Basic EPS (Yuan/share)	1.0545	0.3428	207.61%
Diluted EPS (Yuan/share)	1.0545	0.3428	207.61%
ROE	15.47%	6.35%	9.12%

Net cash flow arising from operating activities	-4,161,444	-2,777,738	49.81%
Net cash flow per share arising from operating activities (Yuan/share)	-1.5630	-1.0433	49.81%

Unit: RMB'000

Items of non-recurring gains and losses	Amount
Gains and losses from non-current asset disposal	6,022
Governmental subsidy	83,625
Capital occupation fee from non-financial corporate that written into current gains and losses	2,184
Gains and losses from changes in fair value of transaction financial assets and transaction financial liabilities and investment income from disposal of transaction financial assets, transaction financial liabilities and financial assets available for sale besides valid hedging business relating to normal operating business	-112,067
Other non-operating income and expenditure	11,153
Impact on income tax	2,285
Impact on equity of minority shareholders	16,143
Total	9,345

Return on equity and earnings per share for the first half of 2011 based on the different profit indexes:

Profit for the report period	ROE（%）		EPS（RMB Yuan）	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Net profit attributable to common shareholders of the Company	15.47%	16.19%	1.0545	1.0545
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	15.42%	16.14%	1.0510	1.0510

Net profit and net assets calculated in the light of the two different accounting standards and accounting systems (PRC GAAP and IFRS) and relevant difference：

Unit: RMB'000

	Net profit Jan.-Jun. 2011	Net assets As at 30 Jun. 2011
Amount under PRC GAAP	2,807,629	18,143,875
Adjustment as per IFRS:	2,745	-3,507
Other		
Amount under IFRS	2,810,374	18,140,368

Ⅱ. About Changes in Share Capital and Shares Held by Major Shareholders

(I) Change in shares of the Company

Unit: share

	Prior to change		Increase/decrease (+/-)				Subsequent to change	
	Number	Proportion (%)	Issuance of New share	Bonus share	Other	Subtotal	Number	Proportion (%)
I. Shares subject to trading moratorium	620,177	0.02	0	0	0	0	620,177	0.02
1. Shares held by the State	0	0	0	0	0	0	0	0
2. shares held by state-owned corporation	0	0	0	0	0	0	0	0
3. Shares held by other domestic investors	0	0	0	0	0	0	0	0
Including: Shares held by domestic non-state-owned corporations	0	0	0	0	0	0	0	0
Shares held by domestic natural person	0	0	0	0	0	0	0	0
4. Shares held by foreign investors	0	0	0	0	0	0	0	0
Including: Shares held by foreign corporations	0	0	0	0	0	0	0	0
Shares held by foreign natural person	0	0	0	0	0	0	0	0
5. Shares held by senior management	620,177	0.02	0	0	0	0	620,177	0.02
II. Shares not subject to trading moratorium	2,661,775,874	99.98	0	0	0	0	2,661,775,874	99.98
1. RMB ordinary shares (A-share)	1,231,297,165	46.25	0	0	0	0	1,231,297,165	46.25
2. Domestically listed foreign shares (B-share)	1,430,478,709	53.73	0	0	0	0	1,430,478,709	53.73
3. Overseas listed foreign shares	0	0	0	0	0	0	0	0
4. Others	0	0	0	0	0	0	0	0
III. Total number of shares	2,662,396,051	100.00	0	0	0	0	2,662,396,051	100.00

(II) About shareholders

1. Total number of shareholders by the end of reporting period

As at 30 June 2011, the Company has 178,113 shares in total, including 146,136 ones of A-share and 31,977 ones of B-share.

2. About shares held by shareholders as at the end of reporting period

(1) Shares held by the top ten shareholders

	Name of shareholder	Nature	Total number of shares held	Shareholding ratio (%)	Number of shares subject to trading moratorium	Number of pledged or frozen shares
1	CHINA MERCHANTS (CIMC) INVESTMENT LIMITED	Foreign corporation	25.00%	665,599,037	0	0
2	COSCO CONTAINER INDUSTRIES LIMITED	Domestic non state-owned corporation	16.23%	432,171,843	0	0

3	COSCO Container Industries Limited	Foreign corporation	5.57%	148,320,037	0	0
4	CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign corporation	3.23%	85,998,058	0	0
5	LONG HONOUR INVESTMENTS LIMITED	Foreign corporation	0.95%	25,322,106	0	0
6	New China Life Insurance Co., Ltd–Dividend Distribution–Individual Dividend-018L-FH002 Shen	Domestic non state-owned corporation	0.86%	22,970,428	0	0
7	GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.78%	20,835,255	0	0
8	Shanghai Pudong Development Bank–Gf Small-Cap Growth Equity Securities Investment Fund	Domestic non state-owned corporation	0.50%	13,349,827	0	0
9	TEMPLETON EMERGING MARKETS INVESTMENT TRUST	Foreign corporation	0.48%	12,801,432	0	0
10	INDUSTRIAL & COMMERCIAL BANK OF CHINA—E FUND VALUE GROWTH MIXED SECURITIES INVESTMENT FUND	Domestic non state-owned corporation	0.48%	12,699,999	0	0

Note: 1. COSCO Container Industries Limited and Long Honour Investments Limited are related parties and parties acting in concert. COSCO Container Industries Limited is a wholly-owned subsidiary of COSCO Pacific Limited, which is a controlled subsidiary under COSCO. Long Honour Investments Limited is a wholly-owned subsidiary of COSCO (H.K.) Group (COSCO HK), which is a controlled subsidiary under COSCO. The two companies—COSCO Container Industries Limited and Long Honour Investments Limited—and other shareholders are not parties acting in concert as prescribed in the Administrative Measures for Information Disclosure of Shareholding Changes of Listed Company Shareholders.

2. It is unknown whether there exists related-party relationship among other shareholders or whether they are acting-in-concert parties as prescribed in the Administrative Measures for Information Disclosure of Shareholding Changes of Listed Company Shareholders.

(2) Shares held by the top ten shareholders not subject to trading moratorium

Shares held by the top 10 shareholders of A-share

Serial No.	Name of shareholder	Number of shares not subject to trading moratorium held by the shareholder
1	COSCO CONTAINER INDUSTRIES LIMITED	432,171,843
2	New China Life Insurance Co., Ltd–Dividend Distribution–Individual Dividend-018L-FH002 Shen	22,970,428
3	Shanghai Pudong Development Bank–GF SMALL-CAP GROWTH EQUITY SECURITIES INVESTMENT FUND	13,349,827
4	INDUSTRIAL & COMMERCIAL BANK OF CHINA—E FUND VALUE GROWTH MIXED SECURITIES INVESTMENT FUND	12,699,999
5	ICBC–CREDIT SUISSE SELECTED BALANCED MIXED SECURITIES INVESTMENT FUND	12,580,635
6	New China Life Insurance Co., Ltd–Dividend Distribution–Individual Dividend-018L-FH002 Shen	12,140,039
7	Bank of China–E Fund Shenzhen Stock Exchange 100 Exchange Traded Fund	11,633,357
8	CHINA MINSHENG BANKING CORP., LTD–HUASHANG LEADING ENTERPRISES MIXED OPEN-ENDED SECURITIES INVESTMENT FUND	9,355,700
9	ICBC–Rongtong SSE 100 Index Fund	9,247,735
10	National Social Security Fund 102 Portfolio	8,000,000

Shares held by the top 10 shareholders of B-share

Serial No.	Name of shareholder	Number of shares not subject to trading moratorium held by the shareholder
1	CHINA MERCHANTS (CIMC) INVESTMENT LIMITED	665,599,037
2	COSCO Container Industries Limited	148,320,037
3	CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	85,998,058
4	LONG HONOUR INVESTMENTS LIMITED	25,322,106
5	GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	20,835,255
6	TEMPLETON EMERGING MARKETS INVESTMENT TRUST	12,801,432
7	BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	10,546,598
8	BBH A/C FIDELITY CHINA REGION FUND	8,547,087
9	DREYFUS PREMIER INVESTMENT FDS INC.-DREYFUS GREATER CHINA FD	7,840,378
10	GOVERNMENT OF SINGAPORE INV. CORP.- A/C C" "	7,667,831

3. Particulars about change in controlling shareholder and actual controller

There exists no controlling shareholder and actual controller in the Company, which are remained unchanged in the reporting period.

Ⅲ. Directors, Supervisors and Senior Management Staffs

(I) Change in shares held by directors, supervisors and senior management staffs during the reporting period

Name	Office title	Number of shares held	Reason for change
Mai Boliang	President	494,702	No change
Li Ruiting	Vice-president	329,802	No change
Liu Xuebin	Vice-president	2,400	No change

(II) Change in directors, supervisors and senior management staffs

On 13 Jul. 2011, the Board of the Company received written resignation from director Mr. Xu Minjie. Mr. Xu Minjie resigned from post of director of the 6th Board of Directors of the Company due to work change.

On 22 Jul. 2011, the 6th Board of Directors of the Company convened the 8th Session of the 6th Board of Directors for Y2011 by method of telecommunication. The meeting reviewed and approved Proposal on Nominating and Re-electing Candidates for Directors for the 6th Board of Directors, of which Mr. Sun Jiakang and Mr. Wang Xingru were nominated to be candidates for the 6th Board of Directors. On 11 Aug. 2011, the Company convened the 1st Special Shareholders' General Meeting for Y2011 and decided to elect Mr. Sun Jiakang and Mr. Wang Xingru as directors of the 6th Board of Directors.

On 16 Aug. 2011, the 6th Board of Directors of the Company convened the 10th Session of the 6th Board of Directors by method of telecommunication. The meeting reviewed and approved Proposal on Electing Vice President and Re-electing Members of Strategic Committee and Audit Committee. The Company decided to elect Mr. Sun Jiakang as vice president of the 6th Board of Directors.

IV. Report of the Board of Directors

(I) Discussion and analysis

1. Analysis to operating results and financial data

Unit: RMB'000

Items	Reporting period	Same period of last year	Increase/decrease ratio (%)
Operating revenues	36,478,098	21,237,889	71.76%
Operating profit	3,729,782	1,129,318	230.27%
Net profit attributable to shareholders of the Company	2,807,629	912,556	207.67%
Net cash flows from operating activities	-4,161,444	-2,777,738	-49.81%
Net increase in cash and cash equivalents	1,306,970	-373,580	449.85%

For the first half of 2011, the Company achieved operating revenues of RMB 36,478,098,000, up 71.76% from a year earlier; and net profit attributable to shareholders of the Company RMB 2,807,629,000, up 207.67% as compared with the same period of last year. This was mainly because: the Company received sufficient orders for containers, especially dry cargo containers in the first half of the year, with sharp increase in both the sales volume and the selling prices, maintaining a relatively high profitability; the energy & chemical business, as well as the liquefied food equipment business, also showed significant growth while the vehicle business remained stable.

As compared with the same period of last year, the Company's dry cargo container production rose steadily in the first half of 2011, with a distinct rally of accounts receivable and expense on raw material purchase. Operating fund occupation went up distinctly, so net cash flows from operating activities for the first half of the year decreased sharply. Meanwhile, due to an expanding operating scale and a rising capital expenditure, the debt ratio of the Company increased over that at the end of 2010. As at 30 Jun. 2011, the Company's total debt ratio was 68.03%, with the debt/equity ratio at 2.13.

Unit: RMB'000

	Closing amount/amount for the reporting period	Opening amount/amount for the same period of last year	Increase/decrease ratio	Reason for increase/decrease
Long-term receivables	3,646,949	1,336,257	172.92%	Scale expansion of the financial lease business
Dividend payable	190,367	16,046	1,086.38%	Dividends payable to shareholders of the Company
Bonds payable	3,987,276	-	100%	A new issue of medium term notes of RMB 4 billion in the reporting period
Foreign exchange difference	-335,706	-2,055,682	83.67%	Influence of the shift into the recording currency
Operating revenues	36,478,098	21,237,889	71.76%	Scale expansion of the container business

Operating costs	29,499,900	18,246,729	61.67%	Scale expansion of the container business
Selling expense	968,591	558,349	73.47%	Expansion of the overall business scale
Administrative expense	1,715,951	1,032,191	66.24%	Expansion of the overall business scale
Financial expense	399,962	252,090	58.66%	Scale expansion of all business lines resulted in increased capital occupation, as well as a rise in the cost of funds
Asset impairment loss	73,709	29,344	151.19%	Provisions for intangible asset impairment in the reporting period
Gain/(loss) on fair value changes	-88,256	86,341	-202.22%	Fair value changes of transactional financial assets and derivative financial tools
Investment income	71,207	-57,021	224.88%	Loss on equity disposal was included.
Income tax	1,024,118	233,516	338.56%	Considerable rise of pre-tax profits
Cash received from selling goods and services	30,785,201	17,168,426	79.31%	Expansion of the overall business scale
Tax and fare refunds received	2,088,686	296,416	604.65%	Expansion of the overall business scale
Cash paid for goods and services	31,152,788	16,810,031	85.32%	Expansion of the overall business scale
Cash paid to and for employees	2,195,235	1,055,284	108.02%	Expansion of the overall business scale and the number of employees
Taxes and fares paid	1,309,083	838,147	56.19%	Expansion of the overall business scale and profit growth
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,083,498	512,040	111.60%	Increase of the capital expenditure for the reporting period
Net cash paid to acquire subsidiaries	49,936	419,155	-88.09%	Business combination in the same period of last year
Cash received from borrowings	20,968,220	8,700,457	141.00%	Sharp increase of capital occupation in the reporting period
Cash paid to clear debts	12,913,949	4,760,420	171.28%	More debts were mature and repaid.
Cash paid for dividend/profit distribution or interest reimbursement	1,252,464	450,101	178.26%	Considerable increase of distributed profit and interest expense in the reporting period

2. Discussion and analysis of material events

(1) Global economic recovery and its influence

In the first half of 2011, the global economic recovery was imbalanced with wilder fluctuations. In the first six months, the second quarter in particular, the shipping volume grew slower than expected. For the Jan.-Jun. period, the container throughput in all main ports of China increased only 10% as compared with the same period of last year. Despite the facts above, the demand for containers in the shipping sector maintained a steady growth due to a high new shipping capacity in the first half of the year, clients' needs for preparing containers in advance and other elements. According to customs statistics, the total number of containers for export of China showed a considerable year-on-year growth in the first half of the year.

The Company is still optimistic about the overall container demand in the future. It is expected that despite seasonal fluctuations, the demand will keep rising in the coming two to three years. Currently, the global economic development is uncertain considering the American economic slowdown, a looming debt crisis in Europe and high inflation in emerging economies. Consequently, authoritative institutions have all reduced their growth expectations for the global container trading volume for this year. The Britain-based Clarkson has predicted that the global container trading volume may increase to 0.153 billion TEU this year, representing a growth rate of 9.0%. The demand for common dry cargo containers this year will be lower than expected. Boosted respectively by development of the global chilled cargo trade and growth of large equipment export by China, reefer containers and special containers will maintain great momentum in the second half of the year.

In the coming one to two years, the global economy will continue to recover. Along with the economic globalization and the global re-division of industries, international trade will become much more frequent. Emerging economies, with China as a representative, will continue to take a leading position in the global economic recovery. Urbanization and industrialization will create continuously-growing demands for the shipping industry and container transportation. With an over-capacity, shipping companies are expected to stick to the low speed policy for this year and the next year.

With growing supply and demand imbalance for global energy and resources, stimulated by the Middle East chaos, the earthquake in Japan and other factors, international prices for crude oil soared to a high level around US$ 120 per barrel, which boosted the recovery of the global offshore engineering equipment market. After the deepwater horizon oil platform accident in the Mexican Gulf, all oil and gas companies, as well as the oil field service companies, started to increase their input for updating their old drilling platform.

As a whole, the global offshore engineering equipment market in the first half of the year basically continued to grow since the fourth quarter of last year. In spite of double pressures from many variations in the global economic recovery and a relatively weak shipping market, the utilization rate of offshore drilling platforms still continues to grow at present, sometimes as high as 75%. Survey results of authoritative institutions also showed that investments for global offshore oil and gas exploitation and production in 2011 would grow 10.8% from last year, topping the record high of US$ 472.1 billion in 2008. Many international oil and gas mega companies have a distinctly high capital expenditure. New orders for drilling platforms are mainly for drilling ships and jack-up platforms.

As domestic enterprises starts to set foot in the offshore engineering sector, China’s advantages over resources and manufacture have begun to show up. In the coming future, domestic offshore engineering companies will produce more equipment to replace imported ones step by step. An excellent opportunity for development is put in front of Chinese offshore engineering equipment makers.

(2) Changes of domestic macro-economic policies, demands and investments, as well as influence thereof

In the first half of the year, the domestic economy recovered steadily under macro-control and showed signs of stability. The government continued to carry out a tight credit policy, with a slower growth in domestic fixed asset investments. In the six months, China’s special vehicle industry was obviously not as flourish as before. In the coming six months, a great number of low-income housing projects will be accelerated, which ensures a certain market demand for self-dumping trucks, agitating trucks and other engineering vehicles.

(3) Changes of government policies and regulations for the industry, as well as the influence thereof

The Outline for China’s Twelfth Five-Year Plan for Economic and Social Development has specified the development orientation and goals for the energy industry, high-end equipment manufacture and offshore engineering equipments.

According to the Outline, China will stick to the energy saving policy, focus on domestic enterprises, promote diversified development, protect the environment, enhance international mutual beneficial cooperation, optimize the energy structure and build a safe, stable, economical and clean modern energy system. The Outline has also put forward emission reduction requirements. In the country’s twelfth five-year plan, offshore engineering equipment manufacture is mentioned as an important part in the high-end equipment manufacture industry, one of the emerging industries. The Development Plan for Offshore Engineering Equipment Manufacture during the Twelfth Five-year Plan is expected to be finished and launched within this year. China will try to make breakthroughs in domestic manufacture of deep sea engineering equipments. Relevant government departments will unveil specific support policies afterwards. The national development goal for the petrochemical equipment industry for this five-year period has been specified, i.e. to promote the big petrochemical equipment industry to a big and at the same time strong one by promoting high-end equipments, domestic manufacture of large-scale packaged equipments, equipments for energy saving and environmental protection, the ability of independent innovation, etc..

60% of oil in China is imported. During the twelfth five-year period, it becomes a necessary energy strategy for China to focus on domestic oil and gas resources, ensure domestic oil supply and strengthen exploitation of offshore oil and gas so as to cope with the decreasing onshore resources. In the long run, China has offshore oil and gas of 24 billion tons and 16 trillion square meters respectively, representing an enormous room for exploitation. During the twelfth five-year period, China’s investments in offshore oil and gas field exploitation will increase sharply to RMB 250 billion to 300 billion expectedly. As such, implementation of the said plans and policies will boost development of the industry and market demands, which will benefit the medium and long-term development of the Company's offshore engineering business and energy & chemical equipment business.

In June 2011, the State Council required the formulation of effective supporting policies and measures for promoting healthy development of the logistics industry, which included: reducing tax burdens on logistics enterprises, strengthening support in terms of the land policy, reducing tolls, solving difficulties in intermediate distribution in cities and other four measures. The Act for Road Safety Protection issued by the State Council has come into effect on 1 Jul. 2011, which serves as the new regulation for the country to prevent overload and limit outlines and sizes of special vehicles. The launch and execution of these polices and measures will further improve the operating environment for China's logistics-related special vehicle companies and boost market demands, which will be helpful for the long-term development of the Group's vehicle business.

(Ⅱ) Business performance of the Company

1. Major business activities and conditions

(1) Operating income classified according to industries and regions

Unit: RMB'000

Based on business types	Operating income	Operating cost	Gross margin (%)
Container	21,926,873	16,954,563	22.68%
Road transport vehicle	9,692,095	8,306,828	14.29%
Energy chemical equipment	3,731,891	3,090,480	17.19%
Offshore engineering	230,120	588,376	-155.68%
Airport equipment	141,072	94,667	32.89%
Others	1,350,464	991,382	26.59%
Combined offset	-594,417	-526,396	-
Total	36,478,098	29,499,900	19.13%
Based on business regions	**Operating income**	**Prop. in the total operating income (%)**	**YoY Increase/decrease (+/ -%)**
America	10,134,478	27.78%	-6.17%
Europe	10,677,870	29.27%	103.84%
Asia	14,871,751	40.77%	266.30%
Other regions	793,999	2.18%	-30.25%
Total	36,478,098	100%	71.76%

(2) The Group's operation conditions of main business during the reporting period shall be as follows:

The Company and its subsidiaries (hereinafter referred to as the "Group") is principally engaged in the modernized transport equipment, energy, chemical, liquid food equipment, manufacturing of offshore engineering equipment, as well as service business including the design, manufacturing and services of international standard dry cargo container, reefer container, regional special container, tank container, container flooring, road tank trucks, gas equipment and static tanks, road transport vehicles, jack-up drilling platforms, semi-submersible drilling platforms, special ships and airport equipment. Additionally, the Group is also specialized in manufacturing of logistics equipment and railway cars, real estate development and other services. Currently, the volume of production and sales of Group's standard dry cargo container, reefer container and tank container rank the first place around the world; the Group is also the largest manufacturer of road transport vehicles in China, as well as one of China's major offshore engineering equipment enterprises.

The products accounted for more than 10% of the Group's total operating income or profit are container products, road transport vehicles, energy, chemical, liquid food equipment. See above table for the main product sales revenue and gross profit in the first half of 2011.

—— Container Service

Benefited from the strong demand for containers in the first half of 2011, the accumulative sales of general dry cargo container reached up to 977,200 TEU, which increased by 129.76% compared with the same period of last year. The accumulative sales of reefer containers totaled 88,500 TEU, which increased by 168.49% over the same period of last year. The cumulative sales of special containers (not including tank container, pallet boxes) reached to 42,600 units, up by 74.28% compared with the same period of last year. The operating income of container service in the first half year was RMB 21,926,873,000, which increased by 176.00% over the same period of last year. The net income was RMB 2,916,482,000, which jumped 473.48% compared with the same period of last year.

In addition to container manufacturing, the Group is also engaged in container services including storage, maintenance, refurbishment, as well as the new services such as old-for-new service and old container modification. The treatment capacity of containers by terminal handling service was 1,241,000 TEU in the first half year, which grew 23.9 % over the previous year; the container repair volume was 77,000 TEU, which was 18.6% lower than the last year.

In the first half of 2011, CIMC received adequate orders for dry cargo containers, with the price of dry cargo container being on stable rise, and the highest price had reached USD 3000 /TEU, creating the highest record in recent years. The competition situation of the containers industry remained stable in the first half of 2011, with the effective capacity resuming to the highest level, utility ratio of capacity at peak time over 95% and the gross profit of dry cargo container also maintaining the high level of recent years.

By following the concepts of low-carbon, environmental and ecological protection, the Group continued to promote the application of new technology in terms of container service, where the “safe, green, intelligence and lightweight” represented the future direction of the products. For example, the application and development of HTS, environmental wood flooring, water-based paint, environmental reefer container and RFID technology.

The Group also actively explored the modular construction, modification and recycling of second-hand containers and other new business models, so as to realize slowing down the consumption on resources, promote energy saving and carbon emission reduction, realize recycling economy and meet the low-carbon and environmental development trend in construction industry. In Jan. 2011, the Group implemented low-carbon modular office project; In Jun. 2011, the Group won the construction project of anti-seismic housing project for low-income families in Xinjiang, which will introduce the environmental idea of container modular house. Besides, in Jul. 2011, the Group’s project as “Recycling to use the existing container to be modified as a modular environmental architecture” was listed in the investment plan of National Development and Reform Commission, gaining the national subsidy for the first time, which will benefit the Company to develop the modular environmental architecture business within large scale and at deep level.

The Group will continue to dedicate itself to the upgrade of container production mode. The automatic container production line planned several years ago had been basically finished in Shenzhen at the first half of this year after six-month construction; the production line with expected annual capacity of 250,000 TEU is the first automatic production line, which will significantly enhance the production efficiency and lower the reliance on labor, meeting a higher environmental standard and lying on the leading level of the industry. Comparing with the traditional production line, its advantage will be more prominent.

Look into second half of the year, the second and third quarter was the traditional peak period before, however, it appears dull business in such traditional peak period. As the external demand in the second quarter became weak, the increase of cargo volume in the global shipping market was slower than expected, the customer's stock of the purchased new containers stood at large amount while the speed of picking up the container slowed down significantly, and the customers need some time to digest such stock. The demand for containers has turned into dull season since June of this year, the price and profit of container will decrease accordingly.

The Company believes that market demand for containers will maintain the general tendency of stable rise in the future one to two years. And the trading volume of global contains increased with the growth of economy. Now although the global economy recovers slowly, the trading volume of containers keeps on the rise. Generally, the increasing speed of the global trading volume of containers is two to three times of that for GDP on average. With the deepen in global procedure and growing of emerging economies, the subdivision of container shipping and economy will make the trade volume between different areas keep rising, and the demand for containers will increase accordingly. Due to the lack and high price of containers, the replacement and obsoleteness of old containers in the past two years has been postponed. According to conservative estimate, the amount of the normally replaced and obsolete containers will stand at more than 1 million TEU. Considering that the freight capacity will substantially increase in the two years of 2011 and 2012, and in consideration of absorbing surplus freight capacity, saving fuel cost, reducing carbon emissions, etc, the shipping company will continue to adopt low-speed strategy, which will also benefit in increasing the turnover of containers to some extent.

——Road Transport Vehicle Manufacturing and Service Business

In the first half of 2011, the Group's transport vehicle manufacturing and service business suffered from domestic deflation policy, slower investment and weakened demand from the downstream, thus the growth of sales volume and operating income was lower than expected. Basing on the high base of the professional vehicle industry last year, its increasing speed in China significantly slowed down in the first half of 2011. The demands on the engineering vehicles such as dump truck, concrete mixing and transporting car and bulk cement truck had entered the traditional peak period and rose slowly; however, due to the large acquisition amount in last year and the unchanged situation of domestic deflation policy and the low freight charge, the market demand of the logistic vehicles such as the dry bulk cargo and container skeleton semi trailer, etc. experienced a substantial decline. After many years of recession, the two mainstream markets in Europe and America appeared distinct recovery indication in the first half of 2011, the order of the Group's vehicle business overseas factory was large, which significantly stimulated the export demand for the Group's logistic vehicles.

The cumulative sales of road transportation vehicles was 88, 800 units (sets) in the first half, which created a new historical record by 11% higher than the last year; with the sales revenue of RMB 9,692,095,000, which offered a comparative growth of 6.11%; the net profit was RMB 344,504,000 , decreasing by 12.57% over the same period last year. And the gross margin increased slightly when compared with the last year. The vehicles, the overall market share of the Group still kept the top position in the first half of this year, where the market share of container transport semi-trailer, bulk cement truck and other major product categories kept its leading position in domestic market.

In the first half of 2011, CIMC Vehicle Group was dedicated to proper allocation of resources and improving the assets operating efficiency and enterprise profitability. With respect to allocation of external resources, it acquired Liangshan Wanshida Trailer Co., Ltd. to further expand capacity in the nesting zone of Chinese logistic trailer industry, and researched on the further acquisition and layout; with respect to the optimization of marketing system, it continued to increase investment on domestic market to pave the direct-sale store marketing network, gave full play to advantage of scale and collaborative effect to expand its competiveness in marketing channel of vehicle business; it started to plan the investment on vehicle industrial park, so as to form industrial chain concentration effect and further expand its brand influence. With regard to the technology, it adhered to promoting product standardization, and finished the construction of the first generation standardized trailer, initially introduced the standardized trailer production line, which significantly improved the production efficiency and set an example for the industry; for the supply chain management, it continued to vigorously promote the centralized purchase, expand the collaborative advantage, while strengthen the research on steel and parts industry.

In the second half of 2011, the domestic deflation economic policy will continue, while the strength is expected to slow down and active fiscal policy will continue, maintaining a certain investment scale in the respect of water conservancy project, indemnificatory apartments, area infrastructure investment and urbanization; the promulgation of Rules for Securing the Road Safety will benefit the industrial development in the long run, however, the customers will wait and observe in the short time, thus causing the decrease of market demand. Therefore, it’s expected that Chinese special purpose vehicle market is difficult to appear reverse increase in the next half year, with the overall market demand keeping stable. Affected by the European debt and American debt, the recovery of the European and American mainstream market is likely to slow down substantially, thus the increase of the demand from overseas market will be lower than expected. There are upgrading and updating market demands caused by policy opportunity, for example, China increase and require implementing China IV Compulsory Emission Standards and overall implementing the Rules for Securing the Road Safety to limit overload and improve safety, etc. The above policies will have profound influence on Chinese heavy truck and special purpose vehicle industry. But just because of the significant influence, the execution power and schedule of the policies will face test.

For the operating strategy in the next half of 2011, the Group will base on the expansion and upgrade of China logistic equipment market, comprehensively focus on the overall operating efficiency of vehicle business, vigorously clear up non-active assets, strengthen the market expansion, supply chain management and collaborative of various production bases for the key products, so as to further optimize business and products interaction between China and America as well as between China and Europe. The group will substantially promote the European project and accelerate the market promotion of standardized trailer; The Group will implement the parts industry plan and create the industrial platform; The Group will continue to build up direct-sale store network; The Group will also advance the vehicle industrial park project.

The investment and production as well as other business of the heavy truck project for the Group gained smooth progress. Since announcing the launch of the products at the end of last year, the Group overcame the adverse influence on the operating environment, and experienced the debugging and run-in of production line and supply chain procedure in the early period, receiving the order of joint truck totaled over 1000 units for the first half year.

The Group’s investment and production of heavy truck includes the whole truck and engine project. As respect to the whole truck project, the C & C Trucks Co., Ltd. is jointly invested by CIMC Vehicle Group Co., Ltd., Wuhu Tederic Investment Co., Ltd. and Shenzhen Just Investment Co., Ltd. with the total registered capital of RMB 1.2 billion, of which CIMC Vehicle Group Co., Ltd. and Wuhu Tederic Investment Co., Ltd. occupies 45% equity of C & C Trucks Co., Ltd. respectively. C & C Trucks Co., Ltd. cut in from the domestic middle and high end market of heavy truck, and adopted the product development strategy of “leading the domestic technology while following the overseas advanced technology”, and realized the strategic requirement of “holding appropriately advanced technology advantages and obtaining more markets shares in domestic high-end heavy truck market". The heavy truck products are positioned in the middle and high-end international market and high-end domestic market. For the road vehicles (such as tractor), the target market is the intercity transportation and logistics market and port container transportation; for the engineering vehicles (i.e. dump truck, mixer truck, etc.), the target market is set for the urban construction and infrastructure. And the leading products include tractor, dump truck, van, special purpose vehicle and mixer truck, etc., which creates the UE heavy truck platform for C & C Trucks Co., Ltd.. Up to the No. 226 pubic notice from Ministry of Industry and Information Technology of the People's Republic of China, C & C Trucks Co., Ltd. had declared 80 public notices for over 100 types of vehicle, totally sufficient for future market demand..

As respect to the engine project, Y&C Engine was promoted by C & C Trucks Co., Ltd., Yuchai Union Power Co., Ltd. and Shenzhen Just Investment Co., Ltd., and founded in Wuhu, Anhui in Aug. 2009 with the registered capital of RMB 500 million, of which C & C Trucks Co., Ltd. and Yuchai Union Power Co., Ltd. occupying 45% equity respectively. The project was divided into three construction phases by one-off plan. The investment for Phase I is RMB 800 million, and the annual output capacity of the engine is 60,000 units, including the engine cylinder block, cylinder head and installation/commissioning production line. The engine adopts the 6K series supporting engine, which is jointly developed by Yuchai and Austrian's engine design company. The 6K series supporting engine is independently developed by taking the new engine model as example, which includes the latest science and technology achievement with more than 30 patents. It initially adopts reliability growth technology in the engine industry, breaking through the weakness of reliability for made-in-China; it also innovatively introduces the precise burning and electronic control technology to realize less oil consumption and lower emission; the successive innovative application of reverse cross-flow cooling technology and high strength material for the engine significantly extend the service life of the engine, its emission has met the Euro VI standard, possessing the technology level of the latest mass-production engine in 2012 in Europe.

Ministry of Environmental Protection decided to make proper adjustment on the executive date of China IV Emission Standard: From 1 Jan. 2012, the new vehicles, which does not meet the requirement of China IV Emission Standard, shall not be sold or registered. China IV Emission Standard will be implemented from next year, which will intensify the competition and shuffle of the industry, leading the industry to the development direction of environment protection and low-carbon. The Y&C Engine was designed to stand on Euro IV and possessing the upgrading potential of Euro VI at its initial design. There was the public notice on China IV in the declared public notice by C & C Trucks Co., Ltd., so the execution of the China IV Emission Standard will play positive role for its Production Design and Marketing Departments.

Now the execution of Fuel Consumption Standards, issued by Ministry of Transport and Ministry of Industry and Information Technology respectively, will lead the industry to the low-carbon and environmental development direction, and eliminate the high-oil-consumption and uneconomic vehicles. The 6K series supporting engine is newly developed type by Y&C Engine with strong competitiveness in the aspect of oil consumption, which adapts to the industrial development. Up to Aug. 2011, Ministry of Transport has launched No. 15 List of Standard Types of Road Transport Vehicle on Oil Consumption. And C & C Trucks Co., Ltd. has 95 types of standard vehicles in the list.

Besides, in response to the national requirements of the Development Plan of Energy-saving and New Energy Vehicles (from 2011 to 2012), C&C Trucks is also actively developing CNG/LNG heavy trucks using natural gas, and has developed LNG tractor, LNG mixer truck and LNG dump truck.

In consideration of the industrial and market demand in the first half year, and under the background of governance macro control, suppressing inflation and slowing down the economic growth, demands for trucks especially semi trailer slumped, and demands for most products in every divided market tended to decline. However, the market demands for trucks at home and abroad in the future one year will keep increasing with the main factors as follows: the economic growth will stimulate the long-term growth in commercial vehicle market; the continued construction of project in construction from the investment on domestic fixed assets and the city transformation; the start-up of indemnificatory apartments; the infrastructure construction such as suburban water conservancy project, highway and railway construction, etc., which all stimulate the continual growth of demands for heavy whole trucks, such as dump truck and concrete mixing and transporting car and other engineering and civil vehicles. Besides, Chinese product has comparative advantage with the export market starting gradually and strong increasing potential.

—— Energy, Chemical, Liquid Food Equipment and Service Business

As the world is recovering from the recession gradually, China's import and export, and commercial manufacturing industry also enjoy a fast recovery. The market demand of tank containers for transporting chemicals boosted in the first half year, which stimulated the substantial growth in the operating income of chemical equipment business. The global demands for natural gas and special gas equipment continue to increase especially the growth in domestic demands is more substantial, which cause the significant increase in energy equipment business in the first half year. However, the warming of liquid food industry was relatively lagged due to weakening European market and slower domestic investment, it still made every effort to realize the increase of orders and operating income. Therefore, the Group's operating income from energy, chemical, liquid food equipment business reaches RMB 3,731,891,000 in the first half year, a growth of 92.54% over the same period last year. The net profit amounts to RMB 247,457,000, a large increase over the same period last year, with operating income from energy (natural gas) equipment business of the Group's main controlling subsidiary—CIMC Enric Holding Limited being RMB 1,478,643,000, an increase of 48.2% over the same period last year; from chemical equipment business, RMB 1,296,914,000, an increase of 200.2% over the same period of previous year; and from liquid food equipment business, RMB 292,313,000, an increase of 41.0% over the same period last year. Of which, due to the increase of price and sales volume, the gross margin of energy equipment business and chemical equipment business had slight increase, while the gross margin of liquid food equipment business suffered some decline.

The Group's main enterprises involving in energy, chemical and liquid food equipment business include CIMC Enric Holding Limited, TGE GAS ENGINEERING GmbH, Nantong CIMC Tank Equipment Co., Ltd. and Dalian CIMC Heavy Chemical Equipment Co., Ltd.. At present, the production bases of CIMC's energy chemical equipment are mainly located in six cities around China, including Nantong and Zhangjiagang, Shijiazhuang, Langfang, Jingmen and Bengbu, while the production plants of liquid food equipment are mainly situated in Emmen and Sneek in Holland, Randers in Danmark, and Menen in Belgium. TGE Gas Company, whose 60% of shares are held by the Company, is a leading independent contractor of large-scale contracts for offshore projects in the world. It boasts 27 years of experience in storage, disposal and transportation of gases like natural gas and petrochemical. Since 2010, Jingmen Hongtu (CIMC Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.) has aggressively entered the domestic low-temperature series product market by taking advantage of its many years experience in R&D and manufacturing of LNG products, and gained satisfying progress. Now the market share of the domestic low-temperature series product has ascended to the domestic forefront.

The energy chemical products and service are available over China, Southeast Asia, Europe, and North America. The liquid food products and service mainly focus on European market. CIMC is committed to building an extensive and stable customer network, especially keep good relationship with the heavy industrial giants and customers with huge potential. CIMC's key customers include well-known enterprises at home and abroad, such as CNPC, XinAo Gas (XinAo Gas Holdings Limited.), EXSIF, TAL International, Sinochem International Corporation, and Stolt.

In the first half of 2011, the capital expenditure of CIMC Enric was more than RMB 200 million, which was mainly used to improve the domestic energy equipment production facilities, including removing the compressors factory in Bengbu, building light comprehensive gas bottle production line, expanding LNG production facilities in Zhangjiagang and LNG factory in Jingmen. In light that the demand for tank container is expected to rise, the Company will also invest to improve the capacity of Nantong tank container production base. CIMC Enric input over RMB 300 million to develop new products and manufacturing technology. Now, the Company develops R&D project and manufacturing technology upgrading project as follows: CNG ship application project, silane gas container and 20,000 m^3 LNG tank; and high-capacity and light CNG trailer and large-scale liquid hydrogen tank have been developed successfully, which are belong to hi-tech low-carbon product.

The investment on domestic natural gas application equipment and infrastructure construction has large increase spare at current and in the future, for the consumption of natural gas has accelerated to increase. Chinese governance has fix the relevant plan to stimulate consumption, and it plans to increase the weight of natural gas in its energy utilization mix from the present 4% to 9% by 2015 and 15% by 2020. In the first half of 2011, the consumption of the domestic natural gas had increased by 21.0% to 63.1 billion m^3, and import of LNG amounted to 7.2 billion m^3, increased by 27.9% compared with the same period of last year.

Basing on judgment and prediction on the above basic situation, and in consideration of the continual deflation currency policy executed in 2011, as well as the uncertain factors existing in the global economic environment in the next half year, the Group holds cautious and optimistic attitude on the prospect of the industry it involves in.

Therefore, the Group's energy equipment business will continue to focus on the development of natural gas delivery and equipment distribution business. Besides optimizing the current product and service, the Group will continue to explore the income source, such as rendering of engineering service and providing one-stop energy supply solution to Chinese gas operator. In order to meet the increasing demand for LNG equipment, the Group also continues to expand the capacity of LNG equipment production facilities. Besides, the Group will be dedicated to strengthening its market share of LNG gas station, natural gas liquefaction system and LNG trailer as well as other LNG equipment. CNG and LNG has some difference on the application characteristics: the density of LNG is larger than CNG and more suitable for long freight, but with higher production cost; the domestic situation is more suitable for the application of CNG, but the application of LNG will increase with the increase of the offshore oil-gas development.

