



China International Marine Containers (Group) Co., Ltd.  
(a joint stock company incorporated in the People's Republic of China with limited liability)

A Share Stock Code: 000039  
H Share Stock Code: 2039

## Interim Report **2014**





## Important Notice

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

This Report has been reviewed and approved at the 17th meeting of the 7th session of the Board of the Company in 2014. Seven Directors out of eight existing Directors of the Company have attended the meeting, non-executive Director Wang Hong has authorized the Chairman Li Jianhong to attend the meeting and exercise his voting rights.

The financial statements of the Group have been prepared in accordance with China Accounting Standards for Business Enterprises. The interim financial statements and notes of the Group for the six months ended 30 June 2014 (the "Interim Financial Report") have not been audited.

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

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

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

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

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



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## DEFINITIONS

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

Items	Definitions
"A share(s)" (or "RMB-denominated ordinary share(s)")	ordinary share(s) issued by the Company in the PRC with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi;
"Board" or "Board of Directors"	the board of directors of the Company;
"CASBE"	Accounting Standards for Business Enterprises – Basic Standard and 38 Specific Accounting Standards issued by the Ministry of Finance of the People's Republic of China on 15 February 2006, and application guidance and interpretations to Accounting Standards for Business Enterprises and other related regulations subsequently issued;
"CIMC" or "Company"	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares of which have been listed on the Shenzhen Stock Exchange and the H shares of which have been listed on the Hong Kong Stock Exchange;
"CIMC Enric"	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company incorporated in the Cayman Islands with limited liability on 28 September 2004 and listed on the Main Board of the Hong Kong Stock Exchange (Hong Kong stock code: 3899) on 20 July 2006 and a subsidiary of the Company;
"CIMC Finance"	CIMC Finance Company Ltd., a company incorporated with in the PRC on 9 February 2010 with limited liability and a wholly-owned subsidiary of the Company;
"CIMC Financial Leasing"	CIMC Financial Leasing Co., Ltd., a company incorporated in the PRC on 30 July 2007 and a wholly-owned subsidiary of the Company;
"CIMC Hong Kong"	China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司), a company incorporated in Hong Kong on 30 July 1992 with limited liability and a wholly-owned subsidiary of the Company;
"CIMC Raffles"	CIMC Raffles Offshore (Singapore) Limited, a company incorporated in Singapore on 7 March 1994 with limited liability and a wholly-owned subsidiary of the Company;
"CIMC Tianda"	Shenzhen CIMC-Tianda Airport Support Co., Ltd. (深圳中集天達空港設備有限公司), a company incorporated in the PRC on 18 July 1992 with limited liability and a subsidiary of the Company;
"CIMC Vehicle"	CIMC Vehicle (Group) Co., Ltd. (中集車輛(集團)有限公司), a company incorporated in the PRC on 29 August 1996 with limited liability and a subsidiary of the Company;
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules;

## DEFINITIONS

"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會);
"Director(s)"	the director(s) of the Company;
"Group", "we", "our" and "us"	the Company and its subsidiaries;
"H share(s)" (or "overseas-listed foreign share(s)")	overseas-listed foreign share(s) issued by the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars;
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC;
"Hong Kong Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules;
"Our Incentive Scheme"	the A shares share option incentive scheme of China International Marine Containers (Group) Co., Ltd. considered and approved at the Extraordinary General Meeting of the Company on 17 September 2010;
"PRC" or "China"	the People's Republic of China;
"Qianhai"	the cooperative zone of modern service industry of Shenzhen Qianhai Port;
"Reporting Period"	The six months started from 1 January 2014 and ended on 30 June 2014;
"RMB or Renminbi"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
"Shareholder(s)"	the shareholder(s) of the Company
"Shenzhen Listing Rules"	Rules Governing the Listing of Securities on the Shenzhen Stock Exchange;
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange;
"Supervisor(s)"	the member(s) of the Supervisory Committee of the Company;
"Supervisory Committee"	the Supervisory Committee of the Company; and
"US\$" or "U.S. dollars"	United States dollars, the lawful currency of the United States of America.

## GLOSSARY

This glossary contains definitions of certain technical terms used in this Report as they relate to the Group. Some of these definitions may not correspond to standard industry definitions or usage.

Items	Definitions
CNG	compressed natural gas;
GSE	Ground Support Equipment refers to airport equipment used to ensure flight safety. To meet the requirements for aircraft maintenance and flights, airports are equipped with a variety of modern ground support equipment, including but not limited to mechanical, electric, hydraulic and special gas equipment;
IBC	Intermediate Bulk Container and specialised logistic equipment;
Jack-up Drilling Platform	a jack-up drilling platform is a mobile oil rig commonly used for shallow water operation. Most jack-up rigs operate in water depths ranging from 250 to 400 feet. This oil drilling equipment is generally used for mounting machinery, power supply, equipment and accommodation facilities for drilling and certain liftable spud legs on a platform floating on the water;
LNG	liquefied natural gas;
LPG	liquefied petroleum gas;
Modular Construction	constructions manufactured in factory environment and transported to the project site early prepared for installment;
ONE Model	Optimization Never Ending, the lean management system of CIMC;
QHSE	A management system that guides and controls an organisation in respect of Quality, Health, Safety and Environment;
Semi-submersible Drilling Platform	A semi-submersible drilling platform is a mobile oil rig, the upper part of the hull structure is the working deck and the lower part comprises two lower hulls, with the parts connected by support columns. When in operation, the lower hulls are submerged into the water. A semi-submersible platform is generally used in deep seas with water depths ranging from 600-3600 m. The platform typically uses a dynamic positioning system for positioning; and
TEU	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of 8 feet and 6 inches and width of 8 feet.

## CHAPTER 1 CORPORATE PROFILE

### I. COMPANY INFORMATION

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

### II. CONTACT PERSONS AND MEANS OF COMMUNICATION

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

## CHAPTER 1 CORPORATE PROFILE

### III. BASIC PROFILE

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

### IV. INFORMATION DISCLOSURE AND LOCATIONS FOR DOCUMENTS FOR INSPECTION

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

### V. STOCK INFORMATION OF THE COMPANY

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

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



## CHAPTER 2 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

### I. KEY ACCOUNTING DATA

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

Unit: RMB thousand

	The Reporting Period (January – June 2014)	The corresponding period of last year (From January to June 2013)	Changes from the corresponding period of last year to the Reporting Period (%)
<b>Revenue</b>	32,046,128	28,585,158	12.11%
<b>Profit from operations</b>	1,254,810	1,117,169	12.32%
<b>Profit before income tax expense</b>	1,268,227	1,160,046	9.33%
<b>Income tax expense</b>	(17,892)	444,817	(104.02)%
<b>Net profit for the period</b>	1,286,119	715,229	79.82%
<b>Attributable to:</b>			
Equity holders of the parent company	1,035,029	551,972	87.51%
Minority profit/(loss)	251,090	163,257	53.80%
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss	946,692	513,212	84.46%

Unit: RMB thousand

	As at the end of the Reporting Period (30 June 2014)	As at the end of last year (31 December 2013)	Changes from the end of last year to the Reporting Period (%)
<b>Total current assets</b>	46,065,420	41,169,668	11.89%
<b>Total non-current assets</b>	36,428,776	31,436,304	15.88%
<b>Total assets</b>	82,494,196	72,605,972	13.62%
<b>Total current liabilities</b>	42,820,778	32,576,349	31.45%
<b>Total non-current liabilities</b>	14,652,302	15,533,495	(5.67)%
<b>Total liabilities</b>	57,473,080	48,109,844	19.46%
<b>Shareholders' equity</b>	25,021,116	24,496,128	2.14%
<b>Attributable to:</b>			
Equity holders of the parent company	20,959,678	20,674,037	1.38%
Minority interest	4,061,438	3,822,091	6.26%
Share capital (thousand shares)	2,664,589	2,662,396	0.08%

## CHAPTER 2 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB thousand

	The Reporting Period (January – June 2014)	The corresponding period of last year (From January to June 2013)	Changes from the corresponding period of last year to the Reporting Period (%)
Net cash flows from/(used in) operating activities	(3,169,073)	(3,021,559)	(4.88)%
Net cash flows from/(used in) investing activities	(4,160,208)	(892,669)	(366.04)%
Net cash flows from/(used in) financing activities	5,887,153	2,924,851	101.28%

## II. KEY FINANCIAL INDICATORS

	The Reporting Period (January – June 2014)	The corresponding period of last year (From January to June 2013)	Changes from the corresponding period of last year to the Reporting Period (%)
Basic earnings per share attributable to shareholders of the Company (RMB/share)	0.3885	0.2073	87.41%
Diluted earnings per share attributable to shareholders of the Company (RMB/share)	0.3845	0.2070	85.75%
Weighted average return on net assets (%)	4.89%	2.78%	2.11%
Weighted average return on net assets after deducting non-recurring profit or loss (%)	4.47%	2.59%	1.88%
Net cash flows from operating activities per share (RMB/share)	(1.19)	(1.13)	(5.31)%

	As at the end of the Reporting Period (30 June 2014)	As at the end of last year (31 December 2013)	Changes from the end of last year to the Reporting Period (%)
Net assets per share attributable to shareholders of the Company (RMB/share)	7.87	7.77	1.29%
Gearing ratio (Note)	69.67%	66.26%	3.41%

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

## CHAPTER 2 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

### III. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: RMB thousand

Item	Amount (January – June 2014)
Profit or loss from disposal of non-current assets (including the part of assets impairment provision already made and written off)	(17,825)
Government grants recognised in profit or loss for the current period (except those closely related to the operation of the enterprise, for a fixed quota or for a fixed amount in accordance with national unified standards)	35,531
Net loss from disposal of subsidiaries	(212)
Except for the effective hedging activities related to the Company's ordinary activities, profit or loss arising from changes in fair value of financial assets and financial liabilities held for trading, and investment income from disposal of financial assets and financial liabilities held for trading and available-for-sale financial assets	(337,672)
Other non-operating income/expenses other than the above items	4,251
Other profit and loss items falling within the definition of non-recurring profit and loss	342,885
Less: Effect of income tax	62,395
Effect of minority interests (after tax)	(1,016)
Total	88,337

Reasons and explanations on the Company's non-recurring profit/loss items as defined under the Explanatory Announcement No.1 on Information Disclosure by Companies Offering Securities to the Public – Non-Recurring Profit or Loss (the "Explanatory Announcement No.1") and the recurring profit/loss items which are listed as non-recurring profit/loss items under the requirements of the Explanatory Announcement No.1

Applicable       Not applicable

## CHAPTER 3 REPORT OF THE BOARD



### I. OVERVIEW

The Group's business started to rebound from the bottom in January to June 2014. Both of its revenue and net profit slightly increased compared with the same period last year. During the Reporting Period, the Group's revenue amounted to RMB32,046.128 million (same period in 2013: RMB28,585.158 million), representing a year-on-year increase of 12.11% and its net profit attributable to equity holders of the Parent Company amounted to RMB1,035.029 million (same period in 2013: RMB551.972 million), representing a year-on-year increase of 87.51%. The increase in revenue and net profit was mainly attributable to (1) during the Reporting Period the delivery of its offshore engineering projects that were still under construction in the corresponding period of last year, hence reversing the loss situation in the same

period last year; (2) the constant growth of energy, chemical and liquid food equipment business; (3) in the corresponding period of last year, given world economy was still in recovery, our Group's result was in a downturn, and (4) the positive impact brought about by the reversal of withholding tax for overseas enterprises that had been identified as Chinese resident enterprises in the first half of 2014.

### II. REVIEW OF THE PRINCIPAL BUSINESS DURING THE REPORTING PERIOD

The Group is principally engaged in the manufacture of modern transportation equipment, energy, chemical, liquid food equipment, offshore engineering equipment and airport facilities, as well as the provision of relevant services, including the

## CHAPTER 3 REPORT OF THE BOARD

design, manufacture and service of international standard dry containers, reefer containers, regional special containers, tank containers, wooden container floorboards, road tank trucks, natural gas equipment and static tanks, road transportation vehicles, Jack-up Drilling Platforms, Semi-submersible Drilling Platforms, special vessels and airport facilities. In addition, the Group is also engaged in logistics service, real estate development, financial and other businesses. Currently, the Group ranks No. 1 in the world in terms of output and sales of standard dry containers, reefer containers and tank containers. The Group is also China's largest manufacturer of road transportation vehicles and one of China's leading high-end offshore engineering equipment enterprises.

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

### 1. Container Manufacturing Business

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

In the first half of 2014, given the stable recovery of European and American economies and the launching of new ships, the global container industry slightly picked up. The overall capacity across the industry remained stable, while the overall capacity utilization was slightly above 50%.

In the first half of 2014, the total sales of the Group's ordinary dry containers were 625,300 TEUs (same period in 2013: 641,500 TEUs), representing a year-on-year decrease of 2.53%. The total sales of reefer containers were 70,700 TEUs (same period in 2013: 49,400 TEUs), representing a year-on-year increase of 43.12%. The total sales of special containers were 31,500 units (same period in 2013: 30,800 units), representing a year-on-year increase of 2.27%. The production of ordinary dry containers was low in the first quarter but the demand was significantly rebounded from the second quarter. Meanwhile, the demand for reefer containers was positive. Steel and other raw material costs declined significantly, while the price of ordinary dry containers fluctuated within a narrow range at relatively low level, but the gross profit margin remained stable. In the first half of 2014, the container segment recorded revenue of RMB11,505.248 million (same period in 2013: RMB12,314.928 million, representing a year-on-year decrease of 6.57% and the net profit was RMB322.72 million (same period in 2013: RMB410.226 million), representing a year-on-year decrease of 21.33%.

In the first half of this year, the Group has adhered to prudent investment principles. With regard to standard dry cargo containers, investment agreements were respectively signed for Dongguan



## CHAPTER 3 REPORT OF THE BOARD



Fenggang project and Ningbo Yinzhou project, laying a solid foundation for future long-term development of the Group's container segment. As for reefer containers, Qingdao cold chain industry park project and Taicang cold container project were further constructed, commissioned, and put into production. Meanwhile, the Group continued to implement technical innovation and environmental upgrading projects for certain container factories projects.

By adopting a business model of "integrated design, factory manufacturing and on-site installation", the Group's modularized construction products business has a promising growth potential due to advantages including quick transferability, fast building, zero pollution and recyclability which are in line with the new concept of environmental protection and the new industry development trend.

### 2. Road Transportation Vehicle Business

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

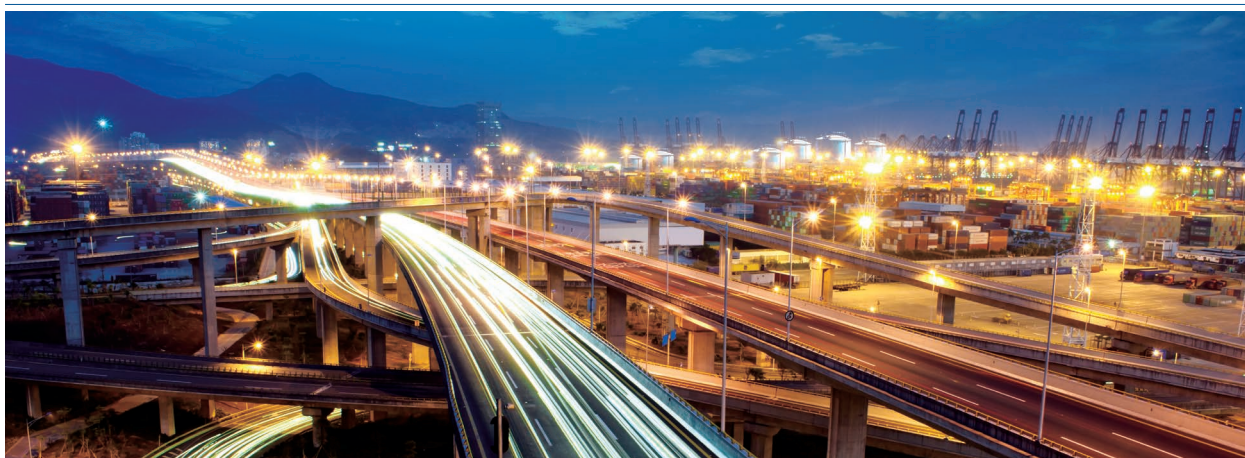
trucks, tipping trucks, sanitation trucks and special vehicles. These products cover major domestic and international markets.

In the first half of 2014, domestically speaking, the new government has adopted relatively mild economic stimulus policies, so the domestic economy remained stable while the growth rate went down slightly. Meanwhile, the government vigorously carried out special rectification actions for environmental protection; especially, it formulated plan to gradually phase out yellow sticker vehicles and scrap vehicles and develop clean energies, and strengthened efforts on regulating oversize and overload vehicles on road. All these measures have pushed up the overall demand in domestic heavy truck market. As to special vehicles, except for liquid tanker market, which showed a downward trend, the production and sales of other logistics vehicles and engineering modified vehicles all recorded growth to varying degrees compared with same period last year.

Internationally speaking, in the first half of 2014, the U.S. market remained strong, and orders for van trucks and skeleton trucks of the Group were better than expected. Businesses in emerging markets recorded stable growth, and explorations of major markets progressed smoothly. The Silvergreen businesses in European markets are pending to be re-integrated.

Under the abovementioned industry trends as well as domestic and overseas economic circumstances, in the first half of 2014, the product sales of our road transportation vehicle business generally maintained a steady trend. Our major product, logistics semi-trailers, expanded market share by 2.10% while the operating income remained basically at par compared with the same period last year. The total sales of our road transportation vehicles business were 57,200 units (sets) in the first half of 2014, representing a year-on-year increase of 7.30%. The sales revenue was RMB7,144.948 million (same period in 2013: RMB6,673.349 million), representing a year-on-year increase of 7.07% and the net profit was RMB225.726 million (same period in 2013: RMB390.164 million), representing a year-on-year decrease of 42.15%, the decrease in net profit was

## CHAPTER 3 REPORT OF THE BOARD



mainly due to the decrease in investment gains during the Reporting Period compared with the same period last year.

In the first half of 2014, our vehicle segment continued to implement a steady operation strategy and further clarified each entity's management responsibility to improve management efficiency. The segment further optimized the existing sales system to improve the efficiency of the marketing system. Market share in the domestic market grew steadily while sales in North America experienced a significant year-on-year increase. The segment also made significant breakthroughs in the exploration of major emerging markets. As to business in Europe, we are intended to re-plan vehicle business in European markets. Investments of the segment still focused on product and technology upgrading. The CIMC Vehicle Group initiated the R&D of the third-generation semi-trailers in China, and was building a new technical platform for skeleton trucks, stake trucks, and flatbed trucks in stages. The R&D project for advanced urban slag trucks customized for the Chinese market has been translated into mass production, with good market response. Meanwhile, pre-research for flatbed trucks in North America has already commenced. The segment will continue to promote the investment into and construction of Shanxi CIMC Vehicle Industry Garden and Shenyang CIMC Vehicle Industry Garden.

### 3. Energy, Chemical and Liquid Food Equipment Business

The Group's subsidiary CIMC Enric is principally

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

In the first half of 2014, our energy, chemical and liquid food equipment business recorded revenue of RMB5,827.260 million (same period in 2013: RMB5,565.543 million), representing a year-on-year increase of 4.70% and the net profit was RMB488.940 million (same period in 2013: RMB391.627 million), representing a year-on-year increase of 24.85%. Among which, the revenue from energy equipment business of CIMC Enric was RMB2,335.341 million (same period in 2013: RMB2,521.843 million), representing a year-on-year decrease of 7.40%; the revenue from chemical equipment business was RMB1,622.592 million (same period in 2013: RMB1,507.202 million), representing a year-on-year increase of 7.70% and the revenue from liquid food equipment business was RMB855.188 million (same period in 2013: RMB799.876 million), representing a year-on-year increase of 6.90%. During the Reporting Period, as the revenue from energy equipment business was primarily generated domestically and the economic growth in China is slowing down, the

## CHAPTER 3 REPORT OF THE BOARD



energy equipment business recorded a decline compared to the same period last year. With the gradual recovery of the global economy, the demand for tank containers, the major product of the chemical equipment business, was improved, thus the turnover from the segment continued to grow. Driven by the increased orders in liquid food equipment business, the turnover moderately increased.

CIMC Enric focused on developing modular, lightweight and intelligent products through advanced technologies. In the first half of 2014, as for product research and development, CIMC Enric carried out various research and development projects in energy equipment business, such as LNG marine transport tanks and CNG transport ships. As for chemical equipment business, CIMC Enric focused on the development of 39 tons ISO tank containers and LNG tank containers aimed at the international market. As for liquid food equipment business, CIMC Enric was committed to researching and developing the turnkey systems of overall process in brewery factories. In addition, CIMC Enric obtained achievements in self-development of key components to replace the out-sourcing components. CIMC Enric has established an institute for the research and development of low-temperature technologies earlier this year.

CIMC Enric also focused on customer service. Through cooperation with China Special Equipment Inspection and Research Institute, CIMC Enric has built five testing service centers for CNG trailers and other high-pressure gas cylinder trailers in Xi'an, Shenyang, Haikou, Xinjiang and Yangzhou from 2007, to provide testing, transformation, maintenance and spare parts service for customers.

In early 2014, CIMC Enric built another testing service center in Hengyang, Hunan and planned to put it into operation in the second half of the year. In accordance with relevant safety regulations in China, high-pressure gas cylinder trailers must be regularly inspected. The above testing service centers provide testing and other services according to relevant regulations, so as to ensure the safe operation of customers' vehicles.

In terms of production capacity, at the beginning of 2014, the on-vehicle LNG fuel tanks expansion projects in Zhangjiagang and Shijiazhuang have been completed and the products have been gradually launched, which brought a positive impact on the business of CIMC Enric. In the first half of 2014, CIMC Enric also invested to improve the production capacity of LNG tank containers in Nantong and Shijiazhuang.

Currently, CIMC Enric occupies a relatively high market share among products such as ISO liquid tank, high pressure gas storage and transportation equipment, cryogenic equipment as well as CNG, LNG and LPG storage and transportation equipment. CIMC Enric has formed relatively systematic and complete industrial chain in the equipment manufacturing field.

### 4. Offshore Engineering Business

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

In the first half of 2014, the offshore engineering business of the Group recorded sales revenue of RMB5,665.789 million (same period in 2013: RMB1,519.799 million), representing a year-on-year increase of 272.80%. It recorded a profit of RMB49.467 million (same period in 2013: loss of RMB195.473 million), reversing the loss situation in the same period last year. The increase in revenue and net profit turnaround was mainly attributable to the jack-up drilling platforms and semi-submersible drilling platforms commenced in the second half



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of last year have entered the mid-construction period, so the revenue recognized pursuant to the actual cost schedule increased; and the sales of two jack-up drilling platforms in the first half of the year which made up operating expenditures and financial expenses.

Since the beginning of 2014, multinational large oil companies have cut exploration and production (E&P) expenses and postponed some large products due to rising costs and tight cash flows, therefore leading to a significant decrease and a short-term callback in new orders of global offshore drilling platform projects compared with the corresponding period of last year. However, as state oil companies of various countries have increased E&P inputs, the overall E&P input worldwide still grew by 2%. In the mid- to long-term, as fueled by energy demands in emerging economies, there is still a great shortage of global oil and gas supply, 60% of which needs to be supplemented by offshore oil and gas. It is expected that the oil price would maintain at a high price of over US\$100 a barrel in the long run. Therefore, the fundamentals of the global offshore engineering economy have not changed and the industry is still in the booming cycle.

Domestically speaking, in the first half of 2014, the development of our offshore engineering business

has continued to benefit from a favorable domestic policy environment. On 20 June 2014, Chinese Premier Li Keqiang delivered the speech For Peace, Cooperation and Harmony in the Ocean during his visit to Greek; as a result, the development of oceans and offshore engineering equipment has become a national strategy with country-wide concern. On 24 April 2014, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Industry and Information Technology, in joint forces with various departments, promulgated the Project Implementation Program of Offshore Engineering Equipment. On 22 May 2014, the National Development and Reform Commission released the Special Notice on the R&D and Industrialization of Offshore Engineering Equipment 2014, defining the policy of supporting the R&D and industrialization of major engineering offshore equipment with the principles of "market oriented, innovation driving, assembly leading, and auxiliary equipment supported".

In the first half of 2014, CIMC Raffles continued to focus its endeavors on semi-submersible drilling platforms and jack-up drilling platforms. Wherein, CIMC Raffles has secured approximately 20% of orders of semi-submersible drilling platforms in the global market. In the North Sea of Europe, currently, three semi-submersible drilling platforms

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built by CIMC Raffles are in operation, and other three are under construction, and the company has options of orders for another three. CIMC Raffles has preliminarily become the mainstream supplier for the semi-submersible drilling platform in the Norway and North Sea of Europe. Also, two D90 ultra deep-water semi-submersible drilling platforms have commenced construction which are the only seventh-generation semi-submersible drilling platforms under construction in the world. As for jack-up drilling platforms, with three such platforms delivered in the first half of the year (respectively, "Offshore Oil 932", "Gulf Driller 1", and "New Victory 1"), CIMC Raffles now has 4 delivered Jack-up drilling platforms in operation at Bohai Bay.

Ever since October 2010, CIMC Raffles already delivered 8 deep-water semi-submersible drilling platforms and 8 jack-up drilling platforms. The delivered deep-water semi-submersible drilling platforms have officially commenced operation in North Sea, Brazil, West Africa, and other global mainstream waters. Among them, COSL series Semi-submersible Drilling Platforms operating in North Sea of Norway ranked No. 1 for three times in terms of comprehensive strengths among all drilling platforms in the region, winning recognition of mainstream customers in major markets. Meanwhile, we have obtained new orders for high-end marine businesses, realized independent design breakthroughs, preliminarily completed strategic layout, and further consolidated and enhanced our leading position concerning deep-water oil and gas equipment.

As for R&D and design, with the help of the so-called "technology innovation platform" of CIMC Offshore Research Institute, which is wholly owned by the Group, we integrated the key enterprises in the industry, including U.S. ABS, Norway DNV, China CCS, etc., educational and research institutions such as Ocean University of China, as well as design teams and core equipment vendors, to form a project-based collaborative R&D platform. A number of R&D results of our offshore engineering business have been recognized in China, winning First Prize of Shandong Provincial Science & Technology Progress Award in January and the Third Session of China Industry Award in May.

### 5. Airport Facilities Equipment Business

The Group's airport facilities business mainly includes passenger boarding bridges, air cargo handling systems, ground services equipment (GSE, shuttle bus, lifting platform vehicle, fire truck, etc.), and three-dimensional car parking spaces, logistics products and related services.