Facing the uncertain global economy, the Group will continue to promote budget and control measurements of cash flow, including accelerating to control operating cash flow and keeping good relationship with the commercial bank to ensure sufficient capital for investment activities. Besides, the Group has strengthened the cost control measurement, and will continue to promote the localization of supporting components, as well as do well the quality supervision.

—— Offshore Engineering Business

Offshore business is one of CIMC's new key businesses. Singapore CIMC Raffles Offshore Ltd. (SCRO), a subsidiary company of CIMC, and its subsidiary company is one of the professional offshore equipment manufacturers in the world, actively taking part in the competition over international offshore business market. The company's products range from jack-up drilling platform, semi-submersible drilling platform to offshore attached ship. The jack-up drilling platform is the platform for the shallow-sea drilling with the highest usage rate, which has a large market capacity. The Group has finished the strategic layout of "one centre and three bases" consisted by LCRO, HCRO and National Resources Offshore Oil Drilling Rig R&D Center: Yantai base is the design centre, which is responsible for overall installation, debugging and delivery, etc., Haiyang base is charge for modular building, while Longkou base is responsible for the production and construction of jack-up platform.

The Group realized a sales income of RMB 230 million in the first half year, down by 86.96% compared with the amount of RMB 1.764 billion at the same period of last year, with the loss of RMB 583 million. Two projects were delivered in the first half year. The main reasons of substantial decline of operating income and continual losses are as follows: the amount of delivered historical orders reduced and existing delayed delivery, what's worse, the external orders in construction reduced, and the facilities usage rate declined.

In the first half of 2011, the Group's offshore engineering business has a significant progress in terms of construction of production base and investment of significant assets, providing strong space support and security for offshore engineering equipment manufacture: the expansive transformation project of fitting-out port for YCRO drilling platform has been finished, which can be berthed by nine drilling platform at the same time; the Phase I and II projects for the processing of pile leg semi-chord equipment advanced smoothly, which will enhance the capacity of pile leg supporting semi-products upon completion; the construction of LCRO's port, relevant supporting facilities and project has been advanced smoothly, which will overall increase the construction ability of LCRO upon completion.

As the key operating management task of offshore engineering business for this year, the order delivery has been advanced as expectation. Two projects were delivered in the first half year, while the other nine projects are under construction at current (two semi-submersible drilling platforms, five jack-up platform and two semi-submersible lifting platforms). Two semi-submersible drilling platforms constructed for COSL will be delivered after completion in the next half year. With the successive delivery of deep-water semi-submersible drilling platform, CIMC Raffles Offshore Ltd. (SCRO) has new improvement for its offshore engineering equipment in terms of construction ability and efficiency. The customers and ship classification societies gave high evaluation on the quality and HSE of the platform.

In Apr. 2011, the first deep-water semi- submersible drilling platform established for COSL, COSL Pioneer 1#, was successfully delivered in the destination of Norway. In Jun. 2011, COSL Pioneer gained the AOC certificate issued by PSA in Norway. AOC certificate is the necessary condition to operate in Norway, which means that COSL Pioneer meets the requirement and standard of continental shelf sea area operation in Norway.

In Apr. 2011, SS Amazonia, the second deep-water semi-submersibles drilling platform established for Schahin in Brazil by YCRO, which was delivered at Yantai. The main operating sea area of the SS Amazonia delivered this time and its sister ship, the SS Pantanal (a semi-submersibles drilling platform) delivered for Brazil in Oct. 2010, were Brazil sea area and Gulf of Mexico. These two platforms would be leased to Brazil National Petroleum Corporation by Brazil Schahin Corporation. In Jun. 2011, SS Pantanal platform entered into Operation area of Brazil Marlin Oil Field to do the dynamic positioning, which is the last test before drilling.

In May 2011, Super M2 H196, the first jack-up drilling platform constructed by LCRO, was successful delivered, which is researched and developed by American F&G Corporation, carefully designed by YCRO. It marked that the strategy of Ruffles jack-up drilling platform construction base was advanced as schedule.

In Jun. 2011, STORNES, the flexible fallpipe vessel constructed for Van Oord Marine Services BV in Holland by YCRO, was successfully delivered in Yantai. Fallpipe vessel is one of the necessary tool ships for offshore exploitation, playing important role in high-end offshore engineering industry. STORNES is the 5th flexible fallpipe vessel in the World. The successful delivery of STORNES marks a new break-through on the design and construction of offshore engineering special vessel, meanwhile, a new progress on the design and construction of high-end offshore engineering vessel for China.

In respect of the new orders and market expansion, CIMC Ruffles made a series market expansion by attending the industrial exhibitions and visiting target customers as well as other channels. In the first half year, three sales contracts for the self-constructed jack-up drilling platform were signed, which is likely to improve the earnings in the next half of the year. In Jul. 2011, CIMC Ruffles gained a construction main contract agreement for two 50,000-ton multi-function semi-submersible drilling platforms. In the first half year, the traditional powerful countries on offshore engineering, such as South Korea and Singapore, etc. still hold the dominant position of gaining new orders in the global market. In the next half year and the future, the Group will continue to expand market in the areas with active offshore engineering business, such as the Gulf of Mexico, South America, Northern Europe, Middle East, Russia and West African, etc.. Meanwhile, the Group will hold the domestic investment demands and opportunities on offshore engineering equipment during the 12th five-year-plan period, so as to gain substantial break-through.

In order to promote the development of the Group's offshore engineering business, the Group has improved the enterprise management base of CIMC Ruffles and its mechanism, reversed the current operating management situation and realized the corporation development goal. And the Board of Directors of CIMC Ruffles made some adjustment on its corporation senior management in Apr. 2011. The Company's original President, Mr. Mai Boliang took over the post of CEO from Mr. Zhang Liren, Mr. Zhang Liren continued to undertake the post of Vice Chairman of the Board. And the Group's Vice President Mr. Yu Ya was appointed as President to assist CEO to be responsible for the Company's routine operation work. The Company believes that offshore engineering industry is the national strategic emerging industry, which is also the Group's key business to cultivate in the future. CIMC Ruffles has the production base with favorable conditions and innovative construction mode, possessing professional technology and management team. By batch delivery of projects in construction especially initial-construction projects, CIMC Ruffles and its team accumulated construction experience, and improved the management ability, as well as cultivate the competitive advantage. In the first half year, CIMC Ruffles fixed the task of enterprise reformation and goals at various stages. Besides, it started the adjustment and optimization on its organization structure and personnel structure, so as to solve the problem of redundant personnel and realize staff reduction but efficiency increases. The management believe that it will lay solid foundation for the Company's long development by improving invigoration mechanism, enhancing management efficiency and improving production organization and management flow.

In respect of R&D and Design platform, the Group has established Yantai CIMC Offshore Research Institute and Shanghai CIMC Offshore Research and Development Center. The Group also owns the National Resources Offshore Oil Drilling Platform R&D (experiment) Center named by the National Energy Bureau. The Company will continue to enhance the construction of CIMC Offshore Engineering Research Institute, drawing more high-end talents, to create an international top offshore engineering equipment design and research platform.

—— Airport Equipment Business

In the first half year, the overall demands of domestic airport equipment industry maintained fast growth. The large airport expansion or transformation projects in Shenzhen, Hefei, Shijiazhuang, etc. started successively; overseas aviation industry had entered into the recovery period, for the airport equipment in the mature market such as Europe, America, etc. entering into the refresh cycle. The market demands for airport equipment tended to increase stably. Due to the delivery cycle, in the first half year, Shenzhen CIMC – Tianda Airport Support Ltd. (CIMC Tianda), whose 70% equity is held by the Company, sold 59 sets of boarding bridges, 2 food vehicles, etc., realizing sales revenue of RMB 140 million, increased by 466.02% compared with the amount (RMB 25 million) at the same period of last year, with the loss of RMB 12,156,000.

Domestic solid garage boosted in the first half of the year, as the biggest vehicle production and sales country in the world at current, the increasingly serious problem of parking in cities will stimulate the large domestic demands for solid garage, as well as bring more business opportunities for the solid garage products by CIMC Tianda.

The boarding bridge orders gained in the first half of 2011 were mainly from domestic market, and the other foreign orders were from the area markets of Europe, Middle Asia, Middle America and Africa; In respect of the cargo processing system, there are two supply contracts for domestic railway rolling stock depot, etc.; and won the solid garage project for domestic large real estate development project as the supporting item.

Looking forward to the second half year, overseas aviation industry will continue to recover, while domestic aviation industry will keep continuous growth since government has increased the investment of infrastructure construction and carried out policies to stimulate the domestic demands, which keep the airport construction scale at a high level on the whole, so does the market demands of boarding bridges. Except for the boarding bridge market, CIMC Tianda has possessed the strong industrial competitive advantage, it is predicted to gain large increase in its total sales revenue and net profits in 2011.

—— Other Business

Logistic equipment and service business: The Group is committed to providing special logistic equipment and comprehensive logistic solutions for customer from different trades. Our logistic equipment products mainly include pallet containers for automobiles, logistic, foods, chemical, and agriculture, stainless steel IBC (Intermediate Bulk Container) applicable in chemical and foods fields, and various special logistic equipments, such as wind power product logistic, and commercial car assembly logistic equipment.

In the first half year, CIMC has sold 440,000 units/sets, an increase of 32% over the same period last year; and achieved the sales revenue of RMB 801 million, up by 86.71% compared with the same period of last year; while the gross profit had a slight decrease.

The main products in logistic equipment production industry were still pallet container, synthetic rubber container, offshore container and tank container, and their production kept with high capacity and efficiency in the first half year; the Group also continued to explore new customers. Through the transformation and improvement of the logistic rental information system, the Group had improved its supporting and operating management ability, decreased the cost. In respect of logistic transport business, the Group actively expanded its export business for BUSDECK commercial vehicles with good profitability. In respect of logistic leasing business, the Group adjusted its operating strategy by focusing on the domestic market and improving the turnover rate of the leased assets.

Chinese logistic equipment and service business falls behind the developed countries and in the demands for industrial transformation, however, now it faces the long period of overall development with large development space. With the rise of land price and labor cost, more and more attention on logistic service is paid by various domestic industries, especially from FMCG, electron, vehicles industries, etc.. Therefore, in the next half year and 2012, in respect of the logistic equipment manufacturing business, the Group will continue to consolidate its original overseas market and try its best to explore domestic market, so as to gain large order; in respect of the logistic service business, the Group will give all out to develop domestic logistic service projects, find opportunities to realize fast expansion.

Real estate development business: Under the control on the real estate within the whole country, purchase limited, rate increased and construction of indemnificatory apartments has caused more and more competitive pressure on the national real estate development enterprises.

In the first half of 2011, CIMC' Jiangmen, Yangzhou, Zhenjiang and Shenzhen projects were all advanced as schedule. Up to 30 Jun. 2011, operating revenue of RMB 51.33 million was gained with total profit as RMB 17 million, which were mainly from the investment on associate enterprises.

Railway equipment manufacturing business: Dalian CIMC Railway Equipment Co., Ltd., a subsidiary company of CIMC, is devoted to the development of railway equipment business. In the first half year, its operating income is RMB 68,019,000, representing a large growth as compared with the same period last year.

2. No share-participating company's investment income has exerted over 10% impacts on CIMC's net profit during the reporting period.

3. Problems and Solutions in Operation

(1) Challenges brought by wide economic fluctuations to business decision-making of enterprises

After the financial crisis, there were still structural contradictions and potential risks, including imbalance between financial revenue and expenditure, excess liquidity, as well as the sluggish economic growth, in main developed economies. Moreover, global economic integration also dragged emerging economies into the swamp with aggravated overheating risks. Thus, the risk of global economic instability was growing. The overall features of the shipping market could be concluded as "fluctuations in recovery and development in fluctuations". Having experienced economic recovery in 2010, the shipping market witnessed a tougher environment in 2011.

Therefore, as influenced by fluctuations in world economy and prices of bulky goods, purchase quantity of raw materials in container industry varied more often, cycle time of orders gradually shortened, and seasonal fluctuations of capacity utilization rate became wider, bringing about long-term challenges to business decision-making of enterprises.

Countermeasures: The Group kept playing the role of operating advantages, advanced research and development of industrial leading technologies; improved its ability to predict industrial changes and market trends, and enhanced the factory's operating adaptability in respects of supply chain and staffing.

(2) Over recent years, especially in 2010, problems such as shortage of workforce, difficulty of worker recruitment, increasing personnel mobility, and rising labour cost generally came up in costal areas of China. In future China, labour cost will keep rising, costal land will gradually run short, and environment protection requirements will be lifted to upper level. Having been in great demand of resources, container industry (especially dry van container) will face the pressure from adjustment of policies on national industrial structure and

requirements for further improvement of standards.
Countermeasures: The Group timely raised payment for workers by more than 20%. For long-term concern, the Group launched investment on and construction of new automatic production line in the second half year of Y2010 to realize upgrade of production mode and improve efficiency, so as to decrease its dependence on resources such as labour and land, and make itself more qualified for governmental standards on environment protection and other issues.

(3) For a long period, appreciation of RMB currency will accelerate, which will, to some extent, weaken the competitiveness of Chinese manufacturing industry and export businesses.
Countermeasures: The Group will plan ahead, make corresponding arrangements in terms of investment, asset security, and foreign exchange hedging instrument, and take dynamic adjustment, so as to control risks.
Global economy will still fluctuate in a short time. Whereas, the trend of recovery of global economy will remain unchanged, creating little possibility of a double dip. For the purpose of maintaining healthy development and sustainable growth of core businesses, the Group will keep adjusting businesses and organization structure, upgrade overall strategy, increase input on R&D, improve administration, raise operating efficiency, seize opportunities during the adjusting period of domestic economic structure, and carry on internal risk control.

(Ⅲ) Information about Company's Investments

1. Use of Raised Fund

None.

2. Non-raised Fund Investments

None.

1) Equity Investment

① Purchase of share: None.

② Registration of new companies

Unit: RMB million

	Company	Currency	Registered capital	Completion in the fist half year(%)	Equity	Business scope
1	Shenzhen CIMC Vehicles Park Investment Management Co., Ltd.	RMB	5	100%	100%	Investment management, entrusted asset management, investment on industries; sales of vehicles (not including cars), leasing of houses and fields, as well as property management.

③ Capital increase for subsidiary companies and associated companies

Unit: RMB million

Item	Capital increase amount
For subsidiary companies:	
Yangzhou Tailee Special Equipment Co., Ltd.	60
Yangzhou Lijun Industry & Trade Co., Ltd.	60
For joint ventures and associated companies:	
Super-Refrigeration Equipment (Shanghai)	3.6

Co., Ltd.	
C＆C Trucks Co., Ltd.	405

2) Other Investment

RMB 672,120,000 of net increase in CIMC fixed assets scale (including projects in construction)

(Ⅳ) Comparison between actual business performance in reporting period and planning at the beginning of the period

In the first half year, there is no significant variance between actual business performance in reporting period and planning at the beginning of the period.

(Ⅴ) Expected change of net profit from January to September 2011

None.

V. Significant Events

(I) Explanation on Corporate Governance

In the reporting period, in strict compliance with related state rules, as well as regulations and documents newly issued by CSRC, Shenzhen Securities Regulatory Bureau, and Shenzhen Stock Exchange, the Company kept perfecting corporate governance and maintained standardized operation.

At the year-begin, in line with the spirit of Internal Control Standards and its Supporting Indexes issued by the Ministry of Commerce of the People's Republic of China, CSRC, the State Administration of Taxation, the State Administration for Industry & Commerce of the People's Republic of China, and the State Administration of Foreign Exchange, the Audit and Supervision Department of the Company set up a work team to compare the 18 operational indexes with the internal control system previously constructed by the Company and thereby formed a template file, so as to prepare well for implementation of the aforesaid Internal Control Standards and its Supporting Indexes. As required by CSRC in experimental projects of internal control, the Company adjusted and enhanced the Committee for Construction of Internal Control System, and confirmed members of the committee and related responsibilities. In Mar. 2011, the Company convened the experimental meeting under Internal Control Standards of CIMC, launched the testing and improvement system on internal control from top to bottom, and focused on training the internal control team in related knowledge of internal control. All functional departments and subsidiaries carried out self-inspection, self-appraisal, and rectification in compliance with the unified standards set by the Group, drew up the risk matrix and perfected 35 internal control rules on the basis of internal-control work plan, and thereby perfected thorough investigation and remediation on internal control of the whole Group. The Group adapted to new work requirements related to internal control system, improved the process of rolling work plan (from monthly to weekly), and internally audited the first-stage software for audit work in IT platform. In accordance with requirements of the Announcement on Conducting Work Affairs Related to Experimental Projects of Internal Control Standards of Listed Companies in Shenzhen Administration Area (Shen-Zheng-Ju-Gong-Si-Zi [2011] No.31), the Company reported the progress of internal control to Shenzhen Securities Regulatory Bureau on schedule.

During the reporting period, in compliance with requirements of the Announcement on Further Enhancing Information Disclosure of Listed Companies in Shenzhen Administration Area and Investor Reception (Shen-Zheng-Ju-Gong-Si-Zi [2011] No.55), the Company organized related staffs to carefully study laws and regulations related to information disclosure of listed companies, as well as rules and regulations related to internal information disclosure and investor reception of the Company, which strengthened the awareness for standardized information disclosure, enhanced management of investor reception, and guaranteed the factuality, accuracy, completeness, timeliness, as well as fairness of disclosed information.

The Company is quite independent of two principal shareholders, namely China Merchants International Ltd. and COSCO Pacific Ltd. and other related enterprises in business, human resources, assets, organization and financial affairs, which fully ensured its independent operation.

There is no discrepancy between actual corporate governance and the requirements specified in relevant documents of CSRC.

(II) Implementation of profit and dividend distribution plan for 2010 and interim profit distribution for 2010

The Profit and Dividend Distribution Plan for Year 2010 was approved at the 2010 Annual Shareholders' General Meeting on 13 Apr. 2011. According to the Plan, a dividend of RMB

3.5 (tax included) will be distributed for every 10 shares based on the total current share capital of 2,662,396,051 shares.
Up until the end of the reporting period, all dividends had been distributed. For more details, see the public notice on the dividend distribution implementation published on China Securities Journal, Shanghai Securities News, Securities Times and Hong Kong Ta Kung Pao dated 25 May 2011.
The Company will not distribute profit or turn capital reserves into share capital for the first half of 2011.

(III) Significant arbitration and lawsuit of the Company during the reporting period
There was no significant arbitration or lawsuit of the Company during the reporting period.

(IV) Securities investment and equity of other companies held by the Company
1. Securities investment

Unit: RMB'000

No.	Stock variety	Stock code	Name for short	Initial investment amount (RMB'000)	Number of shares held at period-end (unit: share)	Book value at period-end	Proportion in total securities investment at period-end (%)	Profits and gains in reporting period
1	A share	000568	Luzhou Laojiao	30,346	650,000	29,328	9.61%	-35,937
2	A share	000581	Weifu High-Tech	23,494	725,130	27,954	9.16%	1,015
3	A share	000858	Wuliangye	23,520	700,000	25,004	8.19%	763
4	B share	200581	Weifu High-Tech B	59,434	4,134,633	86,547	28.36%	-13,507
5	H share	00368	Sino-trans Shipping H	20,590	2,996,500	5,731	1.88%	-1,595
6	S share	G05.SI	GoodPack	103,345	13,500,000	130,176	42.66%	-9,364
Other securities investment held at the period-end				2,834	-	404	0.13%	-1
Profits or losses of securities sold in the reporting period								16,062
Total				263,563	-	305,144	100%	-42,564

2. Equity of other listed companies held by the Company

Unit: RMB'000

Stock code	Short form of stock	Initial investment amount	Equity proportion in that of this company	Book value at the period-end	Profit and loss in the reporting period	Change in the owners' equity in the reporting period
600036	China Merchants Bank	25,461	0.53%	150,069	0	1,815
600999	China Merchants Securities	57,518	0.9%	593,511	0	-16,968
OEL	Otto Energy Ltd	13,480	1.19%	8,258	0	0
Total		96,459	-	751,838	0	-15,153

3. Equity of non-listed financial enterprises and companies to be listed held by the Company
Naught

(V) Significant acquisition or sale of assets that occurred in the reporting period

There's no significant acquisition or sale of assets that occurred in the reporting period

(VI) Significant Related transaction

There was no significant related transaction in the Company during the reporting period

(VII) Significant contract and its implementation

1. Significant trusteeship, contracting and leasing in the reporting period

For details about contracted business to affiliated subsidiaries of the Company, please refer to Notes of the Financial Statements.

2. Significant guarantee contracts

During the reporting period, the Company provided the guarantees to shareholding subsidiaries and for vehicles business to any other party, which all were the guarantees for the loans occurred for supporting production and operation of the Company. As of 30 Jun. 2011, the guarantees are as follow:

Unit: RMB Ten thousand

Guarantees provided by the Company for external parties (excluding those for subsidiaries)	
Total guarantee amount in the reporting period	-13,978.00
Total guarantee balance at the period-end	90,455.00
Guarantees for subsidiaries	
Total guarantee amount provided for subsidiaries in the reporting period	-63,612.00
Total balance of the guarantee amount provided for subsidiaries at the period-end	147,997.00
Total guarantee amount of the Company (Including the guarantee for the subsidiaries)	
Total guarantee amount	238,452.00
Proportion of the total guarantee amount in net assets of the Company	13.14%
Among which:	
Guarantee amount provided for the shareholders, actual controller and other related parties	0
Guarantee amount directly and indirectly provided for the guaranteed with an assets-liability ratio over 70%	70,819.00
Amount of the total guarantee exceeding 50% net assets of the Company	0
Total amount of the three types of guarantees above	70,819.00

CIMC Vehicle Group, the wholly-owned subsidiary of the Company, handled the buyer credit and loan business for the buyers that purchase special vehicle from its subordinate companies. As at 30 Jun. 2011, balance of external guarantee that CIMC Vehicle Group and its subsidiaries for sales of products by means of the buyer credit and loan was RMB 904,550,000.

By 30 Jun. 2011, the Company provided guarantee amounting to RMB 708,190,000 for controlled subsidiaries whose assets-liability ration is over 70%, which was approved by the Board of Directors. There is no illegal guarantee. For details, please refer to the Public Notice on Providing Guarantees for Application of Subsidiaries, Their Dealers and Customers for Bank Credits in 2011 (Public Notice No.: [CIMC] 2011-006).

3. During the reporting period, there was no case of entrusting the others to manage the cash assets.

(VIII) Special explanation and independent opinion made by independent directors on relevant matters

1. Independent directors' opinion on nomination of director candidates of the 6^{th} Board of Directors:

Nomination procedure and profession qualification of the Company's directors accord with laws and regulations in the Company Law and Articles of Association. We agree to nominate Mr. Sun Jiakang and Mr. Wang Xingru as director candidates to fill in gap of the 6^{th} Board of Directors.

(IX) Performance on the stock option incentive scheme

(I) Implementation of the stock option incentive scheme of CIMC

On 28 Dec. 2009, the 16^{th} Session of the 5^{th} Board of Directors for year 2009 of CIMC and the 7^{th} Session of the 5^{th} Supervisory Committee for year 2009 of CIMC were held, at which the Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd. (Draft), the Appraisal Measures for Implementing Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd. and the Proposal on Submitting the Shareholders' General Meeting to Authorize the Board of Directors to Transact Matters Related with Stock Option Incentive Scheme of CIMC were reviewed and approved. And the independent directors issued The Independent Opinion on the Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd. (Draft) by the Independent Directors.

On 1 Sep. 2010, the Company convened the 5^{th} Session of the 6^{th} Board of Directors for Year 2010 and the 3^{rd} Session of the 6^{th} Supervisory Committee for Year 2010, which reviewed and approved Proposal on Revising the Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd (Draft), and amended the original incentive scheme. With unanimous review by CSRC, on 17 Sep. 2010, the 1^{st} Special Shareholders' Meeting for Y2010 of the Company reviewed and passed the Stock Option Incentive Scheme of China International Marine Containers (Group) Co., Ltd. (hereafter referred to as Incentive Scheme of Stock Option).

The Company completed this stock option registration on 26 Jan. 2011.

On 13 Apr. 2011, the Shareholders' General Meeting for Y2010 of the Company reviewed and passed the Scheme on Distribution of Profit and Dividends of the Company for Y2010, which decided to distribute RMB 3.50 (tax included) for every 10 shares to all shareholders on the basis of the total current share capital of 2,662,396,051 shares of the Company. According to the Proposal on Urging the Shareholders' General Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's Stock Option Incentive Scheme reviewed and passed on the 1^{st} Special Shareholders' General Meeting in 2010, the 8^{th} Session of the 6^{th} Board of Directors of the Company in 2011 made corresponding adjustment on exercise price of A-share stock option, which amounted to RMB 12.04 after the adjustment.

The number of stock option granted to grantees in this scheme was 60 million, accounting for 2.25% of the total share capital of the Company, of which 54 million was initially granted. And the grantees were core technical (business) staff and middle management staff, amounted to 181. And the initial exercise price was RMB 12.39 per share with the grant date as 28 Sep. 2010, and the valid period of this stock option incentive scheme was ten years since the initial grant date of the stock option, which was divided into two periods to exercise, and the first exercise period was from the initial trade date after two years since the grant date to the last trade date within four years since the grant date, and it was allowed to exercise no more than 25% of the total granted stock options; the second exercise period was from the

initial trade date after four years since the grant date to the last trade date of this plan, and it was allowed to exercise no more than 75% of the total stock options. The large-scale stock option incentive and the strict exercise conditions would integrate the interest of the Company and that of the staffs themselves, so as to stimulate the staffs' enthusiasm significantly, and thus input endless energy to the development of the Company.
For details, please referred to the Revised Stock Option Incentive Scheme of CIMC(Draft), (Revised) disclosed in http://www.cninfo.com.cn on 3 Sep. 2010.

(Ⅹ) Commitments made

Naught

(Ⅺ) Visits, surveys and interviews received by the Company

During the reporting period, the Company the Company received 58 batches of visitors for visiting, surveying and visiting plants by institutional investors such as funds, investment companies, securities companies and individual investors etc. The Company did not disclose or give away unpublicized significant information to the institutional investors and individual investors**.**

Time	Location	Means	Investors	Topics discussed and information provided
5 Jan. 2011	The Company	Field research	China Merchants Securities	The business structure of the Company, the recent status in the industry, the main business status, investment progress, outlook for the industry in 2011
6 Jan. 2011	The Company	Field research	Shanghai Chongyang Investment Management Co. Ltd	Ditto
7 Jan. 2011	The Company	Field research	Merrill Lynch, Goldman Sachs	Ditto
7 Jan. 2011	Beijing	One-to-many conference	Customer RCM of Deutsche Bank, Fidelity, Neuberger Berman, Invesco HK, Be	Ditto
12 Jan. 2011	Eastern factory	Field research	Tangshan Ruiyin International Trade Co., Ltd., Bosera Funds	Ditto
13 Jan. 2011	The Company	Field research	Triskele Capital	Ditto
17 Jan. 2011	The Company	Field research	Daiwa Securities, Nikko Asset Management Co.,Ltd	Ditto
19 Jan. 2011	The Company	Field research	Oriental Patron Securities, Great Wall Securities	Ditto
20 Jan. 2011	The Company	Field research	Goldman Sachs, CITIC-PRUDENTIAL FUND	Ditto
24 Jan. 2011	The Company	By telephone	UOB Assets Management	Ditto
15 Feb. 2011	The Company	Field research	Customer of Guosen Securities, Lombarda China Fund, China AMC	Ditto
16 Feb. 2011	Shenzhen	One-to-many conference	China AMC，Harvest Fund	Ditto
18 Feb. 2011	The Company	Field research	Value Partners	Ditto
23 Feb. 2011	The Company	Field research	Customers of CICC, Sinolink Securities	Ditto
24 Feb. 2011	The Company	Field research	Morgan Stanley	Ditto
23 Mar. 2011	The Company	Field research	Fuh Hwa Securities Investment Trust	Ditto
23 Mar. 2011	The Company	Field research	JP Morgan and its customers	Explanation for the Company's

				business performance in 2010
23 Mar. 2011	China Merchants Securities	One-to-many conference	China Merchants Securities and its fund	Explanation for the Company’s business performance in 2010
24 Mar. 2011	The Company	Field research	Bosera Funds	The business structure of the Company, the recent status in the industry, the main business status, investment progress, outlook for the industry in 2011
28 Mar. 2011	The Company	Field research	CITIC Securities, China Merchants Fund	Ditto
29 Mar. 2011	The Company	Field research	GF Securities	Ditto
30 Mar. 2011	The Company	Field research	Liuhe Capital, Huashang Fund	Ditto
31 Mar. 2011	The Company	Field research	Theleme Parterners Capital	Ditto
8 Apr. 2011	The Company	By telephone	Taishin Securities Investment Trust	Ditto
14 Apr. 2011	The Company	Field research	HSBC	Ditto
15 Apr. 2011	The Company	Field research	Standard Chartered Bank, Huatai United Securities, Assets Management of General Electric Company	Ditto
27 Apr. 2011	The Company	By telephone	Winnington Capital Assets Management	Ditto
27 Apr. 2011	The Company	Field research	Morgan Stanley	Ditto
5 May 2011	The Company	Field research	Clients of Goldman Sachs: Changsheng Fund Management, China International Fund Management Co., Ltd, China Life Insurance Asset Management Company Ltd., DACHENG FUND MANAGEMENT CO., LTD	Business structure of the Company’s marine industry, recent industry, main businesses, business performance in 2010, industry outlook for 2011
6 May 2011	The Company	Field research	Morgan Stanley, Tangshan Ruiyin International Trade Co., Ltd.	Business structure of the Company’s marine industry, recent industry, main businesses, investment progress, business performance in 2010, industry outlook for 2011
9 May 2011	The Company	By telephone	DnB NOR Asset Management	Ditto
11 May 2011	The Company	Field research	DIAM CO., LTD	Ditto
13 May 2011	The Company	By telephone	Target Asset Management	Ditto
16 May 2011	The Company	Field research	Mirae Asset Global Investment, Chang Xin Asset Management	Ditto
17 May 2011	Yantai	Field research	GE Asset Management	Business structure of the Company’s marine industry, recent industry, main businesses, business performance in 2010, industry outlook for 2011
17 May 2011	The Company	Field research	CICC	Business structure of the Company’s marine industry, recent industry, main businesses, investment progress, business performance in 2010, industry outlook for 2011
18 May 2011	The Company	Field research	Merrill Lynch, UBS SDIC	Ditto
19 May 2011	The Company	One-to-many	Jeffries, Shenyin & Wanguo	Ditto

		conference	Securities and its customer	
23 May 2011	The Company	By telephone	NOMURA SECURITIES	Ditto
27 May 2011	The Company	Field research	CHINA POST FUND	Ditto
30 May 2011	The Company	Field research	CITIC Securities	Ditto
31 May 2011	The Company	Field research	Hengtai Securities	Ditto
1 Jun. 2011	The Company	By telephone	ROCIM	Ditto
1 Jun. 2011	The Company	Field research	Haitong Securities	Ditto
3 Jun. 2011	The Company	Field research	DACHENG FUND MANAGEMENT CO., LTD	Ditto
9 Jun. 2011	The Company	Field research	China Southern Fund, Penghua Fund	Ditto
10 Jun. 2011	Shanghai	One-to-many conference	Strategic committee of HUATAI UNITED SECURITIES	Ditto
13 Jun. 2011	The Company	Field research	UBS Fundmental Investment Group	Ditto
20 Jun. 2011	Yantai	Field research	Customer INVESCO of Tangshan Ruiyin International Trade Co., Ltd.	Ditto
21 Jun. 2011	The Company	Field research	The Royal Bank of Scotland Asset Management Limited	Ditto
22 Jun. 2011	Eastern factory	One-to-many conference	Haitong ; AllianceBernstein ; Principal ; Shadowfax; UBP ; GS	Ditto
22 Jun. 2011	Yantai	One-to-many conference	China International Fund Management Co., Ltd, China AMC, DACHENG, Rising Investment, Guotai Securities, Yingda Securities, BOC, CICC, Changjin Asset, Hengshenyun，Yinhua Fund，Guosen Securities	Ditto
23 Jun. 2011	Qingdao	One-to-many conference	Customer of UBS	Ditto
24 Jun. 2011	Shanghai	One-to-many conference	Customer of Essence Securities	Ditto
29 Jun. 2011	The Company	Field research	CLSA Asia-Pacific Markets, KGI, Guangzhou Securities Research Institute	Ditto
30 Jun. 2011	The Company	By telephone	Daiwa Securities	Ditto

(XII) Engagement and dismissal of the accounting firm

On 13 Apr. 2011, the Company held the Annual Shareholders' General Meeting 2010, at which Proposal on Engagement of Accounting Firms was reviewed and approved and engaged KPMG Certified Public Accountants as Auditor for auditing accounting statements for the year 2011**.**

(XIII) None of the Company, the Company's Board of Directors and directors were criticized or condemned by any authority in the reporting period.

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

ENGLISH VERSION OF FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANURARY 2011 TO 30 JUNE 2011
IF THERE IS ANY CONFLICT OF MEANING BETWEEN THE CHINESE
AND ENGLISH VERSIONS, THE CHINESE VERSION WILL PREVAIL

China International Marine Containers (Group) Co., Ltd.
Consolidated balance sheet as at 30 June 2011

	Note	30 June 2011 RMB'000	31 December 2010 RMB'000
Assets			
Current assets			
Cash at bank and on hand	V.1	6,860,768	4,655,696
Financial assets held for trading	V.2	385,256	525,661
Bills receivable	V.3	430,591	508,585
Accounts receivable	V.4	11,953,665	8,129,836
Prepayments	V.6	2,011,657	2,433,447
Interest receivable		2,705	4732
Other receivables	V.5	3,109,195	2,236,272
Inventories	V.7	15,486,058	13,423,747
Non-current assets due within one year	V.8	1,412,448	1,185,502
Other current assets	V.9	729,817	688,030
Total current assets		**42,382,160**	**33,791,508**
Non-current assets			
Available-for-sale financial assets	V.10	751,838	768,467
Long-term receivables	V.11	3,646,949	1,336,257
Long-term equity investments	V.12	1,949,645	1,548,332
Investment property	V.13	88,837	77,356
Fixed assets	V.14	10,039,431	10,006,466
Construction in progress	V.15	2,336,814	1,697,664
Intangible assets	V.16	3,204,935	3,218,571
Goodwill	V.17	1,236,394	1,168,594
Long-term deferred expenses	V.18	24,158	27,978
Deferred tax assets	V.19	502,760	489,456
Total non-current assets		**23,781,761**	**20,339,141**
Total assets		**66,163,921**	**54,130,649**

China International Marine Containers (Group) Co., Ltd. Consolidated balance sheet as at 30 June 2011 (continued)

	Note	30 June 2011 RMB'000	31 December 2010 RMB'000
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	Ⅴ.22	11,534,193	8,309,309
Financial liabilities held for trading	Ⅴ.23	60,365	3,810
Bills payable	Ⅴ.24	2,070,161	2,538,623
Accounts payable	Ⅴ.25	9,573,142	9,117,500
Advances from customers	Ⅴ.26	2,535,551	1,935,731
Employee benefits payable	Ⅴ.27	1,689,917	1,365,532
Taxes payable	Ⅴ.28	880,646	789,155
Interest payable	Ⅴ.29	48,096	13,168
Dividends payable	Ⅴ.30	190,367	16,046
Other payables	Ⅴ.31	3,105,985	2,388,367
Provisions	Ⅴ.32	690,574	649,573
Non-current liabilities due within one year	Ⅴ.33	2,382,780	2,844,521
Total current liabilities		**34,761,777**	**29,971,335**
Non-current liabilities			
Financial liabilities held for trading	Ⅴ.23	69,465	154,292
Long-term loans	Ⅴ.34	5,219,372	3,912,148
Special payables	Ⅴ.36	16,913	16,442
Deferred tax liabilities	Ⅴ.19	627,157	572,866
Long-term payable	Ⅴ.37	98,417	118,858
Bond payable	Ⅴ.35	3,987,276	-
Other non-current liabilities	Ⅴ.38	229,374	178,008
Total non-current liabilities		**10,247,974**	**4,952,614**
Total liabilities		**45,009,751**	**34,923,949**
Shareholders' equity			
Share capital	Ⅴ.39	2,662,396	2,662,396
Capital reserve	Ⅴ.40	940,116	1,349,420
Surplus reserve	Ⅴ.41	2,861,050	3,577,588
Retained earnings	Ⅴ.42	12,016,019	10,689,335
Foreign currency translation differences		(335,706)	(2,055,682)
Total equity attributable to equity holders of the Company		**18,143,875**	**16,223,057**
Minority interests		3,010,295	2,983,643
Total equity		**21,154,170**	**19,206,700**
Total liabilities and shareholders'		**66,163,921**	**54,130,649**

China International Marine Containers (Group) Co., Ltd.
Balance sheet as at 30 June 2011

	Note	30 June 2011	31 December 2010
		RMB'000	RMB'000
Assets			
Current assets			
Cash at bank and on hand	XII.1	1,493,881	419,945
Financial assets held for trading	XII.2	82,286	162,298
Dividends receivable	XII.3	4,332,745	4,243,437
Other receivables	XII.4	6,434,470	4,175,168
Bills receivable		-	31,000.00
Total current assets		**12,343,382**	**9,031,848**
Non-current assets			
Available-for-sale financial assets	XII.5	743,580	759,401
Long-term equity investments	XII.6	3,756,078	3,662,478
Fixed assets		139,787	144,692
Construction in progress		43,229	25,224
Intangible assets		22,518	23,109
Long-term deferred expenses		5,945	4,999
Total non-current assets		**4,711,137**	**4,619,903**
Total assets		**17,054,519**	**13,651,751**

China International Marine Containers (Group) Co., Ltd.
Balance sheet as at 30 June 2011 (continued)

	Note	30 June 2011	31 December 2010
		RMB'000	RMB'000
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	XII.7	964,716	480,897
Financial liabilities held for trading	XII.8	56,131	556
Bills payable		-	200,000
Employee benefits payable	XII.9	506,373	368,275
Taxes payable	XII.10	82,449	59,080
Interest payable		33,440	5,522
Dividends payable	XII.11	151,260	-
Other payables		169,264	9,407
Non-current liabilities due within one year	XII.12	786,766	2,729,353
Total current liabilities		**2,750,399**	**3,853,090**
Non-current liabilities			
liabilities held for trading	XII.8	55,831	136,846
Long-term loans	XII.13	4,001,196	2,473,381
Bonds Payable	XII.14	3,987,276	-
Deferred tax liabilities	XII.15	11,942	50,291
Total non-current liabilities		**8,056,245**	**2,660,518**
Total liabilities		**10,806,644**	**6,513,608**
Shareholders' equity			
Share capital		2,662,396	2,662,396
Capital reserve	XII.16	279,973	852,264
Surplus reserve		2,861,050	3,577,588
Retained earnings		444,456	1,579,889
Translation differences of financial statements denominated in foreign currency		-	(1,533,994)
Total equity		**6,247,875**	**7,138,143**
Total liabilities and Shareholders' equity		**17,054,519**	**13,651,751**

China International Marine Containers (Group) Co., Ltd.
Consolidated income statement
for the period ended 30 June 2011