During the Reporting Period, the Group's airport facilities equipment business recorded sales revenue of RMB750.752 million (same period in 2013: RMB225.451 million), representing a year-on-year increase of 233.00%. It incurred a loss of RMB46.091 million (same period in 2013: loss of RMB14.689 million), representing a year-on-year increase of approximately 213.78%. The increases in revenue and loss in the first half of 2014 were mainly attributable to the influence from incorporating Albert Ziegler GmbH into combination during the Reporting period.

As for the operation and sales of major products, airport facilities, including passenger boarding bridges, and GSE business saw an upward trend benefited from the increase in domestic demand. Due to the deepening of our internationalization strategies, sales in overseas markets grew steadily. The Group continued to explore new market segments for its automatic logistics equipment business, and it is expected that new breakthroughs will be made in the second half of the year. As for three-dimensional car parking spaces, the Group still obtained various project orders even though market competition in the field has further intensified.



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In respect of airport facilities equipment business, the Group will continue to focus on new airport projects both at domestic and overseas markets in the second half of the year. This will continuously bring orders for relevant equipment segments. The airport facilities equipment business is expected to make more breakthroughs in the second half of 2014. The market demand for three-dimensional car parking space business is still on the rise, but due to fierce competition in general, the Group needs to devote more resources and explore more effective means to obtain more orders.

On 29 July 2013, CIMC Hong Kong, a wholly-owned subsidiary of the Group, signed a sale and purchase agreement with Pteris Global Limited (“Pteris”, a listed company on the main board of the Singapore Stock Exchange, stock code: J74), according to which the Group will inject 70.00% equity interest in CIMC Tianda into Pteris, and as consideration, Pteris will issue new shares to the Group. On 19 August 2014, all conditions under the sale and purchase agreement have been satisfied, and the sale and purchase agreement has been completed on the same day. Since then, the Company’s equity interest in Pteris increased to 51.32%, and Pteris has become an indirectly non-wholly owned subsidiary of the Company, while CIMC Tianda has become the subsidiary of Pteris, therefore, CIMC Tianda is still a subsidiary of the Company.

### 6. Logistics Services Business

The Group is committed to offering logistic solution for customers in different industries by utilising a series of logistic equipment and technology to continuously improve efficiency in the logistic industry. In 2013, the Group had systematic logistic services capability through consolidating the relevant services resources of the Group, and the completion of merger and acquisition of Zhenhua Logistics Group (“Zhenhua Logistics”) in March 2013.

In the second half of 2013, the Group completed the Five-year Strategic Planning for its logistic services business. That is, the Group will focus on the expansion towards four businesses, namely, an integrated intermodal, full-life cycle services for containers, industry supply chain logistics solutions and cold chain logistic ecosystem, based



on the well-established service capability including provision of integrated port logistic service, outlets deployment of logistic service, industry equipment logistic service, standardised logistic equipment design and manufacturing, logistic financial service and port container service, so as to provide customized and standardised logistic services, which enable the Group’s advantageous logistic equipment to be systematically applied in the industry, thereby improving social logistic efficiency.

In the first half of 2014, the logistics service industry of China operated steadily in whole, with the stabilisation of domestic economy and the gradual improvement of import and export trading. During the Reporting Period, the Group achieved revenue of RMB3,424.920 million (same period in 2013: RMB2,210.339 million) and net profit of RMB41.406 million (same period in 2013: RMB67.349 million) in its logistics services business, respectively representing a year-on-year increase of 54.95% and a year-on-year decrease of 38.52%.

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In the first half of 2014, Zhenhua Logistics consolidated and operated well upon merger and acquisition. Zhenhua Logistics achieved revenue of RMB2,250.788 million (same period in 2013: RMB2,360.657 million) and net profit of RMB49.964 million (same period in 2013: RMB36.933 million), respectively representing a year-on-year decrease of 4.65% and a year-on-year increase of 35.28%.

2014 is the first year for the consolidation and operating of the Group's logistic services business. All related services businesses of the Group are managed and operated under the unified organization systems, which have performed well. In the future, the Group will develop its logistic services business according to the selected strategic planning direction to further solidify the foundation and deepen the synergy with the Group's manufacturing business so as to create distinctive competitiveness, with a view to achieve the strategic target of being the top ten logistic enterprises in China within five years.

### 7. Real Estate Development Business

In the first half of 2014, the domestic property policies insisted on the bottom line of "supporting the purchase of homes for self-uses" based on which local governments made flexible adjustments. This is the main tone of policies adjustment on China's property market at the current stage. Due to lack of demand, high inventory, credit tightening and expectations for market outlooks, housing prices and trading volume in major cities were in the adjustment stage.

In the first half of 2014, the Group had a total of 491,000 square meters of real estate projects under construction, 27,200 square meters of which were new construction projects, and 29,000 square meters of projects were completed. During the Reporting Period, the Group's real estate business recorded revenue of RMB221.042 million (same period in 2013: RMB173.754 million), representing a year-on-year increase of 27.22% and net profit of RMB67.733 million (same period in 2013: loss of RMB3.086 million), reversing the loss situation compared with the same period of last year. The net profit turnaround was mainly due to the increase of investment income recognised under the equity method from the Group's associate, Shanghai Fengyang Real Estate Development Co., Ltd. (the Group holds its 40.00% equity interests).

The development objective of the Group's Qianhai parcel is to develop the parcel of land with an area of 524,000 square meters owned by the Group into the demonstration area for offshore financial industry and high-end services. Currently, the Group maintains close discussions with relevant ministries of the country, Shenzhen Municipal Government and other parties, to put forward constructive plans for the development of the parcel of land.

### 8. Financial Business

As for its financial business, the Group is devoted to the establishment of a financial service system which matches its role as a world leading manufacturer, so as to promote the expansion of its businesses and enhance the efficiency and

## CHAPTER 3 REPORT OF THE BOARD

effectiveness of its internal capital utilization. The main operating subsidiaries consist of CIMC Financial Leasing Co., Ltd. (CIMC Financial Leasing) and CIMC Finance Company Ltd. (CIMC Finance). In the first half of 2014, the Group achieved revenue of RMB729.338 million (same period in 2013: RMB210.062 million) and a net profit of RMB62.986 million (same period in 2013: RMB96.448 million), respectively representing an increase of 247.20% and a decrease of 34.69% as compared with corresponding period of last year.

In the first half of 2014, CIMC Financial Leasing strived to achieve early involvement in industry projects and joint participant in role transformation on the basis of boosting business sales and provision financing channels, so as to provide “equipment + finance” one-stop solutions for customers. This not only expanded sales of the Group’s products, but also improved its bargaining power and therefore helped the Group to upgrade business models. By successfully carrying forward the ten 9200-TEU container ship project with CMA-CGM (a global container shipping company ranking third in the world) and the fourteen 8800-TEU ship project as well as the H206 accommodation platform project and the H218 accommodation lifting project with MSC (a container shipping company ranking second in the world), CIMC Financial Leasing put forward the groundbreaking “finance + service + manufacturing” integrated solution in the shipbuilding and offshore engineering sector. On January 7, 2014, CIMC Financing Leasing incorporated CIMC Qianhai Leasing Company (“Qianhai Leasing”) in Qianhai. As an important link in the Group’s strategies for Qianhai, Qianhai Leasing will make full use of the preferential policies of Qianhai and build up a global operations platform in accordance with international business rules by way of establishment of global talent introduction and cultivation as well as the development of global market system, global low-lost financing platform, global asset management platform, and global strategic partnership system.



Meanwhile, CIMC Finance deepened the implementation of requirements for its positioning as “fund manager, financial services provider, and financial value producer” and maintained stable development in the first half of 2014. CIMC Finance actively undertook cross-border capital interoperability tasks of the Group and carried out coordinated management of overseas capitals, so as to strengthen centralized management and effective functioning of the Group’s capital pool. CIMC Finance realized the comprehensive upgrading of its financial service provision and financial value creation by constantly improving four businesses of notes, foreign exchange, supply chain and intermediary services. Among them, the supply chain financing business achieved rapid growth, with cumulative business volume in the first half exceeding the total volume in the whole year of last year. Intermediary services also made breakthroughs, and CIMC Finance issued its first bank acceptance bills on behalf of the banks for member enterprises of the Group. As for foreign exchange business, the company obtained the approval from SAFE regarding the expansion of its customer base, so its service scope was further expanded. The Group also enhanced efforts to promote electronic commercial draft system, thereby improving the management efficiency for its notes assets. The comprehensive development and innovations of various financial businesses has brought high-value and personalized financial services for the Group and further optimized efficiency and effectiveness of capital operations, and hence improved the overall industrial competitiveness of the Group.

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### III. FINANCIAL DISCUSSION AND ANALYSIS DISCLOSED ACCORDING TO THE REQUIREMENTS OF DOMESTIC SECURITIES REGULATORY AUTHORITIES

#### 1. Year-on-year changes in key financial data

Unit: RMB thousand

	The Reporting Period (January – June 2014)	The corresponding period of last year (From January to June 2013)	Year-on-year change	Change reasons for the items with year-on-year change exceeding 30%
Revenue	32,046,128	28,585,158	12.11%	–
Cost of sales	26,868,640	24,160,416	11.21%	–
Selling and distribution expenses	1,105,160	921,175	19.97%	–
General and administrative expenses	2,080,694	1,714,217	21.38%	–
Financial expenses	260,805	454,826	(42.66)%	Mainly due to the changes in exchange gains and losses resulted from exchange rate changes during the Reporting Period
Income tax expenses	(17,892)	444,817	(104.02)%	Mainly due to the reversal of the withholding tax of foreign enterprises which have been recognized as Chinese resident enterprises during the Reporting Period
Technology development costs	222,954	126,942	75.63%	Mainly due to the increased investment in technology research and development of the Group during the Reporting Period
Net profit attributable to equity holders of the Company	1,035,029	551,972	87.51%	Mainly due to the reversal of the loss situation in offshore engineering business of the Group and the continuing increase in energy, chemical and liquid food equipment business during the Reporting Period, as well as the positive influence on result from the reversal of the withholding tax of foreign enterprises which have been recognized as Chinese resident enterprises in the first half of 2014
Net cash flows from operating activities	(3,169,073)	(3,021,559)	(4.88)%	–
Net cash flows from investing activities	(4,160,208)	(892,669)	(366.04)%	Mainly due to the increase in cash for the purchase of fixed assets and other long-term assets during the Reporting Period
Net cash flows from financing activities	5,887,153	2,924,851	101.28%	Mainly due to the increase in fund for the investing activities which was financed through financing activities during the Reporting Period
Net increase of cash and cash equivalents	(1,423,186)	(1,164,186)	(22.25)%	–

There was material change in profit composition or profit source of the Company during the Reporting Period

applicable       not applicable

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

applicable       not applicable

## CHAPTER 3 REPORT OF THE BOARD

## 2. Composition of principal businesses during the Reporting Period

Unit: RMB thousand

	Revenue	Cost of sales	Gross profit margin	Changes in revenue from the corresponding period of last year	Changes in cost of sales from the corresponding period of last year	Changes in gross profit margin from the corresponding period of last year
By industry						
Container	11,505,248	9,892,718	14.02%	(6.57)%	(7.15)%	0.54%
Road transportation vehicle	7,144,948	5,995,189	16.09%	7.07%	5.19%	1.50%
Energy, chemical and liquid food equipment	5,827,260	4,726,977	18.88%	4.70%	6.31%	(1.23)%
Offshore engineering	5,665,789	5,247,455	7.38%	272.80%	248.76%	6.38%
Airport facilities equipment	750,752	638,319	14.98%	233.00%	287.91%	(12.03)%
Logistics services	3,424,920	2,943,029	14.07%	54.95%	54.85%	0.06%
Others	1,208,900	747,596	38.16%	96.47%	126.82%	(8.27)%
Offset on consolidation	(3,481,689)	(3,322,643)	-	-	-	-
<b>Total</b>	<b>32,046,128</b>	<b>26,868,640</b>	<b>16.16%</b>	<b>12.11%</b>	<b>11.21%</b>	<b>0.68%</b>
By product						
Container	11,505,248	9,892,718	14.02%	(6.57)%	(7.15)%	0.54%
Road transportation vehicle	7,144,948	5,995,189	16.09%	7.07%	5.19%	1.50%
Energy, chemical and liquid food equipment	5,827,260	4,726,977	18.88%	4.70%	6.31%	(1.23)%
Offshore engineering	5,665,789	5,247,455	7.38%	272.80%	248.76%	6.38%
Airport facilities equipment	750,752	638,319	14.98%	233.00%	287.91%	(12.03)%
Logistics services	3,424,920	2,943,029	14.07%	54.95%	54.85%	0.06%
Others	1,208,900	747,596	38.16%	96.47%	126.82%	(8.27)%
Offset on consolidation	(3,481,689)	(3,322,643)	-	-	-	-
<b>Total</b>	<b>32,046,128</b>	<b>26,868,640</b>	<b>16.16%</b>	<b>12.11%</b>	<b>11.21%</b>	<b>0.68%</b>
Region						
China	12,789,775	-	-	(6.28)%	-	-
Asia (excluding China)	5,931,166	-	-	73.75%	-	-
America	6,572,921	-	-	21.73%	-	-
Europe	5,807,915	-	-	10.88%	-	-
Others	944,351	-	-	6.47%	-	-
<b>Total</b>	<b>32,046,128</b>	<b>-</b>	<b>-</b>	<b>12.11%</b>	<b>-</b>	<b>-</b>

## CHAPTER 3 REPORT OF THE BOARD



### 3. Analysis of Core Competitive Advantages

#### A development strategy focusing on core businesses to accelerate industrial upgrades

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

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

#### An enterprise framework and management system for continuous improvement and sustainability

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



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### Manufacturing management capabilities ensuring high quality at low costs

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

### Integrated resources and collaborative development capacity

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

### Technological research and development capabilities

The Group always focused on improvement of technological research and development capabilities through formulating mid-to-long term development strategy to optimize R&D system and platform and accelerate R&D of products and technologies as well as evolution of existing products, adhering to the core value of “unlimited innovations” to promote R&D of new products, technologies, processes and equipment, while constantly improving the mechanism for identifying, inspiring and promoting innovations to speed up the commercialization of technological achievements and strengthening protection of intellectual property including the construction of intellectual property rights system covering technological know-how and copyrights, and establishing and improving an all-round effective mechanism for protecting, operating, safeguarding and preventing infringement of intellectual property.

The Group’s technology center is a national level enterprise technology center, and the Group has 26 group-level technology centers, including 5 research institutes and 21 technical sub-centers. Leveraging on its strong R&D organization, the Group is well positioned to translate its leading technologies into competitive advantages and business success for customers.

## CHAPTER 3 REPORT OF THE BOARD

### 4. Analysis of Investments during the Reporting Period

#### (1) External equity investments

##### (a) External investments

External investments		
Investment amount in the Reporting Period (RMB thousand)	Investment amount in the same period of the previous year (RMB thousand)	Change
182,500	408,667	(55.34)%

Investees		
Company name	Principal activities	The Company's share percentage of interest in investees
Brigantine International Holdings Limited	Maintenance of containers and container yard services	70.00%
Brigantine Services Limited	Sales of secondhand containers and relevant components and parts	70.00%

##### (b) Equity investment in financial institutions

Company name	Company type	Initial investment cost (RMB'000)	Number of shares held at the beginning of the Reporting Period (share)	Shareholding at the beginning of the Reporting Period	Number of shares held at the end of the Reporting Period (share)	Shareholding at the end of the Reporting Period	Book value at the end of Reporting Period (RMB'000)	Profit and loss during the Reporting Period (RMB'000)	Classification in accounting	Source of shareholding
BOCM Schroder	Non-listed financial enterprises	8,125	-	5%	-	5%	8,125	-	Available-for- sale financial assets	Legal person shares
Total		8,125	-	-	-	-	8,125	-	-	-

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## (c) Security Investment

Security	Stock code	Abbreviation of stock name	Initial investment cost (RMB'000)	Number of shares held at the beginning of the Reporting Period (share)	Shareholding at the beginning of the Reporting Period	Number of shares held at the end of the Reporting Period (share)	Shareholding at the end of the Reporting Period	Book value at the end of the year (RMB'000)	Profit and loss during the Reporting Period (RMB'000)	Classification in accounting	Source of shareholding
A shares	002024	Suning Commerce Group	146,808	18,779,000	0.25%	18,779,000	0.25%	123,190	(46,384)	Financial assets held for trading	Acquired from secondary market
B shares	200581	Su Weifu-B	49,471	750,000	0.07%	350,000	0.03%	7,265	(220)	Financial assets held for trading	Acquired from secondary market
H shares	0368	Sinotrans Ship-H	20,076	2,997,000	0.08%	2,997,000	0.08%	5,281	(1,386)	Financial assets held for trading	Acquired from secondary market
H shares	06198	Qingdao Port	186,467	-	0.00%	61,851,000	1.29%	169,877	(18,771)	Financial assets held for trading	Acquired from secondary market
S shares	G05.SI	Goodpack	100,764	13,500,000	2.58%	13,500,000	2.58%	157,689	29,526	Financial assets held for trading	Acquired from secondary market
Other security investments held at the end of the Reporting Period			-	-	-	-	-	531	-	-	-
Profit or loss from securities investment sold during the Reporting period			-	-	-	-	-	-	4,637	-	-
Total			503,586	36,026,000	-	97,477,000	-	463,833	(32,598)	-	-

**Description of shareholdings in other listed companies**

As of the end of the Reporting Period, the Group's equity interests in other listed companies are as follows:

Stock code	Abbreviation of stock name	Amount of initial investment (RMB'000)	Number of Shares held (share)	Shareholding percentage (%)	Period-end book value (RMB'000)	Profit or loss during the Reporting Period (RMB'000)	Change in the profit or loss during the Reporting Period (RMB'000)	Classification in accounts	Source of shareholding
Australian Stock Exchange: OEL	Otto Energy	4,491	13,500,000	1.19%	7,225	-	(117)	Available-for-sale financial assets	Stock acquisition
Hong Kong Stock Exchange: 206	TSC Group	167,591	92,800,000	13.43%	176,700	-	-	Long-term equity investment	Stock acquisition
Singapore Stock Exchange: J74	Pteris Global Ltd	84,501	82,000,000	14.99%	54,013	-	-	Long-term equity investment	Stock acquisition

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### (2) Entrusted wealth management, derivatives investment and entrustment loans

#### (a) Entrusted wealth management

applicable  not applicable

#### (b) Derivatives investment

Unit: RMB thousand

Name of the derivatives investment operator	Relationship with the Group	Related party transaction or not	Type of derivatives investment	Initial investment amount of derivative investment	Date of commencement	Date of termination	Investments at the beginning of the period	Provision for impairment (if any)	Investments at the end of the period	Proportion of investments at the end of the reporting period to net assets of the Company at the end of the reporting period	Actual profit or loss during the Reporting Period
HSBC/Standard Chartered/China Merchants Bank, etc.	Nil	No	Foreign exchange forward contract	-	7 July 2014	25 August 2016	11,881,745	-	17,958,299	71.77%	(306,120)
China Construction Bank	Nil	No	Interest rate swap contract	-	31 December 2008	29 December 2018	666,437	-	678,046	2.71%	1,046
Total				-	-	-	12,548,182	-	18,636,345	74.48%	(305,074)

#### Source of funds for derivative investments

#### Self-funded

Risk analysis of positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operation risk, legal risk etc.)

As at 30 June 2014, the derivative financial instruments held by the Group mainly consisted of foreign exchange forward and interest rate swap contracts. The risks in interest rate swap contracts are closely related to interest rate fluctuations. Foreign exchange forwards are exposed to the risks in foreign currency markets and the certainty of the Group's future foreign currency cash inflows. The Group exercises control over derivative financial instruments mainly through: prudently choosing and deciding on the type and quantity of additional derivative financial instruments; and establishing strict and standard internal approval system and operational process for derivative transactions, where the approval and authorization procedures at relevant levels are clearly defined to control the associated risks.

Changes in market price or product fair value of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of derivatives' fair value

During the January to June 2014 period, the Group's derivative financial instruments recorded fair value gains/losses of RMB(305.074) million. The fair values of the Group's derivative financial instruments are determined based on the quoted market prices from external financial institutions.

Explanations of any significant changes in the Company's accounting policies and specific accounting principles on derivatives between the Reporting Period and the last reporting period

Nil

Specific opinions of independent Directors on the derivatives investment and risk control of the Company

The Company has established sound internal approval system according to the requirements of relevant laws and regulations, such as Basic Norms for Enterprise Internal Control, Application Guidelines for Enterprise Internal Control and Guidelines for Evaluation of Enterprise Internal Control, which have been effectively executed, thus, the risks in derivative investments are controllable.

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(c) *Entrustment Loans*

Unit: RMB thousand

Borrower	Related party or not	Amount	Interest rate	Guarantor or collaterals	Intended purpose of loans
Quanzhou Jincheng Ocean Shipping Co., Ltd.	No	11,502	16.19%	Corporate guarantee has been provided, with ships as collateral	Operating Asset turnover
Quanzhou Jincheng Ocean Shipping Co., Ltd.	No	13,372	14.64%	Personal guarantee has been provided, with ships as collateral	Operating Asset turnover
Xiamen Xinsuangrong Auto Training Co., Ltd.	No	3,856	21.00%	Real estate mortgage and equity pledge have been provided	Operating Asset turnover
Xiamen Yingzhong Fuhai Auto Co., Ltd.	No	29,304	7.70%	Corporate guarantee has been provided	Operating Asset turnover
Shenzhen Pengsangpu Energy-saving Services Co., Ltd.	No	6,249	9.00%	Corporate Guarantee has been provided, with equipment as collateral	Operating Asset turnover
Xiamen Hongxin International Logistics Co., Ltd.	No	18,405	8.75%	Shareholders' personal guarantees have been provided	Operating Asset turnover
Shishi Ka Wah Shipping Co., Ltd.	No	17,294	16.19%	Corporate guarantee has been provided, with ships as collateral	Operating Asset turnover
Quanzhou Jincheng Ocean Shipping Co., Ltd.	No	15,589	15.30%	Corporate guarantee has been provided, with ships as collateral	Operating Asset turnover
Total	-	115,571	-	-	-

## CHAPTER 3 REPORT OF THE BOARD

### (3) Principal subsidiaries and associates

Please refer to the relevant information contained in “REVIEW OF THE PRINCIPAL BUSINESS DURING THE REPORTING PERIOD” under this section of this Report for the details of operations of principal subsidiaries and associates.

The details on the subsidiaries that began and ceased to be consolidated into the accounts of the Group during the Reporting Period are set out in note IV.4 to “CHAPTER 7 INTERIM FINANCIAL REPORT” in this Report.

#### *Acquiring and disposing subsidiaries during the Reporting Period*

Company name	Purpose for acquiring and disposing subsidiaries	Method of acquiring and disposing subsidiaries during the Reporting Period	Impact on overall production and performance
Brigantine International Holdings Limited	To enhance the Group's service capability in the logistics industry	Corporate merger	The Group's service capability and competitive advantage in the logistics industry will be enhanced
Brigantine Services Limited	To enhance the Group's service capability in the logistics industry	Corporate merger	The Group's service capability and competitive advantage in the logistics industry will be enhanced

### (4) Major projects invested by non-raised capital investment

Unit: RMB thousand

Project name	Total amount of investments planned	Amount of investment during the Reporting Period	Actual amount of investment as at the end of the Reporting Period	Progress
Brigantine Services Limited	50,000	50,000	50,000	100%
Brigantine International Holdings Limited	132,500	132,500	132,500	100%
China Qianhai Financing Lease (Shenzhen) Co., Ltd.	80,000	80,000	80,000	100%
Total	262,500	262,500	262,500	–

### 5. Estimate on the operating results for the period from January to September 2014

Warning and explanation in the forecast of the possible aggregate net profits from the beginning of the year to the end of the next Reporting Period becoming a loss or significant changes compared to the corresponding period of the previous year

applicable       not applicable

## CHAPTER 3 REPORT OF THE BOARD

### 6. Explanation of the Board and the Supervisory Committee on the “Non-standard Audit Opinions” of the Accounting Firm during the Reporting Period

applicable       not applicable

### 7. Explanation of the Board on the affairs related to “Non-standard Audit Opinions” for the last year

applicable       not applicable

### 8. Implementation and adjustment of profit distribution proposals, especially the cash dividend proposal and proposal on conversion of capital reserves into share capital during the Reporting Period

During the Reporting Period, the proposed profit distribution plan for 2013 was passed at the 2013 annual general meeting of the Company on 27 June 2014 in accordance with the relevant requirements of the Articles of Association: the Company to pay a cash dividend of RMB0.27 (inclusive of tax) for every share (2013: RMB0.23 for every share) to Shareholders, which is calculated based on the total share capital of the Company as at the book closure date of dividend distribution for 2013. During the Reporting Period, the Company was expected to pay a dividend of RMB719.439 million, which was calculated based on the total share capital on 30 June 2014. The Company completed the payment of the final dividend for 2013 on 31 July 2014, the actual dividend paid by the Company was RMB720.216 million.

#### Particulars of Cash Dividend Policy

Was it in compliance with the requirements of the Company’s Articles of Association and the resolution of the general meeting:	Yes
Was the dividend distribution criteria and proportion well-defined and clear:	Yes
Was the related decision making process and mechanism in place:	Yes
Did independent Directors fulfill their duties and play their role:	Yes
Were the medium and small shareholders given opportunities to sufficiently voice their opinion and make requests and were their legal interests fully protected:	Yes
Were conditions and procedures legitimate and transparent in respect of cash dividend policy with adjustments and changes:	Yes

### 9. Proposal of profit distribution and share capital increase by way of transfer from capital reserves during the Reporting Period

The Board of Directors recommended the Company did not distribute any cash dividend, bonus shares or share capital increase by way of transfer from reserves for the six months ended 30 June 2014 (for the six months ended 30 June 2013: Nil).

## CHAPTER 3 REPORT OF THE BOARD

### IV. REVIEW OF FINANCIAL RESOURCES DISCLOSED IN ACCORDANCE WITH THE HONG KONG LISTING RULES

#### 1. Revenue and profit attributable to shareholders of the parent Company

During the Reporting Period, the Group recorded revenue of RMB32,046.128 million (same period in 2013: RMB28,585.158 million) and profit attributable to shareholders of the parent Company of RMB1,035.029 million (same period in 2013: RMB551.972 million). Please refer to relevant information set out in the section headed "CHAPTER 2 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS" and "REVIEW OF THE PRINCIPAL BUSINESS DURING THE REPORTING PERIOD" in this section for details.

#### 2. Liquidity and financial resources

During the Reporting Period, the Group recorded net cash flows from operating activities of RMB(3,169.073) million (same period in 2013: RMB(3,021.559) million), net cash flows from investing activities of RMB(4,160.208) million (same period in 2013: RMB(892.669) million) and net cash flows from financing activities of RMB5,887.153 million (same period in 2013: RMB2,924.851 million).