	Note	from 1 January to 30 June 2011	from 1 January to 30 June 2010
		RMB'000	RMB'000
Operating income	Ⅴ.43	36,478,098	21,237,889
Less: Operating costs	Ⅴ.43	29,499,900	18,246,729
Business taxes and surcharges	Ⅴ.44	73,154	19,188
Selling and distribution expenses	Ⅴ.45	968,591	558,349
General and administrative expenses	Ⅴ.46	1,715,951	1,032,191
Financial expenses	Ⅴ.47	399,962	252,090
Impairment loss(reversal)	Ⅴ.50	73,709	29,344
Add: Gain from changes in fair value	Ⅴ.48	(88,256)	86341
Investment income	Ⅴ.49	71,207	(57,021)
(Including: Income from investment in associates and jointly controlled enterprises)		28,739	22,582
Operating profit		**3,729,782**	**1,129,318**
Add: Non-operating income	Ⅴ.51	103,013	194,848
Less:Non-operating expenses	Ⅴ.52	15,276	5,501
(Including:Loss from non-current assets disposal)		7,041	47
Profit before income tax		**3,817,519**	**1,318,665**
Less:Income tax expenses	Ⅴ.53	1,024,118	233,516
Net profit for the period		**2,793,401**	**1,085,149**
Attributable to:			
Equity shareholders of the Company		2,807,629	912,556
Minority shareholders		(14,228)	172,593
Earnings per share			
Basic earnings per share	Ⅴ.54	**1.0545**	**0.3428**
Diluted earnings per share	Ⅴ.54	**1.0545**	**0.3428**
Other comprehensive income	Ⅴ.55	49,193	(506,809)
Total comprehensive income		**2,842,594**	**578,340**
Attributable to:			
Equity shareholders of the Company		2,794,047	471,475
Minority shareholders		48,547	106,865

China International Marine Containers (Group) Co., Ltd.
Income statement for the period ended 30 June 2011

	Note	from 1 January to 30 June 2011	from 1 January to 30 June 2010
		RMB'000	RMB'000
Ⅰ.**Operating income**		700	61
Less: Operating costs		39	-
General and administrative expenses		285,548	53,534
Financial expenses		(36,153)	16,931
Add: Gains/(losses) from changes in fair value	XII.17	(8,719)	7,477
Investment income	XII.18	222,704	98,303
Ⅱ.**Operating(loss)/ profit**		**(34,749)**	**35,376**
Add: Non-operating income	XII.19	1,186	29,514
Less: Non-operating Expenses		310	-
Including:Losses from disposal of non-current assets		(608)	-
Ⅲ.**(Loss)/Profit before income tax**		**(33,873)**	**64,890**
Less:Income tax expenses	XII.20	(37,687)	(6,039)
Ⅳ.**Net profit for the period**		**3,814**	**70,929**
Ⅴ.**Other comprehensive income**	XII.21	**(15,153)**	**(249,793)**
Ⅵ.**Total comprehensive income**		**(11,339)**	**(178,864)**

China International Marine Containers (Group) Co., Ltd.
Consolidated cash flow statement
for the period ended 30 June 2011

	Note	from 1 January to 30 June 2011 RMB'000	from 1 January to 30 June 2010 RMB'000
Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		30,785,201	17,168,426
Refund of taxes		2,088,686	296,416
Other cash received relating to operating activities	V.56 (1)	227,162	209,210
Sub-total of cash inflows		**33,101,049**	**17,674,052**
Cash paid for goods and services		31,152,788	16,810,031
Cash paid to and for employees		2,195,235	1,055,284
Cash paid for all types of taxes		1,309,083	838,147
Other cash paid relating to operating activities	V.56 (2)	2,605,387	1,748,328
Sub-total of cash outflows		**37,262,493**	**20,451,790**
Net cash (outflow) / inflow from operating activities	V.57 (1)	**(4,161,444)**	**(2,777,738)**
Cash flows from investing activities:			
Cash received from disposal of investments		68,353	12,112
Cash received from return on investments		24,617	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		7,301	797
Sub-total of cash inflows		**100,271**	**12,909**
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,083,498	512,040
Cash paid for acquisition of investments		295,502	170,255
Cash paid for acquisition of subsidiaries		49,936	419,155
Other cash paid relating to investing activities			-
Sub-total of cash outflows		**1,428,936**	**1,101,450**
Net cash outflow from investing activities		**(1,328,665)**	**(1,088,541)**
Cash flows from financing activities:			
Cash received from investors		-	97,499
Including: Cash received from minority shareholders of subsidiaries		-	97,499
Cash received from borrowings		20,968,220	8,700,457
Other cash received relating to financing activities		-	-
Sub-total of cash inflows		**20,968,220**	**8,797,956**
Cash repayments of borrowings		12,913,949	4,760,420
Cash paid for dividends, profits distribution or interest		1,252,464	450,101
Including: Dividends and profits paid to minority shareholders of subsidiaries		214	6,860
Other cash paid relating to financing activities			
Sub-total of cash outflows		**14,166,413**	**5,210,521**
Net cash inflow / (outflow) from financing activities		**6,801,807**	**3,587,435**
Effect of foreign exchange rate changes on cash and cash equivalents		(4,728)	(94,736)
Net increase / (decrease) in cash and cash equivalents	V.57 (2)	**1,306,970**	**(373,580)**
Add:cash and cash equivalents at the beginning of the period		3,797,415	4,396,525
Cash and cash equivalents at the end of the period		**5,104,385**	**4,022,945**

China International Marine Containers (Group) Co., Ltd.
Cash flow statement for the period ended 30 June 2011

	Note	from 1 January to 30 June 2011	from 1 January to 30 June 2010
		RMB'000	RMB'000
Ⅰ.Cash flows from operating activities:			
Other cash received relating to operating activities		5,852,855	3,293,949
Cash paid to and for employees		49,433	36,174
Cash paid for all types of taxes		7,420	210,811
Other cash paid relating to operating activities		7,983,815	3,257,367
Sub-total of cash outflows		**8,040,668**	**3,504,352**
Net cash inflow / (outflow) from operating activities	XII.22	**(2,187,813)**	**(210,403)**
Ⅱ.Cash flows from investing activities:			
Cash received from disposal of investments		45,853	12,112
Cash received from return on investments		133,002	104,029
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,975	-
Cash received from disposal of subsidiaries		-	11,281
Sub-total of cash inflows		**180,830**	**127,422**
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		24,596	1,479
Cash paid for acquisition of investments		93,600	609,321
Sub-total of cash outflows		**118,196**	**610,800**
Net cash inflow /(outflow) from investing activities		**62,634**	**(483,378)**
Ⅲ.Cash flows from financing activities:			
Cash received from borrowings and subtotal of cash inflows		7,732,083	3,480,788
Cash repayments of borrowings		3,626,511	2,116,757
Cash paid for dividends, profits distribution or interest		905,494	333,108
Sub-total of cash outflows		**4,532,005**	**2,449,865**
Net cash inflow / (outflow) from financing activities		**3,200,078**	**1,030,923**
Ⅳ.Effect of foreign exchange rate changes on cash and cash equivalents		(919)	(1,459)
Ⅴ.Net increase / (decrease) in cash and cash		**1,073,980**	**335,683**
Add:cash and cash equivalents at the beginning of		417,461	137,680
Ⅵ.Cash and cash equivalents at 30 June 2011		**1,491,441**	**473,363**

China International Marine Containers (Group) Co., Ltd.
Consolidated statement of changes in shareholders' equity
for the period ended 30 June 2011

RMB'000

RMB'000

Item	Note	from 1 January to 30 June 2011							2010						
		Attributable to equity shareholders of the Company							Attributable to equity shareholders of the Company						
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Foreign currency exc.diff	Minority interests	Total	Share capital	Capital reserve	Surplus reserve	Retained earnings	Foreign currency exc.diff	Minority interests	Total
I.Balance at 1 January 2011		2,662,396	1,349,420	3,577,588	10,689,335	(2,055,682)	2,983,643	19,206,700	2,662,396	1,557,703	3,577,588	8,229,532	(1,829,011)	1,628,423	15,826,631
II.Changes in equity for the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
(I) Net profit for the period		-	-	-	2,807,629	-	(14,228)	2,793,401	-	-	-	3,001,851	-	(150,992)	2,850,859
(II)Other comprehensive income for the year	V.55	-	(3,471)	-	-	(10,111)	62,775	49,193	-	(269,122)	-	-	(226,671)	(40,561)	(536,354)
Sub-total of (I)&(II)		-	(3,471)	-	2,807,629	(10,111)	48,547	2,842,594	-	(269,122)	-	3,001,851	(226,671)	(191,553)	2,314,505
(III) Shareholders' contributions and decrease of capital		-	0	-	-	-	-	-	-	-	-	-	-	-	-
1.Contributions by minority		-	-	-	-	-	-	-	-	-	-	-	-	97,548	97,548
2.Acquisition of minority interests of subsidiary		-	-	-	-	-	-	-	-	1,274	-	-	-	(1,274)	-
3.Increase in minority interests resulted from acquisition of subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	1,528,694	1,528,694
4.Decrease in minority interests resulted from disposal of subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	(13,956)	(13,956)
5.Decrease in retained earnings resulted from acquisition of minority		-	-	-	-	-	-	-	-	-	-	(222,560)	-	(33,803)	(256,363)
6.Increase in shareholders' equity resulted from share-based payments	Ⅶ.1	-	56,339	-	-	-	1,667	58,006	-	59,565	-	-	-	10,991	70,556
(IV)Appropriation of profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.Appropriation for surplus reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.Distributions to shareholders	V.42（1）	-	-	-	(929,568)	-	(23,562)	(953,130)	-	-	-	(319,488)	-	(41,427)	(360,915)
(V) Effect of change in functional currency		-	(462,172)	(716,538)	(551,377)	1,730,087		-	-	-	-	-	-	-	-
III.Balance at 30 June 2011		2,662,396	940,116	2,861,050	12,016,019	(335,706)	3,010,295	21,154,170	2,662,396	1,349,420	3,577,588	10,689,335	(2,055,682)	2,983,643	19,206,700

China International Marine Containers (Group) Co., Ltd.
Statement of changes in shareholders’ equity
for the period ended 30 June 2011

RMB'000

Item	Note	from 1 January to 30 June 2011						2010					
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Total	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences of financial statements denominated in foreign currency	Total
Ⅰ.Balance at 1 January 2011		2,662,396	852,264	3,577,588	1,579,889	(1,533,994)	7,138,143	2,662,396	1,045,202	3,577,588	1,932,874	(1,266,301)	7,951,759
Ⅱ.Changes in equity for the period													
(Ⅰ)Net profit for the period		-	-	-	3,814	-	3,814	-	-	-	(33,497)	-	(33,497)
(Ⅱ)Other comprehensive income for the period	XII.22	-	(15,153)	-	-	-	(15,153)	-	(219,021)	-	-	(267,693)	(486,714)
Sub-total of (Ⅰ)&(Ⅱ)		-	(15,153)	-	3,814	-	(11,339)	-	(219,021)	-	(33,497)	(267,693)	(520,211)
(Ⅲ) Shareholders' contributions and decrease of capital													
1.Increase in shareholders equity resulted from sharebased payment		-	50,639	-	-	-	50,639		26,083	-	-	-	26,083
(Ⅳ) Appropriation of profits													
1.Distributions to shareholders	V.40	-	-	-	(929,568)	-	(929,568)	-	-	-	(319,488)	-	(319,488)
(Ⅳ)Others		-	(607,777)	(716,538)	(209,679)	1,533,994	-	-	-	-	-	-	-
Ⅲ.Balance at 30 June 2011		2,662,396	279,973	2,861,050	444,456	-	6,247,875	2,662,396	852,264	3,577,588	1,579,889	(1,533,994)	7,138,143

I COMPANY STATUS

China International Marine Containers (Group) Co., Ltd. (the "Company"), formerly "China International Marine Containers Co., Ltd.", was a Sino-foreign joint venture set up by China Merchants Group, the East Asiatic Company (Denmark) and Ocean Containers Inc.(USA). In December 1992, as approved by "Shen Fu Ban Fu [1992] 1736" issued by the General Office of the People's Government of Shenzhen and "Shen Ren Yin Fu Zi (1992) 261" issued by Shenzhen Special Economic Zone Branch of People's Bank of China, the Company was restructured as an incorporated company set up by directional subscription and was renamed as "China International Marine Containers Co., Ltd." by the original corporate shareholders of the Company. On 31 December 1993 and 17 January 1994 respectively, the Company issued ordinary shares denominated in Renminbi for domestic investors (A Shares) and for foreign shares issued domestically (B Shares), and commenced trading on Shenzhen Stock Exchange. Pursuant to "Shen Fu Ban Fu [1993] 925" issued by the General Office of the People's Government of Shenzhen and "Shen Zheng Ban Fu [1994] 22" issued by Shenzhen Securities Administration Office.

On 1 December 1995, as approved by the State Administration of Industry and Commerce, the Company changed its name to "China International Marine Containers (Group) Co., Ltd". Up to 30 June 2011, the share capital of the Company amounted to 2,662,396,051 shares. Please refer to Note V.38 for details of the share capital.

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are the manufacturing of modern transportation facilities, facilities for energy, food, chemistry and rendering of relative services. Detailed activities are the manufacturing and repairing of containers and other relevant business; utilizing the Group's equipment to process and manufacture various parts, structure components and relevant machines; providing cutting, punching, moulding, riveting surface treatment (including sand/paint spraying, welding and assembly) and other processing services; developing, manufacturing and selling of various high-tech and high performance special vehicles and semi-trailers; leasing of containers; developing, production and sales of high-end fuel gas equipments such as pressure container and compressor; providing integrated services for natural gas distribution; production of static container and pot-type wharf equipments and providing EP+CS (engineering procurement and construction supervision) technical service for the storage and processing of LNG, LPG and other petrochemical gases. Apart from the above, the Group is also engaged in manufacturing of logistic equipment and related services, marine projects, railway trucks production and property development, etc.

CIMC Enric Holdings Limited, the subsidiary of the Group, is listed in the Main Board of the Stock Exchange of Hong Kong Limited. The principal activities of the Group are the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance service for, a wide spectrum of transportation, storage and processing equipment that is widely used in energy, chemical and liquid food industries.

II. BASIS OF PREPARATION

1. BASIS OF FINANCIAL REPORTING

The financial statements have been prepared on the basis that the Company will continue to operate throughout the next accounting period until 31 December 2011 as a going concern.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the requirements of "Accounting Standards for Business Enterprises No. 32-Interim Financial Reporting" issued by the Ministry of Finance (MOF) of the People's Republic of China (PRC), and "Regulation on the Contents and Formats of Companies Issuing Public Shares, No. 3: Contents and Formats for Half-year Financial Reports" as revised by the China Securities Regulatory Commission (CSRC) in 2007.The same accounting policies are followed in the interim financial statements as compared with financial statements for the year 2010.According to "Accounting Standards for Business Enterprises No. 32-Interim Financial Reporting", notes to interim financial statements are properly compared with annual report.

3. ACCOUNTING PERIOD

The accounting year of the Group is from 1 January to 31 December.

4. FUNCTIONAL CURRENCY

The Group determines its functional currencies based on the major currencies in business transactions

The functional currency of the Company was USD in 2010 and prior years. As RMB are used more and more in business transactions of the Company and some domestic subsidiaries was getting strengthened, the Company will change the functional currency to RMB since 1 January 2011.

The company's Hong Kong and certain overseas subsidiaries use local currencies as their functional currencies. Foreign currencies are defined as currency other than functional currency.

The financial statements are prepared using RMB. For subsidiaries using currencies other than U.S dollar as their functional currencies, the Company translates the financial statements of these subsidiaries into U.S dollars (see Note II.8).

II. BASIS OF PREPARATION (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 thenet assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, any excess is adjusted to retained earnings. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

(2) Business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination.

Where 1) the aggregate of the fair value at the acquisition date of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds 2) the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note II.18). Where 1) is less than 2), the difference is recognised in profit or loss for the current period. The costs of the issuance of equity or debt securities as a part of the consideration paid for the acquisition are included as a part of initial recognition amount of the equity or debt securities. Other acquisition-related costs arising from the business combination are recognised as expenses in the periods in which the costs are incurred. The difference between the fair value and the carrying amount of the assets transferred is recognised in profit or loss. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquirer, at the acquisition date, allocates the cost of the business combination by recognising the acquiree's identifiable asset, liabilities and contingent liabilities at their fair value at that date.

II. BASIS OF PREPARATION (CONTINUED)

5. ACCOUNTING TREATMENTS FOR BUSINESS COMBINATIONS INVOLVING ENTERPRISES UNDER AND THOSE NOT UNDER COMMON CONTROL (CONTINUED)

(2) Business combinations involving enterprises not under common control (continued)

In a business combination, the acquiree's deductible temporary differences obtained by the Group are not recognised if the deductible temporary differences do not satisfy the criteria for recognition of deferred tax assets at the acquisition date. The Group recognises the relevant deferred tax assets and reduces goodwill accordingly if within 12 months of the acquisition date, new or updated information indicates that at the acquisition date, the obtained deferred tax benefit is expected to be realised in future periods. If the goodwill is insufficient to be deducted, any remaining deferred tax benefits shall be recognised in profit or loss for the current period. All other acquired deferred tax benefit shall be included in profit or loss for the current period.

6. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the Company and its subsidiaries. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its operating activities. In assessing control, potential voting rights, such as warrants and convertible bonds, that are currently exercisable or convertible, are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. Therefore the opening balances and the comparative figures of the consolidated financial statements are restated. In the preparation of the consolidated financial statements, the subsidiary's assets, liabilities and results of operations are included in the consolidated balance sheet and the consolidated income statement, respectively, based on their carrying amount from the date that common control was established.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets, liabilities and results of operations of the subsidiaries are consolidated into consolidated financial statements from the date that control commences, base on the fair value of those identifiable assets and liabilities at the acquisition date.

II. BASIS OF PREPARATION (CONTINUED)

6. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For a business combination not involving enterprises under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognised as investment income for the current period; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree is reclassified as investment income for the current period.

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the minority interests are adjusted and the amount of the consideration paid or received is adjusted to the capital reserve in the consolidated balance sheet. If the credit balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

Where the Company acquired a minority interest from a subsidiary's minority shareholders before 7 August 2008, any excess of the investment cost for acquiring the minority interest over the Group's interest in the fair value of the identifiable net assets of the minority interest acquired is recognised as goodwill. Where the Company acquired a minority interest from a subsidiary's minority shareholders, the difference between the investment cost for acquiring the minority interest and the corresponding reduction of minority interest in the consolidated financial statements, is adjusted to the capital reserve in the consolidated balance sheet except for the portion that has been recognised as goodwill. If the credit balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment, the remaining equity investment is remeasured at its fair value at the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognised as investment income for the current period when control is lost. The amount recognised in other comprehensive income in relation to the former subsidiary's equity investment is reclassified as investment income for the current period when control is lost.

Minority interest is presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to minority shareholders is presented separately in the consolidated income statement below the net profit line item.

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess is allocated against the minority interests.

II. BASIS OF PREPARATION (CONTINUED)

6. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCY

When the Group receives capital in foreign currencies from investors, the capital is translated to functional currency at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to functional currency at the rates that approximate the spot exchange rates at the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period or the weighted average exchange rate.

Monetary items denominated in foreign currencies are translated to functional currency at the spot exchange rate at the balance sheet date. The resulting exchange differences are recognised in profit or loss, except those arising from the principal and interest on foreign currency borrowings specifically for the purpose of acquisition, construction or production of qualifying assets (see Note II.16). Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to functional currency using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which is recognised in capital reserve.

II. BASIS OF PREPARATION (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 exchange differences are recognised in a separate component of equity. Upon disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

9. FINANCIAL INSTRUMENTS

Financial instruments include cash at bank and on hand, derivatives, investments in debt and equity securities other than long-term equity investments (see Note II.12), receivables, payables, loans and borrowings and share capital.

(1) Financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any attributable transaction costs are included in their initial costs. Subsequent to initial recognition financial assets and liabilities are measured as follows:

- Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

  A financial asset or financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is a derivative, unless the derivative is a designated and effective hedging instrument, or a financial guarantee contract or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.

II. BASIS OF PREPARATION (CONTINUED)

9. FINANCIAL INSTRUMENTS

(1) Financial assets and financial liabilities (continued)

- Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading) (continued)

  Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- Receivables

  Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

  Subsequent to initial recognition, receivables are stated at amortised cost using the effective interest method.

- Available-for-sale financial assets

  Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sales and other financial assets which do not fall into any of the above categories.

  An investment in equity instrument which does not have a quoted market price in an active market and whose fair value cannot be reliably measured is measured at cost subsequent to initial recognition.

  Other than investments in equity instruments whose fair value cannot be measured reliably as described above, subsequent to initial recognition, other available-for-sale financial assets are measured at fair value and changes therein, except for impairment losses and foreign exchange gains and losses from monetary financial assets, which are recognised directly in profit or loss, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is removed from equity and recognised in profit or loss. Dividend income from these equity instruments is recognised in profit or loss when the investee declares the dividends.

- Other financial liabilities

  Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

II. BASIS OF PREPARATION (CONTINUED)

9. FINANCIAL INSTRUMENTS

(1) Financial assets and financial liabilities (continued)

- Other financial liabilities (continued)

  Other financial liabilities include the liabilities arising from financial guarantee contracts. Financial guarantees are contracts that require the Group (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Where the Group issues a financial guarantee, subsequent to initial recognition, the guarantee is measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles of contingent liabilities (see Note II.21).

  Except for the liabilities arising from financial guarantee contracts described above, subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount presented in the balance sheet when both of the following conditions are satisfied:

- the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(2) Determination of fair values

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price and, for a financial asset to be acquired or a financial liability assumed, it is the current asking price.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties; reference to the current fair value of another instrument that is substantially the same. The Group calibrates the valuation technique and tests it for validity periodically.

9. FINANCIAL INSTRUMENTS (CONTINUED)

(3) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- carrying amount of the financial asset transferred;
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged.

(4) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided.

Objective evidences that a financial asset is impaired includes but is not limited to evidence arising from the following events:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisations;

(d) the disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(e) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;

(f) a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

For the calculation method of impairment of receivables, refer to Note II.10, The impairment of other financial assets are measured as follows:

9. FINANCIAL INSTRUMENTS (CONTINUED)

(4) Impairment of financial assets (continued)

- Available-for-sale financial assets

  Available-for-sale financial assets are assessed for impairment on an individual basis. When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in equity is removed from equity and recognised in profit or loss even though the financial asset has not been derecognised.

  If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

(5) Equity investments

An equity instrument is a contract that proves the ownership interest of the assets after deducting all liabilities in the Company.

The consideration received from the issuance of equity instruments net of transaction costs is recognised in share capital and capital reserve.

Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

10. IMPAIRMENT OF RECEIVABLES

Receivables are assessed for impairment both on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable figures reflecting present economic conditions.

II. BASIS OF PREPARATION (CONTINUED)

10. IMPAIRMENT OF RECEIVABLES (CONTINUED)

If, after an impairment loss has been recognised on receivables, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(a) Receivables that are individually significant and are assessed for impairment on an individual basis:

Criteria of provision for receivable that are individually significant and are assessed for impairment on an individual basis.	Individually significant receivables are the receivables with the individual amount over RMB10 million (inclusive) or accounting to 5% or more of the total receivables.
Method of provision for receivable that are individually significant and are assessed for impairment on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

(b) Receivable that are individually insignificant but are assessed for impairment on an individual basis:

Criteria of provision for receivables that are individually insignificant but are assessed for impairment on an individual basis.	Within the receivables whose amounts are individually insignificant, impairment is assessed on an individual basis for the overdue receivables unpaid after collection efforts or with unique characteristics.
Method of provision for receivable that are individually insignificant but are assessed for impairment on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

II. BASIS OF PREPARATION (CONTINUED)

10. IMPAIRMENT OF RECEIVABLES (CONTINUED)

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

The assessment is made collectively where receivables share similar credit risk characteristics, including those having not been individually assessed as impaired.

Determination method of the group based on credit risk characteristics	Accounts receivable are divided into six groups of containers, vehicles, energy and chemistry equipment, offshore engineering, other business, and due from related parties, land lease prepayments and operating deposits according to the industry and business nature of customers and the characteristics of the receivables. As to offshore engineering groups, the relevant receivables within credit period have lower credit risk after the grouping based on credit risk characteristics according to individual credit risk assessment and historical data. No provision is provided accordingly. As to other groups like due from related parties, land lease prepayments operating deposits, and etc, if the credit risk is assessed low after grouping based on the assessment on credit risk and their historical loss experience, no impairment loss is recognised for those groups.
Group 1	Containers
Group 2	Trailers
Group 3	Tank equipments
Group 4	Other business
Methods of provision for receivables assessed on a collective group basis (based on an ageing analysis, a parentage of the total balance and others).	
Containers	Provision is determined based on an ageing analysis.
Trailers	Provision is determined based on an ageing analysis.
Tank equipments	Provision is determined based on an ageing analysis.
Other business	Provision is determined based on an ageing analysis.

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

Ageing		Percentage of total accounts receivable (%)		
	Group 1	Group 2	Group 3	Group 4
Within 1 year (inclusive)	5	1		
1 to 2 years (inclusive)	30	1		
2 to 3 years (inclusive)	100	1	1	1
Over 3 years	1	1	1	1

Note: Aforesaid ageing group, the provision of Group 2 is determined based on natural age, while others are determined based on the overdue age.

II. BASIS OF PREPARATION (CONTINUED)

11. INVENTORIES

(1) Classification

Inventories include raw materials, work in progress, semi-finished goods, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

(2) Cost of inventories

Cost of inventories is calculated using the weighted average method.

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

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

Cost of inventories comprises all costs of purchase, costs of conversion and other costs. Inventories are initially measured at their actual cost. Borrowing costs directly related to the production of qualifying inventories are also included in the cost of inventories (see Note II.16). In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. The net realisable value of materials held for use in the production of inventories is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the quantity of inventory held to satisfy sales or service contracts is based on the contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Group, the net realisable value of the excess portion of inventories shall be based on general selling prices.

Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories.

(4) Inventory system

The Group maintains a perpetual inventory system.

II. BASIS OF PREPARATION (CONTINUED)

11. INVENTORIES (CONTINUED)

(5) Amortisation of reusable material including low-value consumables and packaging materials

Reusable materials including low-value consumables and packaging materials are amortised in full when received for use. The amounts of the amortisation are included in the cost of the related assets or profit or loss.

12. LONG-TERM EQUITY INVESTMENTS

(1) Investment cost

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

- The initial investment cost of a long-term equity investment obtained through a business combination involving entities under common control is the Company's share of the subsidiary's equity at the combination date. The difference between the initial investment cost and the carrying amounts of the consideration given is adjusted to share premium in capital reserve. If the balance of the share premium is insufficient, any excess is adjusted to retained earnings.
- For a long-term equity investment obtained through a business combination not involving enterprises under common control and achieved in stages, the initial cost comprises the carrying value of previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date. Any amounts recognised in other comprehensive income relating to the previously-held equity interest in the acquiree, are reclassified to profit or loss as investment income when the equity investment is disposed of.
- For other long-term equity investments obtained through a business combination involving enterprises not under common control, the initial investment cost represents the aggregate of the fair values of assets transferred, liabilities 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.

II. BASIS OF PREPARATION (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Subsequent measurement

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method. Except for cash dividends or profits distribution declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment. The investments in subsidiaries are stated in the balance sheet at cost less impairment losses.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note II. 6.

(b) Investment in jointly controlled enterprises and associates

A jointly controlled enterprise is an enterprise which operates under joint control (see NoteII.12(3)) in accordance with a contractual agreement between the Group and other parties.

An associate is an enterprise over which the Group has significant influence (see NoteII.12(3)).

An investment in a jointly controlled enterprise or an associate is 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.

II. BASIS OF PREPARATION (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Subsequent measurement (continued)

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

- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss after deducting the amortisation of the debit balance of equity investment difference, which was recognised by the Group before the first-time adoption of CAS, as investment income or losses, and adjusts the carrying amount of the investment accordingly. The debit balance of the equity investment difference is amortised using the straight-line method over the period of 10 years in accordance with previous accounting standards. Once the investee declares any cash dividends or profits distributions, the carrying amount of the investment is reduced by that amount attributable to the Group.

  The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair values of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated to the extent of the Group's interest in the associates or jointly controlled enterprises. Unrealised losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

- The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate or the jointly controlled enterprise is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. Where net profits are subsequently made by the associate or jointly controlled enterprise, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

II. BASIS OF PREPARATION (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Subsequent measurement (continued)

(c) Other long-term equity investments

Other long-term equity investments refer to investments where the Group does not have control, joint control or significant influence over the investees, and the investments are not quoted in an active market and their fair value cannot be reliably measured.

Such investments are initially recognised at the cost determined in accordance with the same principles as those for jointly controlled enterprises and associates, and then accounted for using the cost method. Cash dividends or profit distributions declared by subsidiaries and attributed to the Company shall be recognised as investment income, except those that have been declared but unpaid at the time of acquisition and therefore included in the price paid or the consideration.

(3) Basis for determining the existence of joint control or significant influence over an investee

Joint control is the contractual agreed sharing of control over an investee's economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control. The following evidences shall be considered when determining whether the Group can exercise joint control over an investee:

- no single venturer is in a position to control the operating activities unilaterally;
- operating decisions relating to the investee's economic activity require the unanimous consent of the parties sharing the control;
- if the parties sharing the control appoint one venturer as the operator or manager of the joint venture through the contractual arrangement, the operator must act within the financial and operating policies that have been agreed by the venturers in accordance with the contractual arrangement.

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(3) Basis for determining the existence of joint control or significant influence over an investee (continued)

Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not control or joint control over those policies. The following one or more evidences shall be considered when determining whether the Group can exercise significant influence over an investee:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes;
- material transactions between the investor and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

(4) Method of impairment testing and measuring

For the method of impairment testing and measuring for subsidiaries, jointly controlled enterprises and associates, refer to Note II.20.

For other long-term equity investments, the carrying amount is required to be tested for impairment at the balance sheet date. If there is objective evidence that the investments may be impaired, the impairment shall be assessed on an individual basis. The impairment loss is measured as the amount by which the carrying amount of the investment exceeds the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed. The other long-term equity investments are stated at cost less impairment losses in the balance sheet.

13. INVESTMENT PROPERTY

Investment property is a property held either to earn rental income or for capital appreciation or for both. Investment property is accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment. Investment property is depreciated or amortised using the straight line method over its estimated useful life, unless the investment property is classified as held for sale (see Note II.28). For the method of impairment testing and measuring, refer to Note II.20.

II. BASIS OF PREPARATION (CONTINUED)

13. INVESTMENT PROPERTY (CONTINUED)

The useful lives and estimated residual values of each class of investment property are as follows:

	useful life	*residual value rate*	*Depreciation / Amortisation rate*
Land use rights	29 - 50 years	-	2% - 3.4%
Plant and buildings	20 - 30 years	10%	3 - 4.5%

14. FIXED ASSETS

(1) Recognition

Fixed assets represent the tangible assets held by the Group for use in the production of goods or supply of services, for rental to others or for operation and administrative purposes with useful lives over one year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note II.15.

Where parts of an item of fixed asset have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

The subsequent costs including the cost of replacing part of an item of fixed assets are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

II. BASIS OF PREPARATION (CONTINUED)

14. FIXED ASSETS (CONTINUED)

(2) Depreciation

Fixed assets are depreciated using the straight-line method over their estimated useful lives, unless the fixed asset is classified as held for sale (see Note II.28). The depreciation period and estimated residual value of each class of fixed assets are as follows:

Classes	*period (years)*	*Residual value rate*	*Depreciation Depreciation rate*
Plants and buildings	20-30 years	10%	3-4.5%
Machinery and equipment	10-12 years	10%	7.5-9%
Office and other equipment	3-5 years	10%	18%
Motor vehicles	5 years	10%	18%
Dock, wharf	50 years	10%	1.8%
Offshore engineering equipment	15-30 years	10%	3%-6%

Useful lives, residual values and depreciation methods are reviewed at least each year-end.

(3) For the method of impairment testing and measuring, refer to Note II.20.

(4) Criteria of recognition and method of measuring for fixed assets under a finance lease

For criteria of recognition and method of measuring for fixed assets under a finance lease, refer to Note II 27(3).

(5) Disposal

The carrying amount of a fixed asset shall be derecognised:

- on disposal; or
- when no future economic benefits are expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

15. CONSTRUCTION IN PROGRESS

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note II.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is included in construction in progress before it is transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the balance sheet at cost less impairment losses (see Note II.20).

16. BORROWING COSTS

Borrowing costs incurred directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset.

Except for the above, other borrowing costs are recognised as financial expenses in the income statement when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

II. BASIS OF PREPARATION (CONTINUED)

16. BORROWING COSTS (CONTINUED)

- Where funds are borrowed generally and used for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense in the period in which they are incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Capitalisation of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally and the interruption lasts over three months.

II. BASIS OF PREPARATION (CONTINUED)

17. INTANGIBLE ASSETS

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II.20). For an intangible asset with finite useful life, its cost less residual value and impairment loss is amortised on the straight-line method or other more appropriate methods that can reflect the pattern in which the asset's economic benefits are expected to be realised over its estimated useful life, unless the intangible asset is classified as held for sale (see Note II.28).

The respective amortisation periods for such intangible assets are as follows:

	Amortisation periods (years)
Land use rights	20 - 50
Maritime space use rights	40 - 50
Technological know-how and trademarks	5 - 10
Timber concession rights	20
Customer base	8
Customer contracts	3 - 4

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

Expenditures on an internal research and development project are classified into expenditures on the research phase and expenditures on the development phase. Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products or processes before the start of commercial production or use.

Expenditures on research phase are recognised in profit or loss when incurred. Expenditures on development phase are capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete development. Capitalised development costs are stated at cost less impairment losses (see Note II.20). Other development expenditures are recognised as expenses in the period in which they are incurred.

18. GOODWILL

Goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination involving entities not under common control.

Goodwill is not amortised and is stated at cost less accumulated impairment losses (see Note II.20). On disposal of an asset group or a set of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

19. LONG-TERM DEFERRED EXPENSE

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

Item	Amortisation period
Water and electricity capacity enlargement expenses	5-10 years
Rental	2-10 years
Others	5-10 years

20. IMPAIRMENT OF ASSETS OTHER THAN INVENTORIES, FINANCIAL ASSETS AND OTHER LONG-TERM INVESTMENTS

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- investment property measured using a cost model
- long-term equity investments in subsidiaries, associates and jointly controlled entities
- goodwill

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at no later than each year-end, irrespective of whether there is any indication of impairment or not. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

II. BASIS OF PREPARATION (CONTINUED)

20. IMPAIRMENT OF ASSETS OTHER THAN INVENTORIES, FINANCIAL ASSETS AND OTHER LONG-TERM INVESTMENTS (CONTINUED)

The recoverable amount of an asset, asset group or set of asset groups is the higher of its fair value less costs to sell and its present value of expected future cash flows.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group’s operations and how management makes decisions about continuing or disposing of the Group’s assets.

An asset’s fair value less costs to sell is the amount determined by the price of a sale agreement in an arm’s length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the result of the recoverable amount calculating indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current period. A provision for impairment loss of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, that the carrying amount of an impaired asset will not be reduced below the highest of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

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

II. BASIS OF PREPARATION (CONTINUED)

21. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

In terms of a possible obligation resulting from a past transaction or event, whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

22. SHARE-BASED PAYMENTS

(1) Classification

Share-based payments transactions in the Group are equity-settled share-based payments.

(2) Method to determine the fair value of equity instruments

Fair value of stock option is estimated based on binomial lattice model. Contract term of the stock option is used as the input variable of this model. And the binomial lattice model includes estimation of early execution of the option. The following factors are taken into account when using the binomial lattice model: (1) exercise price of the option; (2) vesting period; (3) current price of basic stocks; (4) expected fluctuation of stocks; (5) expected dividends of stocks; (6) risk-free rate within the option term.

(3) Basis of the best estimate of the number of equity instruments expected to vest

At each balance sheet date during the vesting period, the Group makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the estimate shall be equal to the number of equity instruments that ultimately vested.

22. SHARE-BASED PAYMENTS (CONTINUED)

(4) Accounting treatment for share-based payment

- equity-settled share-based payments

  Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. Based on the best estimation, the Group recognises the services received for the current period as related costs or expenses, with a corresponding increase in capital reserve, at an amount equal to the fair value of the equity instruments at the grant date.

  For share-based payment transactions among entities within the group of companies (comprising the ultimate parent of the Group and all of its subsidiaries), the Group receiving services recognises the transaction as an equity-settled share-based payment transaction when the Group has no obligation to settle the transaction.

23. REVENUE RECOGNITION

Revenue is the gross inflow of economic benefit in the periods arising in the course of the Group’s ordinary activities when the inflows result in increase in shareholders’ equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met:

(1) Sale of goods

Revenue from sale of goods is recognised when all of the general conditions stated above and following conditions are satisfied:

- The significant risks and rewards of ownership of goods have been transferred to the buyer
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the considerations received or receivable under the sales contract or agreement.

23. REVENUE RECOGNITION (CONTINUED)

(2) Rendering of services

Revenue from rendering of services is measured at the fair value of the considerations received or receivable under the contract or agreement.

At the balance sheet date, where outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised in the income statement by reference to the stage of completion of the transaction based on the progress of work performed

Where outcome of rendering of services cannot be estimated reliably, if the costs incurred are expected to be recoverable, revenues are recognised to the extent that the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; if the costs incurred are not expected to be recoverable, the costs incurred are recognised in profit or loss and no service revenue is recognised.

(3) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognised at the balance sheet date using the percentage of completion method.

The stage of completion of a contract is determined based on the proportion of the physical construction work completed to the total estimated construction work.

When the outcome of a construction contract cannot be estimated reliably:

- If the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred;
- If the contract costs cannot be recovered, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

Construction contract revenue includes initial revenue stipulated by contract and increased amount generated by contract alteration.

Increased amount cannot be recognized as contract revenue unless the following contract alteration terms are all satisfied:

- Client accepts and confirms the increased amount generated by contract alteration;
- Increased amount can be reliably measured.

Contract anticipated loss is recognised when estimated total construction contract cost exceeds contract revenue. Provision should be made for contract anticipated loss and charged into profit and losses for the current period.

II. BASIS OF PREPARATION (CONTINUED)

23. REVENUE RECOGNITION (CONTINUED)

(4) Interest income

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

24. EMPLOYEE BENEFITS

Employee benefits are all forms of considerations given and other relevant expenditures incurred in exchange for services rendered by employees. Except for termination benefits, employee benefits are recognised as a liability in the period in which the associated services are rendered by employees, with a corresponding increase in cost of relevant assets or expenses in the current period.

(1) Pension benefits

Pursuant to the relevant laws and regulations of the PRC, the Group has joined a basic pension insurance for the employees arranged by local Labour and Social Security Bureaus. The Group makes contributions to the pension insurance at the applicable rates based on the amounts stipulated by the government organisation. The contributions are capitalised as part of the cost of assets or charged to profit or loss on an accrual basis. When employees retire, the local Labour and Social Security Bureaus are responsible for the payment of the basic pension benefits to the retired employees. The Group does not have any other obligations in this respect.