As at 30 June 2014, the Group's bank borrowings, debentures payable and other current liabilities (issuance of commercial papers) totaling amounted to RMB32,578.649 million (31 December 2013: RMB25,787.466 million).

Unit: RMB thousand

	As at 30 June 2014	As at 31 December 2013
Short-term borrowings	12,047,633	7,244,780
Long-term borrowings due within one year	3,216,303	2,410,392
Debentures payable due within one year	2,000,000	–
Long-term borrowings	9,169,457	7,761,243
Debentures payable	4,456,183	6,450,730
Other current liabilities (issuance of commercial papers)	1,689,073	1,920,321
<b>Total</b>	<b>32,578,649</b>	<b>25,787,466</b>

In the first half of 2014, the net bank loans appropriated by the Group amounted to RMB6,624.9 million (same period in 2013: RMB3,139.231 million), the increase in net appropriated bank loans was mainly due to the financing arrangement to meet the requirement working capital.

The Group's cash at bank and on hand primarily consist of cash and bank deposits. As at 30 June 2014, the Group's cash at bank and on hand amounted to RMB3,141.555 million (31 December 2013: RMB4,771.047 million). The Group has always adopted prudent financial management policies and maintained sufficient and appropriate cash on hand to repay the bank loans due and ensure the development of our businesses.



## CHAPTER 3 REPORT OF THE BOARD

### 3. Capital structure

The Group's capital structure consists of equity interests attributable to shareholders and liabilities. As at 30 June 2014, the Group's equity interests attributable to shareholders amounted to RMB25,021.116 million (31 December 2013: RMB24,496.128 million), the total liabilities amounted to RMB57,473.08 million (31 December 2013: RMB48,109.844 million) and the total assets amounted to RMB82,494.196 million (31 December 2013: RMB72,605.972 million). The gearing ratio was 69.67% (31 December 2013: 66.26%). The Group is committed to maintain an appropriate combination of equity and debt, in order to maintain effective capital structure and provide maximum returns for shareholders.

The Group's bank borrowings are mainly denominated in U.S. dollar, with the interest payments computed using fixed rates and floating rates. As at 30 June 2014, the Group's bank borrowings included fixed-rate borrowings of RMB2,358.285 million (31 December 2013: RMB4,170.009 million) and floating-rate borrowings of RMB22,075.108 million (31 December 2013: RMB13,246.406 million). The long-term borrowings are expired within six years.

The Group's issued bonds are mainly denominated in RMB, with the interest payments computed using fixed rates. As at 30 June 2014, the remaining fixed-rate bonds issued by the Group amounted to RMB6,456.183 million (31 December 2013: RMB6,450.73 million).

### 4. Foreign exchange risk and relevant hedge

The majority currency of the Group's business revenue is U.S. dollars, while most of its expenditure is made in Renminbi. As the exchange rates of Renminbi are affected by domestic and international economic and political situations, and demand for and supply of Renminbi, the Group is exposed to potential foreign exchange risk generated by the exchange rate fluctuation in RMB against other currencies, which may affect the Group's operating results and financial condition. The management of the Group has closely monitored its foreign exchange risk to take appropriate measures to avoid foreign exchange risk.

For details of the foreign exchange hedging contracts held by the Group during the Reporting Period, please refer to note V. 24 to "CHAPTER 7 INTERIM FINANCIAL REPORT" in this Report.

### 5. Interest rate risk

The Group is exposed to the market interest rate change risk relating to its interest-bearing bank loans and other borrowings. To minimize the impact of interest rate risk, the Group entered into certain interest rate swap contracts with many banks. As at 30 June 2014, the Group held two unsettled interest rate swap contracts denominated in U.S. dollars, the notional principal of which totaling amounted to approximately US\$109 million, which will be expired on 28 April 2017 and 29 December 2018 respectively. As at 30 June 2014, the Group recognised on the interest rate swap contracts in their fair values of RMB(25.819) million as financial liabilities at fair value through profit or loss. Transaction costs on realisation have not been considered when calculating the fair values. Please refer to note V. 24 to "CHAPTER 7 INTERIM FINANCIAL REPORT" in this Report for details.

## CHAPTER 3 REPORT OF THE BOARD

### 6. Credit risk

The Group's credit risk is primarily attributable to monetary funds, receivables and derivative financial instruments entered into for hedging purposes and etc. Exposure to these credit risks are monitored by management on an ongoing basis. Please refer to note XI.3.(1) to "CHAPTER 7 INTERIM FINANCIAL REPORT" in this Report for details.

### 7. Pledge of assets

As at 30 June 2014, restricted assets of the Group totaling amounted to RMB612.104 million (31 December 2013: RMB2,314.506 million). Please refer to note V.22 to "CHAPTER 7 INTERIM FINANCIAL REPORT" in this Report for details.

### 8. Capital commitments

As at 30 June 2014, the Group had capital commitments of approximately RMB10,058.434 million (31 December 2013: RMB4,096.918 million), which was mainly used for construction of vessels for sale or rental, purchase of fixed assets and and foreign investment. Please refer to note IX.1 to "CHAPTER 7 INTERIM FINANCIAL REPORT" in this Report for details.

### 9. Contingent liabilities

As at 30 June 2014, the Group had contingent liabilities of approximately RMB55.006 million (31 December 2013: RMB57.341 million), which was mainly due to CIMC Raffles and its subsidiaries entered into vessel construction contracts and vessel leasing contracts with relevant purchasers, which involve terms of compensation for delivery postponement and termination terms. Please refer to note VIII.1 to "CHAPTER 7 INTERIM FINANCIAL REPORT" in this Report for details.

### 10. Significant investments and major acquisitions and sales relating to subsidiaries and associated companies

During the Reporting Period, the Group completed the acquisition of 70.00% equity interests in Brigantine International Holdings Limited and Brigantine Services Limited, the total acquisition consideration was RMB182.5 million. Brigantine International Holdings Limited and Brigantine Services Limited become non-wholly owned subsidiaries of the Group. Please refer to "4. Analysis of Investments during the Reporting period" under "III. FINANCIAL DISCUSSION AND ANALYSIS DISCLOSED ACCORDING TO THE REQUIREMENTS OF DOMESTIC SECURITIES REGULATORY AUTHORITIES" in this chapter for details.

### 11. Future plans for significant investments and expected source of funding

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

### 12. Capital expenditure and financing plan

Based on changes in the economic situation and operating environment, as well as the needs for the Group's strategic upgrade and business development, the capital expenditure of the Group in 2014 is approximately RMB5,620 million, among which approximately RMB1,480 million was actually expensed in the first half of the year, which was mainly used for equity investment and other long-term assets investment. Various forms of financing arrangements will be considered in the second half of the year.

## CHAPTER 3 REPORT OF THE BOARD

On 23 December 2013, the Company signed agreements with COSCO Container Industries Limited, Broad Ride Limited and Promotor Holdings Limited, pursuant to which to issue new H shares to them according to the General Mandate for equity financing. The issuance event is under approval. Please refer to “XIV. EXPLANATION STATEMENTS ON OTHER SIGNIFICANT EVENTS” under “CHAPTER 4 SIGNIFICANT EVENTS” in this Report for details.

### 13. Employee, training and development

As at 30 June 2014, the Group had 61,074 employees in total (same period in 2013: 58,243). The total staff cost during the Reporting Period, including Directors’ remuneration, contribution to the retirement benefit schemes and share option schemes, amounted to approximately RMB2,606.387 million (same period in 2013: RMB2,308.870 million), representing approximately 8.13% of the Group’s revenue (same period in 2013: 8.08%).

The Group provides salary and bonus payment to its employees based on their performance,



qualification, experience and market conditions. The share option scheme aims to recognize the previous contribution of Directors and core employees to the Group and reward them for their long-term service. Other benefits include contribution to the governmental pension schemes and insurance plans for employees in mainland China. The Group regularly reviews its remuneration policies, including Directors’ remuneration payable, and strives to formulate an improved incentive and assessment mechanism based on the operating results of the Group and market conditions.



## CHAPTER 3 REPORT OF THE BOARD

### 14. Events after the balance sheet date

The Company disclosed various announcements in the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 6 February 2013, 2 May 2013 and 29 July 2013 respectively and in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 7 February 2013, 3 May 2013 and 30 July 2013 respectively, in relation to CIMC Hong Kong signed a sale and purchase agreement with Pteris, according to which CIMC Hong Kong agreed to dispose its entire interests in Techman (Hong Kong) Limited ("Techman (HK)", a company incorporated in Hong Kong with limited company and a wholly-owned subsidiary of CIMC Hong Kong) to Pteris, so as to inject Techman (HK)'s 70.00% equity interest in CIMC Tianda into Pteris, and as consideration, Pteris agreed to issue new shares to CIMC Hong Kong (or its nominee).

As all conditions under the sale and purchase agreement have been satisfied, the sale and purchase agreement has been completed on 19 August 2014. Since then, the Company's equity interest in Pteris increased to 51.32%. Therefore, Pteris has become the indirectly non-wholly owned subsidiary of the Company, while CIMC Tianda is still the subsidiary of the Company. For details, please refer to the announcement dated 20 August 2014 published by the Company on the website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)), and the announcement ([CIMC] 2014-034) dated 21 August 2014 disclosed in China Securities Journal, Shanghai Securities News, Securities Times, CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the website of the Company ([www.cimc.com](http://www.cimc.com)).

### V. PROSPECTS AND INITIATIVES

#### 1. Industry Development Trend and Market Outlook in the Second Half of 2014

Looking ahead, the global economy will be in slow recovery and slow growth in the second half of the year. However, there still exist many uncertainties, including U.S.'s withdrawal of quantitative easing ("QE") monetary policy and fluctuations of emerging markets and countries, so international economic situation will stay complicated. The International Monetary Fund (IMF) expected a 2.90% growth of global economy in 2014. Wherein, the U.S. economy will continue a moderate recovery trend and is expected to grow by 2.70%. Euro zones are expected to bottom up and regain slight recovery, with growth rate estimating at 0.90%. Due to recession in mining investments and currency appreciation, the Australian economy will continue the downward trend, and is expected to have a growth of 2.00%-3.00%. Meanwhile, the exit of QE monetary policy of the Federal Reserve will not only affect U.S. economy, but also impose enormous pressure on global capital costs and liquidity and even emerging markets and economies.

In respect of container business, ALPHALINER estimates that around 1.46 million TEUs of new ships will be launched in the entire year of 2014. Even taking the ship scrapping factor into consideration, the shipping industry will still be in overcapacity and hence in low steaming. However, the authoritative institutions increased the estimates for growth in global container trade for 2014 (compared with 2013) due to the stable recovery of European, U.S. and other developed economies, so the demand for containers in the shipping industry will rise accordingly. Meanwhile, container inventory of the industry has returned to a normal level in relative to 2013. Hence, it is expected that demand for dry cargo containers, reefer containers and special containers will pick up in the second half of the year.

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In May 2014, the United States Department of Commerce announced to initiate an anti-dumping and countervailing investigation against 53 ft. dry cargo containers imported from China. The United States International Trade Commission made a preliminary ruling in June 2014 that there were reasonable signs indicating that 53 ft. dry cargo containers imported from China to the United States had caused material hindrance or substantial damage to the establishment of an industry inside United States. As a result, the anti-dumping and countervailing investigation will be continued. It is expected that (on condition that the requirements of United States laws are fully extended, but in actual situation, the official announcements published by the United States Department of Commerce, the United States International Trade Commission and the United States Customs shall be prevail): (1) as to countervailing duty: the United States Department of Commerce will announce its final countervailing ruling before 8 December 2014; the United States International Trade Commission will announce its final industry injury ruling before 23 January 2015; the United States Customs will promulgate its duty order before 30 January 2015; (2) as to Anti-dumping duty, the United States Department of Commerce will announce its final anti-dumping ruling before 8 April 2015; the United States International Trade Commission will announce its final industry injury ruling before 23 May 2015; the United States Customs will promulgate its duty order before 30 May 2015. As revenue from 53 ft. dry cargo containers only takes up a small proportion in the Group's total revenue, the above investigation will not have a significant impact on the Group's business operations and financial conditions. The Group will continue to closely monitor the progress of the investigation.

**In respect of road transportation vehicle business**, as the U.S. economy is expected to continue to recover in the second half of 2014, the demand for major products will maintain stable, and the demand for flatbed vehicles should rebound from a prolonged recession. Emerging markets are expected to witness relatively stable demand for special vehicles, given the absence of new stimulus

packages. China's macro-economy has been running smoothly, the Chinese government will focus on interval regulation and directed regulation for the economy and the expected annual GDP growth ratio is no less than 7.50%. The country will also gradually enforce the upgrading from National III Standard to National IV Standard for emission from diesel vehicles and gradual shift "from yellow sticker to green sticker" in relation to emission standard, to upgrade its environmental protection measures. Coupled with construction projects that will be kicked off intensively in the second half of the year, the market will develop in a favorable trend in the second half. Meanwhile, six ministries will enhance efforts for the inspection of potential hazards of motor vehicles, and will introduce relevant policies to regulate oversize and overload vehicles on road in a stringent manner, which would promote lighter vehicles. This constitutes good news for large- and medium-sized special vehicle enterprises that have been operating in compliance with laws and regulations. On the other hand, the low threshold and overcapacity of the special vehicle industry will lead to intensified market competition, and stricter government control may lead to a new wave of reshuffle in the special vehicle industry.