(2) Housing fund and other social insurances

Besides the pension benefits, pursuant to the relevant laws and regulations of the PRC, the Group has joined defined social security contributions for employees, such as a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes contributions to the housing fund and other social insurances mentioned above at the applicable rate(s) based on the employees' salaries. The contributions are recognised as cost of assets or charged to profit or loss on an accrual basis.

(3) Termination benefits

When the Group terminates the employment relationship with employees before the employment contracts have expired, or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision for the termination benefits provided, is recognised in profit or loss when both of the following conditions have been satisfied:

- The Group has a formal plan for the termination of employment or has made an offer to employees for voluntary redundancy, which will be implemented shortly

II. BASIS OF PREPARATION (CONTINUED)

24. EMPLOYEE BENEFITS (CONTINUED)

(3) Termination benefits (continued)

- The Group is not allowed to withdraw from termination plan or redundancy offer unilaterally.

25. GOVERNMENT GRANTS

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at no consideration except for the capital contribution from the government as an investor in the Group. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital contributions, and not regarded as government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the subsequent periods is recognised initially as deferred income and recognised in profit or loss in the same periods in which the expenses are recognised. A grant that compensates the Group for expenses incurred is recognised in profit or loss immediately.

26. DEFERRED TAXED ASSETS AND LIABILITIES

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carry forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is recovered or the liability is settled in accordance with tax laws.

26. DEFERRED TAXED ASSETS AND 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. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

- the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities, and
- they relate to income taxes levied by the same tax authority on either the same taxable entity; or different taxable entities which either to intend to settle the current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

27. OPERATING AND FINANCE LEASES

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred or not. An operating lease is a lease other than a finance lease.

(1) Operating lease charges

Rental payments under operating leases are recognised as costs or expenses on a straight-line basis over the lease term.

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment property (see Note II.13) are depreciated in accordance with the Group's depreciation policies described in Note II.14(2). Impairment losses are provided for in accordance with the accounting policy described in Note II.20. Other leased out assets under operating leases are amortised using the straight-line method. Income derived from operating leases is recognised in the income statement using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

II. BASIS OF PREPARATION (CONTINUED)

(3) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair values and the present value of the minimum lease payments, each determined at the inception of the lease. The minimum lease payments are recorded as long-term payables. The difference between the value of the leased assets and the minimum lease payments is recognised as unrecognised finance charges. Initial direct costs that are attributable to a finance lease incurred by the Group are added to the amounts recognised for the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes II.14(2) and II.20, respectively.

If there is a reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charge under finance lease is amortised using an effective interest method over the lease term. The amortisation is accounted for in accordance with policies of borrowing costs (see Note II.16).

At the balance sheet date, long-term payables arising from finance leases, net of the unrecognised finance charges, are presented into long-term payables and non-current liabilities due within one year, respectively in the balance sheet.

(4) Assets leased out under finance leases

The Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable. The difference between the aggregate of the minimum lease receipts, the initial direct costs, and the aggregate of their present values is recognised as unearned finance income.

Unearned finance income is allocated to each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivables, net of unearned finance income, are presented as long-term receivables or non-current assets due within one year, respectively in the balance sheet.

The Group makes provision for impairment losses of finance lease receivables (see Note II.10).

The unguaranteed residual values are reviewed at least each year-end. Any excess of the carrying amount of the unguaranteed residual values over their estimated recoverable amounts is recognised as impairment loss. If there is an indication that there has been a change in the factors used to determine the provision for impairment and as a result the estimated recoverable amount of the unguaranteed residual values is greater than its carrying amount, the impairment loss recognised in prior years is reversed. Reversals of impairment losses are recognised in the income statement.

28. ASSETS HELD FOR SALE

A held-for-sale asset is classified as held for sale when the Group has made a decision and signed a non-cancellable agreement on the transfer of the asset with the transferee, and the transfer is expected to be completed within one year. Such non-current assets may be fixed assets, intangible assets, and investment property subsequently measured using the cost model, long-term equity investment etc. but not include deferred tax assets. Non-current assets held for sale are stated at the lower of carrying amount and net realisable value. Any excess of the carrying amount over the net realisable value is recognised as impairment loss. At balance sheet date, non-current assets held for sale are still presented under corresponding asset classification as they were.

29. HEDGE ACCOUNTING

Hedge accounting is a method which recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item in the same accounting period(s).

Hedged items are the items that expose the Group to risks of changes in fair value or future cash flows and that are designated as being hedged. The Group's hedged item include a forecast transaction that is settled with a fixed amount of foreign currency and expose the Group to foreign currency risk.

A hedging instrument is a designated derivative whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, a non-derivative financial asset or non-derivative financial liability may also be used as a hedging instrument.

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it has been highly effective throughout the accounting periods for which the hedging relationship was designated. A hedge is regarded as highly effective if both of the following conditions are satisfied:

- at the inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;
- the actual results of offsetting are within a range of 80% to 125%.

29. HEDGE ACCOUNTING (CONTINUED)

- Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholders' equity as a separate component. That effective portion is adjusted to the lesser of the following in absolute amounts:

- the cumulative gain or loss on the hedging instrument from inception of the hedge
- the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge

The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge is recognised in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is removed from equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, the Group will discontinue the hedge accounting treatments prospectively. In this case, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall not be reclassified into profit or loss and is recognised in accordance with the above policy when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall be reclassified into profit or loss immediately.

30. DIVIDENDS APPROPRIATED TO INVESTORS

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date, are not recognised as a liability at the balance sheet date but disclosed in the notes separately.

31. RELATED PARTIES

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

(a) the Company's parent;

(b) the Company's subsidiaries;

(c) enterprises that are controlled by the Company's parent;

(d) investors that have joint control or exercise significant influence over the Group;

(e) enterprises or individuals if a party has control, joint control over both the enterprises or individuals and the Group;

(f) joint ventures of the Group, including subsidiaries of joint ventures ;

(g) associates of the Group, including subsidiaries of associates;

(h) principal individual investors and close family members of such individuals;

(i) key management personnel of the Group and close family members of such individuals;

(j) key management personnel of the Company's parent;

(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.

II. BASIS OF PREPARATION (CONTINUED)

31. RELATED PARTIES (CONTINUED)

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.

II. BASIS OF PREPARATION (CONTINUED)

32 SEGMENT REPORTING

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following conditions:

- It engages in business activities from which it may earn revenues and incur expenses
- Its operating results are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance
- The Group is able to obtain its financial information regarding financial position, results of operations and cash flows, etc.

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics, and are similar in respect of the following aspects:

- the nature of each product and service;
- the nature of production processes;
- the type or class of customers for the products and services;
- the methods used to distribute the products or provide the services;
- the legal and regulatory impact on manufacturing of products and rendering of services.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

33 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

II. BASIS OF PREPARATION (CONTINUED)

33 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS CONTINUED)

Notes V.17, VII and XI.3 contain information about the assumptions and their risk factors relating to impairment of goodwill, share-based payments and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(1) Impairment of receivables

As described in Note II.10, receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is an indication that there has been a change in the factors used to determine the provision for impairment, the impairment loss recognised in prior years is reversed.

(2) Impairment of other assets excluding inventories, financial assets and other long-term equity investments

As described in Note II.20, other assets excluding inventories, financial assets and other long-term equity investments are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, impairment loss is provided.

The recoverable amount of an asset (asset group) is the greater of its net selling price and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumption.

(3) Depreciation and amortisation

As described in Note II.13, 14 and 17, investment property, fixed assets and intangible assets are depreciated and amortised using the straight-line method over their useful lives after taking into account residual value. The useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation is revised.

II. BASIS OF PREPARATION (CONTINUED)

33 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(4) Warranty provisions

As described in V.32, the Group makes provisions under the warranties it gives on sale of its products taking into account the group's recent claim experience. Any increase or decrease in the provision will affect profit or loss in future years.

(5) Impairment of inventories

As described in Note II.11, inventories are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. For inventories with committed sales orders or active market, the Group estimates the new realisable value with reference to the selling prices set out in the committed sales orders or in the active market. For inventories without committed sales orders or active market, the Group carefully estimates the new realisable value based on available information and reasonable and supportive assumptions on expected selling prices, manufacturing costs, selling expenses, sales tax and etc.

II. BASIS OF PREPARATION (CONTINUED)

33 SIGNIFICANT 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

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

III. TAXATION

1. MAIN TAXES AND TAXES RATES

Types of tax	Taxable base	Tax rate
Value added tax (VAT)	The output VAT calculated based on taxable income from sales of goods and rendering of service, after subtracting the deductable input VAT of the period, is VAT payable	17%
Business tax	Taxable operating income	3%-5%
Urban maintenance and construction tax	Business tax payable and VAT payable	5%-7%
Income tax	Taxable income	Note1
The Netherlands / Australia service tax rate	Calculated based on revenue arising from sales of goods and rendering of service, less deductible or refundable taxes for purchase of goods	10-19%

Note1: The income tax rates applicable to the Group for the year are as follows:

	2011	*2010*
The Company	22%	20%
Domestic subsidiaries	10% - 25%	0 - 25%
Subsidiaries registered in Hong Kong	16.5%	16.5%
Subsidiaries registered in British Virgin Islands	-	-
Subsidiary registered in Suriname	36%	36%
Subsidiary registered in Cambodia	20%	20%
Subsidiary registered in US	15 – 35%	15 - 35%
Subsidiary registered in Germany	31.6%	31.6%
Subsidiary registered in Britain	28%	28%
Subsidiary registered in Australia	30%	30%
Subsidiary registered in the Netherlands	25%	25.5%
Subsidiary registered in Belgium	34%	34%
Subsidiary registered in Denmark	28%	28%
Subsidiary registered in Finland	26%	26%
Subsidiary registered in Poland	19%	19%
Subsidiary registered in Thailand	30%	30%
Subsidiary registered in Singapore	17%	Not applicable

III. TAXATION (CONTINUED)

2. TAX PREFERENCE

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

	Name of enterprises	*Local Statutory tax rate*	*Preferential rate*	*Reasons*
1	Shenzhen CIMC - Tianda Airport Support Co., Ltd	24%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate
2	Shanghai CIMC Yangshan Logistics Equipment Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
3	Tianjin CIMC Special Vehicle Co., Ltd	24%	11%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
4	CIMC SHAC (Xi'An) Special Vehicle Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
5	Gansu CIMC Huajun Vehicle Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fifth profit making year
6	CIMC Vehicle (Shandong) Co., Ltd.	25%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate
7	Ianermongolia Holonbuir CIMC Wood Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
8	Xinhui CIMC Special Transportation Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate
9	Tianjin CIMC Containers Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
10	Luoyang CIMC Lingyu Automobile Co., Ltd.	25%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate

III. TAXATION (CONTINUED)

2. TAX PREFERENCE (CONTINUED)

	Name of enterprises	*Local Statutory tax rate*	*Preferential rate*	*Reasons*
11	Shanghai CIMC Yangshan Container Service Co.,Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
12	Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd	25%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate
13	Zhumadian CIMC Huajun Vehicle Co., Ltd.	25%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate
14	Yangzhou Tonglee Reefer Equipment Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2011 is the fifth profit making year
15	Yangzhou Tonglee Reefer Container Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
16	Yangzhou CIMC Tonghua Tank Equipment Co., Ltd	25%	12.5%	Entitled to tax holidays of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
17	Enric (Bengbu) Compressor Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
18	Shanghai CIMC Reefer Containers Co., Ltd.	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
19	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
20	Wuhu CIMC RuiJiang Automobile Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
21	CIMC Vehicle (Liaoning) Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
22	Chongqing CIMC Logistics Equipments Co., Ltd.	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2011 is the fourth profit making year
23	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate

III. TAXATION (CONTINUED)

2. TAX PREFERENCE (CONTINUED)

	Name of enterprises	*Local Statutory tax rate*	*Preferential rate*	*Reasons*
24	Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate
25	Enric (Lang fang)Energy Equipment integration Co.,Ltd.	25%	15%	Recognised as high-tech enterprises, entitled to 15% preferential rate
26	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd	25%	15%	Recognised as high-tech enterprises entitled to 15% preferential rate

Corporate income tax law of the PRC ("New Tax Law") became effective on 1 January 2008. The statutory income tax rate for the Company and its domestic subsidiaries will be 25%. According to the Notice for Transitional Preferential Tax Policies of Enterprise, Income Tax Law(Guo Fa [2007] No. 39) issued by the State Council, the tax rate for the companies which were previously entitled to preferential tax rates will gradually transition to the statutory tax rate of 25% within 5 years. The tax rate for the enterprises which are entitled to preferential tax rate of 15% will be 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012; the tax rate for the enterprises whose applicable tax rates were 24% and above or equal to 25% will be 25% starting from 2008.

Effective from 1 January 2008, the companies which are previously entitled to tax holidays of "two-year exemption and three-year reduction" and "one-year exemption and two-year reduction" will continue to enjoy the tax holidays until their expirations. The reduced tax rates will be based on the applicable tax rate in the transitional period. The applicable tax rate will be the statutory tax rate after the expirations of tax holidays.

On 6 December 2007, State Council of People's Republic of China promulgated detailed implementation rules of the New Tax Law. According to the implementation rules started from 1 January 2008, a withholding tax is applied on dividends distributed by foreign-invested enterprises to Hong Kong or other overseas investors with a tax rate of 5% or 10%, respectively. Therefore, at 30 June 2011, temporary difference caused by the Group's subsidiaries' undistributed profits amounted to RMB 5,118,667,000 accordingly, deferred tax liabilities amounting to RMB 361,579,000 were recognised by the Group.

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES

All subsidiaries of the Group were established or acquired through combination not under common control. There is no acquisition of subsidiaries through combination under common control.

In the reporting period, the number of companies included in the scope of consolidation added up to 247. Except for the subsidiaries listed as below, the number of other subsidiaries held by the Group was 112, with paid-in capital amounting to RMB723,234,000.Other subsidiaries mainly included those engaged in manufacturing or service provision, which have relatively small scale of operation and the paid-in capital was below RMB 20 million or USD 3 million. Other subsidiaries also included those investment holding companies with no operating activities registered in Hong Kong, British Virgin Islands or other overseas countries.

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

1. COMPANY STATUS OF INVESTMENT IN 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	USD	16,600,000.00	Manufacture, repair and sale of container, container stockpiling business	USD	16,600,000.00	100.00%	100.00%	Yes	-	-
2	Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd. (SCIMCEL)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture and repair of container design and manufacture of new-style special road and port mechanical equipment;	USD	16,600,000.00	100.00%	100.00%	Yes	-	-
3	Xinhui CIMC Container Co., Ltd.(XHCIMC)	Corporation	Guangdong, China	USD	24,000,000.00	Manufacture, repair and sale of containers	USD	16,800,000.00	70.00%	70.00%	Yes		-
4	Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	Corporation	Jiangsu, China	USD	7,700,000.00	Manufacture, repair and sale of containers	USD	5,467,000.00	71.00%	71.00%	Yes		-
5	Tianjin CIMC Containers Co., Ltd.(TJCIMC)	Corporation	Tianjin, China	USD	23,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	23,000,000.00	100.00%	100.00%	Yes	-	-
6	Dalian CIMC Containers Co., Ltd. (DLCIMC)	Corporation	Dalian, China	USD	17,400,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	17,400,000.00	100.00%	100.00%	Yes	-	-
7	Ningbo CIMC Logistics Equipment Co., Ltd.(NBCIMC)	Corporation	Ningbo, China	USD	15,000,000.00	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	15,000,000.00	100.00%	100.00%	Yes	-	-

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

1. COMPANY STATUS OF INVESTMENT IN 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*		*s*
8	Taicang CIMC Containers Co., Ltd.(TCCIMC)	Corporation	Jiangsu, China	USD	40,000,000.00	Manufacture and repair of container	USD	40,000,000.00	100.00%	100.00%	Yes	-	-
9	Yangzhou Runyang Logistics Equipments Co., Ltd.(YZRYL)	Corporation	Jiangsu, China	USD	5,000,000.00	Manufacture, repair and sale of container	USD	5,000,000.00	100.00%	100.00%	Yes	-	-
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.(SHYSLE)	Corporation	Shanghai, China	USD	20,000,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	20,000,000.00	100.00%	100.00%	Yes	-	-
11	Shanghai CIMC Reefer Containers Co., Ltd. (SCRC)	Corporation	Shanghai, China	USD	31,000,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat Preservation car	USD	28,520,000.00	92.00%	92.00%	Yes		-
12	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	Corporation	Jiangsu, China	USD	10,000,000.00	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	USD	7,100,000.00	71.00%	71.00%	Yes	-	
13	Xinhui CIMC Special Transportation Equipment Co., Ltd. (XHCIMCS)	Corporation	Guangdong, China	USD	16,600,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts; providing leasing and maintenance service	USD	16,600,000.00	100.00%	100.00%	Yes	-	-
14	Nantong CIMC Tank Equipment Co., Ltd (NTCIMCT) Note IV. 1(4)	Corporation	Jiangsu, China	USD	25,000,000.00	Manufacture and sale of various container, semi-finished container relevant components and parts	USD	25,000,000.00	78.22%	100.00%	Yes		-

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

1. COMPANY STATUS OF INVESTMENT IN 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*					
15	Dalian CIMC Railway Equipment Co., Ltd (DLCIMCS)	Corporation	Liaoning, China	USD	20,000,000.00	Design, manufacture and sale of various railway freight equipment products such as railway container flat car, open wagon and hopper wagon	USD	20,000,000.00	100.00%	100.00%	Yes	-	-
16	Nantong CIMC Large-sized Tank Co., Ltd.	Corporation	Jiangsu, China	USD	33,000,000.00	Design, production and sale of tank relevant parts; undertaking tank-related general contracting projects	USD	29,370,000.00	100.00%	100.00%	Yes	-	-
17	Shenzhen CIMC Special Vehicle Co., Ltd.(CIMCSV)	Corporation	Guangdong, China	RMB	200,000,000.00	Development, production and sales of various special-use vehicles, as well as relevant components and parts	RMB	160,000,000.00	80.00%	100.00%	Yes		-
18	Qingdao CIMC Special Vehicle Co., Ltd.(QDSV)	Corporation	Shandong, China	RMB	62,880,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	RMB	55,875,168.00	88.86%	100.00%	Yes		-
19	Yangzhou CIMC Tonghua Tank Equipment Co., Ltd. (YZTHT)	Corporation	Jiangsu, China	USD	17,500,000.00	Development and production of various trailer, special-use vehicles and tank equipment as well as components and parts	USD	14,000,000.00	80.00%	100.00%	Yes		-
20	Shanghai CIMC Vehicle Logistics Equipments Co., Ltd. (SHL)	Corporation	Shanghai, China	RMB	90,204,082.00	Development, construction, operation leasing, sales of warehousing and auxiliary facilities; property	RMB	72,163,265.60	80.00%	100.00%	Yes		-
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		-

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

1. COMPANY STATUS OF INVESTMENT IN 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 service	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	15,000,000.00	80.00%	100.00%	Yes		-
26 Xinhui CIMC Composite Material Manufacture CO., LTD (XHCM)	Corporation	Guangdong, China	USD	16,000,000.00	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	USD	12,800,000.00	80.00%	100.00%	Yes		-
27 Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)	Corporation	Shandong, China	RMB	137,930,000.00	Development, manufacture, sales and service for garbage treatment truck and the components and parts	RMB	56,275,440.00	40.80%	51.00%	Yes		-
28 Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	Corporation	Shanghai, China	RMB	30,000,000.00	Development and production of box trailer, box car as well as relevant mechanical products	RMB	24,663,000.00	82.21%	100.00%	Yes		-
29 CIMC Financing and Leasing Co., Ltd. (CIMCVL)	Corporation	Guangdong, China	USD	20,000,000.00	Finance lease business; disposal and maintenance for residual value of leased property; advisory and warranty for leasing transaction	RMB	20,000,000.00	100.00%	100.00%	Yes	-	-
30 Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV)	Corporation	Shandong, China	USD	25,000,000.00	Manufacture and sales of various refrigeration, heat preservation and other transport equipments and spare parts	USD	20,000,000.00	80.00%	100.00%	Yes		-

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

1. COMPANY STATUS OF INVESTMENT IN 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*					
31	Nantong CIMC Tank Equipment Co., Ltd. (NTCY)	Corporation	Jiangsu, China	USD	10,000,000.00	Manufacture and repair of large-sized tank, production of various pressurization tank car, special pressurization trough, tank and parts	USD	8,000,000.00	85.00%	100.00%	Yes		-
32	Shenzhen CIMC – Tianda Airport Support Ltd. (TAS)	Corporation	Guangdong, China	USD	13,500,000.00	Production and operation of various airport-purpose electromechanical equipment products	USD	9,450,000.00	70.00%	70.00%	Yes		-
33	Xinhui CIMC Wood Co., Ltd. (XHCIMCW)	Corporation	Guangdong, China	USD	15,500,000.00	Production of container-purpose wood floor and relevant products of various specifications; providing relevant technical advisory service	USD	15,500,000.00	100.00%	100.00%	Yes	-	-
34	Inner Mongolia Holonbuir CIMC Wood Co., Ltd. (NMGW)	Corporation	Inner Mongolia, China	USD	12,000,000.00	Production and sales of various container wood floors and wood products for transport equipments	USD	12,000,000.00	100.00%	100.00%	Yes	-	-
35	Jiaxing CIMC Wood Co., Ltd. (JXW)	Corporation	Zhejiang, China	USD	5,000,000.00	Production and sales of container wood floors, wood products for transport equipments and other wood products	USD	5,000,000.00	100.00%	100.00%	Yes	-	-
36	Xuzhou CIMC Wood Co., Ltd (XZW)	Corporation	Jiangsu, China	RMB	50,000,000.00	Production and sales of container wood floor; purchasing and sales of timber	RMB	50,000,000.00	100.00%	100.00%	Yes	-	-
37	Shenzhen Southern CIMC Containers Service Co., Ltd. (SCIMCL)	Corporation	Guangdong, China	USD	5,000,000.00	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance	USD	5,000,000.00	100.00%	100.00%	Yes	-	-

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

1. COMPANY STATUS OF INVESTMENT IN 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*		*Shareholding percentage*	*Voting rights*	*Within consolidation scope*		
Name	*Entity type*	*Registration place*	*Currency*	*Amount of original currency*	*Business scope*	*Currency*	*Amount of original currency*					
38 Ningbo CIMC Container Service Co., Ltd. (NBCIMCL)	Corporation	Ningbo, China	RMB	30,000,000.00	Goods traffic; goods package, sorting, examination and logistics advisory service; container stockpiling, customs declaration, repair, storing	RMB	30,000,000.00	100.00%	100.00%	Yes	-	-
39 Shanghai CIMC Yangshan Container Service Co., Ltd. (SHYLE)	Corporation	Shanghai, China	USD	7,000,000.00	Container transshipment, stockpiling, devanning, vanning, and warehousing; container maintenance, try-off and technical service	USD	5,600,000.00	80.00%	80.00%	Yes		-
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	USD	75,000,000.00	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	USD	60,000,000.00	80.00%	80.00%	Yes		-
43 Qingdao CIMC Special Reefer Co., Ltd.(QDCSR)	Corporation	Shandong, China	USD	11,500,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts	USD	11,500,000.00	100.00%	100.00%	Yes	-	-
44 Tianjin CIMC Logistics Equipments Co., Ltd. (TJCIMCLE)	Corporation	Tianjin, China	USD	5,000,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	USD	5,000,000.00	100.00%	100.00%	Yes	-	-
45 Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Corporation	Dalian, China	USD	17,700,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	USD	17,700,000.00	100.00%	100.00%	Yes	-	-

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

1. COMPANY STATUS OF INVESTMENT IN 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		
46	Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Corporation	Chongqing, China	USD	8,000,000.00	Design, manufacture, lease, maintenance of container, special container, other logistic equipment and relevant components and parts	USD	8,000,000.00	100.00%	100.00%	Yes	-	-
47	Dalian CIMC Heavy Logistics Equipments Co., Ltd.(DLZH)	Corporation	Liaoning, China	USD	3,700,000.00	International trade, entrepot trade, design, manufacture, sale, and relevant technical advisory of pressure vessel; manufacture and installation, other service of relevant components and parts of pressure vessel	USD	3,700,000.00	100.00%	100.00%	Yes	-	-
48	Shenzhen CIMC Intelligent Technology Co., Ltd.(CIMC Tech)	Corporation	Guangdong, China	RMB	20,000,000.00	Design, development, sale, surrogate of electron production, software and system	RMB	20,000,000.00	100.00%	100.00%	Yes	-	-
49	CIMC Taicang refrigeration equipment logistics Co., Ltd.(TCCRC)	Corporation	Jiangsu, China	RMB	450,000,000.00	Research and development, production and sale of reefer container and special container	RMB	450,000,000.00	100.00%	100.00%	Yes	-	-
50	Hunan CIMC Bamboo Industry Development Co., Ltd.(HNW)	Corporation	Hunan, China	RMB	50,000,000.00	Manufacturing and sale of bamboo and wood product	RMB	50,000,000.00	100.00%	100.00%	Yes	-	-
51	CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd(QHDV)	Corporation	Hebei, China	RMB	70,000,000.00	Sale of car and car components and parts	RMB	52,500,000.00	75.00%	75.00%	Yes		-
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	-	-

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

1. COMPANY STATUS OF INVESTMENT IN 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*					
53	CIMC Management and Training(Shenzhen) Co., Ltd.	Corporation	Guangdong, China	RMB	5,000,000.00	design of marketing activities scheme organization of academic and commercial conference and exhibition	RMB	5,000,000.00	100.00%	100.00%	Yes	-	-
54	Yangzhou Lijun Industry and Trade Co., Ltd. (“Yangzhou Lijun”)	Corporation	Jiangsu, China	RMB	10,000,000.00	Production and sales of mechanical equipments and relevant components and parts; technical advisory and other service	RMB	10,000,000.00	100.00%	100.00%	Yes	-	-
55	Yangzhou Taili Special Equipment Co., Ltd. (“Yangzhou Taili”)	Corporation	Jiangsu, China	RMB	10,000,000.00	Design, manufacturing and maintenance of containers, board square cabin and relevant components and parts; relevant advisory and service	RMB	10,000,000.00	100.00%	100.00%	Yes	-	-
56	Yantai CIMC Marine Engineering Academe Co., Ltd. (“MEA”)	Corporation	Shandong, China	RMB	150,000,000.00	Research and development of marine operation platform and other marine engineering service	RMB	30,000,000.00	100.00%	100.00%	Yes	-	-
57	Shanghai Lifan Container Service Co., Ltd. (“Shanghai Lifan”)	Corporation	Shanghai, China	RMB	1,000,000.00	Refitting and maintenance of containers; providing containers information system management and advisory service	RMB	420,000.00	42.00%	60.00%	Yes		-
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	-	-

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

1. COMPANY STATUS OF INVESTMENT IN 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*					
59 Shenzhen CIMC Skyspace Real Estate Development Co., Ltd (CIMC Tianyu)	Corporation	Shenzhen, China	RMB	254,634,066.00	Real estate development	RMB	127,317,033.00	90.00%	90.00%	Yes		-
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	12,500,000.00	94.00%	94.00%	Yes		-
61 Jiangmen CIMC skyspace Real Estate Co.,Ltd. ("Jiangmen Dichan") Note IV. 1(4)	Corporation	Guangdong, China	RMB	30,000,000.00	Real estate development, projects sale of decoration and building materials	RMB	15,000,000.00	90.00%	90.00%	Yes		-
62 Ningbo Runxin Container Co., Ltd	Corporation	Ningbo China	RMB	5,000,000.00	Cleaning and repair of containers, stockpiling, vanning and devanning service.	RMB	3,000,000.00	60.00%	60.00%	Yes		-
63 Chengdu CIMC Vehicle Co., Ltd ("CD Vehicle")	Corporation	Sichuan China	RMB	60,000,000.00	Development, production and sale of various special-use vehicles, as well as Warehouse equipment	RMB	48,000,000.00	80.00%	80.00%	Yes		-
64 CIMC Finance Company （"Finance Company"）	Corporation	Guangdong China	RMB	500,000,000.00	Providing financial service	RMB	500,000,000.00	100.00%	100.00%	Yes	-	-
65 Shenzhen CIMC Investment Holding company ("SZ Investment")	Corporation	Shenzhen China	RMB	75,000,000.00	Investment, sale and leasing of containers and container property	RMB	75,000,000.00	100.00%	100.00%	Yes	-	-
66 Zhumadian CIMC Huajun Vehicle Trading Co.,Ltd ("HJQM")	Corporation	Henan China	RMB	10,000,000.00	Sales and repair of various vehicles, as well as relevant components and parts	RMB	8,000,000.00	80.00%	80.00%	Yes		-

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

1. COMPANY STATUS OF INVESTMENT IN 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*		*Shareholding percentage*	*Voting rights*	*Within consolidation scope*		
Name	*Entity type*	*Registration place*	*Currency*	*Amount of original currency*	*Business scope*	*Currency*	*Amount of original currency*					
67 CIMC Holdings (B.V.I.) Limited (CIMC BVI)		British Virgin Islands	USD	34,001.00	Investment	USD	34,001.00	100.00%	100.00%	Yes	-	-
68 CIMC Tank Equipment Investment Holdings Co., Ltd.		Hong Kong	HKD	4,680,000.00	Investment	HKD	4,680,000.00	100.00%	100.00%	Yes	-	-
69 CIMC-SMM Vehicle (Thailand) CO., LTD. (Thailand V)		Thailand	Baht	260,000,000.00	Production and operation of various special vehicles	Baht	213,200,000.00	82.00%	82.00%	Yes		-
70 CIMC Vehicle Investment Holding Co., Ltd. (CIMC Vehicle)		Hong Kong	USD	50,000.00	Investment	USD	40,000.00	80.00%	100.00%	Yes		-
71 CIMC Europe BVBA (“BVBA”)		Belgium	EUR	18,550.00	Investment	EUR	18,550.00	100.00%	100.00%	Yes	-	-
72 China International Marine Containers (Hong Kong) Limited (“CIMC Hong Kong”)		Hong Kong	HKD	2,000,000.00	Investment	HKD	2,000,000.00	100.00%	100.00%	Yes	-	-
73 CIMC Burg B.V. (“BV”)		Holland	EUR	60,000,000.00	Investment	EUR	48,000,000.00	80.00%	80.00%	Yes		-
74 Tacoba Consultant Forestry N.V (“Tacoba”)		Suriname	SF	3,000,000.00	Sale of wood	SF	3,000,000.00	100.00%	100.00%	Yes	-	-
75 Charm Wise Limited (“Charm Wise”)		Hong Kong	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	-	-
76 Gold Terrain Assets Limited (“GTA”)		British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	-	-

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

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

(ii) Overseas 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*					
77 Full Medal Holdings Ltd. ("Full Medal") Note IV. 1(4)		British Virgin Islands	USD	50,000.00	Investment	USD	78.22	78.22%	100.00%	Yes		-
78 Charm Ray Holdings Limited ("Charm Ray") NoteIV.1(4)		Hong Kong	HKD	1.00	Investment	HKD	0.78	78.22%	100.00%	Yes		-
79 Charm Beat Enterprises Limited ("Charm Beat")		British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%	100.00%	Yes	-	-
80 Sharp Vision Holdings Limited ("Sharp Vision")		Hong Kong	HKD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes	-	-
81 Sound Winner Holdings Limited ("Sound Winner")		British Virgin Islands	USD	10,000.00	Investment	USD	7,822.00	78.22%	100.00%	Yes		-
82 Grow Rapid Limited ("Grow Rapid")		Hong Kong	USD	1.00	Investment	HKD	1.00	100.00%	100.00%	Yes	-	-
83 Powerlead Holding Ltd. ("Powerlead")		British Virgin Islands	USD	10.00	Finance Lease	USD	10.00	100.00%	100.00%	Yes	-	-
84 Cooperatie Vela U.A.		Holland	EUR	18,000	Investment	EUR	14,080.00	78.22%	100.00%	Yes		-
85 Vela Holding B.V.		Holland	EUR	18,000	Investment	EUR	14,080.00	78.22%	100.00%	Yes		-

IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

(ii) Overseas 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*					
86	CIMC Financial Leasing (HK) Ltd (“Financial Leasing”)		Hong Kong	HKD	500,000.00	Finance Lease	HKD	500,000.00	100.00%	100.00%	Yes	-	-
87	CIMC Offshore Holdings Limited (“CIMC Offshore”)		Hong Kong	HKD	224,206,025.00	Investment	HKD	136,810,516.00	61.02%	61.02%	Yes		-

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

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

(3) Subsidiaries acquired through combinations under non-common control:

(i) Domestics Subsidiaries

Name	*Entity type*	*Registration place*	*Registered capital*		*Business scope*	*Actual investment and actual net amount of Investment of the company at the end of the year*		*Shareholding percentage*	*Voting rights*	*Within consolidation scope*	*s*	
			Currency	*Amount of original currency*		*Currency*	*Amount of original currency*					
1 Luoyang CIMC Lingyu Automobile CO., LTD. (LYV)	Corporation	Henan, China	RMB	60,000,000.00	Production and sales of passenger car, tank car; machining; operation of import and export business	RMB	36,000,000.00	60.00%	75.00%	Yes		-
2 Wuhu CIMC RuiJiang Automobile CO LTD (WHVS)	Corporation	Anhui, China	RMB	70,000,000.00	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB	42,000,000.00	60.00%	75.00%	Yes		-
3 Liangshan Dongyue CIMC Vehicle Co., Ltd. (LSDYV)	Corporation	Shandong, China	RMB	90,000,000.00	Production and sales of mixing truck, special vehicle and components and parts	RMB	54,000,000.00	60.00%	75.00%	Yes		-
4 Qingdao CIMC Container Manufacture Co., Ltd (QDCC)	Corporation	Shandong, China	USD	27,840,000.00	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipment	USD	27,840,000.00	100.00%	100.00%	Yes	-	-
5 Qingdao CIMC Reefer Container Manufacture Co., Ltd.(QDCRC)	Corporation	Shandong, China	USD	39,060,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing relevant technical advisory and maintenance service	USD	34,880,580.00	89.30%	89.30%	Yes		-
6 Tianjin CIMC North Ocean Container Co., Ltd.(TJCIMC)	Corporation	Tianjin, China	USD	16,682,000.00	Manufacture and sale of container as well as vehicle, ship, equipment and steel structure specially used for container; warehousing and after sales service for container	USD	16,682,000.00	100.00%	100.00%	Yes	-	-

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

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(3) Subsidiaries acquired through combinations under non-common control (continued):

(i) Domestics 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*					
7	Shanghai CIMC Baowell Industries Co. Ltd (SBWI)	Corporation	Shanghai, China	USD	28,500,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	27,000,900.00	94.74%	100.00%	Yes		-
8	CIMC Vehicle (Shandong) Co. Ltd.(KGR)	Corporation	Shandong, China	USD	18,930,100.00	Development and manufacture of refrigerator car, tank car, trailer, box car, special vehicles and various series products	RMB	15,144,080.00	69.61%	87.01%	Yes		-
9	Zhangzhou CIMC Container Co., Ltd. (ZZCIMC)	Corporation	Fujian, China	USD	23,000,000.00	Manufacture and sale of container as well as relevant technical advisory	USD	23,000,000.00	100.00%	100.00%	Yes	-	-
10	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH)	Corporation	Jiangsu, China	RMB	294,234,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	RMB	234,411,200.00	80.00%	100.00%	Yes		-
11	Zhumadian CIMC Huajun Vehicle Co. Ltd. (HJCIMC)	Corporation	Henan, China	RMB	85,340,000.00	Refitting of special vehicles, sales of trailer and fittings; sales of vehicle-related materials	RMB	68,272,000.00	80.00%	100.00%	Yes		-
12	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY) Note IV.1(4)	Corporation	Jiangsu, China	RMB	144,862,042.01	Development, manufacture and installation of deep freezing unit, petrochemical mechanical equipment, tank container, pressure vessel	RMB	115,889,633.61	78.22%	100.00%	Yes		-
13	Donghwa Container Transportation Service Co., Ltd. (DHCTS)	Corporation	Shanghai, China	USD	4,500,000.00	Container cargo devanning, vanning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components and parts	USD	3,150,000.00	70.00%	70.00%	Yes		-

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

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(3) Subsidiaries acquired through combinations under non-common control (continued):

(i) Domestics 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*					
14	Yangzhou Tonglee Reefer Container Co., Ltd. (TLC)	Corporation	Jiangsu, China	USD	8,000,000.00	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	USD	8,000,000.00	100.00%	100.00%	Yes	-	-
15	Qingdao Kooll Logistics Co., Ltd (QDHFL)	Corporation	Shandong, China	RMB	20,000,000.00	Container warehousing, stockpiling, devanning, vanning, load and unload, cleaning, maintenance; goods processing	RMB	16,000,000.00	80.00%	80.00%	Yes		-
16	Enric (Bengbu) Compressor Co.,Ltd. (Enric Bengbu) Note IV.1(4)	Corporation	Anhui, China	HKD	21,320,000.00	Manufacturing base of NG compressor and related products	HKD	16,676,504.00	78.22%	100.00%	Yes		-
17	Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Enric") Note IV.1(4)	Corporation	Hebei, China	USD	7,000,000.00	Manufacturing pressure vessel	USD	5,475,400.00	78.22%	100.00%	Yes		-
18	Enric (Lang fang) Energy Equipment integration Co.,Ltd. (Langfang Enric) Note IV.1(4)	Corporation	Hebei, China	HKD	50,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	39,110,000.00	78.22%	100.00%	Yes		-
19	Enric (Beijing)Energy TechnologyCo.,Ltd (Beijing Enric) Note IV.1(4)	Corporation	Beijing, China	HKD	40,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	31,288,000.00	78.22%	100.00%	Yes		-
20	CIMC Enric (Jingmen) Energy Equipment Co., Ltd. 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	39,110,000.00	78.22%	100.00%	Yes		-

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

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(3) Subsidiaries acquired through combinations under non-common control (continued):

(i) Domestics 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*				
21	Jingmen Hongtu Special Aircraft manufacturing Co., Ltd Note IV.1(4)	Corporation	Hubei, China	RMB	20,000,000.00	Development and sales of flight vehicle manufacturing techniques, design, production and sales of specialized motor vehicles, tanks and pressure vessel	RMB	12,516,000.00	62.58%	80.00%	Yes	
22	Longkou CIMC Raffles offshore, Ltd ("LCRO")	Corporation	Shangdong China	USD	1,300,000.00	Construction of offshore project and supplime	USD	780,000.00	60.00%	60.00%	Yes	
23	Yantai CMIC Raffles offshore Ltd (YCRO)	Corporation	Shandong China	RMB	234,690,000.00	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB	119,644,962.00	50.98%	50.98%	Yes	
24	Yantai CIMC Raffles ship Co., Ltd ("YCRS")	Corporation	Shandong China	RMB	125,980,000.00	Construction of ship aswell as component; Sales of container and offshore oil platform, channel and steel production	RMB	64,224,604	50.98%	50.98%	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	101,960,000	50.98%	50.98%	Yes	
26	Longkou CIMC Raffles offshore engineering Co., Ltd ("LCRO")	Corporation	Shandong China	RMB	290,000,000.00	Construction of offshore project and suppliment	RMB	147,842,000.00	50.98%	50.98%	Yes	
27	CIMC Rolling Stock Australia Pty Ltd. (CIMC Aus)		Australia	AUD	50,000.00	Sales of vehicles	AUD	50,000.00	100.00%	100.00%	-	-

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

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(3) Subsidiaries acquired through combinations under non-common control (continued):

(ii) Overseas Subsidiaries

			Registered capital			*Actual investment and actual net amount of Investment of the company at the end of the year*		*Shareholding percentage*	*Voting rights*	*Within consolidation scope*	
Name	*Entity type*	*Registration place*	*Currency*	*Amount of original currency*	*Business scope*	*Currency*	*Amount of original currency*				
28 Enric Energy Equipment Holdings Limited (Enric) Note IV.1(4) (i)		Cayman Islands	HKD	120,000,000.00	Investment holding	HKD	14,651,337.53	78.22%	56.59%	Yes	-
29 Burg Industries B.V.		Holland	EUR	3,403,351.62	Investment	EUR	2,722,681.30	80.00%	100.00%	Yes	-
30 Holvrieka Holding B.V.		Holland	EUR	12,000,000.00	Investment	EUR	9,386,400.00	78.22%	100.00%	Yes	
31 Holvrieka Ido B.V. Note IV.1(4)		Holland	EUR	136,200.00	Sales of tank equipment	EUR	106,535.64	78.22%	100.00%	Yes	-
32 Holvrieka Nirota B.V. Note IV.1(4)		Holland	EUR	680,670.32	Production, assembly and sale of tank equipment	EUR	532,420.32	78.22%	100.00%	Yes	-
33 Noordkoel B.V.		Holland	EUR	500,000.00	Sales of tank equipment	EUR	391,100.00	78.22%	100.00%	Yes	
34 Beheermaatschappij Burg B.V.		Holland	EUR	453,780.22	Investment	EUR	453,780.22	80.00%	100.00%	Yes	-
35 Burg Carrosserie B.V.		Holland	EUR	90,756.04	Production of road transport vehicle	EUR	72,604.83	80.00%	100.00%	Yes	-
36 Exploitatiemaatschappij Intraprogres B.V		Holland	EUR	79,411.54	Trade, financing and leasing of road transport vehicle	EUR	63,529.63	80.00%	100.00%	Yes	-
37 Hobur Twente B.V.		Holland	EUR	226,890.11	Production and sale of oil and components and parts	EUR	181,512.09	80.00%	100.00%	Yes	-
38 Burg Service B.V.		Holland	EUR	250,000.00	Assembly and repair of road transport vehicle and tank equipment	EUR	200,000.00	80.00%	100.00%	Yes	-
39 LAG Trailers N.V.		Belgium	BEF	30,000,000.00	Manufacturing trailer	BEF	24,000,000.00	80.00%	100.00%	Yes	-
40 Holvrieka N.V.		Belgium	BEF	40,000,000.00	Manufacturing tank equipment	BEF	31,288,000.00	78.22%	100.00%	Yes	-

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

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(3) Subsidiaries acquired through combinations under non-common control (continued):

(ii) Overseas 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*	
41 Immoburg N.V.		Belgium	BEF	10,000,000.00	Manufacturing road transport vehicle	BEF	8,000,000.00	80.00%	100.00%	Yes	-
42 Holvrieka Danmark A/S		Denmark	DKr	1,000,000.00	Manufacturing tank equipment	DKr	782,200.00	78.22%	100.00%	Yes	-
43 Direct Chassis LLC ("DCEC")		USA	USD	10,000,000.00	Manufacturing and sales of special vehicles	USD	6,000,000.00	60.00%	100.00%	Yes	-
44 TGE GASINVESTMENTS S.A. ("TGE SA")		Luxemburg	EUR	50,000.00	Investment holding	EUR	30,000.00	60.00%	60.00%	Yes	-
45 TGE Gas Engineering GmbH		Germany	EUR	1,000,000.00	Provide EP+CS(Design, Purchase and Construction Supervision) or other technical project services in LNG,LPG and storage and disposal of other	EUR	600,000.00	60.00%	100.00%	Yes	-
46 CIMC Raffles Offshore (Singapore) Limited ("Raffles")		Singapore	SGD	521,965,822.00	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi-submersible drilling Platforms, FPSOs,FSOs	SGD	266,098,176.00	50.98%	50.98%	Yes	-
47 CIMC Raffles Investments Limited		Hongkong China	HKD	2.00	Investment	HKD	2.00	50.98%	50.98%	Yes	-
48 CIMC Raffles Leasing Pte Ltd.		Singapore	SGD	2.00	Leasing of marine ship	SGD	2.00	50.98%	50.98%	Yes	-
49 Caspian Driller Pte. Ltd.		Singapore	USD	30,000,000.00	Leasing of marine ship	HKD	15,294,000.00	50.98%	50.98%	Yes	-

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

1. COMPANY STATUS OF INVESTMENT IN SUBSIDIARIES (CONTINUED)

(4) Subsidiaries whose shareholding held by the Company differs from their voting rights

(i) *Enric Energy Equipment Holdings Limited (Enric)*

The ordinary shares that the Company hold in Enric take 56.59% of Enric's outstanding ordinary shares. Accompany with the convertible preferential shares that the Company hold, the Company's shareholding in Enric changed to 78.22%. Enric's issued convertible preferential shares enjoy the same rights for dividend distribution as ordinary shares while have no voting rights. Therefore the Company's shareholding percentage in Enric is 78.22% while the voting right is 56.59%.

(ii) Except for the subsidiary mentioned above in (i), the Company's voting rights in its indirect-owned subsidiaries which are held by the Company's non-wholly owned subsidiaries were presented according to the voting rights of its subsidiaries.

2. There are no entities set up for special purpose or operating entities controlled through entrusted operation and lease.

3. Changes in the scope of consolidation for the consolidation financial statements.

Subsidiaries newly included in the scope of consolidation mainly comprised Gadidae AB, Technodyne International Limited, Perfect Victor Investment Limited， Dechangyuan（Wuhu）Transportation Limited, Dechangyuan（Qingdao）Transportation Limited, Dechangyuan（Yangzhou）Transportation Limited, Shenzhen CIMC Vehicle Investment Management.

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

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

(1) Subsidiaries newly included in the scope of consolidation, special purpose entity, business entities that having control through being enstusted to manage or leasing

Subsidiaries newly included in the scope of consolidation mainly comprised Consafe，Verbus，Technodyne International Limited，Shenzhen CIMC Vehicle Investment Management

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

5. There is no acquisition through combination under common control for the current period (2010: Nil).

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

6. There is no significant acquisition through combination not under common control for the current period.

7. There is no loss of control of subsidiaries through significant sales of interests of the Group for the current period.

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

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

10. Exchange rate for foreign operating entities' major financial statement items

	Average exchange rate		Benchmark exchange rate	
	from 1 January to 30 June 2011	from 1 January to 31 December 2010	30-Jun-11	31-Dec-10
USD	6.5242	6.7465	6.4716	6.5897
EUR	9.2896	8.8378	9.3612	8.7979
HKD	0.8384	0.8682	0.8316	0.8477
JPY	7.9900	7.7705	8.0243	8.0984

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CASH AT BANK AND ON HAND

		2011.06.30				2010.12.31		
		Original currency '000	Exchange rate	RMB'000		Original currency '000	Exchange rate	RMB'000
Cash on hand	RMB	29,074	1.0000	29,074	RMB	1,866	1.0000	1,866
	USD	65	6.4716	423	USD	45	6.5897	298
	HKD	63	0.8316	53	HKD	63	0.8477	54
	JPY	273	0.0802	22	JPY	678	0.0810	54
	AUD	1	6.9395	8	AUD	12	6.7050	83
	EUR	65	9.3612	610	EUR	49	8.7979	434
	Others	-	-	83	Others	-	-	104
				30,273				2,893
Deposits with banks								
	RMB	2,644,124	1.0000	2,644,124	RMB	1,643,202	1.0000	1,643,202
	USD	221,905	6.4716	1,436,279	USD	220,781	6.5897	1,454,878
	HKD	310,390	0.8316	258,121	HKD	151,076	0.8477	128,071
	JPY	1,720,307	0.0802	138,043	JPY	426,769	0.0810	34,562
	AUD	7,214	6.9395	50,065	AUD	7,636	6.7050	51,200
	EUR	22,371	9.3612	209,466	EUR	45,072	8.7979	396,537
	Others	-	-	92,207	Others	-		33,068
				4,828,305				3,741,518
Other monetary funds								
	RMB	1,983,569	1.0000	1,983,569	RMB	844,869	1.0000	844,869
	USD	380	6.4716	2,461	USD	10,079	6.5897	66,416
	HKD	-	0.8316	-	HKD	-	0.8477	-
	JPY	-	0.0802	-	JPY	-	0.0810	-
	AUD	-	6.9395	-	AUD	-	6.7050	-
	EUR	1,726	9.3612	16,160	EUR	-	8.7979	-
	Others	-	-	-	Others	-	-	-
				2,002,190				911,285
	Total			6,860,768				4,655,696

As at 30 June 2011, restricted cash at bank and on hand of the Group amounted to RMB1,756,383 ,000, (2010: RMB 858,281,000). Refer to Note V.21 for details.

As at 30 June 2011, Finance Company, the subsidiary of the Group, had deposit with banks of RMB 1,401,121,133 (2010：RMB 1,438,988,000). Finance Company is a finance institution authorised by the People’s Bank of China.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. FINANCIAL ASSETS HELD FOR TRADING

(1) Classification

RMB'000

	2011.06.30	2010.12.31
1.Equity securities investments held for trading	305,144	393,491
2.Derivative financial assets - forward contract	57,190	119,069
3.Hedging instrument	22,922	13,101
Total	385,256	525,661

(2) There is no material restriction of the investment in financial assets held for trading.

(3) Details of financial assets held for trading

As at 30 June 2011, the Group had certain open forward contracts (mainly unsettled forward contracts) denominated in U.S. dollars. The nominal value of these contracts amounted to USD 780 million. The Group had other unsettled forward contracts of Japanese Yuan, Euro, Norwegian Krone and Australian Dollar. The nominal value of these amounted to JPY 430 million, EUR 50 million, NOK 20 million and AUD 1 million respectively. Pursuant to these forward contracts, the Group and the Company are required to buy / sell foreign currencies, such as USD, Euro, Japanese Yuan, and etc. of contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. These forwards contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forwards contracts range from 5 July 2011 to 25 June 2012.

As at 30 June 2011, the Group recognised the aforesaid forwards contracts in their fair values of RMB 57,190,000 as held-for-trading financial assets and RMB 4,577,000 as held-for-trading financial liabilities. Transaction costs on realisation have not been considered when calculating the fair values.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BILLS RECEIVABLE

(1) Classification of bills receivable

RMB'000

	2011.06.30	2010.12.31
Bank acceptance bills	419,659	396,670
Commercial acceptance bills	10,932	111,915
Total	430,591	508,585

All of the above bills receivable are due within one year.

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of bills receivable.

(2) As at the period end, the Group had no pledged bills receivable.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE

(1) Accounts receivable disclosed by customer categories:

RMB'000

Category	2011.06.30	2010.12.31
Containers group	5,915,577	3,604,026
Trailers group	2,793,738	1,934,155
Tank equipments group	1,371,810	1,175,611
Offshore engineering group	1,371,789	1,242,446
Airport ground facilities group	190,845	247,412
Others	547,581	158,669
Subtotal	12,191,340	8,362,319
Less:provision for bad and doubtful debts	(237,675)	(232,483)
Total	11,953,665	8,129,836

(2) An ageing analysis of accounts receivable is as follows:

RMB'000

Category	2011.06.30	2010.12.31
Within 1 year	11,644,683	7,662,297
1 to 2 years	206,276	388,465
2 to 3 years	120,837	94,341
More than 3 years	219,544	217,216
Subtotal	12,191,340	8,362,319
Less:provision for bad and doubtful debts	(237,675)	(232,483)
Total	11,953,665	8,129,836

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Accounts receivable disclosed by categories (continued):

Category	2011.06.30				2010.12.31			
	Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
	Amount RMB'000	Percentage （%）	Amount RMB'000	Percentage （%）	Amount RMB'000	Percentage （%）	Amount RMB'000	Percentage （%）
Individually significant and assessed for impairment individually	118,473	0.97%	34,207	28.87%	121,099	1.44%	44,677	36.89%
Individually insignificant but assessed for inpairment individually	63,943	0.52%	16,700	26.12%	56,718	0.67%	25,232	44.49%
Assessed for impairment collectively								
Containers group	5,865,196	48.11%	918	0.02%	3,597,341	43.03%	1,455	0.04%
Trailers group	2,687,672	22.05%	119,472	4.45%	1,827,394	21.85%	92,824	5.08%
Tank equipments group	1,364,488	11.19%	56,840	4.17%	1,168,797	13.98%	59,206	5.07%
Offshore engineering group	1,365,266	11.20%	-	-	1,230,957	14.72%	-	-
Airport ground facilities group	190,845	1.57%	9,471	4.96%	247,412	2.96%	8,944	3.62%
Others	535,457	4.39%	67	0.01%	112,601	1.35%	145	0.13%
Subtotal	12,008,924	98.50%	186,768	1.56%	8,184,502	97.89%	162,574	1.99%
Total	12,191,340	100.00%	237,675	1.95%	8,362,319	100.00%	232,483	2.78%

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

There were no collaterals that the Group held for accounts receivable that were made impairment aforesaid.

4. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Accounts receivable disclosed by categories (continued):

Individually significant items represent accounts receivable with an individual amount over RMB 10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total accounts receivable in individual financial statements included in the consolidated financial statement.

The analysis of the Group's accounts receivable by original currency is as follows:

	2011.06.30				2010.12.31		
Currency	Original currency	Exchange rate	Amount	Currency	Original currency	Exchange rate	Amount
	RMB'000		RMB'000		RMB'000		RMB'000
RMB	4,125,612	1.0000	4,125,612	RMB	2,546,871	1.0000	2,546,871
USD	1,110,268	6.7416	7,484,985	USD	808,506	6.5897	5,327,812
HKD	41,708	0.8316	34,685	HKD	20,121	0.8477	17,057
JPY	2,608,686	0.0802	209,217	JPY	53,378	0.0810	4,324
AUD	4,554	6.9395	31,603	AUD	4,160	6.7050	27,893
EUR	23,420	9.3612	219,236	EUR	45,679	8.7980	401,883
Others	-	-	86,002	Others	-	-	36,479
Total			12,191,340	Total			8,362,319

(4) An analysis of accounts receivable individually significant and assessed for impairment individually is as follows:

RMB'000

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reason
Containers group	46,022	2,301	5.00%	Provision was made based on the credit risk assessment of customers and historical loss experiences.
Trailers group	60,943	26,152	42.91%	
Others	11,508	5,754	50.00%	
Total	118,473	34,207	28.87%	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

Note 1: Provision was made based on the credit risk assessment of customers and historical loss experiences.

(5) An analysis of accounts receivable individually insignificant but assessed for impairment individually is as follows:

RMB'000

Category	Amount	Provision for bad and doubtful debts	Provision rate	Reason
Containers group	4,359	2,760	63.32%	Provision was made based on the credit risk assessment of customers and historical loss experiences.
Trailers group	45,123	2,766	6.13%	
Tank equipments group	7,322	7,322	100.00%	
Offshore engineering group	6,523	3,613	55.39%	
Others	616	239	38.80%	
Total	63,943	16,700	26.12%	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(6) An ageing analysis of account receivable assessed for impairment collectively is as follows:

RMB'000

Ageing	2011.06.30			2010.12.31		
	Amount	Percentage (%)	Provision for bad and doubtful debts	Amount	Percentage (%)	Provision for bad and doubtful debts
Within 1 year	10,322,866	85.96%	108,896	6,432,794	76.93%	62,713
1 to 2 years	182,387	1.52%	9,352	383,213	4.58%	22,117
2 to 3 years	71,298	0.59%	7,622	81,648	0.98%	21,854
More than 3 years	67,107	0.56%	60,898	55,890	0.67%	55,890
Total	10,643,658	88.63%	186,768	6,953,545	83.16%	162,574

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

(7) The recovery of provision within this year

There were no accounts receivable for which a full provision or a significant provision was made in previous years while were recovered in full or in significant amount during the period (2010: Nil).

(8) Actual written-off of accounts receivable within this year

There were no material actual written-off of accounts receivable during the period (2010: Nil).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(9) Accounts receivable due from the five biggest debtors of the Group are as follows:

Company Name	Relationship with the company	Amount RMB'000	Ageing	Percentage in total accounts receivable (%)
Mediterranean Shipping Co. S	None	828,166	Within 1 year	6.79%
Affretement	None	673,959	Within 1 year	5.53%
Maersk Line	None	483,243	Within 1 year	3.96%
Triton Container Internationa	None	370,404	Within 1 year	3.04%
Soratu Drilling LLC.	None	259,144	Within 1 year	2.13%
Total		2,614,916		21.45%

The total amount of the Group's top 5 accounts receivable at 31 December 2010 was RMB2,018,771,000, 24.14% of the total accounts receivable.

(10) Accounts receivable due from shareholders who hold 5% or more of the voting rights of the Company

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of accounts receivable (2010:Nil).

(11) Accounts receivable due from related parties

The Group's accounts receivable due from related parties amount to RMB393,899,000(2010: RMB89,035,000), accounting for 3.23% of the total accounts receivable (2010: 1.06%).

(12) Derecognition of accounts receivable due to transferring of financial assets

There were no derecognition of accounts receivable due to transferring of financial assets in the Group during the period (2010: Nil).

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

There were no securitised accounts receivables during the period (2010: Nil).

As at 30 June 2011, restricted accounts receivable amounted to RMB 624,017,000 (2010: RMB962,096,000). Refer to Note V.21.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OTHER RECEIVABLES

(1) Other receivables by categories:

RMB'000

Category	2011.06.30	2010.12.31
Amounts due from related parties	400,832	557,348
Loans	686,899	427,445
Drawback tax receivable	775,634	786,039
Prepayment for land and equipment	752,927	73,336
Others	592,344	493,721
Subtotal	3,208,636	2,337,889
Less: provision for bad and doubtful debts	(99,441)	(101,617)
Total	3,109,195	2,236,272

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

RMB'000

Category	2011.06.30	2010.12.31
Within 1 year	2,680,108	1,827,466
1 to 2 years	237,537	253,754
2 to 3 years	38,706	151,166
More than 3 years	252,285	105,503
Subtotal	3,208,636	2,337,889
Less: provision for bad and doubtful debts	(99,441)	(101,617)
Total	3,109,195	2,236,272

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables by categories:

RMB'000

Category	Note	2011.06.30				2010.12.31			
		Amount	Percentage (%)	Provision for bad and doubtful debts		Amount	Percentage (%)	Provision for bad and doubtful debts	
				Amount	Percentage (%)			Amount	Percentage (%)
Individually significant other receivables	(4)	1,875,884	58.46%	58,574	3.12%	950,622	40.66%	58,574	6.16%
Insignificant other receivables	(5)	1,332,752	41.54%	40,867	3.07%	1,387,267	59.34%	43,043	3.10%
Total		3,208,636	100.00%	99,441	3.10%	2,337,889	100.00%	101,617	4.35%

There were no collaterals that the Group held for other receivables that were made impairment aforesaid.

Individually significant items represent other receivables with an individual amount over RMB 10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements included in the consolidated financial statement.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(4) An analysis of individually significant other receivables assessed for impairment individually are as follows:

RMB'000

Category	Amount	Provision for bad and doubtful	Provision rate	Reasons
Individually significant:				
Capital increment amount due from subsidia	140,449	-	-	Note 1
Amounts due from associates	163,304	-	-	Note 1
Receivables arising from transfer of equity	70,650	-	-	Note 1
Land-transferring fees	736,393	-	-	Note 1
Receivables arising from financing to third p	616,386	-	-	Note 1
Others	148,702	58,574	39.39%	Note 1、Note 2
Total	1,875,884	58,574	3.12%	

Note 1: The estimated risk of loss is relatively low. The provision for bad and doubtful debts is individually assessed based on the recoverability of individual balance.

Note 2: Provision was made based on the credit risk assessment of creditors and historical loss experiences.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(5) An analysis of individually insignificant other receivables but assessed for impairment individually is as follows:

The Group assessed impairment of the insignificant other receivable and made provision of impairment of RMB 40,867,000.

(6) The movement of provision within this year

There were no other receivables for which a full provision or a significant provision was made in the previous years while were recovered in full or in significant amount during the period (2010: Nil).

(7) The recovery of other receivables by restructuring within this year

There were no other receivables recovered during the period by means of restructuring (2010: Nil).

(8) Actual written-off of other receivables within this year

There were no material actual written-off of other receivables during the period (2010: Nil).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(9) Other receivables due from the five biggest debtors of the Group are as follows:

RMB'000

Company Name	Relationship with the company	Amount	Aging	Percentage in total other receivables (%)
1. Zhengjiang government	None	736,393	Within 1 year	22.95%
2. Sea Biscuit International Inc.	None	535,480	Within 1 year	16.69%
3. Shanghai Fengyang Real Estate Development Co., Ltd ("Shanghai	Associate	163,304	More than 3 years	5.09%
4. P.G.M. Holding B.V. ("PGM")	Minority shareholder of the Group's	140,449	1 to 2 years	4.38%
5.Marine Subsea Cyprus Holding Ltd.	None	80,906	1 to 2 years	2.52%
Total		1,656,532	-	51.63%

The Group's top 5 other receivables as at 31 September 2010 amounted to RMB821,398,000, accounting for 35.13% of the total other receivables.

(10) Other receivables due from shareholders who hold 5% or more of the voting rights of the Company

The balance of other receivables from shareholders who hold 5% or more of the voting rights of the Company was withholding tax due from shareholders China Merchants International (CIMC) Investment Co., Ltd ("Merchants International") and COSCO Container Industries Limited ("COSCO Container"), amounting to RMB 7,557,000 and RMB 1,850,000 (2010:respectively amounting toRMB 7,704,000元 and RMB 1,886,000).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(11) Other receivables due from related parties

RMB'000

Company Name	Relationship with the company	Amount	Percentage in total other receivables (%)
1.PGM	Minority shareholder of the Group's	140,449	4.38%
2.Shanghai Fengyang	Associate	163,304	5.09%
3.Shenzhen Merchant Property Development Co., Ltd	Controlling shareholder of the Group's	70,650	2.20%
4.C & C Trucks	Associate	10,480	0.33%
5.COSCO Container	Important shareholder of the Group	1,850	0.06%
6.Merchants International	Important shareholder of the Group	7,557	0.23%
7.Others		6,542	0.20%
Total		400,832	12.49%

The Group's other receivables due from related parties as at 31 December 2010 amounted to RMB 557,348,000), accounting for 23.84 % of total other receivables.

(12) Derecognition of other receivables due to transferring of financial assets

There are no derecognition of other receivables due to transferring of financial assets during the period (2010: Nil).

(13) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

There were no securitised other receivables during the period (2010: Nil).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. PREPAYMENTS

(1) Prepayments by category are as follows:

RMB'000

	2011.06.30	2010.12.31
Raw material	1,375,564	1,832,516
Construction Cost	727,979	600,546
Other	2,780	97,472
Subtotal	2,106,323	2,530,534
Less: provision for bad and doubtful debts	(94,666)	(97,087)
Total	2,011,657	2,433,447

(2) The ageing analysis of prepayments is as follows:

RMB'000

	2011.06.30		2010.12.31	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	1,777,568	84.39%	2,156,578	85.22%
1 to 2 years	90,761	4.31%	57,744	2.28%
2 to 3 years	52,471	2.49%	280,565	11.09%
More than 3 years	185,523	8.81%	35,647	1.41%
Subtotal	2,106,323	100.00%	2,530,534	100.00%
Less: provision for bad and doubtful debts	(94,666)	4.49%	(97,087)	3.84%
Total	2,011,657	95.51%	2,433,447	96.16%

The ageing is counted starting from the date of recognition of prepayments.

Prepayments aged over 1 year included steel purchase prepayment made to a supplier in total of RMB 92,140,000. The supplier has not delivered the steels within due date for its own reasons. As at 31 December 2010, the Group had made full provision of RMB 87,640,000

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

6. PREPAYMENTS (CONTINUED)

(3) The Group's top 5 prepayments are as follows:

RMB'000

Company Name	Relationship with the company	Amount	Percentage of the total prepayments(%)	Time of recognition	Reason for unsettlement
Huisman Equipment BV	None	161,745	7.68%	2010	prepayment,contract not yet settled
THRUSTMASTER OF TEXAS, INC	None	133,411	6.33%	2010	materials not yet received
Ben steel	None	124,567	5.91%	2011	materials not yet received
Tian Jin Yinze sheet metal Co., Ltd.	None	87,640	4.16%	2008	materials not yet received within due date
STX HEAVY INDUSTRIES CO., LTD.	None	85,848	4.08%	2010	materials not yet received
Total		593,211	28.16%		

(4) Prepayments due from shareholders who hold 5% or more of the voting rights of the Company

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of prepayments (2010: Nil).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INVENTORIES

(1) Inventories by categories

RMB'000

Category	2011.06.30 Cost amount	2011.06.30 Provision for diminution in value	2011.06.30 Carrying amount	2010.12.31 Cost amount	2010.12.31 Provision for diminution in value	2010.12.31 Carrying amount
Raw materials	5,865,800	(88,218)	5,777,582	5,230,667	(89,821)	5,140,846
Work in progress	1,759,500	(21,280)	1,738,220	1,728,783	(21,816)	1,706,967
Finished goods	2,874,637	(31,575)	2,843,062	3,190,426	(38,106)	3,152,320
Consignment stocks	497,275	(95)	497,180	339,038	(95)	338,943
Spare parts	78,161	-	78,161	43,434	-	43,434
consumables	38,851	-	38,851	21,696	-	21,696
Materials in transit	12,932	-	12,932	12,487	-	12,487
Completed properties held for sale	598,270	-	598,270	25,835	-	25,835
Properties under	38,331	-	38,331	449,938	-	449,938
Ship under construction	3,397,016	-	3,397,016	1,989,931	-	1,989,931
Offshore engineering	466,453	-	466,453	541,350	-	541,350
Total	15,627,226	(141,168)	15,486,058	13,573,585	(149,838)	13,423,747

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INVENTORIES (CONTINUED)

(1) Inventories by categories (continued)

The Group's closing balances of inventories included no capitalised borrowing cost (2010:Nil).

As at 30 June 2011, t inventories with restricted ownership amounts to RMB 5,705 ,000 (2010: Nil).

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

RMB'000

Category	Opening balance at the beginning of the year	Additions for the period	Diminutions for the period	Effect of foreign exchange rate changes	Closing balance at the end of the period
Raw materials	5,230,667	29,606,855	(28,916,842)	(54,880)	5,865,800
Work in progress	1,728,783	24,211,274	(24,181,788)	1,231	1,759,500
Finished goods	3,190,426	30,646,974	(30,962,666)	(97)	2,874,637
Consignment stocks	339,038	2,802,994	(2,644,757)	-	497,275
Ship under construction	1,989,931	1,407,085	-	-	3,397,016
Other	1,094,740	3,484,223	(3,345,965)	-	1,232,998
Subtotal	13,573,585	92,159,405	(90,052,018)	(53,746)	15,627,226
Less: provision for diminution in value of inventories	(149,838)	(2,483)	10,931	222	(141,168)
Total	13,423,747	92,156,922	(90,041,087)	(53,524)	15,486,058

7. INVENTORIES (CONTINUED)

(3) Provision for diminution in value of inventories

RMB'000

Category	Opening balance at the beginning of the year	Provision for the period	Written back during the peirod		Effect of foreign exchange rate changes	Closing balance at the end of the period
			Reversal	Write-off		
Raw materials	89,821	2,358	(2,911)	(1,401)	351	88,218
Work in progress	21,816	125	-	-	(661)	21,280
Finished goods	38,106	-	(4,836)	(1,783)	88	31,575
Consignment stocks	95	-	-	-	-	95
Total	149,838	2,483	(7,747)	(3,184)	(222)	141,168

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INVENTORIES (CONTINUED)

(3) Provision for diminution in value of inventories (continued)

(a) The provision for diminution in value of the Group's inventories during the period was recognised mainly for the slow-moving or long-aging.

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

Category	Basis of provision for diminution in value of inventories	Reasons for written back of provision	Percentage of provision written back over total inventories balance at year end
Raw materials	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.05%
Work in progress	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.00%
Finished goods	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.17%
Consignment stocks	Net realisable value was lower than book value	Inventories were used or sold and the net realisable value ascended	0.00%

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. NON-CURRENT ASSETS DUE WITHIN ONE YEAR

RMB'000

	2011.06.30	2010.12.31
Finance leases	1,327,884	758,786
Sales of goods by instalments	108,841	446,031
Others	2,246	-
Subtotal	1,438,971	1,204,817
Less: Provision for impairment	(26,523)	(19,315)
Total	1,412,448	1,185,502

9. OTHER CURRENT ASSETS

RMB'000

Item	2011.06.30	2010.12.31
Tax deductible/withheld	729,817	684,560
Others	-	3,470
Total	729,817	688,030

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

RMB'000

Item	2011.06.30	2010.12.31
Available-for-sale equity instruments	751,838	768,467

During the period, available-for-sale financial assets held by the Group and the Company included shares of China Merchants Bank and of China Merchants Securities Co., Ltd, with a carrying value of RMB 150,069,000 and RMB 593,511,00. Besides, the Group and the Company held equity investment of Otto Energy Limited of RMB 8,258,000.

.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. LONG-TERM RECEIVABLES

(1) The long-term receivables by categories are as follows:

RMB'000

Item	2011.06.30	2010.12.31
Finance Leases	3,281,415	934,554
including: Unrealised finance income	956,510	75,060
Sales of goods by instalment	391,867	406,161
Car/housing loans to staff	14,652	13,528
Subtotal	3,687,934	1,354,243
Less: Provision for impairment	(40,985)	(17,986)
Total	3,646,949	1,336,257

(2) Significant changes of provision for bad and doubtful debts during the period:

There were no long-term receivables due within one year for which a full provision or a significant provision was in the previous years while were recovered in full or in significant amount during the period (2010: Nil).

(3) Derecognition of long-term receivables due to transfer of financial assets

11. LONG-TERM RECEIVABLES (CONTINUED)

(4) Long-term receivables due from shareholders who hold 5% or more of the voting rights of the Company

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term receivables (2010: Nil).

12. LONG-TERM EQUITY INVESTMENTS

(1) As at 30 June 2011, the Group's long-term equity investments by categories are as follows:

RMB'000

Item	2011.06.30	2010.12.31
Investments in joint ventures	25,357	39,812
Investments in associates	1,535,053	1,119,285
Other long-term equity investments	392,300	392,300
Subtotal	1,952,710	1,551,397
Less: Provision for impairment	(3,065)	(3,065)
Total	1,949,645	1,548,332

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 year is as follows:

RMB'000

Investee	Initial investment cost	Balance at the beginning of the year	Additions during the period	Balance at the end of the period	Shareholding percentage (%)	The Company subsidiaries voting right (%)	Whether voting right is defferent from the shareholding interest	Provision for impairment	Impairment loss of the period	Dividend receivable/received of the period
Equity method—Joint ventures										
Composite Co., Ltd (MST)	-	14,497	(14,497)	-	-	-	N/A	-	-	-
RuiJi Logistic (Wuhu) Co., Ltd	9,884	10,020	(3,327)	6,693	50.00%	50.00%	N/A	-	-	-
North CIMC Logistic Co., Ltd.	15,000	15,295	(231)	15,064	50.00%	50.00%	N/A	-	-	-
Super Cool	3,600	-	3,600	3,600	50.00%	50.00%	N/A	-	-	-
Subtotal	28,484	39,812	(14,455)	25,357				-	-	-
Equity method —Associates								-	-	-
("KYH")	27,625	120,753	5,030	125,783	31.83%	31.83%	N/A	-	-	-
Logistic Co., Ltd (TJCIMCZL)	21,403	41,115	881	41,996	36.00%	36.00%	N/A	-	-	-
(DLJLL)	16,844	37,693	858	38,551	30.00%	30.00%	N/A	-	-	-
Service Co., Ltd (Xiamen	11,479	13,999	1,790	15,789	45.00%	45.00%	N/A	-	-	-
Group Co., Ltd (TJZL)	302,144	467,681	5,245	472,926	38.22%	38.22%	N/A	-	-	11,555
Container Service Co., Ltd	3,579	3,533	-	3,533	21.00%	21.00%	N/A	-	-	-
Limited (XYW)	2,916	2,850	(31)	2,819	20.00%	20.00%	N/A	-	-	-
Shanghai Fengyang	12,000	84,313	28,267	112,580	40.00%	40.00%	N/A	-	-	-
TRS Transportkoeling	12,030	13,133	1,569	14,702	32.00%	32.00%	N/A	-	-	-
Eurotank Oy	6,946	8,204	619	8,823	40.00%	40.00%	N/A	-	-	-
Ltd (XMHLC)	6,153	5,087	120	5,207	49.00%	49.00%	N/A	-	-	-
TRUCKS)	540,000	102,065	380,938	483,003	45.00%	45.00%	N/A	-	-	-
Development Co., Ltd. (“XMHJ	4,900	4,900	285	5,185	49.00%	49.00%	N/A	-	-	-
Technology Materials Co., Ltd.	6,072	5,125	121	5,246	30.00%	30.00%	N/A	-	-	-
Consafe MSV AB	-	6,315	(6,315)	-	-	-	N/A	-	-	-
Ltd	9,000	18,884	(3,316)	15,568	36.00%	36.00%	N/A	-	-	-
("TSC", NoteV.12(3))	167,591	167,161	-	167,161	14.60%	14.60%	N/A	-	-	-
Company	16,474	16,474	(293)	16,181	25.00%	25.00%	N/A	-	-	-
Subtotal	1,167,156	1,119,285	415,768	1,535,053				-	-	-
Costing method								-	-	-
Management	8,125	8,125	-	8,125	5.00%	5.00%	N/A	-	-	10,000
Donghua Container	270	270	-	270	5.00%	5.00%	N/A	-	-	-
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)	-	-
Company Limited	60	60	-	60	39.00%	39.00%	N/A	-	-	-
Subtotal	392,300	392,300	-	392,300				-	-	-
Total	1,587,940	1,551,397	401,313	1,952,710				(3,065)	-	21,555

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(3) ***As at 30 June 2011, there is no need for the Group to made provision for long-term equity investments in joint ventures and associates based on the provision testing result that compared the estimated recoverable amount and book value of long-term equity investments in joint ventures and associates.***

(4) ***As at 30 June 2011, the group directly holds 14.60% equity interest in TSC. As Secretary of the Board in the group, Mr Yu Yuqun has been appointed as Non-Executive Director of TSC on 15 March 2011, the group has significant influence over TSC. Considering TSC to be its associate company since that date, the Group accounted the equity investment in TSC RMB 167,161,000 as long-term equity investment using the equity method.***

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

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

Investee	Entity type	Registered place	Legal representative	Principal activities	Registered capital Currency	Registered capital RMB'000	Shareholding percentage	Percentage of voting rights in the	Total assets RMB'000	Total liabilities RMB'000	Net assets RMB'000	Total revenue RMB'000	Net profit/ (loss) for the period RMB'000
a.Joint ventures													
MST	Corporation	Yangzhou	Li Guisen	Production and sales of	RMB	154,634	50.00%	50.00%					
RuiJi Logistics	Corporation	Anhui	Li Lizhong	Logistic	RMB	2,049,210	50.00%	50.00%					
GXNFWL	Corporation	Guangxi	Yan Jie	Logistic	RMB	30,000	50.00%	50.00%					
Super Cool	Corporation	Shanghai	Huangtianhua	Refrigeration E	RMB	18,000	50.00%	50.00%					
b.Associates													
KYH	Corporation	BVI	Huojinghui	Investment Corporation	HKD	72,289	31.83%	31.83%					
TJCIMCZL	Corporation	Tianjin	Wufapei	Logistic	RMB	100,000	36.00%	36.00%					
DLJLL	Corporation	Dalian	Xu Song	Logistic	RMB	70,000	30.00%	30.00%					
Xianmen Haitou	Corporation	Xiamen	Jiang Jingdong	Logistic	RMB	25,000	45.00%	45.00%					
TJZL	Corporation	Tianjin	Yang Liqiang	Logistic	USD	51,956	38.22%	38.22%					
NBBL	Corporation	Ningbo	Zhu Shuilin	Martime auxilia	RMB	4,000	21.00%	21.00%					
XYW	Corporation	HongKong	Wu Zhiquan	Wood process	RMB	12,500	20.00%	20.00%					
Shanghai Fenyang	Corporation	Shanghai	Yang Zhiguang	Property devel	RMB	30,000	40.00%	40.00%					
XMHLC	Corporation	Xiamen	Yangxiaobo	Logistic	USD	12,000	49.00%	49.00%					
C&C TRUCKS	Corporation	Wuhu	Yin Tongyao	Equipment cor	RMB	400,000	45.00%	45.00%					
XMHJ	Corporation	Xiamen	Li Qiang	Container leas	RMB	10,000	49.00%	49.00%					
SJKJ	Corporation	Jiangmen	Zheng Xiande	Composite par	RMB	3,000	30.00%	30.00%					
Haiyang Blue Island Offshore Ltd	Corporation	Yantai	Dou Jiangrong	Offshore Engineering	RMB	30,000,000	30.00%	30.00%					
TSC	Corporation	Cayman Islands	Jiang Binhua	Energy and	HKD	2,000,000	14.60%	14.60%					
Vostok-Raffles Joint Stock Company	Corporation	Russia	Not applicable	Offshore Engineering	USD	10,000,000	25.00%	25.00%					

(6) There is no restriction o the ability of the Group to transfer funds to invested enterprise.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. INVESTMENT PROPERTY

RMB'000

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the period
Cost	96,223	12,290	-	-	108,513
1.Buildings	32,172	12,290	-	-	44,462
2.Land use rights	64,051	-	-	-	64,051
Accumulated depreciation or amortisation	18,867	809	-	-	19,676
1.Buildings	11,108	223	-	-	11,331
2.Land use rights	7,759	586	-	-	8,345
Carrying amounts	77,356	11,481	-	-	88,837
1.Buildings	21,064	12,067	-	-	33,131
2.Land use rights	56,292	(586)	-	-	55,706
Provision of impairment	-	-	-	-	-
1.Buildings	-	-	-	-	-
2.Land use rights	-	-	-	-	-
Carrying amounts	77,356	11,481	-	-	88,837
1.Buildings	21,064	12,067	-	-	33,131
2.Land use rights	56,292	(586)	-	-	55,706

The depreciation and amortisation charged for investment property for the period ended 30 June 2011 was RMB 809,000. There was no provision for impairment for investment property for the period ended 30 June 2011.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. FIXED ASSETS

(1) Fixed assets by categories

RMB'000

Item	Balance at the beginning of the period	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the period
Cost:	14,543,128	442,080	(77,920)	62,359	14,969,647
Including: Plant & buildings	5,653,864	163,029	(246)	32,304	5,848,951
Machinery & equipment	5,534,649	193,341	(61,724)	27,143	5,693,409
Other equipment	716,306	55,989	(3,001)	6,460	775,754
Motor vehicles	764,098	22,550	(12,949)	3,569	777,268
Offshore engineering special equipment	1,324,208	6,954	-	(7,019)	1,324,143
Dock and port	550,003	217	-	(98)	550,122
Accumulated depreciation:	4,306,449	377,755	(33,101)	44,602	4,695,705
Including: Plant & buildings	1,352,918	84,046	(104)	13,976	1,450,836
Machinery & equipment	2,045,621	201,612	(20,306)	23,063	2,249,990
Other equipment	413,853	33,336	(2,895)	5,300	449,594
Motor vehicles	272,147	19,442	(9,796)	2,650	284,443
Offshore engineering special equipment	141,279	31,737	-	(384)	172,632
Dock and port	80,631	7,582	-	(3)	88,210
Carrying amount	10,236,679	64,325	(44,819)	17,757	10,273,942
Including: Plant & buildings	4,300,946	78,983	(142)	18,328	4,398,115
Machinery & equipment	3,489,028	(8,271)	(41,418)	4,080	3,443,419
Other equipment	302,453	22,653	(106)	1,160	326,160
Motor vehicles	491,951	3,108	(3,153)	919	492,825
Offshore engineering special equipment	1,182,929	(24,783)	-	(6,635)	1,151,511
Dock and port	469,372	(7,365)	-	(95)	461,912
Provision for impairment	230,213	-	(1,746)	6,044	234,511
Including: Plant & buildings	149,699	-	-	5,800	155,499
Machinery & equipment	67,050	-	(1,467)	246	65,829
Other equipment	573	-	(153)	-	420
Motor vehicles	158	-	(126)	-	32
Offshore engineering special equipment	12,733	-	-	(2)	12,731
Dock and port	-	-	-	-	-
Carrying amount	10,006,466	64,325	(43,073)	11,713	10,039,431
Including: Plant & buildings	4,151,247	78,983	(142)	12,528	4,242,616
Machinery & equipment	3,421,978	(8,271)	(39,951)	3,834	3,377,590
Other equipment	301,880	22,653	47	1,160	325,740
Motor vehicles	491,793	3,108	(3,027)	919	492,793
Offshore engineering special equipment	1,170,196	(24,783)	-	(6,633)	1,138,780
Dock and port	469,372	(7,365)	-	(95)	461,912

14. FIXED ASSETS (CONTINUED)

(1) Fixed assets by categories (continued)

The depreciation charged for the period of the Group was RMB: 377,755,00.