**In respect of energy, chemical and liquid food equipment business**, in the first half of 2014, the natural gas consumption in China was approximately 88.7 billion cubic meters, representing an increase of 8.90% compared with the same period last year. During the Reporting Period, the natural gas imports in China increased by 14.40% to 28.3 billion cubic meters, among which the LNG imports increased by 13.90%. According to the forecast by the International Energy Agency, the overall natural gas demand in China in 2019 will be 315 billion cubic meters, almost double than that of 2013. According to the forecast by Chinese government, the national natural gas consumption in 2020 will reach 420 billion cubic meters, the prospects is bright for energy equipment market. The global outlook for liquid food industry remains positive, especially in developing countries.

## CHAPTER 3 REPORT OF THE BOARD

In respect of offshore engineering business, the increase in new orders for jack-up drilling platforms slowed down due to large number of speculation orders in the past few years. As some oil companies have delayed the development of certain deep-water projects, demands for deep-water platforms have not yet been fully tapped. Major oil service companies plan to strip their obsolete platforms, so the replacement and evolution of obsolete platforms will be accelerated. Meanwhile, the decline in international demand will intensify competition, so mature, cost-effective products will be more favored by the market. Mainstream customers start to focus on China's offshore engineering construction capacities, and offshore engineering enterprises with good track records will win over mainstream customers in preference; newcomers of the industry, as their first platforms are yet to be tested, are hard to grab new orders. Domestic customers will start to gain momentum in the second half, and more and more offshore engineering orders will rise in China. It is expected that in the second half of the year, the industry-financing integration will become closer in the offshore engineering sector, a large number of Chinese financing leasing companies will enter into the offshore engineering industry in large number while industry groups will establish their own financing leasing companies. This will boost the sales of projects under construction and spawn a number of new orders. Moreover, since the government supports the integration, investment and construction of cluster regions in the industry, backbone enterprises will gain more opportunities.

### 2. MAJOR RISK FACTORS OF THE GROUP

In the second half of 2014, the Group will still face up with the following macroeconomic and policy risks against its business environment:

- (1) low-growth recovery cycle in global economic, declining in China's external demand and slowdown in export growth. The drivers of market demand in some domestic industries depend on the policy guidance with unstable sustainability. The operating pressure in overseas markets is increasing.
- (2) risks in RMB exchange rate fluctuation as a result of various change factors and great volatility in global financial market;
- (3) numerous pressures on the Group's business development and operations such as the mid-to-long term challenges including the forthcoming structural adjustment for China's economy, the decreasing demographic dividend and the requirements on low carbon, environmental protection, energy conservation and emission reduction; human resource costs continue to rise sharply and various resource costs of fuel, land, warehouse and distribution facilities are also rising constantly, further squeezing profit margins of the substantial economy. Market competition pressure in some industries is increasing; and
- (4) the investment risks in offshore engineering equipment business which is a sector requiring tremendous investment and a long payback period. There is a certain gap in competition between the Group and leading offshore engineering enterprises in South Korea, Singapore and other countries. As the entry of more domestic traditional shipbuilders and capitals, the industry competition is intensifying. The Group's offshore engineering business, given its limited resources and capacity, is faced up with the challenge to maintain the leadership in the industry, as well as the challenges against its centralized procurement, order management and delivery on schedule and within budget from the parallel design and construction of multiple projects.

### 3. Overall Operation Targets for our Business Development and Initiatives in the Second Half of 2014

Adapting to the global economic restructuring in the second half of 2014, the Group will continue to deepen its industrial restructuring and strategic upgrades, carry out systematic upgrades in terms of development strategy, business model, organizational culture, operational management and other areas, and continue to implement layering

## CHAPTER 3 REPORT OF THE BOARD

management and precision management so as to establish an “accumulative continuous improvement mechanism”, laying a new foundation for the sustainable and healthy development of the Group.

**In respect of container business**, we will tighten cost management, accelerate asset turnover, and improve operational efficiency by tapping potentials within the Group. Meanwhile, we will develop new products and explore new customers, and, aiming at satisfying customer demands and creating values for customers, constantly strengthen efforts in market expansion of modularized construction products and certain special container products, both domestically and internationally. For dual investigation initiated by the United States, the Group has consulted professional legal advice and taken necessary measures to cope with in order to safeguard the lawful interests of the Group and all its shareholders.

**In respect of road transportation vehicle business**, we will improve our management based on market demands and changes. We will further enhance the market share and profitability of our mainstream products in mainstream markets, and will continue to promote and improve business layout in emerging markets, to maintain the growth momentum. Also, we will fully unfold the modular R&D and design work of domestic third-generation semi-trailers, and strive to build prototypes for flatbed trucks in U.S. market prior to the end of the year. Otherwise, we will increase investments in our advanced parts manufacturing centers and CIMC Vehicle Industry Garden in Guangdong.

**In respect of the energy, chemical and liquid food equipment business**, as for energy equipment business, the Group will continue to expand its core business, enhance its core competitive advantages, and further consolidate the leading market position as an equipment manufacturer. Otherwise, the equipment manufacturer will actively explore new revenue sources to maintain steady growth. As for chemical equipment business, the Group will strive to maintain the leading position of its tank container manufacturing business through improvements in production cost control, quality and profitability. In addition, the Group will devote more resources to develop special tank containers, and implement a proactive marketing strategy.

As for liquid food equipment business, the Group will continue to adopt development strategies to expand its customer base. We will continue to consolidate and enhance our competitiveness in the manufacture of equipment and vigorously develop engineering services at the same time, to realize the development model of “key equipment + engineering service”.

**In respect of offshore engineering business**, we will 1) strengthen the “strong project-based” management model to ensure the completion of each milestone as expected, and improve the Group’s management, design and construction capacity of drilling projects to ensure the delivery of significant projects on time; 2) further develop mature products and strictly control the proportion and risks of first trial projects and self-built projects, resolutely carry out the strategy of “centering upon relatively stable markets” and focus on businesses in the North Sea market in Europe; 3) push forward lean construction products of our principal businesses and set clear objectives to the tender projects, so as to improve quality and gross margin of orders; 4) continue to build and promote the plan management system and improve the level of project budget management; 5) improve design quality, promote design stereotypes and reduce design changes; 6) continue to improve the management of supply chains, enhance our capability to enact procurement plans for key equipment, cultivate and optimize the long-term agreement system at a faster pace, and improve the quality of supplied materials and auxiliary parts as well as the timeliness of supply.

## CHAPTER 4 SIGNIFICANT EVENTS

### I. CORPORATE GOVERNANCE

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

In the first half of 2014, the Group continued to realize the full coverage and upgrading of its internal control system, and formulated the annual internal control targets for 2014 based on the progress of the newly merged and acquired enterprises in 2013. Each business unit has formulated their respective monthly plans under the guidance of the Group Headquarters, and these plans are being implemented. The Group also furthered the four key internal control tasks of training and development system for internal controls personnel, compilation of a hierarchically and functionally defined internal control manual, internal controls compliance program and risk management. It actively participated in external exchange activities, including "Shenzhen Internal Controls Exchange Seminar for Listed Companies", "Internal Control Special Training", etc., and initiatively organized internal control experts from various sectors to have onsite exchanges at the Group's Xinhui base.

#### 1. The Company has complied with the principal and code provisions under the Corporate Governance Code during the Reporting Period

The Board is committed to raising the standard of corporate governance within the Group at all times and believes that good corporate governance helps the Group to safeguard the interests of the Shareholders and improve its performance.

The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules during the Reporting Period, except for slightly deviation from Article A.1.1, A.6.7 and A.2.7 of code provisions. Deviations from relevant code provisions as set out in 2013 Annual Report of the Company have been partly improved. Deviations and their improvements have been disclosed in relevant paragraphs below.

##### (1) The Board and its operation

During the Reporting Period, 13 meetings of the Board were held by the Seventh Session of the Board of which 1 meetings were held on-site, 12 meetings were held in a way of written review resolutions, with 38 resolutions were reviewed. 14 meetings were held by each special Board committee, with 18 letters of opinions from Board committees were passed.

##### (2) The operation of the Supervisory Committee

During the Reporting Period, 2 meetings of the Seventh Session of the Supervisory Committee of the Company were held with 5 resolutions reviewed and 1 events considered. The Supervisors were in attendance at 1 on-site meetings of the Board, and attended 2 shareholders' general meetings of the Company.



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### (3) The shareholders' general meeting

During the Reporting Period, 2 shareholders' general meetings were held by the Company, including the First Extraordinary General Meeting of 2014 held in Shenzhen on 7 March 2014 and the 2013 annual general meeting held in Shenzhen on 27 June 2014. The notice, convening, holding and polling procedures were in compliance with the relevant requirements of the PRC Company Law, the Articles of Association and the Hong Kong Listing Rules. The announcement on the related resolutions of the meeting was published on 7 March 2014 and 27 June 2014 on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and on 8 March 2014 and 28 June 2014 in China Securities Journal, Shanghai Securities News, Securities Times and the websites of cninfo (<http://www.cninfo.com.cn>) and the Company (<http://www.cimc.com>).

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

### (4) Updates regarding to deviations from code provisions as set out in 2013 Annual Report of the Group

- (a) Code A.1.1 requires that "The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals".

During the Reporting Period, the Company convened a total of 13 Board meetings, 1 of which was regular Board meeting and 12 were interim meetings. During the management and supervision of the Group's business operations, the Company's executive director has brought major business or management matters to the attention of the Board to convene an interim Board meeting, and relevant decisions were made in the form of written resolutions by all Directors at Board meetings. Directors are of the view that decisions relating to business needs of the Group were made fairly and effectively. In the future, the Company will continue to practice sound corporate governance conventions.

- (b) Code A.6.7 requires that "Independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders".

During the Reporting Period, the Company's executive Director Mai Boliang and independent non-executive Director Pan Chengwei attended the First Extraordinary General Meeting of 2014 held by the Company on 7 March 2014. Non-executive Directors Li Jianhong (Chairman), Wang Hong and Wu Shuxiong, as well as independent non-executive Directors Li Kejun and Wong Kwai Huen, Albert failed to attend this general meeting due to engagement in other important businesses in relevant time.

The Company's executive Director Mai Boliang, non-executive Director Wang Hong and all independent non-executive Directors attended the 2013 Annual General Meeting held by the Company on 27 June 2014. Non-executive Directors Li Jianhong (Chairman), Zhang Liang (vice Chairman) and Wu Shuxiong failed to attend this general meeting due to engagement in other important businesses in relevant time.

## CHAPTER 4 SIGNIFICANT EVENTS

- (c) Code A.2.7 requires that “The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present”.

The Company has only one executive Director and the Company’s business operation is managed and monitored by the executive Director. The Directors consider that during the Reporting Period there is no meeting which the executive Director needs to be avoided. Therefore, during the Reporting Period, the Company has not held a board meeting without the executive Director present.

- (d) Code Provision A.5.6 stipulates that “The Nomination Committee (or the Board) should have a policy concerning diversity of the board members, and should disclose the policy or a summary of the policy in the Corporate Governance Report”.

The Company has revised the working guidelines for the Nomination Committee on 25 March 2014, which clarified the policy of diversity of the board members, i.e. the selection of candidates for the board of directors will be based on a diverse range of areas, including, but not limited to, gender, age, cultural and educational background, professional experience, skills and knowledge. On top of the above conditions, qualities such as the candidate’s comprehensive value to the Company, his/her potential contribution to the Board and requirements on diversity of the Board members will be taken into account when the final decision is made. There is no deviation in the execution of this provision.

### 2. Compliance with the Model Code by Directors and Supervisors of the Company for Securities Transactions

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

### 3. The Audit Committee

The Company has appointed independent non-executive Directors and established the Audit Committee pursuant to the requirements of the Hong Kong Listing Rules. At the end of the Reporting Period, the members of the Audit Committee under the Board consisted of Mr. Pan Chengwei (Chairman of the Audit Committee under the Board with professional qualifications and experience in relation to financial management such as accounting), Mr. Li Kejun and Mr. Wong Kwai Huen, Albert. On 22 August 2014, the Audit Committee reviewed the interim financial report of the Group for the six months ended 30 June 2014, and agreed to present the same to the Board for consideration.

## CHAPTER 4 SIGNIFICANT EVENTS

### II. MATERIAL LITIGATION AND ARBITRATION EVENTS

General information of the litigation (arbitration)	Amount Involved (RMB'000)	Lead to Estimated liabilities or not	Litigation (arbitration) progress	Trial result and impact of the litigation (arbitration)	Implementation of the judgment of the litigation (arbitration)	Disclosure date	Disclosure index
The semi-submersible drilling platforms named SS Pantanal and SS Amazonia built by CIMC Raffles and its subsidiaries for subsidiaries of Schahin Group in Brazil, were delivered in November 2010 and April 2011, respectively. CIMC Raffles and its subsidiaries also provided advances for Schahin Holdings SA and its six connected parties for the construction of drilling platforms.	1,300,000	No	The semi-submersible drilling platforms named SS Pantanal and SS Amazonia built by CIMC Raffles and its subsidiaries for subsidiaries of Schahin Group in Brazil, were delivered in November 2010 and April 2011, respectively, but the sales of US\$142,300,000 did not be received; Meanwhile, CIMC Raffles also provided advances for Schahin Holdings SA and its six connected parties for the construction of drilling platforms, and the advances of US\$66,130,000 did not be received yet.	As of the date of the approval of the financial statement, the above law suit and arbitration for the sales have not come to an end yet, and the defendant has counterclaimed. Based on the current progress of the legal proceedings and the professional advice of our lawyers, the Management of the Company was in an optimistic view regarding the litigation results. In the course of the proceedings, the Company will take positive legal measures to ensure that shareholders' interests are not compromised.	Not yet settled	2013-11-05	<a href="http://www.cninfo.com.cn/finalpage/2013-11-05/63237032.PDF">http://www.cninfo.com.cn/finalpage/2013-11-05/63237032.PDF</a>
			Since Schahin Holdings SA and its six connected parties did not pay the above amount in accordance with relevant contracts, CIMC Raffles and its subsidiaries lodged a law suit and arbitration application for the sales and the advances against Schahin Holdings SA and its six connected parties in December 2011 and May 2012, respectively. As at 31 December 2013, the advances have been fully recovered.				