Fixed assets transferred from construction in progress in the period was RMB309,562,000.

As at 30 June 2011, the fixed assets of the Group restricted in ownership amounted to RMB97,877,000. Refer to Note V.21 for details.

In 2009, as a result of change of governmental land use plan and management operation strategy, part of buildings and machineries of the containers segment would be dismantled or disposed. Also, as a result of decrease in demand in the European and American market and the corresponding poor performance in operation and continuing downturn in property market, indication existed that some of machineries and buildings in the Netherland belonging to the trailers segment might be impaired. Therefore, the Group performed impairment test for these fixed assets. Based on the result of the test, the Group made RMB 184,518,000 of provision for impairment for the aforesaid fixed assets. The recoverable amount is determined as either its fair value less costs to sell or its present value of expected future cash flows.

If there is an active market for aforesaid fixed assets, net realisable value is the quoted price in the active market less the estimated selling expenses according to the management's disposal plan. The realisable value of fixed assets, which have no value in use and are pending for dismantling, is their fair value less the estimated disposal expenses.

For fixed assets still in use and without an active market, the realisable value is the present value of expected future cash flows, which is calculated based on the discounting rate. The benchmark rate of bank loans will be adopted as the discounting rate.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. FIXED ASSETS (CONTINUED)

(2) As at 30 June 2011, the Group had no temporarily idle fixed assets.

(3) Fixed assets held under finance leases (2010: Nil)

RMB'000

Item	Cost	Accumulated depreciation	Carrying amount
As at 30 June 2011			
Special equipment for marine Engineering project	215,152	30,530	184,622

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. FIXED ASSETS (CONTINUED)

(4) Fixed assets leased out under operating leases

Item	RMB'000 Net book value
Plant & buildings	22,085
Motor vehicles	761
Machinery & equipment	66,370
Other equipment	3,000
Total	92,216

(5) Fixed assets held for sale at the period end

As at 30 June 2011, there were no fixed assets held for sale (2010: Nil).

(6) Fixed assets with pending certificates for ownership

Item	Carrying amoun RMB'000	easons for pendin	Expected time of getting certificate of
Factory	89,560	Put to use, certificate being	End of 2011
Workshop	67,480	Certificate being	End of 2011
Office building	78,089	Put to use, certificate being	End of 2011
Warehouse	56,155	Certificate being	November,2011
Dormitory and Canteen	46,843	Put to use, certificate being	End of 2011
Others	74,442	Certificate being in the progress	End of 2011
Total	412,569		

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. CONSTRUCTION IN PROGRESS

(1) Construction in progress

RMB'000

Item	2011.06.30			2010.12.31		
	Cost	Impairment	Carrying amount	Cost	Impairment	Carrying amount
DLZH Plant Project	-	-	-	18,774	-	18,774
Nantong CIMC Special Transportation Equipment Third Workshop Project	13,792	-	13,792	3,367	-	3,367
Enric Roller-type Rotary Machine and Top-and-bottom Machine	9,998	-	9,998	1,601	-	1,601
KGR Vehicle Installation Project	3,732	-	3,732	3,427	-	3,427
Nantong Sunda Container Complete-line and Coating-line project	735	-	735	198	-	198
Dalian Heavy Logistics Equipments Pressure Vessels Project	-	-	-	185	-	185
Enric First Stage Project	8,573	-	8,573	8,672	-	8,672
Dalian Heavy Logistics Production Line	13,749	-	13,749	17,324	-	17,324
CIMC Grand Sky Light Hotel Project	-	-	-	36,337	-	36,337
XHCIMCS Production Line and Power Facilities Reconstruction Project	8,303	-	8,303	13,298	-	13,298
Enric Heavy Pressure Vessel Workshop	18,674	-	18,674	12,777	-	12,777
Southern Salt Square 2nd Stage Project	41,063	-	41,063	39,815	-	39,815
LYLY vehicle 2nd Phase Project	13,037	-	13,037	8,800	-	8,800
Head office residential facilities for Haigo	19,453	-	19,453	19,453	-	19,453
YZTL Steel Structure Factory Project	22,609	-	22,609	8,218	-	8,218
Enric 3rd Phase Project	18,207	-	18,207	7,213	-	7,213
Eastern Logistic 3rd Phase Project	250,431	-	250,431	36,355	-	36,355
Xinhui Wood Factory 5th and 6th Project	1,470	-	1,470	13,200		13,200
Raffles Offshore Drilling Platform outfitting quay project	322,213	-	322,213	304,892	-	304,892
Raffles harbor basin project	99,070	-	99,070	82,851	-	82,851
Raffles Dredging Offshore Project	38,576	-	38,576	38,588	-	38,588
Raffles No1 and No 2 slideway project	100,916	-	100,916	99,275	-	99,275
Raffles sea route project	11,939	-	11,939	11,718	-	11,718
Raffles Longmen Crane Project	26,981	-	26,981	22,018	-	22,018
Raffles Plant Road Project	10,783	-	10,783	10,243	-	10,243
Raffles Jack-up Drilling Platform	640,971	-	640,971	541,542	-	541,542
Yantai Offshore Engineering Research In	34,593	-	34,593	-	-	-
Enric Bengbu Factory	73,793	-	73,793	-	-	-
Shijiazhuang Enric Factory	8,328	-	8,328	-	-	-
CIMC Raffles Employee Canteen	11,943	-	11,943	-	-	-
Others	512,882	-	512,882	337,523		337,523
Total	2,336,814		2,336,814	1,697,664	-	1,697,664

15. CONSTRUCTION IN PROGRESS (CONTINUED)

(1) Construction in progress (continued)

The carrying amounts of construction in progress at the end of the year included capitalised borrowing cost of RMB 46,594,000 (2010: RMB17,912,000). The interest rate adopted for determining capitalised at borrowing cost for the current period was 5.39% (2010: 5.09%).

As at 30 June 2011, there is no construction in progress of the Group with restrictions in ownership. Refer to Note V.21 for details. (2010: RMB 36,337,000).

(2) Provision for impairment

There was no provision for impairment for work in progress in the period (2010: Nil).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. CONSTRUCTION IN PROGRESS (CONTINUED)

(3) The Group’s major construction projects in progress were set out as follows:

RMB'000

Project	Budge	Balance at the beginning of the year	Additions	Transfer to fixed assets	Other deduction	Percentage of current input over budget (%)	Progress	Accumulate d capitalized borrowing cost	Including current year capitalized borrowing cost	Capitalized rate (%)	Sources of funds	Effect of the foreign exchange rate changes	Balance at the end of the period
DLZH Plant Project	170,705	18,774	14,751	(33,525)	-	89.95%	100.00%	5,196	-	4.78%	Bank Loan	-	-
Nantong CIMC Special Transportation E	35,519	3,367	10,425	-	-	123.12%	97.26%	-	-	0.00%	Self-funding	-	13,792
Enric Roller-type Rotary Machine and To	10,336	1,601	10,404	(2,007)		96.73%	96.73%	-	-	-	Self-funding	-	9,998
Enric First Stage Project	51,950	8,565	8	-	-	88.89%	88.89%	-	-	0.00%	Self-funding	-	8,573
Dalian Heavy Logistics Production Line (	143,392	17,324	7,044	(10,619)	-	28.05%	28.05%	-	-	0.00%	Self-funding	-	13,749
CIMC Grand Sky Light Hotel Project	86,000	36,337	34,281	(70,618)	-	81.91%	79.00%	610	176	5.09%	Bank Loan	-	-
XHCIMCS Production Line and Power Fa	19,802	13,298	9,565	(14,560)	-	84.53%	84.53%	-	-	0.00%	Self-funding	-	8,303
Enric Heavy Pressure Vessel Workshop	25,570	12,777	5,897	-	-	73.03%	73.03%	-	-	0.00%	Self-funding	-	18,674
Southern Salt Square 2nd Stage Project	66,520	39,815	1,248	-	-	61.73%	61.73%	-	-	0.00%	Self-funding	-	41,063
LYLY vehicle 2nd Phase Project	19,620	8,800	4,237	-	-	66.45%	66.45%	-	-	0.00%	Self-funding	-	13,037
Head office residential facilities for Haigo	19,769	19,453	-	-	-	98.40%	98.40%	-	-	0.00%	Self-funding	-	19,453
YZTL Steel Structure Factory Project	19,000	8,218	14,391	-	-	119.00%	73.46%	-	-	0.00%	Self-funding	-	22,609
Enric 3rd Phase Project	28,132	7,213	10,994	-	-	64.72%	25.64%	-	-	0.00%	Self-funding	-	18,207
Eastern Logistic 3rd Phase Project	184,512	36,355	214,076	-	-	135.73%	89.70%	-	-	0.00%	Self-funding	-	250,431
Xinhui Wood Factory 5th and 6th Projec	32,831	13,200	2,655	(14,385)	-	51.66%	51.66%	-	-	0.00%	Self-funding	-	1,470
Raffles Offshore Drilling Platform	400,523	304,892	26,290	-	-	80.47%	80.47%	20,894	8,873	5.95%	Bank Loan	(8,969)	322,213
outfitting quay project	163,859	82,851	21,999	-	-	60.46%	60.46%	5,774	5,774	5.91%	Self-funding	(5,780)	99,070
Raffles harbor basin project	62,445	38,588	-	-	-	61.78%	61.78%	-	-	0.00%	Self-funding	(12)	38,576
Raffles Dredging Offshore Project	119,822	99,275	1,731	-	-	84.25%	84.25%	-	-	0.00%	Self-funding	(90)	100,916
Raffles No1 and No 2 slideway project	73,737	11,721	225	-	-	25.00%	25.00%	-	-	0.00%	Self-funding	(7)	11,939
Raffles sea route project	32,772	22,018	4,969	-	-	86.68%	90.00%	-	-	0.00%	Self-funding	(6)	26,981
Raffles Longmen Crane Project	11,265	10,243	544	-	-	95.76%	95.76%	-	-	0.00%	Self-funding	(4)	10,783
Raffles Plant Road Project	1,214,370	541,542	113,539	-	-	53.58%	53.58%	13,939	13,939	5.96%	Self-funding	(14,110)	640,971
Raffles Jack-up Drilling Platform	350,000	642	33,951	-	-	9.88%	9.88%	-	-	0.00%	Self-funding	-	34,593
Enric Bengbu Factory	450,000	-	73,793	-	-	16.40%	16.40%	-	-	0.00%	Self-funding	-	73,793
Shijiazhuang Enric Factory	341,192	-	8,328	-	-	2.44%	2.44%	-	-	0.00%	Self-funding	-	8,328
CIMC Raffles Employee Canteen	14,592	9,046	2,897	-	-	81.85%	81.85%	-	-	0.00%	Self-funding	-	11,943
Total	4,148,235	1,365,915	628,242	(145,714)	-			46,413	28,762			(28,978)	1,819,465

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. INTANGIBLE ASSETS

(1) Intangible assets by categories

RMB'000

Item	Balance at the beginning of the year	Additions	Disposals	Effect of the foreign exchange rate changes	Balance at the end of the period
Cost	4,191,625	142,071	(8,786)	9,907	4,334,817
Land use rights	2,871,554	118,863	(8,786)	-	2,981,631
Technical know-how and trademarks	811,573	23,208	-	5,189	839,970
Timber concession rights	236,992	-	-	(4,508)	232,484
Customer relationships	108,736	-	-	5,429	114,165
Customer contracts	136,128	-	-	3,797	139,925
Mairime use rights	26,642	-	-	-	26,642
Accumulated amortisation	868,220	118,322	(8,601)	3,681	981,622
Land use rights	266,250	39,266	(8,601)	-	296,915
Technical know-how and trademarks	368,783	64,044	-	(334)	432,493
Timber concession rights	95,425	-	-	(1,815)	93,610
Customer relationships	48,843	7,692	-	2,033	58,568
Customer contracts	83,864	6,533	-	3,797	94,194
Mairime use rights	5,055	787	-	-	5,842
Carrying amount	3,323,405	23,749	(185)	6,226	3,353,195
Land use rights	2,605,304	79,597	(185)	-	2,684,716
Technical know-how and trademarks	442,790	(40,836)	-	5,523	407,477
Timber concession rights	141,567	-	-	(2,693)	138,874
Customer relationships	59,893	(7,692)	-	3,396	55,597
Customer contracts	52,264	(6,533)	-	-	45,731
Mairime use rights	21,587	(787)	-	-	20,800
Provision for impairment	104,834	45,731	-	(2,305)	148,260
Land use rights	-	-	-	-	-
Technical know-how and trademarks	-	-	-	-	-
Timber concession rights	104,834	-	-	(2,305)	102,529
Customer relationships	-	-	-	-	-
Customer contracts	-	45,731	-	-	45,731
Mairime use rights	-	-	-	-	-
Carrying amount	3,218,571	(21,982)	(185)	8,531	3,204,935
Land use rights	2,605,304	79,597	(185)	-	2,684,716
Technical know-how and trademarks	442,790	(40,836)	-	5,523	407,477
Timber concession rights	36,733	-	-	(388)	36,345
Customer relationships	59,893	(7,692)	-	3,396	55,597
Customer contracts	52,264	(52,264)	-	-	-
Mairime use rights	21,587	(787)	-	-	20,800

16. INTANGIBLE ASSETS (CONTINUED)

(1) Intangible assets by categories (continued)

The amortisation charged for the year of the Group was RMB: 118,322,000.

As at 30 June 2011, the cost of the Group's intangible assets with certificates of ownership to be obtained amounted toRMB41,694,000. The relevant procedures were under progress and expected to be completed at the end of 2011.

As at 30 June 2011, the Group had intangible assets with restriction in ownership amounted to RMB 108,441 ,000. (2010: RMB 156,607,000).

The timber concession right amounting to RMB 119,779,000, in respect of the 450,000 acres in Suriname was acquired by Topco Forestry N.V, a wholly owned subsidiary of Gold Terrain Assets Limited, a subsidiary of the Group Since around 75,000 acres of the forest in the above timber concession rights were located in a nature reservation zone, the government of Suriname took back the timber concession rights in 2003. The Group had negotiated with the Suriname government for a plan to substitute the original 75,000 acres with other forest locations. Since there were no clear results of the negotiation, a full provision for impairment of RMB 13,646,000 was made to this part of timber concession rights.

16. INTANGIBLE ASSETS (CONTINUED)

(1) Intangible assets by categories (continued)

In 1998, Silveroad Wood Products Limited, a wholly owned subsidiary of Gold Terrain Assets Limited purchased 315,460 acres of timber concession rights in Cambodia amounting to RMB 112,859,000. The government of Cambodia has suspended all timber concession rights in its region, including those of the Group since 2001. In view of this, full provision for impairment amounting to RMB 88,883,000 was made on the carrying value of the above timber concession rights.

According to the actual situation of customer relationship increased through assessment of the acquired subsidiary, impairment amounting to RMB 45,731,000 was made on the carrying value of the above customer relationship.

As at 30 June 2011, there were no intangible assets with indefinite useful lives.

17. GOODWILL

RMB'000

Name of investee or goodwill items	Note	Balance at the beginning of the year	Additions	Deduction	Effect of the foreign exchange rate changes	Balance at the end of the period	Provision for impairment
Enric	(1)(a)	607,004	-	-	-	607,004	-
TGE SA	(1)(b)	180,749	-	-	4,901	185,650	-
Gadidae AB		-	26,768	-	(208)	26,560	-
Technodyne International		-	36,068	-	271	36,339	-
Others		380,841	-	-	-	380,841	11,578
Total		1,168,594	62,836	-	4,964	1,236,394	11,578

(1) Impairment test for asset group including goodwill

The Group’s allocation of goodwill to asset group according to operation segments or business segments is as follows:

RMB'000

	2011.06.30	2010.12.31
Container industry	127,524	127,524
Tailers	77,752	77,752
Tank equipments industry	882,678	841,439
Asset groups with insignficant allocation percentage of goodwill	148,440	121,879
Total	1,236,394	1,168,594

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. GOODWILL

(1) Impairment test for asset group including goodwill

(a) Goodwill attributable to Enric

The Group paid USD144,291,628 (RMB1,094,076,842) as acquisition cost for acquiring 41.55% equity interest in Enric in 2007. The excess of acquisition cost over the Group's interest in the fair value of Enric's identifiable assets and liabilities, amounted to USD92,113,833 (RMB701,034,168), was recognised as goodwill attributable to Enric.

(b) Goodwill attributable to TGE SA

The Group paid USD35,605,021 (RMB243,096,841) as acquisition cost for the 60% equity interests in TGE SA in 2008. The excess of acquisition cost over the Group's interest in the fair value of TGE SA's identifiable assets and liabilities, amounting to USD13,188,894 (RMB90,048,493), was recognised as good will attributable to TGE SA. The goodwill together with which arose from TGE SA restructuring, amounting to USD15,197,477 (RMB103,759,294), are USD28,386,371 (RMB193,807,787).

The group conducted impairment test on goodwill attributable to Enric and TGE. The recoverable amount is determined based on the present value of expected future cash flows and there was no impairment considered necessary for the goodwill based on the calculations. Until 30 June 2011, there has been no adverse trend in Enric and TGE's business and there has been no adverse change in key assumptions on which management has made the future cash projections, the management believe that there was no impairment considered necessary for the goodwill

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. LONG-TERM DEFERRED EXPENSES

RMB'000

Item	Balance at the beginning of the year	Additions	Amortisation	Other deduction	Effect of the foreign exchange rate changes	Balance at the end of the period	Reasons for other deduction
Water and electricity capacity enlargement expenses	1,178	-	(236)	-	-	942	None
Rental	6,038	1,414	(2,337)	-	-	5,115	None
Others	20,762	5,324	(7,985)	-	-	18,101	None
Total	27,978	6,738	(10,558)	-	-	24,158	None

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. DEFERRED TAX ASSETS AND LIABILITIES

(1) Deferred tax assets or liabilities after offsetting and corresponding deductable or taxable timing differences

RMB'000

Item	Deductible/(taxable) temporary difference 2011.06.30	Deferred tax assets/(liabilities) 2011.6.30	Deductible/(taxable) temporary difference 2010.12.31	Deferred tax assets/(liabilities) 2010.12.31
Deferred tax assets:				
Provisions for impairment	622,063	132,013	634,562	133,922
Provisions	468,981	91,276	453,035	91,669
Employee benefits payable	1,188,098	270,693	885,946	198,409
Accrued expenses	461,147	82,401	288,965	46,405
Tax losses carry-forward	905,156	157,113	895,395	153,362
Movement for fair value of financial assets held for trading/hedge instruments	112,048	28,003	137,488	33,001
Others	73,622	15,674	66,668	21,285
Subtotal	3,831,115	777,173	3,362,059	678,053
Offsetting amount	(1,176,181)	(274,413)	(810,909)	(188,597)
Net amount after offsetting	2,654,934	502,760	2,551,150	489,456
Deferred tax liabilities:				
Movement for fair value of financial assets held for trading/hedge instruments	(21,804)	(5,478)	(77,324)	(16,046)
Available-for-sale financial assets	(661,175)	(171,752)	(723,531)	(172,414)
Movement for fair value of hedging financial instrument	(22,923)	(6,400)	(14,077)	(3,858)
Revaluation gain through combination	(960,195)	(258,775)	(990,755)	(276,049)
Estimated dividend income earned for non-resident foreign enterprises	(5,118,667)	(361,579)	(2,490,010)	(187,213)
Others	(491,789)	(97,586)	(591,535)	(105,883)
Subtotal	(7,276,553)	(901,570)	(4,887,232)	(761,463)
Offsetting amount	1,176,181	274,413	810,909	188,597
Net amount after offsetting	(6,100,372)	(627,157)	(4,076,323)	(572,866)

19. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(2) Unrecognised deferred tax assets

RMB'000

Item	2011.06.30	2010.12.31
Tax losses carry-forward	480,556	361,537
Impairment losses of timber Concession rights	55,769	55,769
Others	174,517	170,765
Total	710,842	588,071

(3) Expiry dates of tax credit for unrecognised deferred tax assets are as follows:

RMB'000

Year	2011.06.30	2010.12.31
2011	-	89,119
2012	20,351	42,477
2013	203,501	225,447
2014	273,421	289,578
2015	513,085	525,845
2016	646,336	-
More than 5 years	384,625	392,779
Total	2,041,319	1,565,245

At 30 June 2011, the Group had no unrecognised deferred tax liabilities.

Note 1: By the end of the period and 2010, unrecognised deferred tax assets aged over 5 years (inclusive) arising from deductible tax losses resulted from foreign subsidiaries' operating losses. Deductible tax losses generated from Hong Kong, the United States of America, the United Kingdom of Great Britain and Australia can be offset with future profit indefinitely; deductible tax losses generated from the Netherlands can be offset in the subsequent nine years.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. PROVISIONS FOR IMPAIRMENT

RMB'000

Item	Note	Balance at at the beginning of the year	Charge for the period	Decrease during the period Reversal	Decrease during the period Write off	foreign exchange rate changes	Balance at the end of the period
Receivables	V.4-6,8,11	468,488	54,211	-20,969	-3,937	1,497	499,290
Inventories	V.7	149,838	2,483	-7,747	-3,184	-222	141,168
Long-term equity		3,065	-	-	-	-	3,065
investment	V.12	230,213	-	-	-1,746	6,044	234,511
Fixed assets	V.14	104,834	45,731	-	-	-2,305	148,260
Intangible assets	V.16	11,578	-	-	-	-	11,578
Goodwill	V.17						
Total		968,016	102,425	-28,716	-8,867	5,014	1,037,872

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. RESTRICTED ASSETS

As at 30 June 2011, the Group's assets with restrictions in their ownership are as follows:

RMB'000

Item	Note	Balance at the beginning of the year	Additions for the period	Decrease during the period	Effect of foreign exchange	Balance at the end of the period
- Cash at bank and on hand	V.1	858,281	1,453,068	(549,003)	(5,963)	1,756,383
- Accounts receivable	V.4	962,096	222,284	(547,659)	(12,704)	624,017
- Fixed assets	V.14	161,120	36,881	(98,539)	(1,585)	97,877
-Construction in progress	V.15	36,337	-	(36,337)	-	-
- Inventories	V.7	-	18,365	(12,660)	-	5,705
- Intangible assets	V.16	156,607	-	-	(48,166)	108,441
Total		2,174,441	1,730,598	(1,244,198)	-68,418	2,592,423

The above fixed assets, inventories and intangible assets were secured for bank loans. Accounts receivable was pledged for borrowings. Refer to Note V.22 and Note V.34 for short-term and long-term secured loans analysis.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. SHORT-TERM LOANS

(1) Short-term loans by categories:

Item	Note	2011.6.30	2010.12.31
			RMB'000
Guarantee loans	(a)		
- RMB		247,641	3,836,026
- USD		963,653	450,471
- JPY		989	10,021
- GBP			38,343
- EUR			76,351
- SGD			4,710
Subtotal		1,212,283	4,415,922
Secured loans	(b)		
- RMB		56,579	-
- USD		97,087	86,325
- EUR		-	17,346
- SGD		-	624
Subtotal		153,666	104,295
Pledge loans	(c)		
- RMB		-	-
- USD		106,218	962,096
Subtotal		106,218	962,096
Loans on credit			
- RMB		6,379,467	672,125
- USD		1,360,287	1,536,746
- EUR		137,921	194,247
- HKD		2,184,351	423,878
- AUD			-
Subtotal		10,062,026	2,826,996
Other loans			
- RMB		-	-
Subtotal		-	-
Total		11,534,193	8,309,309

(a) As at 30 June 2011, guarantee loans of the Group included bank loans amounting toRMB1,037,489,000 guaranteed by the Company for its subsidiaries, RMB166,620,000 guaranteed by HI for its subsidiaries, RMB8,174,000 guaranteed by Enric for its subsidiaries.

(b) As at 30 June 2011, borrowings of Vangurad National Trailer Corporation("Vanguard"), a subsidiary of the Group, amounting to USD 15,000,000,equivalent to RMB 97,087,000 raised from Bank of Communications Co., Ltd. New York Branch were secured by Vanguard's property and guaranteed by CIMC Hong Kong. Borrowings amounting to EUR 1,971,000, equivalent to RMB 56,579,000, raised from bank were secured by Enric's property.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. SHORT-TERM LOANS (CONTINUED)

(1) Short-term loans by categories (continued):

(c) As at 30 June 2011, the Group's pledge loans amounting to RMB97,204,000 and RMB 9,014,000 were pledged by the accounts receivable of its subsidiaries, YZRYL and DLCIMCS.

(d) As at 30 June 2011, no amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties was included in the above balance of short-term loans.

(2) As at 30 June 2011, the Group had no past due and un-repaid short-term loans.

23. FINANCIAL LIABILITIES HELD FOR TRADING

RMB'000

Item	Note	2011.6.30	2010.12.31
Current:			
Derivative financial liabilities			
-foreign future contracts		4,577	3,810
-swap contract for interest rate		10,480	-
-foregin exchange option		45,308	-
Subtotal		60,365	3,810
Non-Current:			
Derivative financial liabilities			
-swap contract for interest rate		69,465	76,066
-foregin exchange option		-	78,226
Subtotal		69,465	154,292
Total		129,830	158,102

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. FINANCIAL LIABILITIES HELD FOR TRADING (CONTINUED)

(1) As at 30 June 2011, the Company and subsidiaries separately had 10 and 5 unsettled interest rate swap contracts denominated in U.S. dollars. The nominal value of these contracts amounted to USD 460,000,000. The maturity dates of these interest rate swap contracts range from 23 May 2012 to 29 December 2018. As at 30 June 2011, the Group recognised on the foresaid contracts in their fair values of RMB79,945,000 (including RMB 66,311,000 of fair value recognised by the Company) as expenses and financial liabilities held for trading. Transaction costs on realisation have not been considered when calculating the fair values.

(2) As at 30 June 2011, the Company had 2 unsettled forward contracts denominated in Japanese Yen. The nominal value of these contracts amounted to Japanese Yen 1,830,000,000. Pursuant to these forward contracts, the Company is entitled to buy U.S. dollar at an amount equivalent to contracted nominal value at agreed rates where the market spot rates at the settlement dates are higher than the agreed rates. These forwards contracts are not executed where the market spot rates at the settlement dates are equal to or lower than the agreed rates. The settlement dates of the aforesaid forwards contracts range from 30 May 2012 to 29 June 2012.

As at 30 June 2011, the Company recognised the aforesaid 2 forwards contracts in their fair values of RMB 45,308,000 as expenses and financial liabilities held for trading. Transaction costs on realisation haven not been considered when calculating the fair values.

24. BILLS PAYABLE

		RMB'000
	2011.6.30	2010.12.31
Bank acceptance bills	1,843,428	2,435,043
Commercial acceptance bills	226,733	103,580
Total	2,070,161	2,538,623

The above bills are due within one year.

No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of bills payable.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. ACCOUNTS PAYABLE

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

RMB'000

Item	2011.6.30	2010.12.31
Raw materials suppliers	9,573,142	9,117,500

As at 30 June 2011, there was no individual major accounts payable aged over one year.

Group's accounts payable is analysed by currencies as follows:

Currency	2011.06.30 Original currency '000	2011.06.30 Exchange rate	2011.06.30 RMB '000	2010.12.31 Original currency '000	2010.12.31 Exchange rate	2010.12.31 RMB '000
RMB	6,308,843	1.0000	6,308,843	5,806,328	1.0000	5,806,328
USD	463,233	6.4716	2,997,859	443,815	6.5897	2,924,606
HKD	23,756	0.8316	19,755	200,411	0.8477	169,893
JPY	68,202	0.0802	5,470	43,843	0.0810	3,551
EUR	11,876	9.3612	111,199	17,757	8.7979	156,227
AUD	17,531	6.9395	121,658	8,255	6.7050	55,350
Others	-	-	8,358	-	-	1,545
Total			9,573,142			9,117,500

(2) No amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties is included in the balance of accounts payable.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. ADVANCES FROM CUSTOMERS

(1) The Group's advances from customers is as follows:

RMB'000

Item	2011.6.30	2010.12.31
Advances for goods	1,080,497	811,674
Advances for construction	865,084	620,826
Advances for property	586,629	502,573
Others	3,341	658
Total	2,535,551	1,935,731

No amount due to shareholders who hold 5% or more of the voting rights of the Company is included in the balance of advances from customers.

As at 30 June 2011, there was no significant advances aged over one year.

27. EMPLOYEE BENEFITS PAYABLE

RMB'000

Item	Balance at the beginning of the year	Accrued during the period	Paid during the period	Effect of foreign exchange rate changes	Balance at the end of the period
Salaries, bonuses, and allowances	781,343	1,914,752	(1,831,954)	1,874	866,015
Senior management bonus	269,475	100,000	(13,058)	-	356,417
Severance payment	79	-	-	-	79
Social insurances and others	314,635	503,021	(350,306)	56	467,406
Total	1,365,532	2,517,773	-2,195,318	1,930	1,689,917

27. EMPLOYEE BENEFITS PAYABLE (CONTINUED)

As at 30 June 2011, there was no delayed payment of employee benefits.

As at 30 June 2011, aforesaid “social insurances and others” included labour union fees and employee education fees amounting to RMB27,588,000. There were no non-monetary benefits during the period.

Salaries, bonus and allowances payables represent salaries accrued for current month and bonus accrued for subsidiaries in accordance with the result of annual performance and the performance assessment plan of the Group. According to the requirement of the performance assessment plan, annual accrued bonus would be paid over three years based on the percentage determined by the management, therefore, there was a balance of such accrued bonus at the end of the year.

Senior management bonus is determined on the assessment of certain key performance index. The above bonus is proposed by Chief Executive Officer of the Group and the payment is subject to review and approval by board chairman and vice board chairman of the Group. The balance of senior management bonus payable was unpaid balance accrued in prior years.

28. Taxes payable

RMB’000

	2011.6.30	2010.12.31
VAT payable	23,771	66,744
Business tax payable	9,755	8,533
Income tax payable	693,943	590,029
Withholding tax	84,691	79,699
Others	68,486	44,150
Total	880,646	789,155

29. INTEREST PAYABLE

RMB’000

	2011.6.30	2010.12.31
Interest payable for long-term loan	12,245	3,120
Interest payable for short-term loan	13,631	10,048
Interest payable for bond payable	17,433	-
Other Interest payable	4,787	-
Total	48,096	13,168

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. DIVIDENDS PAYABLE

RMB'000

	2011.6.30	2010.12.31
Minority shareholders of subsidiaries	39,107	16,046
Public shareholders	151,260	-
Total	190,367	16,046

31. OTHER PAYABLES

(1) The analysis of the Group's other payables is as follows:

RMB'000

Item	2011.6.30	2010.12.31
Deposits and mortgage		
Advance received	772,783	469,371
Transportation expenses	426,514	256,492
Equipment and land use rights	429,094	395,583
Accruals	753,375	532,578
Current account with subsidiaries' minority	253,182	245,728
Others	471,037	488,615
Total	3,105,985	2,388,367

31. OTHER PAYABLES (CONTINUED)

(1) The analysis of the Group's other payables is as follows (continued):

The analysis of the Group's other payables by currencies is as follows:

	2011.6.30			2010.12.31		
Currency	Original currency '000	Exchange rate	RMB '000	Original currency '000	Exchange rate	RMB '000
RMB	1,126,972	1.0000	1,126,972	721,950	1.0000	721,950
USD	201,214	6.4716	1,302,177	170,943	6.5897	1,126,461
HKD	257,356	0.8316	214,018	254,149	0.8477	215,448
JPY	2,796	0.0802	224	264,082	0.0810	21,387
EUR	47,738	9.3612	446,881	27,106	8.7979	238,476
AUD	2,086	6.9395	14,473	9,582	6.7050	64,245
Others	-	-	1,240	-	-	400
Total			3,105,985			2,388,367

(2) Other payables due to shareholders or related parties who hold 5% or more of the voting rights of the Company:

		RMB'000	
Organization name	Relationship with the Group	2011.6.30	2010.12.31
1.Gasfin	Minority shareholder of subsidiary	22,143	20,806
2.Bright Touch	Minority shareholder of subsidiary	59,160	60,231
3. Leung Kee	Minority shareholder of subsidiary	103,053	104,919
4. Yantai Shipyard	Minority shareholder of subsidiary	45,670	46,497
Total		230,026	232,453

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. OTHER PAYABLES (CONTINUED)

(3) Significant other payables aged over one year:

As at 30 June 2011, significant other payables aged over one year represented quality guarantee, vehicle mortgage guarantee and various deposits.

(4) As at 30 June 2011, there was no significant other payables.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. PROVISIONS

RMB'000

	Note	Balance at the beginning of the year	Charges for the period	Payments during the period	Reversal during the period	Effect of foreign exchange rate changes	Balance at the end of the period
Current							
Warranties for product quality	(1)	555,341	126,439	(20,868)	(67,322)	(1,258)	592,332
Guarantees for third parties	(2)	12,478	-	(2,272)	-	9	10,215
Others		81,754	41,485	(35,584)	(74)	446	88,027
Total		649,573	167,924	(58,724)	(67,396)	(803)	690,574

(1) The Group provides after-sales repair warranty to the customers, ranging from two to seven years for containers, one year for trailers, one to seven years for tank equipments, one to two years for airport ground facilities and one year for offshore business after delivery of vessels. The Group will provide repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems. The balance of "Provisions - Warranties for product quality" represents the Group's estimated obligation for such warranties.

(2) The amount represents the possible loss for a bank guarantee letter issued by the Company's subsidiary - Shenzhen CIMC Tianda Airport Equipment and guarantee in respect of banking facilities granted to trailer customer of HI.

33. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

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

RMB'000

	Note	2011.06.30	2010.12.31
Long-term loans due within one year	（2）		
-Credit loans		2,031,489	2,729,353
-Guarantee loans		250,448	17,584
Subtotal		2,281,937	2,746,937
Long-term payable due within one year	(3)	100,843	97,584
Total		2,382,780	2,844,521

(2) The analysis of the Group's non-current liabilities due within one year by categories is as follows:

(a) The analysis of the Group's non-current liabilities by currencies due within one year is as follows:

		2011.06.30			2010.12.31		
	Annual interest rate	Original currency'000	Exchange rate	RMB '000	Original currency'000	Exchange rate	RMB '000
Bank loans							
-RMB	3.51%-6.10%	375,507	1.0000	375,507	2,000,000	1.0000	2,000,000
-USD	LIBOR+(90-185BP)	283,012	6.4716	1,831,540	100,000	6.5897	658,970
-HKD	HIBOR+1.7%	-	0.0000	-	20,743	0.8477	17,584
-EUR	EURIBOR+65BP	8,000	9.3612	74,890	8,000	8.7979	70,382
Total				2,281,937			2,746,936

As at 30 June 2011, there was no renewal of past due long-term included in the balance of long-term loans due within one year.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR (CONTINUED)

(2) The analysis of the Group's non-current liabilities due within one year by categories is as follows: (continued)

(b) As at 30 June 2011, the top five long-term loans due within one year are as follows:

					2011.06.30		2010.12.31	
lender	Initial date	Maturity date	Currency	ıterest rate（%）	Original currency'000	RMB '000	Original currency'000	RMB '000
Development	19-Jun-09	21-Jun-12	USD	Six-month libor-	80,000	517,728	80,000	527,176
Development	12-Dec-07	21-Jun-12	USD	Six-monthlibor+	60,000	388,296	60,000	395,382
China	31-Mar-11	31-Mar-12	USD	Six-monthlibor+	50,000	323,580	-	-
Development	12-Dec-07	21-Dec-11	USD	Six-monthlibor+	50,000	323,580	50,000	329,485
5.The Export-Import Bank	18-Aug-10	15-Mar-12	RMB	3.76%	200,000	200,000	200,000	200,000
Total						1,753,184		1,452,043

(3) Long-term payables due within one year

As at 30 June 2011, Long-term payables due within one year included net financial leasing payable of RMB 100,843,000, which is total amount of RMB 110,340,000 minus unrecognised financing expresses ofRMB 9,497,000.

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR (CONTINUED)

(3) Long-term payables due within one year (continued)

As at 30 June 2011, the top three of long-term payable due within one year were as follows:

lender	Initial date	Maturity date	Currency	Interest rate（%）	2011.06.30 Original currency'000	2011.06.30 RMB ’000	2010.12.31 Original currency'000	2010.12.31 RMB ’000
1.CMB Financi	21-Jan-09	19-Sep-13	RMB	4.97%	90,747	90,747	96,726	96,726
2.CIT Finance	1-Jan-09	31-Dec-11	RMB	5.40%	210	210	784	784
3.Yantai Port C	18-Aug-09	18-Aug-12	RMB	5.80%	37	37	74	74
Total					90,994	90,994	97,584	97,584

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. LONG-TERM LOANS

(1) The analysis of the Group's long-term loans is as follows:

RMB'000

	Note	2011.6.30	2010.12.31
Bank loans			
Credit loans		4,759,372	2,534,754
Guarantee loans		-	772,202
Secured loans	(a)	460,000	460,146
Pledge loans		-	145,046
Total		5,219,372	3,912,148

Long-term loans in original currencies are as follows:

		2011.06.30			2010.12.31		
	Exchange rate	Original currency'000	Exchange rate	RMB '000	Original currency'000	Exchange rate	RMB '000
Bank loans							
-RMB	3.51%-6.9%	3,082,099	1.0000	3,082,099	1,438,767	1.0000	1,438,767
-USD	6个月LIBOR+(30-185BP)	311,650	6.4716	2,016,874	370,000	6.5897	2,438,189
-HKD	HIBOR + 1.7%	3,000	0.8316	2,495	-	-	-
-EUR	EURIBOR+65BP	12,595	9.3612	117,904	4,000	8.7979	35,192
Total				5,219,372			3,912,148

(a) As at 30 June 2011, Rattles, the subsidiary of the Group borrowed RMB 460,000,000 secured with its marine space using right.

(b) No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term loans.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. LONG-TERM LOANS (CONTINUED)

(2) The analysis of the Group's long-term loans is as follows: (continued)

(a) As at 30 June 2011, the top five long-term loans are as follows:

lender	Initial date of the loans	Maturity date of the loans	Currency	Interest rate（%）	2011.06.30 Original currency'000	2011.06.30 RMB '000	2010.12.31 Original currency'000	2010.12.31 RMB '000
1.China Development Bank	12-Dec-07	10-Dec-13	USD	6个月libor+90bp	110,000	711,876	110,000	724,867
2.Bank of Communications Qingdao Branch Sifang Sub-branch	21-Jul-09	17-Jul-12	RMB	5.81%	500,000	500,000	500,000	500,000
3.The Export-Import Bank of China	20-Jan-11	07-Jan-14	RMB	4.76%	400,000	400,000	-	-
4.The Export-Import Bank of China	16-Jun-11	16-Jun-14	RMB	4.51%	400,000	400,000	-	-
5.The Export-Import Bank of China Qingdao Branch	18-Aug-10	15-Mar-12	RMB	3.76%	200,000	200,000	200,000	200,000
Total						2,211,876		1,424,867

As at 30 June 2011, there was no renewal of past due long-term bank loans included in the above balance of long-term loans.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35 BONDS PAYABALES

RMB'000

Item	Balance at the beginning of the year	Additions during the period	Settlements during the period	Balance at the end of the period
Medium Term Note -11 CIMC MTN1	-	3,987,276	-	3,987,276
Total	-	3,987,276	-	3,987,276

(1) The analysis of the Company's Bonds Payables is as follows:

RMB'000

Item	Face value	Issue date	Final maturity date	Notional principal	Interest payable at the beginning of the period	accrued interest for the period	Interest paid during the period	Interest payable at the end of the period	Balance at the end of the period
Medium Term Note - 11 CIMC MTN1	4,000,000	23 May 2011	23 May 2016	4,000,000	-	(12,724)	-	(12,724)	3,987,276
Total	4,000,000			4,000,000	-	(12,724)	-	(12,724)	3,987,276

As at May 20, 2011, the company issued Medium Term Note in the national inter-bank bond market. The registered amount is RMB 6,000,000,000 and the first issued 5-year MTN, with issue price and face value at RMB 100 and a fixed interest of 5.23% per annum, amounts to RMB 4, 000,000,000.Interest is paid at every May 23 during the duration and the repayment date of the principal is May 23, 2016.The MTN was issued to institutional investor in the inter-bank market with no guarantee. The managing underwriter is China Merchant Bank. The above MTN is accounted as Bond payable at amortised cost using effective interest rate method.

36 SPECIAL PAYABLES

RMB'000

	Balance at the beginning of the year	Additions during the period	Settlements during the period	Effect of foreign exchange rate changes	Balance at the end of the period
Project funds	16,442	471	-	-	16,913
Total	16,442	471	-	-	16,913

37. Long-term payable

RMB'000

Item	2011.6.30	2010.12.31
Financial Leasing payable	98,417	118,858
Total	98,417	118,858

(1) The breakdown of financial leasing payable:

RMB'000

Organization Name	2011.6.30	2010.12.31
China Merchant Bank Financial Leasing Co., Ltd.	89,427	118,858
Others	8,990	-
Total	98,417	118,858

As at 30 June 2011, the unrecognised financing expense of the Group amounted to RMB 5,164,000. (2010: RMB 6,049,000)

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

The Group had no amount due to shareholders who hold 5% or more of the voting rights of the Company or related parties.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. OTHER NON-CURRENT LIABILITIES

RMB'000

Item	2011.6.30	2010.12.31
Deferred income	229,374	178,008
Total	229,374	178,008

39. SHARE CAPITAL

The Company's share capital status at30 June 2011 is as follows:

RMB'000

	Balance at the beginning of the year	Additions during the period	Changes of shares subject to selling restrictions	Balance at the end of the period
Shares subject to selling restrictions				
-Shares held by overseas legal persons	-	-	-	-
-Shares held by domestic natural persons	620	-	-	620
Shares not subject to selling restrictions				
-RMB-denominated ordinary shares	1,231,297	-	-	1,231,297
-Domestically listed foreign shares	1,430,479	-	-	1,430,479
Total	2,662,396	-	-	2,662,396

The face value of the aforesaid shares was RMB 1.00 per share.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. CAPITAL RESERVE

RMB'000

	Balance at the beginning of the period	Additions during the period	Settlements during the period	Effect of change in functional currency	Balance at the end of the period
Share premiums	201,222	-	-	-	201,222
Other capital reserves	-	-	-	-	-
-Property revaluation reserve	54,979	-	-	(11,225)	43,754
-Exchange reserve on foreign currency capital	866	-	-	(174)	692
-Donated non-cash assets reserve	324	-	-	(67)	257
- Net changes in fair value of available-for-sale financial assets	727,466	-	(15,815)	(28,490)	683,161
-Effective portion of changes in fair value of cash flow hedges	14,070	9,735	-	(541)	23,264
-Deferred tax effect	(176,272)	-	(1,880)	6,594	(171,558)
-Equity settled share-based payment	82,432	56,339	-	(3,283)	135,488
-capital reserves due to minority shareholders' equity	88,251	-	-	(9,227)	79,024
-capital reserves due to acquiring minority shareholders' equity	256,078	-	-	(8,964)	247,114
Others	100,004	4,489		(406,795)	(302,302)
Total	1,349,420	70,563	(17,695)	(462,172)	940,116

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Surplus reserve

RMB'000

Item	Balance at the beginning of the period	Effect of change in functional currency	Additions during the period	Settlements during the period	Balance at the end of the period
Statutory surplus reserve	1,331,198	(260,240)	-	-	1,070,958
Discretionary surplus reserve	2,246,390	(456,298)	-	-	1,790,092
Total	3,577,588	(716,538)	-	-	2,861,050

42. RETAINED EARNINGS

Item	Note	RMB'000	Appropriation proportion
Retained earnings brought forward		10,689,335	
Add: profit attributable to shareholders of the Company		2,807,629	
Less: Dividends of ordinary shares	(1)	(929,568)	
Decrease in retained earnings resulted from change in functional currency		(551,377)	
Retained earnings carry forward		12,016,019	

(1) Dividends of ordinary shares

(a) Dividends of ordinary shares declared during the period

Pursuant to the shareholders' approval at the shareholders' Meeting on 13 April 2011, a cash dividend of RMB 0.35 per share (2009: RMB 0.15 per share) totaling RMB 929,568,270.6, (2010: RMB 319,487,526.17, equivalent to USD 58,485,063.51), was declared and paid to the Company's ordinary shareholders on 31 May 2011.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43 OPERATING INCOME AND OPERATING COST

(1)

RMB'000

Item	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Operating income	35,878,407	20,575,020
Other operating income	599,691	662,869
Operating cost	29,499,900	18,246,729

There was no individual construction contract whose revenue amounted for more than 10% of the total operating income in 2010.

(2) Operating income and operating cost (by industries and by products)

RMB'000

	from 1 January to 30 June 2011		from 1 January to 30 June 2010	
Industry	Operating income	Operating cost	Operating income	Operating cost
Containers	21,655,698	17,039,984	7,626,728	6,543,859
Trailers	9,286,027	8,215,605	8,883,894	7,895,716
Tank equipments	3,630,768	2,933,102	1,799,143	1,453,207
Marine engineering	229,950	415,742	1,764,176	1,516,829
Air ground facilities	131,266	91,754	19,528	14,021
Others	944,698	639,482	481,551	361,654
Total	35,878,407	29,335,669	20,575,020	17,785,286

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. OPERATING INCOME AND OPERATING COST (CONTINUED)

(3) Operating income and operating cost (by regions)

RMB'000

	from 1 January to 30 June 2011		from 1 January to 30 June 2010	
Regions	Operating income	Operating cost	Operating income	Operating cost
P.R China	33,756,565	27,634,416	19,353,284	16,735,332
America	764,090	595,464	365,362	334,587
Europe	1,047,038	934,476	401,311	407,868
Asia	59,969	8,616	80,745	13,632
Others	250,745	162,697	374,318	293,867
Total	35,878,407	29,335,669	20,575,020	17,785,286

The regional operating income and operating cost is determined on the location at which the services were provided or the goods were delivered.

(3) Operating income of top five customers in 2010 is as follows:

Customer	Operating income RMB'000	Percentage of total operating income(%)
TAL International Container Corporation	2,066,776	5.76%
Mediterranean Shipping Co.S.A.	1,959,834	5.46%
Triton Container Internation Ltd.	1,856,854	5.18%
Compagnie Maritime d'Affretement	1,474,222	4.11%
SeaCube BLIU	1,361,706	3.80%
Total	8,719,392	24.30%

The Group's operating income of top five customers in the period Jan to June 2010 totaled RMB4,790,493,000, accounting for 22.56% of total operating income.

44. BUSINESS TAXES AND SURCHARGES

RMB'000

Item	Taxation basis and rates	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Business tax	3%-5% of operating income	29,092	8,575
Urban maintenance and construction tax	5%-7% of VAT and business tax paid	24,090	3,040
Education fee and surcharges	3% of VAT and business tax paid	16,619	1,847
Land appreciation tax	Appreciation amount in transferring property and applicable tax rate	1,059	102
Others		2,294	5,624
Total		73,154	19,188

45. SELLING AND DISTRIBUTION EXPENSES

RMB'000

Category	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Transportation and distribution charges	462,321	200,127
External sales commission	38,707	29,632
Employ Benefit	99,133	12,544
Warranty	59,117	(11,462)
Others	309,313	327,508
Total	968,591	558,349

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. GENERAL AND ADMINISTRATIVE EXPENSES

RMB'000

Category	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Low- value consumables and materials consumed	43,853	19,230
Rental	26,754	13,179
Depreciation	76,985	65,560
Employ Benefit	490,693	279,710
Taxes and surcharges	63,702	52,398
Agency fee	48,962	32,667
Technology development costs	44,054	54,140
Amortisation	85,459	91,019
Performance Bonus and president bonus	354,999	11,994
Office expenditure, entertainment fee and others	480,490	412,294
Total	1,715,951	1,032,191

47. FINANCIAL EXPENSES

RMB'000

Item	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Interest expenses from loans and payables	423,058	229,684
Less:Borrowing costs capitalised	28,943	4,410
Interest income from deposits and receivables	(111,002)	(42,001)
Net exchange (gains)/ losses	88,472	56,459
Other financial expenses	28,377	12,358
Total	399,962	252,090

48. GAINS / LOSSES FROM CHANGES IN FAIR VALUE

RMB'000

Sources of gain/loss from changes in fair value	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Financial assets held for trading		
- Changes in fair value during the period		
1.Gains from changes in fair value of held for trading investments	(42,564)	35,117
2.Gains / losses from changes in fair value of derivative financial instrument	(57,903)	43,474
Subtotal	(100,467)	78,591
- Income for derecognised financial assets held for trading	(16,062)	-
Financial liabilities held for trading		
- Changes in fair value during the period		
1.(Losses)/gains from changes in fair value of derivative financial instrument	28,273	7,750
Total	(88,256)	86,341

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. INVESTMENT INCOME

(1) The analysis of the Group's investment income is as follows:

RMB'000

	from 1 January to 30 June 2011	from 1 January to 30 June 2010
investments in cost method	10,000	-
Long-term equity investments in equity method	28,739	22,582
long-term equity investments	13,063	-
available-for-sale financial assets	3,343	-
of held-for-trading financial assets	16,062	-
Gains on sale of available-for-sale financial assets	-	11,240
Others	-	(90,843)
Total	71,207	(57,021)

(2) Long-term investments in cost method with individual investment income over 5% of total investment income or less than 5% but ranked the top five investment income for the year are as follows:

RMB'000

Investee	from 1 January to 30 June 2011	from 1 January to 30 June 2010	Reasons for variances between two periods
BOCM Schroder Stolt Fund Management	10,000	5,000	Cash dividend was distributed during the period
Total	10,000	5,000	

49. INVESTMENT INCOME (CONTINUED)

(3) Long-term investments in equity method with individual investment income over 5% of total investment income or less than 5% but ranked the top five investment

RMB'000

Investee	from 1 January to 30 June 2011	from 1 January to 30 June 2010	Reasons for variances between two periods
Shanghai Fengyang	28,267	3,060	Changes in profit and loss of the investee
TJCIMCZL	16,803	14,635	Changes in profit and loss of the investee
KYH	6,453	11,410	Changes in profit and loss of the investee
Xiamen CIMC Haitou Container Service	1,790	-	Changes in profit and loss of the investee
TJCIMCZL	881	518	Changes in profit and loss of the investee
Total	54,194	29,623	

Note1: Only top five investees with largest profits before income tax are listed above.

Note2: There was no significant restriction on the remittance of investment income to the investor.

50. IMPAIRMENT LOSSES

RMB'000

Item	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Receivables	33,242	27,381
Inventories	(5,264)	1,963
Intangible assets	45,731	-
Total	73,709	29,344

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. NON-OPERATING INCOME

(1) The analysis of the Group's non-operating income is as follows:

RMB'000

Item	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Gains on disposal of fixed assets	704	423
Gains on disposal of intangible assets	610	-
Compensation income	6,899	20,953
Penalty income	2,658	3,667
Gains on fixed assets surplus	-	48
Government grants	83,625	35,492
Amounts no longer payable	3,624	252
Gains on recognition of negative goodwill	-	110,313
Others	4,893	23,700
Total	103,013	194,848

(2) Government grants

RMB'000

Item	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Financial grants	83,625	27,715
Tax refund	-	7,777
Total	83,625	35,492

52. NON-OPERATING EXPENSES

RMB'000

Item	Note	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Losses on disposal of fixed assets		8,344	470
Losses on disposal of intangible assets		11	-
Donation expenses		1,733	361
Penalty expenses		655	477
Compensation expenses		310	1,356
Others		4,223	2,837
Total		15,276	5,501

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. INCOME TAX

RMB'000

	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Current tax expenses for the period	993,680	158,531
Deferred taxation	30,438	74,985
Total	1,024,118	233,516

(2) Reconciliation between income tax expenses and accounting profits is as follows:

RMB'000

	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Profits before taxation	3,817,519	1,318,665
Expected income tax expenses at applicable tax rates	898,681	287,439
Effect of tax incentive	(145,724)	(46,302)
Tax effect of non-deductible expenses	12,878	14,737
Tax effect of non-taxable income	(35,508)	(39,023)
Tax effect of utilisation of tax losses not recognised in prior years	(42,265)	(10,231)
Tax effect of unrecognised tax losses	159,064	41,136
Deductible temporary differences of unrecognised deferred tax assets	3,752	5,050
Effect of tax rate change on deferred tax	(1,277)	(11,942)
Tax refund for income tax annual filing	151	(7,348)
Income tax accruals for profit of foreign holding	174,366	-
Income tax expenses	1,024,118	233,516

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. CALCULATION OF EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

(1) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company during the period and the weighted average ordinary shares in issue:

RMB'000

	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Consolidated profit attributable to ordinary equity shareholders of the Company	2,807,629	912,556
Weighted average of ordinary shares in issue ('000)	2,662,396	2,662,396
Basic earnings per share	1.0545	0.3428

Calculation of weighted average number of ordinary shares	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Weighted average number of ordinary shares at 30 June ('000)	2,662,396	2,662,396

(2) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company during the period and the adjusted weighted average of ordinary shares in issue:

RMB'000

	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Consolidated profit attributable to ordinary equity shareholders of the Company (diluted)	2,807,629	912,556
Weighted average of ordinary shares in issue (diluted) ('000)	2,662,396	2,662,396
Diluted earnings per share	1.0545	0.3428

Calculation of weighted average number of ordinary shares (diluted)	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Weighted average number of ordinary shares at 30 June (diluted) ('000)	2,662,396	2,662,396

55. OTHER COMPREHENSIVE INCOME

RMB'000

Item	from 1 January to 30 June 2011	from 1 January to 30 June 2010
1.Gains/(losses) on available-for -sale financial assets	(15,815)	(233,278)
Less: Effect of income tax arising from available-for-sale financial assets	(662)	(42,268)
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	-	51,643
Subtotal	(15,153)	(242,653)
2.Gains/(losses) on cash flow hedges financial instrument	9,735	(19,017)
Less:Effect of income tax arising from cash flow hedges financial instrument	2,542	(4,151)
Amount recognised in other comprehensive income in pri	-	-
Subtotal	7,193	(14,866)
3.Effect of foreign exchange rate changes	52,664	(249,290)
4.Others	4,489	-
Total	49,193	(506,809)

56. NOTES TO CASH FLOW STATEMENT

(1) Other cash received from operating activities

Item	from 1 January to 30 June 2011 RMB'000
Waste materials revenue	82,283
Deposits	85,876
Financial subsidies	26,684
labor union membership dues and prepaid meal card	12,559
Claims compensation,penalty	6,786
Others	12,974
Total	227,162

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. NOTES TO CASH FLOW STATEMENT (CONTINUED)

(2) Other cash paid for operating activities

Item	from 1 January to 30 June 2011 RMB'000
Cash paid for guarantee deposits	904,065
Cash paid for land transfer	736,393
Cash paid for travelling,office expenses,rental and other expenses in ordinary operation	245,554
Cash paid for transportation expenses and container inspection	148,706
Cash paid for insurance,after sales,commission and other selling expenses	164,744
Cash paid for water ,electricity and other maintenances	203,931
Cash paid for technical development fee,consultation fee,audit fee,agency fee	125,859
Cash paid for entertainments	27,246
Cash paid for bank charges	39,122
Others	9,767
Total	2,605,387

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. INFORMATION TO CASH FLOW STATEMENT

(1) Supplement to cash flow statement:

1 Reconciliation of net profit to cash flow from operating activities:

RMB'000

Supplement	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Net profit	2,793,401	1,085,149
Add:Impairment for assets	73,709	29,344
Depreciation of fixed assets	377,755	381,571
Amortisation of intangible assets	118,322	83,812
Amortisation of investment property and long-term deferred expenses	11,367	7,252
Losses / (gains) on disposal of fixed assets, intangible assets and other long-term assets	7,041	47
Losses/(Gains) on changes in fair value	88,256	(86,341)
Financial expense	394,115	183,273
Losses/(Gains) arising from investments	(71,207)	57,021
Share-based payment expenses	58,006	
Change in deferred tax assets and liabilities	30,438	74,985
Decrease/(increase) in gross inventories	(2,062,311)	3,678,690
Decrease /(increase)in operating receivables	(7,699,962)	(9,875,209)
Increase/(decrease) in operating payables	1,720,494	1,602,877
Effect of foreign exchange rate changes	(868)	(209)
Net cash inflow / (outflow) from operating activities	(4,161,444)	(2,777,738)

56. INFORMATION TO CASH FLOW STATEMENT (CONTINUED)

(1) Supplement to cash flow statement (continued):

2 Cash and cash equivalents held by the Group is as follows:

RMB'000

Item	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Closing balance of cash and cash equivalents	5,104,385	4,022,945
Less:Opening balance of cash and cash equivalents	3,797,415	4,396,525
Net increase/(decrease) of cash and cash equivalents	1,306,970	(373,580)

(2) Cash and cash equivalents held by the Group is as follows

RMB'000

Item	from 1 January to 30 June 2011	from 1 January to 30 June 2010
1.Cash at bank and on hand		
Including: Cash	30,273	2,844
Bank deposits available on demand	4,828,305	3,955,777
Other monetary fund available on demand	245,807	64,324
2. Closing balance of cash and cash equivalents	5,104,385	4,022,945

Note: Aforesaid “Cash at bank and on hand” excluded restricted cash and short-term investment.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. The company does not have immediate holding company.

2. For the information on the subsidiaries of the company, refer to Note IV.1.

3. For the information about the associates and joint ventures of the Group, refer to Note V.12(3).

4. OTHER RELATED PARTIES RELATIONSHIPS

Organisation name	*Relationship with the Group*	*Organisation code*
Florens Container Services Ltd.	Subsidiary of significant shareholder	N/A
Florens Container Corporation S.A.	Subsidiary of significant shareholder	N/A
Shenzhen China Merchants Real Estated Co., Ltd	Subsidiary of significant shareholder	61884513-6
Gasfin	Minority shareholder of subsidiary	N/A
Wuhu Ruijiang Automobile Co., Ltd	Minority shareholder of subsidiary	78858986-8
PGM	Minority shareholder of subsidiary	N/A
COSCO Countainer	Significant shareholder	N/A
China Merdant International Ltd.	Significant shareholder	N/A
Bright Touch	Minority shareholder of subsidiary	N/A
Leung Kee	Minority shareholder of subsidiary	N/A
Yantai Shipyard	Minority shareholder of subsidiary	N/A
C & C Trucks	Associates of the Group	68685184-5

Note： Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company’s shares.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. TRANSACTIONS WITH RELATED PARTIES

The follow transactions with related parties were conducted under normal commercial terms or relevant agreements.

(1) Purchase of goods and receiving of services

The Group

RMB'000

Related party	Nature of transaction	Transaction details	Pricing Mechanism	from 1 January to 30 June 2011 Amount	from 1 January to 30 June 2011 Percentage on similar deals(%)	from 1 January to 30 June 2010 Amount	from 1 January to 30 June 2010 Percentage on similar deals(%)
Other related party	Purchase	Purchase of raw material	conducted under normal non-related party transaction commercial terms	-	-	5,983	0.03%
Key management staff	Remuneration			25,011	-	18,253	-

The Company

RMB'000

Related party	Nature of Transaction	Transaction details	Pricing Mechanism	from 1 January to 30 June 2011 Amount	from 1 January to 30 June 2011 Percentage on similar deals(%)	from 1 January to 30 June 2010 Amount	from 1 January to 30 June 2010 Percentage on similar deals(%)
Key management staff	Remuneration			25,011	-	18,253	-

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(2) Sales of goods and provision of services

The Group

RMB'000

Related party	Nature of Transaction	Transaction details	Pricing Mechanism	from 1 January to 30 June 2011 Amount	from 1 January to 30 June 2011 Percentage on similar deals(%)	from 1 January to 30 June 2010 Amount	from 1 January to 30 June 2010 Percentage on similar deals(%)
Other related party	Sales	Sales of container	conducted under normal non-related party transaction commercial terms	1,455,776	6.72%	245,730	3.11%

(3) Funding

The Group

RMB'000

Related party	Funding	Initial date	Maturity date	Note
Borrowings				
Gasfin	22,143	19-Sep-08	Not yet agreed	loans
Bright Touch	59,160	5-Jul-10	Not yet agreed	loans
Leung Kee	103,053	5-Jul-10	Not yet agreed	loans
Yantai Shipyard	45,670	5-Jul-10	Not yet agreed	loans
Lending				
Shanghai Fengyang	163,304	25-Dec-07	Not yet agreed	loans
XYW	4,054	20-Jun-06	Not yet agreed	loans
PGM	140,449	14-Aug-09	Not yet agreed	payment for capital injection to subsidiary

The Company

RMB'000

Related party	Funding	Initial date	Maturity date	Note
Lending				
Shanghai Fengyang	163,304	25-Dec-07	Not yet agreed	loans

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(4) Other related party transactions

(i) Sale of a subsidiary

In 2007, CIMC Shenfa Development Co., Ltd. ("CIMCSD"), a subsidiary of the Group and Shenzhen China Merchants Real Estate Co., Ltd., entered into a share transfer agreement, in which CIMCSD will transfer 60% of the equity of Shanghai Fengyang to Shenzhen China Merchants Real Estate Co., Ltd for a price of RMB 353,250,000. As at 30 June 2011, RMB 70,650,000 of the total price had not been paid.

(ii) The Company adopted a new share options scheme since 28 September 2010 (see note VII). Details of share options granted to key management personnel are as follows:

Name	Position	Number of granted share options (in'000)
Mai Boliang	President, Chairman	3,800
Zhao Qingsheng	Vice Chairman	1,500
Li Ruiting	Vice Chairman	1,300
Wu Fapei	Vice Chairman	1,000
Li Yinhui	Vice Chairman	1,000
Yu Ya	Vice Chairman	1,000
Liu Xuebin	Vice Chairman	1,500
Jin Jianliong	General Manager of Finance Department	1,000
Zeng Beihua	General Manager of Treasury Department	1,000
Yu Yuqun	Secretary of the Board	1,000
Total		14,100

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. THE BALANCES WITH RELATED PARTIES AS AT 31 DECEMBER ARE SET OUT AS FOLLOWS:

Receivables:

RMB'000

Caption	Note	2011.06.30	2010.12.31
Accounts receivable	V.4	393,899	89,035
Other receivables	V.5	400,832	557,348

Payables:

RMB'000

Caption	Note	2011.06.30	2010.12.31
Accounts payable		-	1,263
Other payables	V.31	230,026	232,453

VII. SHARE-BASED PAYMENTS

1. INFORMTION ABOUT SHARE-BASED PAYMENTS

Item	RMB'000
Total equity instruments granted during the period	-
Total equity instruments exercised during the period	-
Total equity instruments forfeited during the period	-
The exercise price of outstanding share options at the end of the period and residual life of the share options contracts	1. Share options granted by Enric in 2009: HKD4 per share, the residual life of contract is 8.33 years;
	2. Share options granted by Raffles in 2007 and 2008: from USD 1.64 to USD 4.39 per share, the residual life of contract is 6.22 years.
	3. Share options granted by the Company in 2010: RMB12.04 per share, the residual life of contract is 9.24 years
The price of other outstanding equity instruments at the end of the period and residual life of relevant contracts	Nil

VII. SHARE-BASED PAYMENTS (CONTINUED)

1. INFORMTION ABOUT SHARE-BASED PAYMENTS (CONTINUED)

Expenses recognised for the period arising from share-based payments are as follows:

RMB'000

	from 1 January to 30 June 2011	from 1 January to 30 June 2010
Equity-settled share-based payment	58,006	23,216

2. INFORMATION ON EQUITY-SETTLED SHARE-BASED PAYMENT

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan"), which was approved by the shareholders' meeting on 12 July 2006. According to the Plan, the key management personnel and other employees the company were granted share options of the company at nil consideration to subscribe for shares of the company. The options are 50% exercisable after one year from the date of grant and are then 100% exercisable after two years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in the company.

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 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.

Pursuant to the shareholders' approval at the shareholders' Meeting on 13 April 2011, a cash dividend of RMB 0.35 per share totaling RMB 929,568,270.6, was declared and paid to the Company's ordinary shareholders on 31 May 2011.Accordingly, the Board of Directors adjusted the original exercise price under the authorization of the Shareholders' General Meeting and in line with Stock Option Incentive Plan of the Company based on the formula：P＝P0-V（P0：exercise price before adjustment; V: cash dividend per share; P: exercise price before adjustment）.After the adjustment, exercise price of the share options =12.39-0.35=12.04。 Please refer to 《Announcement on adjusting exercise price of share options》disclosed in http://www.cninfo.com.cn on 2 August 2011 for more details.

Before Raffles was acquired by the Company, Raffles carried out a share option plan approved by the shareholders' meeting on 21 June 2006. According to the share options plan, the board of directors was authorised to grant share options to the key management personnel and other employees to subscribe for shares of Raffles. Each eligible participant purchased the share options at the cost of SGD 1. The numbers of options were 6,355,003 and 1,154,003 granted in 2007 and 2008 by the board of directors, with the exercise prices of from USD 1.64 to USD1.65, from NOK 10.50 to NOK 26.00, and from USD 1.6425 to USD 1.65. The longest effective period of the share options plan was ten years from the first grant date of share options.

VII. SHARE-BASED PAYMENTS (CONTINUED)

2. INFORMATION ON EQUITY-SETTLED SHARE-BASED PAYMENT (CONTINUED)

	RMB'000
Accumulated amount in capital reserve for equity-settled share-based payments	135,488
Total expenses recognised for equity-settled share-based payments	58,006
Including：	
- attributable to the Company	50,639
- attributable to Enric	6,671
- attributable to Raffles	696

VIII. CONTINGENCIES

1. CONTINGENT LIABILITIES

Raffles, the subsidiary of the Company, and its subsidiaries (hereafter collectively referred as "CIMC Raffles") entered into ship construction contracts with the customer. Both parties carried out the negotiations regarding to the significant increase in construction cost due to the change of the initial design. CIMC Raffles requested the customer to compensate it for the additional costs and losses due to the change of the contract and agree the postponement of delivery of ships. Based on management assessment on the negotiation result, CIMC Raffles made no provision on the potential losses and the compensation for delivery postponement. the maximum amount for the potential losses and compensation for delivery postponement that CIMC Raffles may need to bear is USD 41,400,000 (RMB 272,814,000), depending on the final negotiation result.

2. GUARANTEES PROVIDED FOR OTHER ENTITIES

During the period, HI signed contracts with China Construction Bank, Bank of China, China Merchants Bank and China Everbright Bank, to provide guarantees in respect of banking facilities granted to customers who drew down loans under banking facilities to settle outstanding payables arising from purchase of trailers from the Group. As at 30 June 2011, the Group has the above outstanding guarantees totaling RMB 904,546,000.

3. Bills issued but not recorded on books, outstanding letter of credit and performance guarantee

The Group does not recognise bills payable or letter of credit issued as deposits. Corresponding inventories, prepayment and bills receivable are recognised at the earlier of delivery of the goods by the suppliers and the maturity of the bill issued.

As at 30 June 2011, the Group had bills issued to suppliers but not recorded on books and outstanding letter of credit totaling RMB 248,890,000。

As at 30 June 2011, Raffles had outstanding balance of performance guarantees issued by bank totaling to USD 100,850,000, equivalent to RMB 652,751,000.

IX. COMMITMENTS

1. SIGNIFICANT COMMITMENTS

(1) Capital commitments

RMB'000

Item	2011.06.30	2010.12.31
Construction contracts entered into but not exercised or not fully exercised	1,748,459	1,783,657
Total	1,748,459	1,783,657

(2) Operating lease commitments

As at 30 June, the total future minimum lease payments under non-cancellable operating leases of properties, fixed assets and so on were payable as follows:

RMB'000

	2011.06.30	2010.12.31
Within 1 year (inclusive)	64,082	47,578
After 1 year but within 2 years (inclusive)	46,970	46,365
After 2 years but within 3 years (inclusive)	31,037	22,437
After 3 years	91,686	104,998
Total	233,775	221,378

X. NON-ADJUSTING POST BALANCE SHEET EVENTS

There are no significant non-adjusting post balance sheet events during the reporting period.

XI. OTHER SIGNIFICANT MATTERS

1. FINANCE LEASE

(1) ***The total future minimum lease receivables as finance lease leasor is as follows:***

Residual contractual life	Minimum lease receivables RMB'000
Within 1 year (inclusive)	1,836,239
After 1 year but within 2 years (inclusive)	888,307
After 2 years but within 3 years (inclusive)	644,149
After 3 years	2,693,282
Total	6,061,977

(2) ***The total future minimum lease payables as finance lease leasee is as follows:***

Residual contractual life	Minimum lease payables RMB'000
Within 1 year (inclusive)	110,424
After 1 year but within 2 years (inclusive)	71,879
After 2 years but within 3 years (inclusive)	31,619
Total	213,922

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. SEGMENT REPORTING

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, eight reportable segments are identified by the Group including containers, trailers, energy chemistry and food equipment, marine projects, airport facilities, logistic equipments and services, railway trucks manufactory and property development. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segment as different technical and market strategy are adopted. The Group reviews the financial information of individual segment regularly to determine resources allocation and performance assessment.

(1) Segment revenue, expenses, assets and liabilities

In order to assess the segment performance and resources allocation, the Group's management review segment revenue, expenses, assets and liabilities of each segment regularly. The preparations basis of such information are detailed as follows:

Segment assets include tangible assets, intangible assets, other long-term assets and accounts receivable, etc, but exclude deferred tax assets and other un-allocated headquarter assets. Segment liabilites include payables, bank loans, provision, special payables and other liabilities, while deferred tax liabilities are excluede.

Segment profit represents revenue (including external operating income and inter-segment operating income), offsetting segment expenses, depreciation and amortisation, impairment losses, interest expenses and income attributable to individual segment. Transactions conducted among segments are under normal non-related party transaction commercial terms. The Group dose not allocate non-operating income/expenses and income tax expenses to individual segment.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. SEGMENT REPORT (CONTINUED)

(1) Segment revenue, expenses, 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:

RMB'000

Item	Containers	Trailers	Energy chemistry And food equipment	Offshore business	Airport facilities	others	Elimination between segments	Unallocated items	Total
				from 1 January to 30 June 2011					
External transaction*	21,903,545	9,557,672	3,638,502	230,120	141,072	1,007,187	-	-	36,478,098
Inter segment transaction*	23,328	134,423	93,389	-	-	547,116	(798,256)	-	-
Investment income / (losses) in joint ventures and	20,587	(23,131)	-	-	-	24,710	-	6,573	28,739
Impairment loss for the period	241	11,392	311	45,731	527	15,507	-	-	73,709
expenses	146,989	149,003	126,365	66,113	1,794	17,181	-	-	507,445
Interest income	13,095	5,165	9,357	3,284	85	57,387	-	22,629	111,002
Interest expenses	19,753	51,976	20,663	95,789	9	26,933	-	178,992	394,115
Segment operating profit / (loss	3,643,847	440,521	301,589	(581,100)	(15,497)	529,101	-	(500,942)	3,817,519
Income tax expenses	727,365	96,017	54,132	1,544	(3,341)	207,763	-	(59,362)	1,024,118
Net profit / (losses)	2,916,482	344,504	247,457	(582,644)	(12,156)	321,338	-	(441,580)	2,793,401
Segment total assets	18,963,011	11,272,839	8,500,218	13,660,563	495,095	4,319,996	-	8,952,199	66,163,921
Segment total liabilities	8,080,833	5,311,366	3,650,183	11,237,046	265,417	2,743,654	-	13,721,252	45,009,751
Supplementary information:									
- Segment expenditures other than depreciation and amortization			6,671	696				37,576	44,943
- Long-term equity investment of joint ventures and associates	580,800	511,773	-	31,749	-	134,334	-	301,754	1,560,410
- Segment expenditures raising from additions of non-current assets	555,920	1,133,087	403,524	106,518	1,120	104,928	-	3,142	2,308,239

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. SEGMENT REPORT (CONTINUED)

(1) Segment revenue, expenses, 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 follow (continued):

RMB'000

Item	Containers	Trailers	Energy chemistry And food equipment	Offshore business	Airport facilities	others	Elimination between segments	Unallocated items	Total
				from 1 January to 30 June 2010					
External transaction*	7,939,571	9,134,076	1,879,145	1,764,176	24,920	496,001	-	-	21,237,889
Inter segment transaction*	5,092	-	59,123	-	-	97,472	-161,687	-	-
Segment income subtotal	7,944,663	9,134,076	1,938,268	1,764,176	24,920	593,473	-161,687	-	21,237,889
Segment operating expenses(income)*	7,355,232	8,659,805	1,919,687	1,680,118	58,094	482,928	-123,086	75,312	20,108,090
Segment operating(losses)/profit*	589,431	474,271	18,581	84,057	-33,174	110,545	-38,600	-75,312	1,129,799
Supplementary information									
- Interest income*	89,135	39,616	2,352	1,861	130	3,981	-211,617	116,543	42,001
- Interest expenses*	133,563	103,688	11,553	96,279	48	15,350	-211,616	76,410	225,275
- Depreciationa and amortisation expenses*	245,206	87,786	52,492	62,027	2,181	11,853	-	5,596	467,141
- Impairment loss for the period*	-4,437	28,219	2,120	-	-300	3,742	-	-	29,344
- Segment total assets*	12,019,921	11,907,558	4,836,809	10,263,070	474,957	12,399,899	-314,494	2,992,212	54,579,932
- Segment expenditures raising from additions of non-current assets*	56,745	369,583	92,177	289,077	65,579	32,507	-	4,560	910,228
-Segment total liabilities	3,755,160	7,166,067	384,321	6,885,981	233,458	8,861,424	-314,495	9,959,941	36,931,857

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. SEGMENT REPORT (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

RMB'000

Item	Revenue from external customers		Non-current assets	
	from 1 January to 30 June 2011	from 1 January to 30 June 2010	2011.06.30	2010.12.31
P.R.China	11,117,327	9,261,846	16,593,076	16,177,074
Asia (exclusive of China)	3,754,424	1,539,473	408,257	42,840
America	10,134,478	5,238,277	142,646	295,449
Europe	10,677,870	4,059,940	1,155,329	1,180,426
Others	793,999	1,138,353	580,906	49,166
Total	36,478,098	21,237,889	18,880,214	17,744,955

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks, etc.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

(1) Credit risk

The Group's credit risk is primarily attributable to receivables, debt investments and derivative financial instruments entered into for hedging purposes. Exposure to these credit risks are monitored by management on an ongoing basis.

In respect of receivables, the risk management committee of the Group has established a credit policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the external ratings of the customers and their bank credit records where available and previous payment records (if available). Receivables are due within from 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers, but earnest or prepayment money is requested sometimes due to the customer's situation.

Most of the Group's and the Company's customers have been transacting with the Group or the Company for a long time, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date. This Group has made the provision for the significant overdue receivables at 30 June 2011.

Guideline from the Group basis to the assets of associates and jointly controlled, profit forecast of development project provide fund to associates and jointly controlled entity and continue to monitor the project progress and its operating to ensure the recoverability of the fund.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(1) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics and industries of each customer rather than country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, the Group and the Company had a certain concentration of credit risk, as 22.02% (2010: 24.14%) of the total accounts receivable were due from the five largest customers of the Group.

Investments are normally made only in liquid securities quoted on a recognised stock exchange, except where entered into for long-term strategic purposes. Transactions involving derivative financial instruments are made with counterparties of sound credit standing and with whom the Group has a signed netting ISDA agreement (International Swap Derivative Association). Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. Except for the financial guarantees given by the Group as set out in Note VIII, the Group and the Company do not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note VIII.