## CHAPTER 4 SIGNIFICANT EVENTS

General information of the litigation (arbitration)	Amount Involved (RMB'000)	Lead to Estimated liabilities or not	Litigation (arbitration) progress	Trial result and impact of the litigation (arbitration)	Implementation of the judgment of the litigation (arbitration)	Disclosure date	Disclosure index
			<p>The arbitration hearing regarding to the sales was held between March to April 2014. On 21 May 2014, the arbitration tribunal made the second preliminary ruling, ruled BDL and SDL (the connected parties of Schahin Holdings) to pay USD77,600,000 in advance to CIMC Raffles. This amount included USD67,320,000 ruled by the London High Court in December 2013 in the law suit regarding to the sales, but excluding any interest.</p> <p>As to the preliminary ruling set out above, CIMC Raffles has submitted an application to the New York Court for property preservation and enforcement. On 1 July 2014, the New York Court issued a court order, the main contents are: Schahin should set up a litigation reserve with a total amount of USD175,000,000 while making any form of restructuring, which will be used to pay the outstanding amounts due by BDL, SDL and Schahin Holdings to CIMC Raffles.</p> <p>On 6 August 2014, the arbitration tribunal made the third preliminary ruling for the law suit regarding to the sales. The major dispute resolved in the ruling was the interest receivable by CIMC Raffles in accordance with the second preliminary ruling. According to the ruling, as of 9 June 2014, the interest receivable by CIMC Raffles for the construction contract should be USD25,164,946.</p>				

## CHAPTER 4 SIGNIFICANT EVENTS

### III. MEDIA QUERIES

applicable       not applicable

### IV. BANKRUPTCY OR REORGANIZATION RELATED ISSUES

applicable       not applicable

### V. ASSET TRANSACTIONS

#### 1. Acquisition of assets

For details of the asset acquisitions of the Company during the Reporting Period, please refer to Note IV.6 and 10 to "CHAPTER 7 INTERIM FINANCIAL REPORT" in this Report.

#### 2. Disposal of assets

For details of the asset disposals of the Company during the Reporting Period, please refer to Note IV.11 to "CHAPTER 7 INTERIM FINANCIAL REPORT" in this Report.

#### 3. Corporate mergers

For details of the corporate mergers of the Group during the Reporting Period, please refer to note IV.6 to "CHAPTER 7 INTERIM FINANCIAL REPORT" in this Report.

### VI. IMPLEMENTATION AND EFFECT OF THE COMPANY'S SHARE OPTION INCENTIVE SCHEME

#### 1. Summary of Share Option Incentive Scheme

##### (1) Share Option Scheme of the Company

To establish and improve an incentive-constraint mechanism, and effectively combine the interests of the shareholders, the interests of the Company and the personal interests of individuals, our incentive scheme was considered and approved at the Extraordinary General Meeting of the Company on 17 September 2010. According to such scheme, the first tranche of 54,000,000 share options were registered on 26 January 2011 and the reservation of 6,000,000 share options (the second tranche) were registered on 17 November 2011. The first batch of share options has been exercisable since 28 September 2012. Upon the consideration and approval at the 11th meeting of the seventh Board of Directors in 2013, the first exercisable period for the first tranche of share options have met the exercise conditions and was exercisable starting from 14 January 2014. Please refer to relevant announcements released on the websites of the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company as well as relevant regular reports of the Company in recent years.

As of 30 June 2014, the amount of share options already exercised in the first exercisable period for the first tranche of share options was 2,192,550, representing 3.65% of the total amount of share options under the CIMC Share Option Scheme.

## CHAPTER 4 SIGNIFICANT EVENTS

### (2) Share option incentive scheme of the subsidiary CIMC Enric:

CIMC Enric, a subsidiary of the Company, had adopted a share option plan according to the ordinary resolution passed at its extraordinary general meeting held on 12 July 2006. The plan aimed to reward and give benefit to employees, directors and other eligible persons of CIMC Enric for their contributions to CIMC Enric. On 11 November 2009, CIMC Enric granted share options to several eligible persons according to the plan, in order to subscribe totally 43,750,000 ordinary shares with par value of HK\$0.01 per share in the share capital of CIMC Enric ("2009 Enric Share Options"). In addition, CIMC Enric granted share options to several eligible persons on 28 October 2011 according to the plan, in order to subscribe totally 38,200,000 ordinary shares with par value of HK\$0.01 per share in the share capital of CIMC Enric ("2011 Enric Share Options"). Otherwise, CIMC Enric granted share options to several eligible persons on 5 June 2014 according to the plan, in order to subscribe totally 38,420,000 ordinary shares with par value of HK\$0.01 per share in the share capital of CIMC Enric ("2014 Enric Share Options"). Please refer to relevant announcements of CIMC Enric published on the website of Hong Kong Stock Exchange, relevant announcements published on the websites of Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company as well as relevant regular reports of the Company in recent years for details.

As at 30 June 2014, a total of 3,440,000 share options of the 2009 Enric Share Options and 2,740,000 share options of the 2011 Enric Share Options were lapsed, respectively. None share option of the 2014 Enric Share Options was lapsed.

### (3) Implementation of The Equity Trust Scheme of CIMC Vehicle:

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

As at 30 June 2014, the Vehicle Equity Trust Scheme had distributed 214,115,000 share options, representing 97.15% of the total trust scheme.

## CHAPTER 4 SIGNIFICANT EVENTS

### 2. Implementation of the Share Incentive Scheme of the Company and its Influence

Scope of participants during the Reporting Period	The first tranche of 54,000,000 interests (among which 382,500 shares were cancelled) granted to 181 senior management and key technical personnel of the Company; the second tranche of 6,000,000 share options granted to 48 key technical personnel and middle-level management.
Total equity granted during the Reporting Period (share)	0
Total equity exercised during the Reporting Period (share)	2,192,550
Total equity cancelled during the Reporting Period (share)	0
Total equity lapsed during the Reporting Period (share)	0
Total equity granted but outstanding at the end of the Reporting Period on a cumulative basis (share)	57,424,950
Total equity granted and exercised at the end of the Reporting Period on a cumulative basis (share)	2,192,550
Adjustments to grant price and exercise price during the Reporting Period and latest grant price and exercise price after such adjustments	The initial exercise price for the first tranche was RMB12.39/share which was adjusted to RMB11.08/share after implementation of the dividend distribution proposals for 2010, 2011, 2012 and 2013; the initial exercise price for the second tranche was RMB17.57/share which was adjusted to RMB16.61/share after implementation of the dividend distribution proposal 2011, 2012 and 2013.

Grant and Exercise of Interest of Directors, Supervisors and Senior Management during the Reporting Period				
Name	Position	Number of granted interest during the Reporting Period (share)	Number of exercised interest during the Reporting Period (share)	Number of outstanding and exercisable interest at the end of the Reporting Period (share)
Mai Boliang	President, Executive Director	0	0	950,000
Zhao Qingsheng	Vice President	0	0	375,000
Liu Xuebin	Vice President	0	0	375,000
Wu Fapei	Vice President	0	0	250,000
Li Yinhui	Vice President	0	0	250,000
Yu Ya	Vice President	0	0	250,000
Zhang Baoqing	Vice President	0	0	250,000
Yu Yuqun	Secretary to the Board	0	0	250,000
Jin Jianlong	General Manager of Finance Department	0	0	250,000
Zeng Beihua	General Manager of Treasury Department	0	100,000	150,000

## CHAPTER 4 SIGNIFICANT EVENTS

### VII. MATERIAL CONNECTED TRANSACTIONS DISCLOSED ACCORDING TO SHENZHEN LISTING RULES

#### 1. Connected transactions in the ordinary course of business

Related parties	Relationship with the Group	Type of the connected transaction	Details of the connected transaction	Pricing principle of the connected transaction	Price of the connected transaction	Amount of the connected transaction (RMB'000)	% of the total amount of similar transactions	Settlement method of the connected transaction	Available market price of similar transactions	Disclosure date	Disclosure index
Other connected parties	Other connected parties	Purchase of goods	Purchase of goods	In compliance with the approval procedure of normal non-connected transactions	-	337,672	0.48%	-	-	-	-
Other connected parties	Other connected parties	Receiving of services	Receiving of services	In compliance with the approval procedure of normal non-connected transactions	-	217	0.29%	-	-	-	-
Other connected parties	Other connected parties	Sale of goods	Sale of goods	In compliance with the approval procedure of normal non-connected transactions	-	1,372,821	4.36%	-	-	-	-
Other connected parties	Other connected parties	Rendering of services	Rendering of services	In compliance with the approval procedure of normal non-connected transactions	-	563	0.25%	-	-	-	-
Key management personnel	Key management personnel	Payment of Remuneration for receiving services	Payment of Remuneration for receiving services	-	-	11,075	-	-	-	-	-
Total				-	-	1,722,348	-	-	-	-	-

#### 2. Connected transaction related to assets acquisition and disposal

applicable       not applicable

#### 3. Connected transaction related to joint external investment

applicable       not applicable



## CHAPTER 4 SIGNIFICANT EVENTS

### 4. Credit and debt among the connected transactions

During the Reporting Period, the non-operating credit and debt among the connected transactions of the Group are as follows:

Related parties	Relationship with the Group	Type of claims and liabilities	Reason	Any appropriation of funds for non-operating purposes	Opening balance (RMB'000)	Amount incurred during Reporting Period (RMB'000)	Closing balance (RMB'000)
Gasfin Investment S.A	Minority shareholder of subsidiaries	Due to related party	Proportionate shareholder loan	No	42,928	869	43,797
Eighty Eight Dragons Limited	Minority shareholder of subsidiaries	Due to related party	Proportionate shareholder loan	No	164,634	226	164,860
Quercus Limited	Minority shareholder of subsidiaries	Due to related party	Proportionate shareholder loan	No	48,488	67	48,555
Shiny Labumum Limited	Minority shareholder of subsidiaries	Due to related party	Proportionate shareholder loan	No	293	2	295
Shanghai Fengyang Real Estate Development Co., Ltd	Associate of the Group	Due from related party	Proportionate shareholder loan	No	34,204	0	34,204
New Atlantic Timber (HK) Ltd.	Associate of the Group	Due from related party	Proportionate shareholder loan	No	3,833	37	3,870
Marine Subsea & Consafe	Associate of the Group	Due from related party	Shareholder loan	No	278,911	2,531	281,442
C&C Truck Co. Ltd.	Associate of the Group	Due from related party	Shareholder loan	No	632,732	(61,554)	571,178
Nantong New Atlantic Forest Industry Ltd.	Associate of the Group	Due from related party	Proportionate shareholder loan	No	39,434	4,566	44,000
Guangzhou KYH Metal Co., Ltd.	Associate of the Group	Due from related party	Proportionate shareholder loan	No	9,997	(7,997)	2,000
Pteris Global Ltd	Associate of the Group	Due from related party	Proportionate shareholder loan	No	5,785	129	5,914
Frigstad Deepwater Holding	Associate of the Group	Due from related party	Proportionate shareholder loan	No	155,901	1,413	157,314

### 5. Other material connected transactions

applicable       not applicable

## CHAPTER 4 SIGNIFICANT EVENTS

### VIII. OCCUPATION OF THE LISTED COMPANY'S NON-OPERATING CAPITAL BY THE CONTROLLING SHAREHOLDERS AND ITS CONNECTED PARTIES

applicable       not applicable

### IX. MATERIAL CONTRACTS AND THEIR PERFORMANCE

#### 1. Trusteeship, Sub-contracting or Leasing

There was no trusteeship, sub-contracting or leasing other company assets making a profit accounting for a profit at 10% or more of total profit of the Company in the current period during the Reporting Period.