(2) Liquidity risk

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.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) Liquidity risk (continued)

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:

RMB'000

Item	from 1 January to 30 June 2011					Balance sheet carrying amount
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
Financial assets						
Cash at bank and on hand	6,860,768				6,860,768	6,860,768
Accounts receivable and other receivables	15,062,860				15,062,860	15,062,860
Long-term receivables	1,908,196	1,189,159	1,883,229	1,611,963	6,592,547	5,059,397
Subtotal	23,831,824	1,189,159	1,883,229	1,611,963	28,516,175	26,983,025
Financial liabilities						
Short-term loans	(11,534,193)				(11,534,193)	(11,534,193)
Accounts payable and other payables	(12,679,127)				(12,679,127)	(12,679,127)
Long-term loans	(2,396,034)	(2,270,912)	(3,209,428)		(7,876,374)	(7,501,309)
Bond payables	(209,200)	(209,200)	(4,627,600)		(5,046,000)	(3,987,276)
Long-term payables	(110,424)	(71,879)	(31,619)	-	(213,922)	(199,260)
Subtotal	(26,928,978)	(2,551,991)	(7,868,647)	-	(37,349,616)	(35,901,165)
Net total	(3,097,154)	(1,362,832)	(5,985,418)	1,611,963	(8,833,441)	(8,918,140)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) Liquidity risk (continued)

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 (continued):

RMB'000

Item	*2010 Contractual undiscounted cash flow*					*Balance sheet carrying amount*
	Within 1 year or on demand	*More than 1 year but less than 2 years*	*More than 2 years but less than 5 years*	*More than 5 years*	*Total*	
Financial assets						
Cash at bank and on hand	4,655,696	-	-	-	4,655,696	4,655,696
Accounts receivable and other receivables	10,366,108	-	-	-	10,366,108	10,366,108
Long-term receivables	1,319,429	765,552	583,136	91,122	2,759,239	2,521,759
Subtotal	16,341,233	765,552	583,136	91,122	17,781,043	17,543,563
Financial liabilities						
Short-term loans	(8,309,309)	-	-	-	(8,309,309)	(8,309,309)
Accounts payable and other payables	(11,505,867)	-	-	-	(11,505,867)	(11,505,867)
Long-term loans	(2,852,174)	(419,619)	(1,678,482)	(2,098,101)	(7,048,376)	(6,659,085)
Long-term payables	(107,499)	(71,161)	(53,746)	-	(232,406)	(216,442)
Subtotal	(22,774,849)	(490,780)	(1,732,228)	(2,098,101)	(27,095,958)	(26,690,703)
Net total	(6,433,616)	274,772	(1,149,092)	(2,006,979)	(9,314,915)	(9,147,140)

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 reasonable. The Group has entered into interest rate swaps denominated in the currency of the loan, to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(3) Interest rate risk (continued)

(a) As at 30 June, the Group held the following interest-bearing financial instruments:

RMB'000

Item	from 1 January to 30 June 2011 Annual interest rate	from 1 January to 30 June 2011 Amount	from 1 January to 30 June 2010 Annual interest rate	from 1 January to 30 June 2010 Amount
Fixed rates interest-bearing financial instruments				
Financial assets				
- Long-term receivables	6.50% - 9.50%	3,646,949	6.63% - 24.17%	1,336,257
-Long-term receivables due within one year	6.50% - 9.50%	1,412,448	6.63% - 24.17%	1,185,502
Financial liabilities				
-Short-term loans	5.23% - 6.31%	(11,534,193)	2.34% - 4.30%	(8,309,309)
-Bond payables	5.23%	(3,987,276)		-
-Long-term payables	5.40% - 6.10%	(98,417)	4.97% - 5.80%	(118,858)
-Long-term payables due within one year	5.40% - 6.10%	(100,843)	4.97% - 5.80%	(97,584)
Total		(10,661,332)		(6,003,992)

RMB'000

Item	from 1 January to 30 June 2011 Annual interest rate	from 1 January to 30 June 2011 Amount	from 1 January to 30 June 2010 Annual interest rate	from 1 January to 30 June 2010 Amount
Variable rates interest-bearing financial instruments				
Financial assets				
-Cash and cash equivalents	0.50%-4.40%	6,860,768	0.40%-3.90%	4,655,696
Financial liabilities				
-Long-term loans due within one year	Refer to Note V.33	(2,281,937)	Refer to Note V.33	(2,746,937)
- Long-term loans	Refer to Note V.34	(5,219,372)	Refer to Note V.34	(3,912,148)
Total		(640,541)		(2,003,389)

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 2011, it is estimated that a general increase / decrease of 75 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's net profit and equity by RMB3,603,000 (2010: RMB 11,269,000).

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 2010.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(4) Foreign currency risk

The major currency received by the Group is USD and the major currency paid out is RMB. In order to avoid the risks resulting from the fluctuation of the exchange rate of RMB, in respect of accounts receivables and payables denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) Besides the exposure to currency risk arising from financial assets and financial liabilities disclosed in Note V.2 and V.23, the Group's exposure as at 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.

RMI

	from 1 January to 30 June 2011				from 1 January to 30 June 2010			
Item	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash at bank and on hand	1,439,163	226,236	258,174	138,065	1,521,592	396,971	128,125	34
Accounts receivable	7,484,985	219,236	34,685	209,217	5,327,812	401,886	17,054	4
Short-term loans	-2,527,245	-137,921	-2,184,351	-989	-3,035,638	-287,944	-423,878	-10
Long-term loans	-2,016,874	-87,405	-3,608	-	-2,438,189	-35,189	-	-
Accounts payable	-2,997,859	-111,199	-19,755	-5,470	-2,924,606	-156,227	-169,893	-3
Provisions	-151,776	-14,358	-13	-	-294,478	-25,644	-23,472	-
Non-current liabilities due within one year	-1,831,540	-74,906	-		-658,970	-70,385	-17,581	-
Gross balance sheet exposure	-601,146	19,683	-1,914,868	340,823	-2,502,477	223,468	-489,645	25

(b) Significant exchange rates applied by the Group are as follows at reporting date:

	Average exchange rate		Benchmark exchange rate	
	from 1 January to	from 1 January to	30-Jun-11	31-Dec-10
USD	6.5242	6.7465	6.4716	6.5897
EUR	9.2896	8.8378	9.3612	8.7979
HKD	0.8384	0.8682	0.8316	0.8477
JPY	7.9900	7.7705	8.0243	8.0984

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(4) Foreign currency risk (continued)

(c) Sensitivity analysis

Assuming all other risk variables remained constant, 4%, 3%, 4% and 10% strengthening of the RMB against the USD, EUR, HK dollar and Japanese Yen respectively at 30 June 2011 (4%, 3%, 4% and 10% strengthening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2010) would have increased (decreased) equity and net profit by the amount shown below; whose effect is in RMB and translated using the spot rate at the balance sheet date:

		RMB'000
Item	Equity	Net profit
30-Jun-11		
USD	18034	18034
EUR	(443)	(443)
HKD	57,446	57,446
JPY	(25,562)	(25,562)
Total	49,475	49,475

		RMB'000
Item	Equity	Net profit
31-Dec-10		
USD	75074	75074
EUR	(5,028)	(5,028)
HKD	14,689	14,689
JPY	(1,903)	(1,903)
Total	82,832	82,832

4%, 3%, 4% and 10% weakening of the RMB against USD, EUR, HK dollar and Japanese Yen respectively at 30 June 2011 (1%, 3%, 1% and 1% weakening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2010) would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(4) Foreign currency 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 2010.

The above sensitive analysis does not include exposure to currency risk arising from foreign future contracts, Japanese Yen exchange option and swap contact for interest rate disclosed in Note V.2 and V.23 about financial assets and financial liabilities, but the change in exchange rate may have effect on shareholders' equity and net profit.

(5) Other price risks

Other price risks are stock price risk. As at 30 June 2011, the Group held 32,291,152 tradable shares of China Merchants Securities and 11,526,000 tradable shares of China Merchants Bank.

As at 30 June 2011, it is estimated that a general increase/decrease of composite index of Shanghai A-share by 10% (2010: 14.31%),, with all other variables held constant, would increase/decrease the Group's shareholders' equity by RMB 55,769,000 (2010:RMB81,381,000).

The sensitivity analysis above arise assuming that the change in composite index of Shanghai A-share occurred at the balance sheet date is reasonable and had been applied to re-measure those investments in securities held by the Group. The sensitivity analysis is also based on another assumption, namely, the fair value of the investments in securities held by the Group is relevant to composite index of stock market, and available-for-sales securities investment has same risk factor as trading securities investment, and all other variables held constant. 14.31% change in composite index of Shanghai A-share is a reasonable expectation of the Group for the period from the balance date to the next balance sheet date. The analysis was performed on the same basis for 2010.

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(6) Fair values

(a) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value as at 30 June 2011 across the three levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

RMB'000

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading					
Held for trading	V、2	305,144	-	-	305,144
Derivative financial assets	V、2	-	57,190	-	57,190
Hedging Instrument	V、2	-	22,922	-	22,922
Subtotal		305,144	80,112	-	385,256
Available-for-sale financial assets	V、10	751,838	-	-	751,838
Subtotal		751,838	-	-	751,838
Total		1,056,982	80,112	-	1,137,094

RMB'000

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities held for trading					
Derivative financial liabilities	V、23	-	(129,830)	-	(129,830)
Total		-	(129,830)	-	(129,830)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. RISK ANALYSIS, SENSITIVITY ANALYSIS, AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(6) Fair values (continued)

(a) Financial instruments carried at fair value (continued)

there is no change in the fair value measurement of the Group's financial instruments in the period

(b) Fair value of other financial instruments (the carrying amounts are not measured at fair value

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2011.

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) Loans and other non-derivatives financial liabilities

The fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

(d) Derivatives

The fair value of forward exchange contracts is either based on their listed market prices or by discounting the contractual forward price and deducting the current spot rate. The fair value of interest rate swaps is based on broker quotes. The quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar interest rate instrument at the measurement date.

(e) Financial guarantees

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

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 Bank of China at the balance sheet date plus an adequate credit spread and are as follows:

	Interest rates used in 30June2011	*Interest rates used in 2010*
Long-term loans	0.85% - 5.35%	0.85% - 5.23%
Receivables	5.85 %- 6.80%	5.35% - 6.40%

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

4. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

RMB'000

Item	Balance at the beginning of the period	Change in fair value of the period	Accumulated change in fair value in equity	Provision of impairment for the period	Balance at the end of the period
Financial assets					
1 Financial assets at fair value through profit or loss (excluding derivative financial assets)	393,491	(58,626)	-	-	305,144
2. Derivative financial instrument	119,069	(57,903)	-	-	57,190
3. Hedging Instrument	13,101	-	23,264	-	22,922
4. Available-for-sale financial assets	768,467	-	683,161	-	751,838
Subtotal	1,294,128	(116,529)	706,425	-	1,137,094
Financial liabilities	(158,102)	28,273	-	-	129,830

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

5. FINANCIAL ASSETS AND LIABILITIES IN FOREGIN CURRENCIES

RMB'000

Item	Balance at the beginning of the period	Change in fair value of the period	Accumulated change in fair value in equity	Provision of impairment for the period	Balance at the end of the period
Financial assets					
1.Financial assets at fair value through profit or loss (excluding derivative financial	230,231	(24,467)	-	-	222,454
2.Derivative financial instrume	119,069	(57,903)	-	-	57,190
3.Hedging Instrument	13,101	-	23,264	-	22,922
4.Loans and receivables	5,815,448	-	-	(49,522)	11,615,040
5.Available-for-sale financial a	9,066	-	12,385	-	8,258
Subtotal	6,186,915	(82,370)	35,649	(49,522)	11,925,864
Financial liabilities	(12,293,652)	28,273	-	-	(15,103,165)

Note: (1) Derivative financial instrument in foreign currency includes foreign currency future contract.

(2) Loans and receivables in foreign currency includes accounts receivable, other receivables, prepayments and long-term receivable denominated in foreign currencies.

(3) Financial liabilities includes foreign currency loans, accounts payable, other payables, advances from customers, interest rate swap contracts and stock option contracts.

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY

1. CASH AT BANK AND ON HAND

	2011.06.30			2010.12.31		
	Original currency '000	Exchange rate	RMB'000	Original currency '000	Exchange rate	RMB'000
Cash at bank						
RMB	1,187,041	1.000000	1,187,041	293,010	1.000000	293,010
USD	8,853	6.471600	57,292	2,953	6.589700	19,457
HKD	88	0.831620	73	94	0.840426	79
JPY	1,405,816	0.080243	112,807	384,917	0.080984	31,172
EUR	2	9.361200	19	2	8.500000	17
			1,357,232			343,735
Other momentary funds						
RMB	134,209	1.000000	134,209	73,726	1.000000	73,726
USD	377	6.471600	2,440	377	6.589700	2,484
			136,649			76,210
			1,493,881			419,945

As at 30 June 2011, restricted cash at bank and on hand of the Company was RMB 2,440,000 (2010: RMB 2,484,000)

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

2. Financial assets held for trading

(1) Financial assets held for trading by categories:

	2011.06.30	2010.12.31
	RMB'000	RMB'000
Equity securities investments held for trading	82,286	162,298
Total	82,286	162,298

(2) There is no restriction in liquidity of financial assets held for trading for the current year.

3. DIVIDENDS RECEIVABLE

	2011.06.30	2010.12.31
	RMB'000	RMB'000
SCIMC	560,378	560,378
SCIMCEL	149,861	149,861
XHCIMC	1,726	1,726
QDCC	-	34,355
DLCIMC	55,361	55,361
NBCIMC	20	32,001
SCRC	155,293	84,097
XHCIMCS	234,739	155,179
QDCSR	22,635	22,635
DLL	46,248	46,248
CIMC(HK)	3,043,365	3,043,364
TCCIMC	23,831	23,831
ZZCIMC	23,333	23,333
TJCIMCLE	6,253	6,253
QDCRC	9,702	4,815
Total	4,332,745	4,243,437

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of dividends receivable.

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

4. OTHER RECEIVABLES

(1) Other receivables by customers' categories:

Category	2011.06.30	2010.12.31
	RMB'000	RMB'000
Amounts due from related parties	6,430,307	4,171,470
Deposits	814	804
Others	7,903	7,448
Subtotal	6,439,024	4,179,722
Less:provision for bad and doubtful debts	(4,554)	(4,554)
Total	6,434,470	4,175,168

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

Category	2011.06.30	2010.12.31
	RMB'000	RMB'000
Within 1 year	6,290,073	4,030,771
1 to 2 years	-	-
2 to 3 years	-	-
More than 3 years	148,951	148,951
Subtotal	6,439,024	4,179,722
Less:provision for bad and doubtful debts	(4,554)	(4,554)
Total	6,434,470	4,175,168

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

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

4. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables by categories:

Category	Note	2011.06.30				2010.12.31			
		Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
		RMB'000	Percentage（%）	RMB'000	;e（%）	RMB'000	Percentage（%）	RMB'000	Percentage（%）
Individually significant other receivables	(4)	6,311,712	98.02%	-	-	4,157,910	99.48%	-	-
Other insignificant other receivables	(5)	127,312	1.98%	4,554	3.58%	21,812	0.52%	4,554	20.88%
Total		6,439,024	100.00%	4,554	0.07%	4,179,722	100.00%	4,554	0.11%

There are no collaterals the Group holds for accounts receivable that made impairment aforesaid.

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

4. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables by categories (continued):

Individually significant items represent other receivables which individual amount over RMB 10,000,000 (inclusive) or the book value of which account for 5% (inclusive) of the total other receivables in individual financial statements grouped in the consolidated financial statement.

(4) An analysis of other receivables individually significant and assessed for impairment individually is as follows:

There are no other receivables individually significant and individually assessed for impairment at the year end. (2010: Nil).

(5) An analysis of individually insignificant but assessed for impairment individually is as follows:

There are no other receivables individually insignificant but assessed for impairment individually at the year end. (2010: Nil).

(6) Written-back or recovery of accounts receivable during the year

There were no other receivables for which a full provision or a significant provision was made in previous years while were recovered in full or in significant amount during the year (2010: Nil).

(7) Write-off of other receivables during the year

There was no material write-off of other receivables during the year (2010: Nil).

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

4. OTHER RECEIVABLES (CONTINUED)

(8) Other receivables due from the five largest debtors of the Group are as follows:

Debtor	Relationship with the Company	RMB'000	Aging	Prpportion in total other receivables（%）
1.Total amounts due from subsidiaries	Subsidiary	6,255,432	Within 1 year	97.15%
2.Shanghai Fengyang Real Estate Development Co., Ltd	Associates	163,304	1 to 3 years	2.54%
3.China Merchants International Ltd.	Shareholder	7,704	Within 1 year	0.12%
4.Nanshan Construction Bureau.	Third Party	3,140	2 to 3 years	0.05%
5.Xietong Real Estate Company	Third Party	2,000	Within 1 year	0.03%
Total		6,431,580		99.88%

The Group’s top 5 other receivables as at 31 December 2010 amounted to RMB 4,170,753,000, accounting for 99.78% of the total other receivables.

(9) Status of share holders holding to 5% or above voting rights, in the Company’s other receivables

Balance of other receivables due from shareholders who hold 5% or more of the voting rights of the Group as at balance sheet date represented withholding Corporate Income Tax of oversea shareholder dividend due from China Merchants International Ltd and COSCO Container, amounting to RMB7,704,000 and RMB1,886,000. (2010: RMB7,704,000 and RMB1,886,000)

(10) Receivables due from related parties

Related party	Relationship with the Company	RMB'000	Percentage in total other receivables(%)
Shareholders who hold 5% or more of the voting rights of the Group	Shareholders	9,590	0.15%
Associated	Associates	163,304	2.54%
Subsidiaries	Subsidiaries	6,255,432	97.15%
Others	Minority shareholders	1,981	0.03%
Total		6,430,307	99.86%

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

4. OTHER RECEIVABLES (CONTINUED)

(11) Derecognition of other receivables due to transferring of financial assets

There was no derecognition of other receivables due to transferring of financial assets of the Company in 2011 (2010: Nil).

(12) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivables

There were no securitised other receivables during the year (2010: Nil).

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011.6.30	2010.12.31
	RMB'000	RMB'000
Available-for-sale equity instruments	743,580	759,401

Detailed analysis for the Group's available-for-sale financial assets, refer to Note V.10.

6. LONG-TERM EQUITY INVESTMENTS

(1) As at 30 June 2011, the Company's long-term equity investments are as follows:

	2011.06.30	2010.12.31
	RMB'000	RMB'000
Investments in subsidiaries	3,363,573	3,273,573
Other long-term equity investments	395,570	391,970
Subtotal	3,759,143	3,665,543
Less: Provision for impairment	(3,065)	(3,065)
Total	3,756,078	3,662,478

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

6. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) As at 30 June 2011, the Company's investments on subsidiaries are as follows (continued):

RMB'000

Investee	Initial investment cost	Balance at the beginning of the year	Addition/ (disposal) during period	Balance at the end of the period	Shareholding Percentage (%)	The Company subsidiaries voting right(%)	Notes to difference between shareholdings and voting rights	Provision for impairment	Impairment loss of the period	Dividend receivable/ received of the period
Costing method - Investment in subsidiaries										
SCIMC	82,042	82,042	-	82,042	100%	100%	-	-	-	-
SCIMCEL	82,042	82,042	-	82,042	100%	100%	-	-	-	-
XHCIMC	36,500	36,500	-	36,500	100%	100%	-	-	-	-
CIMC Yuandong	114,249	114,249	-	114,249	100%	100%	-	-	-	-
TJCIMC	81,333	81,333	-	81,333	100%	100%	-	-	-	-
TJCIMCn	75,780	75,780	-	75,780	100%	100%	-	-	-	-
QDCC	60,225	60,225	-	60,225	100%	100%	-	-	-	-
DLCIMC	48,764	48,764	-	48,764	100%	100%	-	-	-	-
NBCIMC	24,711	24,711	-	24,711	100%	100%	-	-	-	-
SBWI	66,558	66,558	-	66,558	94.75%	100%	IV.1.(4)(ii)	-	-	-
TCCIMC	131,654	131,654	-	131,654	100%	100%	-	-	-	-
ZZCIMC	100,597	100,597	-	100,597	100%	100%	-	-	-	-
SHYSLE	78,955	78,955	-	78,955	100%	100%	-	-	-	-
CQCIMC	39,499	39,499	-	39,499	100%	100%	-	-	-	-
SCRC	200,892	200,892	-	200,892	92%	100%	-	-	-	113,471
QDCRC	54,225	54,225	-	54,225	89.30%	89.30%	-	-	-	4,897
XHCIMCS	82,026	82,026	-	82,026	100%	100%	-	-	-	79,718
QDCSR	12,743	12,743	-	12,743	100%	100%	-	-	-	-

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

6. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) As at 30 June 2011, the Company's investments on subsidiaries are as follows (continued):

RMB'000

Investee	Initial investment cost	Balance at the beginning of the year	Addition/ (disposal) during period	Balance at the end of the period	Shareholding Percentage （%）	The Company subsidiaries voting right(%)	Notes to difference between shareholdings and voting rights	Provision for impairment	Impairment loss of the period	Dividend receivable/ received of the period
Costing method - Investment in subsidiaries										
TJCIMCL	16,459	16,459	-	16,459	100%	100%	-	-	-	-
DLL	46,284	46,284	-	46,284	100%	100%	-	-	-	-
CIMC(HK)	1,690	1,690	-	1,690	100%	100%	-	-	-	-
CIMC(USA)	171,397	171,397	-	171,397	100%	100%	-	-	-	-
CIMCSD	162,686	162,686	-	162,686	100%	100%	-	-	-	-
HI	276,148	276,148	-	276,148	80%	80%	-	-	-	-
SZVL	24	24	-	24	80.20%	80.20%	-	-	-	-
CIMC Tech	2,526	2,526	-	2,526	100%	100%	-	-	-	-
TCCRC	59,792	59,792	-	59,792	100%	100%	-	-	-	-
CIMCWD	108,544	108,544	-	108,544	100%	100%	-	-	-	-
CIMC MT	48,102	48,102	-	48,102	100%	100%	-	-	-	-
DLZH	111,083	111,083	-	111,083	100%	100%	-	-	-	-
YTLRC	111,703	21,703	90,000	111,703	100%	100%	-	-	-	-
SZW	3,472	3,472	-	3,472	100%	100%	-	-	-	-
TLC	81,548	81,548	-	81,548	100%	100%	-	-	-	-
SCIMCL	21,717	21,717	-	21,717	100%	100%	-	-	-	-
CIMCIH	72,401	72,401	-	72,401	100%	100%	-	-	-	-
CIMCF	482,590	482,590	-	482,590	100%	100%	-	-	-	-
CIMCVL	185,700	185,700	-	185,700	100%	100%	-	-	-	-
QDSV	26,912	26,912	-	26,912	80%	100%	IV.1.(4)(ii)	-	-	-
Total	3,363,573	3,273,573	90,000	3,363,573	100%	100%	-	-	-	198,086

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

6. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) As at 30 June 2011, the Company's investments on subsidiaries are as follows (continued):

RMB'000

Investee	Initial investment cost	Balance at the beginning of the year	Addition/ (disposal) during period	Balance at the end of the period	Shareholding Percentage (%)	The Company subsidiaries voting right(%)	Notes to difference between shareholdings and voting rights	Provision for impairment	Impairment loss of the period	Dividend receivable/ received of the period
Costing method - Investment in China Railway United Logistics	380,780	380,780	-	380,780	10%	10%	-	-	-	-
Beihai Yingjian	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	8,125	8,125	-	8,125	5%	5%	-	-	-	10,000
Subtotal	391,970	391,970	-	391,970	-	-	-	(3,065)	-	10,000
Equity method-Joint ventures										
Shanghai Super cool	3,600	-	3,600	3,600	50%	50%	-	-	-	-
Total	3,759,143	3,665,543	93,600	3,759,143	-	-	-	(3,065)	-	208,086

Information for the Company's subsidiaries see note IV.

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

7. SHORT-TERM LOANS

	2011.06.30	2010.12.31
	RMB'000	RMB'000
Credit loans		
RMB	900,000	480,897
USD	64,716	-
Total	964,716	480,897

8. FINANCIAL LIABILITIES HELD FOR TRADING

	2011.06.30	2010.12.31
	RMB'000	RMB'000
Current:		
Derivative financial liabilities		
-Foreign exchange forward contract	343	556
-Swap contract for interest rate	10,480	-
-Foreign exchange option contracts	45,308	-
Subtotal	56,131	556
Non-current:		
Derivative financial liabilities		
-Swap contract for interest rate	55,831	58,620
-Foreign exchange option contracts	-	78,226
Subtotal	55,831	136,846
Total	111,962	137,402

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

9. EMPLOYEE BENEFITS PAYABLE

RMB'000

	Balance at the beginning of the year	Additions during the period	Settlements during the period	Balance at the end of the period
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, bonuses, and allowances	98,857	188,318	137,163	150,012
Senior management bonus	269,475	100,000	13,058	356,417
Social insurances and others	(57)	6,076	6,075	(56)
Total	368,275	294,394	156,296	506,373

10. TAXES PAYABLE

	2011.06.30	2010.12.31
	RMB'000	RMB'000
Income tax payable	18,584	1,743
Withholding individual tax	63,865	58,384
Others	-	(1,047)
Total	82,449	59,080

11. DIVIDENDS PAYABLE

	2011.06.30	2010.12.31
	RMB'000	RMB'000
Public shareholders	151,260	-

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

12. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

(1) The analysis of the Company's non-current liabilities due within one year by categories is as follows:

	2011.06.30	2010.12.31
	RMB'000	RMB'000
Long-term loans due within one year		
-Credit loans	786,766	2,729,353

(2) The analysis of the Company's non-current liabilities by currencies due within one year is as follows:

	Annual interest rate	2011.06.30			2010.12.31		
		Original currency '000	Exchange rate	RMB '000	Original currency '000	Exchange rate	RMB '000
Bank loans							
RMB	3.51%-4.23%	-		-	2,000,000	1.0000	2,000,000
USD	LIBOR+90BP	110,000	6.4716	711,876	100,000	6.5897	658,970
EUR	EURIBOR+65BP	8,000	9.3612	74,890	8,000	8.7979	70,383
				786,766			2,729,353

As at 30 June 2011, there was no renewal of past due long-term bank loans which was included in the above non-current liabilities due within one year (2010: Nil).

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

12. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR (CONTINUED)

(a) As at 30 June 2011, the top four long-term loans due within one year is as follows:

					2011.06.30		2010.12.31	
Lender	Initial date	Maturity date	Currency	Interest rate(%)	Original currency '000	RMB'000	Original currency	RMB'000
1.China Development Bank	12 December 2007	21 June 2012	USD	Six-month LIBOR+90BP	60,000	388,296	-	-
2.China Development Bank	12 December 2007	21 December 2011	USD	Six-month LIBOR+90BP	50,000	323,580	-	-
3.The Export-Import Bank of China	18 June 2007	18 December 2011	EUR	EURIBOR+65BP	4,000	37,445	-	-
4.The Export-Import Bank of China	18 June 2007	18 June 2012	EUR	EURIBOR+65BP	4,000	37,445	-	-
Total						786,766		-

(b) As at 30 June 2011, there was no overdue loan of non-current liabilities due within one year(2010:Nil).

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

13. LONG-TERM LOANS

(1) Long-term loans by categories:

	2011.06.30	2010.12.31
	RMB'000	RMB'000
Bank loans		
-Credit loans	4,001,196	2,473,381

(2) The analysis of the Company's long-term loans by currencies as follows:

	Annual interest rate	2011.06.30			2010.12.31		
		Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Bank loans		'000		'000	'000		'000
RMB	4.51%~5.95%	1,995,000	1.0000	1,995,000	-	1.0000	-
USD	LIBOR+30~185BP	310,000	6.4716	2,006,196	370,000	6.5897	2,438,189
EUR	EURIBOR+65BP			-	4,000	8.7979	35,192
Total				4,001,196			2,473,381

No amount due to the shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of long-term loans (2010: Nil).

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

13. LONG-TERM LOANS (CONTINUED)

(3) As at 30 June 2011, the top four long-term loans (including all long-term loans) is as follows:

					2011.06.30		2010.12.31	
Leader	Initial date	Maturity date	Currency	Interest rate(%)	Original Currency '000	RMB'000	Original Currency '000	RMB'000
1.China Development Bank	12 December 2007	21 June 2013	USD	Six-month LIBOR+90BP	110,000	711,876	110,000	724,867
2.The Export-Import Bank of China	1 February 2011	1 February 2014	RMB	4.51%	500,000	500,000	-	-
3.The Export-Import Bank of China	20 January 2011	7 January 2014	RMB	4.51%	400,000	400,000	-	-
4.The Export-Import Bank of China	15 June 2011	15 June 2014	RMB	4.51%	400,000	400,000	-	-
5.China Development Bank	12 December 2007	21 December 2012	USD	Six-month LIBOR+90BP	60,000	388,296	60,000	395,382
Total						2,400,172		1,120,249

As at 30 June 2011, there was no renewal of past due long-term bank loans which was include in the above long-term loans (2010:Nil).

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

14. BONDS PAYABLES

RMB'000

Item	Balance at the beginning of the year	Additions during the period	Settlements during the period	Balance at the end of the period
Medium Term Note -11 CIMC MTN1	-	3,987,276	-	3,987,276
Total	-	3,987,276	-	3,987,276

(1) The analysis of the Company's Bonds Payables is as follows:

RMB'000

Item	Face value	Issue date	Final maturity date	Notional principal	Interest payable at the beginning of the period	accrued interest for the period	Interest paid during the period	Interest payable at the end of the period	Balance at the end of the period
Medium Term Note - 11 CIMC MTN1	4,000,000	23 May 2011	23 May 2016	4,000,000	-	(12,724)	-	(12,724)	3,987,276
Total	4,000,000			4,000,000	-	(12,724)	-	(12,724)	3,987,276

15. DEFERRED TAX ASSETS AND LIABILITIES

(1) Deferred tax assets and liabilities after offsetting

RMB'000

Item	Deductible/(Taxable) temporary difference2011.6.30	Deferred tax assets/(liabilities)2011.6.30	Deductible/(taxable) temporary difference 2010.12.31	Deferred tax assets/(liabilities) 2010.12.31
Deferred tax assets				
Employee benefits payable	506,373	126,593	368,275	92,069
Movement for fair value of financial assets held for	111,962	27,991	137,402	32,977
Subtotal	618,335	154,584	505,677	125,046
Offsetting amount	(618,335)	(154,584)	(505,677)	(125,046)
Net amount after offsetting	-	-	-	-
Deffered tax liabilities:				
Movement for fair value of financial assets held for trading/derivative financial	(4,926)	(1,234)	(45,854)	(9,383)
Movement for fair value of available-for-sale financial assets charged to equity	(670,776)	(165,292)	(723,531)	(165,954)
Subtotal	(675,702)	(166,526)	(769,385)	(175,337)
Offsetting amount	618,335	154,584	505,677	125,046
Net amount after offsetting	(57,367)	(11,942)	(263,708)	(50,291)

As at 30 June 2011, there was no unrecognised deferred tax liabilities for the Company.

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

16. CAPITAL RESERVE

	Balance at the beginning of the year RMB'000	change in functional currency RMB'000	Additions during the period RMB'000	Settlements during the period RMB'000	Balance at the end of the period RMB'000
Share premiums	212,656	-	-	-	212,656
Other capital reserves					
-Property revaluation reserve	54,979	(11,225)	-	-	43,754
-Exchange reserve on foreign currency capital	861	(174)	-	-	687
-Donated non-cash assets reserve	108	(21)	-	-	87
- Net changes in fair value of available-for-sale financial assets	723,531	(36,940)	-	(15,815)	670,776
-Deferred tax effect	(165,954)	8,473	662	-	(156,819)
-Amount of share-based payments charged to equity	26,083	-	50,639	-	76,722
-Others	-	(567,890)	-	-	(567,890)
Total	852,264	(607,777)	51,301	(15,815)	279,973

17. GAINS FROM CHANGES IN FAIR VALUE

	from 1 January to 30 June 2011 RMB'000	from 1 January to 30 June 2010 RMB'000
Financial assets held for trading:		
-Changes in fair value during the period	(34,159)	(20)
Including:Gains/losses from changes in fair value of derivative financial instrument	-	-
-Transfer to investment losses for derecognition of financial assets held for trading	-	-
Financial liabilities held for trading:		
-Changes in fair value during the period	25,440	-
Including:Gains/losses from changes in fair value of derivative financial instrument	25,440	7,497
Total	(8,719)	7,477

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

18. INVESTMENT INCOME

(1) The analysis of the Company's investment income is as follows:

	from 1 January to 30 June 2011 RMB'000	from 1 January to 30 June 2010 RMB'000
Long-term equity investments in cost method	208,086	86,988
Gain on disposal of subsidiaries	-	75
Investment gains on available-for-sale financial assets	3,343	-
Gains on sale of held-for-trading financial assets	11,275	-
Gains on sale of available-for-sale financial assets	-	11,240
Total	222,704	98,303

(2) Long-term investments in cost method with individual investment income over 5% of total investment income or less than 5% but the top five investment income for the year are as follows:

Investee	om 1 January to 30 June 2011 RMB'000	from 1 January to 30 June 2010 RMB'000	Reasons for variances between two years
SCRC	113,471	86,988	Dividend distributed from 1 January to 30 June 2011 is more than that in 2010
XHCIMCS	79,718	-	No dividend distributed from 1 January to 30 June 2010.
BOCM Schroder Stolt Fund Management	10,000	-	No dividend distributed from 1 January to 30 June 2010.
SCRC	4,897	-	No dividend distributed from 1 January to 30 June 2010.
Total	208,086	86,988	

Note 1: There was no significant restriction on the remittance of investment income to the investor

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

19. NON-OPERATING INCOME

(1) The analysis of the Group's non-operating income is as follows:

	Note	from 1 January to 30 June 2011	from 1 January to 30 June 2010
		RMB'000	RMB'000
Gains on disposal of fixed assets		15	-
Gains on disposal of intangible assets		593	21,553
Government grants	(2)	578	7,709
Others		-	252
Total		1,186	29,514

(2) Government grants

	from 1 January to 30 June 2011	from 1 January to 30 June 2010
	RMB'000	RMB'000
Financial subsidies	578	7,709

20. INCOME TAX

	from 1 January to 30 June 2011	from 1 January to 30 June 2010
	RMB'000	RMB'000
Current tax expenses for the period	-	-
Deferred taxation	(37,687)	(6,039)
Total	(37,687)	(6,039)

Reconciliation between income tax expenses and accounting profits is as follows:

XIII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

20. INCOME TAX (CONTINUED)

Item	from 1 January to 30 June 2011	from 1 January to 30 June 2010
	RMB'000	RMB'000
Profits before taxation	3,814	64,890
Expected income tax expenses at applicable tax rates	915	14,276
Effect of tax rate change on deferred tax	(912)	(9,031)
Tax effect of non-taxable income	(37,690)	(11,284)
Income tax expenses	(37,687)	(6,039)

21. OTHER COMPREHENSIVE INCOME/ (LOSSES)

Item	from 1 January to 30 June 2011	from 1 January to 30 June 2010
	RMB'000	RMB'000
1.Gain/(losses) on available-for-sale financial assets	(15,815)	(233,278)
Less:Effect of income tax arising from available-for-sale financial assets	(662)	(42,268)
Amount recognised in other comprehensive income in prior period transferred to profit and loss in current period	-	11,240
2.Effect of foreign exchange rate changes	-	(47,543)
Total	(15,153)	(249,793)

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

22. INFORMATION TO CHAS FLOW STATEMENT

(1) Supplement to cash flow statement:

	from 1 January to 30 June 2011	January to 30 June 2010
	RMB'000	RMB'000
1.Reconciliation of net profit to cash flow from operatiing activities		
Net profit	3,814	70,929
Add : Depreciation of fixed assets	8,069	5,600
Amortisation of intangible assets	412	545
Amortisation of long-term deferred expenses	842	1,330
(Gains)/losses on disposal of fixed assets, intangible assets and other long-term assets	(608)	(21,553)
(Gains)/losses on changes in fair value	8,719	(7,477)
Financial expense	87,070	(12,658)
(Gains)/losses arising from investments	(222,704)	(98,303)
Expenses recognized by share-based payments	50,639	-
(Increase)/decrease in defered tax assets	-	(39)
Increase/(decrease) in defered tax Liabilities	38,350	(6,000)
(Increase)/Decrease in operating receivables	(2,259,173)	(25,588)
Increase/(decrease) in operating payables	96,757	(117,232)
Effect of foreign exchange rate changes	-	43
Net cash outflows from operating activities	(2,187,813)	(210,403)
2.Net movement in cash and cash equivalents:		
Closing balance of cash and cash equivalents	1,491,441	473,363
Less:Opening balance of cash and cash equivalents	417,461	137,680
Net increase of cash and cash equivalents	1,073,980	335,683

XII. SUPPLEMENTARY INFORMATION TO THE HOLDING COMPANY (CONTINUED)

22. INFORMATION TO CHAS FLOW STATEMENT (CONTINUED)

(2) Cash and cash equivalents held by the Group is as follows:

	from 1 January to 30 June 2011 RMB'000	. January to 30 June 2010 RMB'000
1.Cash at bank and on hand		
-Bank deposits available on demand	1,357,232	343,735
-Other monetary fund available on demand	134,209	73,726
2.Closing balance of cash and cash equivalents available on demand	1,491,441	417,461

Note: Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

SUPPLEMENTARY INFORMATION

1. EXTRAORDINARY GAIN AND LOSS FOR THE PERIOD

Item	RMB'000
Disposal of non-current assets	6,022
Government grants charge to profit and loss (excluded government grants closely related to business and applied to all similar businesses according to national unity or quantitative standards)	83,625
Capital occupied interests from non-financial enterprises charged into current profit and loss	2,184
Gains on movement of fair value of financial assets held for trading and financial liabilities; gains on disposal of financial assets held for trading, financial liabilities and available-for-sale financial assets (excluding hedge financial instruments related to ordinary business of the Group)	(112,067)
Other non-operating income / expenses	11,153
Effect of income tax	2,285
Effect of minority shareholder equity (after tax)	16,143
Total	9,345

Note: Aforesaid extraordinary gain and loss were presented at amount before taxation.

2. Reconciliation statements of differences in financial statements prepared under different GAAPs

(1) The effect of the difference between PRC GAAP and IFRS on consolidated net profit and equity attributable to shareholders of the Group is analysed as follows:

RMB'000

	Profit		Equity	
	from 1 January to 30 June 2011	from 1 January to 30 June 2010	2011.06.30	2010.12.31
Amounts under PRC GAAP	2,807,629	912,556	18,143,875	16,223,057
Adjustments under IFRS GAAP:	2,745	341	(3,507)	(3,950)
Others				-
Amounts under IFRS GAAP	2,810,374	912,897	18,140,368	16,219,107

Adjustments include current year depreciation and amortisation of fixed assets and intangible assets revaluated in previous years.

SUPPLEMENTARY INFORMATION (CONTINUED)

3. EARNINGS PER SHARE AND RETURN ON NET ASSETS

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 (2010 revised) and relevant requirements of accounting standard, the calculation of earnings per share and return on net assets of the Group is listed as follows:

RMB'000

Profit	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Profit attributable to ordinary equity shareholders	16.19%	1.0545	1.0545
Profit attributable to ordinary equity shareholders net of extraordinary gain and loss	16.14%	1.0510	1.0510

Ⅶ. CONTENTS OF DOCUMENTS FOR REFERENCE

1. Semi-annual report with signature of chairman of shareholders.

2. Finanial report with the signature and seal of the legal representative、responsible person in charge of accounting and accounting officer.

3. All the original document and the manuscript of the announcement disclosured in the newspapers specified by the China Securities Regulatory Commission during the reporting period.

4. Text of <Article of Association>.