#### 2. Guarantees

Unit: RMB thousand

Name of the guaranteed	External guarantees undertaken by the Company (excluding guarantees for subsidiaries)							
	date of the announcement about guarantee amount	Guarantee amount	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guaranteed or not (Yes or No)
Customers and distributors of subsidiaries of CIMC Vehicle	13 May 2014	2,100,000	1 January 2014	755,907	Suretyship	1-2 years	No	No
Guarantee provided by a subsidiary to another subsidiary	13 May 2014	16,464,810	1 January 2014	7,386,870	Suretyship	1-2 years	No	No
Total external guarantee amount approved during the Reporting Period (A1)			464,810	Total actual amount of external guarantee during the Reporting Period (A2)				3,260,530
Total external guarantee amount approved at the end of the Reporting Period (A3)			18,564,810	Total actual external guarantee balance at the end of Reporting Period (A4)				8,142,777

## CHAPTER 4 SIGNIFICANT EVENTS

Name of the guaranteed	Disclosure date of the announcement about guarantee amount	The Company's guarantees for subsidiaries						Related party guaranteed or not (Yes or No)
		Guarantee amount	Actual implementation date (date of the agreement)	Actual amount of guarantee	Type of the guarantee	Guarantee period	Fulfilled or not	
Subsidiaries of CIMC	13 May 2014	18,136,040	1 January 2014	10,035,040	Suretyship	1-2 years	No	No
CIMC Hong Kong	13 May 2014	1,730,480	1 December 2011	1,730,480	Suretyship	3 years	No	No
Total guarantee amount for subsidiaries approved during the Reporting Period (B1)			6,456,520	Total actual guarantee amount for subsidiaries during the Reporting Period (B2)				4,515,520
Total guarantee amount for subsidiaries approved at the end of the Reporting Period (B3)			19,866,520	Total actual guarantee balance for subsidiaries at the end of the Reporting Period (B4)				11,765,520
Total guarantee of the Company (total of the above two items)								
Total guarantee amount approved during the Reporting Period (A1+B1)			6,921,330	Total actual guarantee amount during the Reporting Period (A2+B2)				7,776,050
Total guarantee amount approved at the end of Reporting Period (A3+B3)			38,431,330	Total actual guarantee balance at the end of the Reporting Period (A4+B4)				19,908,300
% of total actual guarantee amount (A4+B4) in net assets of the Company								95.00%
In which:								
Guarantee amount provided to shareholders, actual controllers and related parties (C)								0
Debt guarantee amount provided directly or indirectly to the guaranteed which gearing ratio is over 70% (D)								10,253,850
Amount of those guarantee which amount exceeds 50% of net assets of the Company (E)								9,428,460
Total amount of the above three guarantees (C + D + E)								19,682,310

## Irregularly external guarantees

applicable       not applicable

## CHAPTER 4 SIGNIFICANT EVENTS

### 3. Other material contracts

Name of the contracting party	Name of the counterparty	Date of the contract	Pricing principle	Price of the transaction (RMB'000)	Connect transactions or not	Implementation by the end of the Reporting Period
CIMC Containers Holding Co., Ltd.	People's Government in Fenggang Town, Dongguan	16 March 2014	Negotiation	7,000,000	No	In progress
CIMC Containers Holding Co., Ltd.	Management Committee of Ningbo Yinzhou Economic Development Zone	8 June 2014	Negotiation	3,000,000	No	In progress

On 16 March 2014, CIMC Containers Holding Co., Ltd., a wholly-owned subsidiary of the China International Marine Containers (Group) Co., Ltd., entered into the "CIMC-Fenggang Logistics Equipment Manufacture Project" (temporarily entitled) investment agreement with People's Government of Fenggang Town of Dongguan City. For relevant information, please refer to the announcement (Notice No.: [CIMC] 2014-007) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 17 March 2014, and the announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

On 8 June 2014, CIMC Containers Holding Co., Ltd., a wholly-owned subsidiary of the China International Marine Containers (Group) Co., Ltd., entered into the CIMC-Yinzhou Logistics Equipment Manufacture Project investment agreement with the Management Committee of Yinzhou Economic Development Zone, Ningbo City. For relevant information, please refer to the announcement (Notice No.: [CIMC] 2014-021) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 9 June 2014, and the announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

During the Reporting Period, the Group had no other material contracts.

### 4. Other material transactions

applicable       not applicable

## CHAPTER 4 SIGNIFICANT EVENTS

### X. COMMITMENTS MADE BY THE COMPANY OR SHAREHOLDERS INTERESTED IN 5% OR MORE OF THE SHARES IN THE COMPANY OCCURRED DURING OR BEFORE THE REPORTING PERIOD BUT CONTINUED DURING THE REPORTING PERIOD

Commitment	Promisor	Contents of commitment	Date of commitment	Commitment period	Implementation
Other commitments made to the shareholders of the Company	The Company	In accordance with the relevant regulations, domestic residents are not eligible to purchase foreign stocks directly, so after the implementation of the plan, domestic residents can only hold or sell its H Shares of the Company which they legally possess due to the change of listing location of shares of the Company, they are not eligible to subscribe the shares of the Company and other H shares or other overseas stocks, and also after the sales of H shares of the Company, the sales income must be timely transferred to the mainland. The Company promises domestic residents that before they are free to purchase overseas stocks, the Company will not finance by the means of allotment	15 August 2012	Before domestic residents are free to buy overseas stocks	During the course of performance
Other commitments made to the shareholders of the Company	The Company	Shareholders' Bonus Return Plan (2012 to 2014)	19 July 2012	2012 to 2014	During the course of performance
The commitment is fulfilled in a timely manner or not	Yes				

## CHAPTER 4 SIGNIFICANT EVENTS

### XI. ENGAGEMENT AND DISENGAGEMENT OF ACCOUNTANT FIRM

Whether the Interim Financial Report has been audited or not

Yes       No

During the Reporting Period, the Company had not experienced any engagement or disengagement of Firm of Accountants.

### XII. PENALTIES AND REMEDIES

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

### XIII. RISK WARNING OF ILLEGALLY AND IRREGULARLY DELISTING

During the Reporting Period, the Company had no risk relating to illegally and irregularly delisting.

### XIV. EXPLANATION STATEMENTS ON OTHER SIGNIFICANT EVENTS

On 25 December 2013, the Company made the Announcement on the Preliminary Plan for the Issue of New H Shares (Notice No.: [CIMC] 2013-056) on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com), regarding, among others 1) connected transaction-issue of new H Shares to a connected person under the General Mandate; and 2) issue of new H Shares under the General Mandate (the "Issuance"). On 8 March 2014, the Company made the Announcement on Poll Results of the First Extraordinary General Meeting of 2014 (Notice No.: [CIMC] 2014-005), regarding, among others, poll results of the first EGM of 2014. On 24 June 2014, the Company released the Announcement on Amendments to the Subscription Agreements in Relation to the Issue of New H Shares (Notice No.: [CIMC] 2014-023), regarding, among others, the amendments to the Subscription Agreements in relation to the issue of new H Shares. The Company submitted application materials for the issue of H Shares through private placement on 9 May 2014 to the China Securities Regulatory Commission (CSRC), which sent us a reply notice, acknowledging its acceptance of our application on 3 June 2014. On 11 June 2014, the Company received the Notice for the On-time Feedback of Opinions (No. 140464), asking us to provide reply for corresponding feedback opinions. The Company has submitted our reply on 24 July 2014, so the matter is still pending the review and approval of CSRC.

## CHAPTER 4 SIGNIFICANT EVENTS

### XV. SOCIAL RESPONSIBILITY

During the Reporting Period, the Group achieved good operating results despite complicated and ever changing economic environment. The Group maintained healthy development, created values for shareholders, and made contributions to the growth of local economy, employment, and development of the community. Pursuant to its as-is, the Group also incorporated CSR concepts into daily operations and development strategies. While footing in existing industrial sectors, the Group furthered industrial restructuring and upgrading, accelerated the development of strategic emerging industries, speeded up the innovative development of manufacturing technologies and the upgrading of internal backward capacities, enhanced the level of equipment manufacturing, level of automation and level of information technologies, and improved productivity per capita. The Group further promoted the ONE system construction, to permeate the philosophy of “problem is wealth” into the heart of each and every employee. It constantly elevated the level of refined management and continuous improvement, and actively rectified environmental, resource and other bottleneck problems restricting the development of the industry by way of new industrialization solutions. Meanwhile, the Group unswervingly implemented the “people-oriented and common development” cultural concept, paid great attention to talent cultivation and employee development, and created a sound environment for the growth of all types of employees, so as to safeguard the vital interests of employees. The Group increased inputs in the R&D of new products, and constantly made innovations for business models, technologies, management mechanisms, and working methods. Also, the Group extended its range of services and provided customers with professional industrial solutions, to enhance its industrial competitiveness.

In the future, the Group will continue to implement its CSR vision and strategy and further improve its CSR management level and fulfillment level under the guidance of Scientific Outlook on Development. The Group will adhere to the harmonious and sustainable development of economy, society and environment and strive to build the Group into a resource-saving and environmental friendly group enterprise with good economic, environmental, and social benefits.

## CHAPTER 4 SIGNIFICANT EVENTS

### XVI.REGISTRATION FORM FOR RECEPTION OF THE SURVEY, COMMUNICATION, INTERVIEW AND OTHER ACTIVITIES DURING THE REPORTING PERIOD

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main topics of discussion and information provided
7 January 2014	Company	Field research	Organization	Caitong Securities, China AMC	Business structure, recent industrial developments, main business situations, investment progress of the Company, results in 2013, as well as industry outlook in 2014
8 January 2014	Yantai	Field research	Organization	China AMC, GF Securities, Greenwoods Asset	Recent situation of marine engineering business and principal business, investment progress, as well as industry outlook in 2014
9 January 2014	Company	Field research	Organization	Xin Chao Capital	Business structure, recent industrial developments, main business situations, investment progress of the Company, results in 2013, as well as industry outlook in 2014
15 January 2014	Company	Field research	Organization	Shenyin Wanguo Securities	Same as above
15 January 2014	Company	Contact by phone	Organization	Oriental Patron Financial Group	Same as above
17 January 2014	Company	Field research	Organization	Mathews Fund	Same as above
21 January 2014	Company	Field research	Organization	Pingan Securities	Same as above
22 January 2014	Company	Field research	Organization	Rising Securities	Same as above
22 January 2014	Company	Field research	Organization	Credit Suisse	Same as above
12 February 2014	Company	Field research	Organization	CICC	Same as above
19 February 2014	Company	Field research	Organization	Robeco, UG Investment Advisors, Keywise Capital, Goldman Sachs AM, Harvest Fund Management, Eastspring Investments, APG Asset Management Asia	Same as above
20 February 2014	Company	Field research	Organization	First State Investments, J.P.Morgan Chase	Same as above
21 February 2014	Company	Field research	Organization	Galaxy Securities	Same as above
25 February 2014	Company	Field research	Organization	China Merchants Securities, Moneta, South Fund, Bosera Funds, Penghua Fund, UBS SDIC, Dacheng Fund	Same as above
26 March 2014	Hong Kong	Others	Organization	Securities Analyst and Fund Manager	Results conference of the 2013 Annual report



## CHAPTER 4 SIGNIFICANT EVENTS

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Main topics of discussion and information provided
9 April 2014	Company	Field research	Organization	Daiwa Securities	Business structure, recent industrial developments, main business situations, investment progress of the Company, results in the first half of 2014, industry outlook in the second half of 2014
16 April 2014	Company	Field research	Organization	UBS Securities	Same as above
22 April 2014	Company	Field research	Organization	Founder Securities	Same as above
29 April 2014	Jinan	Field research	Organization	Standard Chartered Bank, HSBC Asset Management, Happy Dragon Asset Management (開心龍資產管理)	Recent development of vehicle business and principal business, investment progress, industry outlook in 2014
30 April 2014	Yantai	Field research	Organization	Standard Chartered Bank, HSBC Asset Management, Happy Dragon Asset Management (開心龍資產管理)	Recent development of marine engineering business and principal business, investment progress, industry outlook in 2014
13 May 2014	Company	Field research	Organization	Galaxy Securities	Business structure, recent industrial developments, main business situations, investment progress of the Company, results in the first half of 2014, industry outlook in the second half of 2014
19 May 2014	Company	Field research	Organization	Morgan Stanley	Same as above
22 May 2014	Company	Field research	Organization	China AMC	Same as above
5 June 2014	Yantai	Field research	Organization	GF Securities	Recent development of marine engineering business and principal business, investment progress, industry outlook in 2014
25 June 2014	Company	Contact by phone	Organization	CLSA	Business structure, recent industrial developments, main business situations, investment progress of the Company, results in the first half of 2014, industry outlook in the second half of 2014
26 June 2014	Zhang Jiagang	Field research	Organization	CICC Company	Recent development of energy and chemical business and principal business, investment progress, industry outlook in 2014
27 June 2014	Langfang	Field research	Organization	CICC Company	Same as above

## CHAPTER 5 CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

## I. CHANGES IN SHARE CAPITAL OF THE COMPANY

Unit: Shares

	Opening Balance (As at 31 December 2013)		New Issue	Increase/decrease (+/-)				Closing Balance (As at 30 June 2014)	
	Numbers of shares	Percentage		Bonus Issue	Transfer from capital reserves	Others	Sub-total	Numbers of shares	Percentage
I. Shares with selling restrictions	700,828	0.03%	75,000	-	-	-329,802	-254,802	446,026	0.02%
1. State-owned shares	0	0.00%	-	-	-	-	-	0	0.00%
2. Shares held by state-owned companies	0	0.00%	-	-	-	-	-	0	0.00%
3. Shares held by other									
domestic investors	700,828	0.03%	75,000	-	-	-329,802	-254,802	446,026	0.02%
Of which: Shares held by									
domestic legal persons	0	0.00%	-	-	-	-	-	0	0.00%
Shares held by domestic									
natural persons	700,828	0.03%	75,000	-	-	-329,802	-254,802	446,026	0.02%
4. Shares held by foreign investors	0	0.00%	-	-	-	-	-	0	0.00%
Of which: Shares held by									
foreign legal persons	0	0.00%	-	-	-	-	-	0	0.00%
Shares held by foreign									
natural persons	0	0.00%	-	-	-	-	-	0	0.00%
II. Shares without selling restrictions	2,661,695,223	99.97%	2,117,550	-	-	329,802	2,447,352	2,664,142,575	99.98%
1. RMB-denominated ordinary shares	1,231,214,714	46.24%	2,117,550			329,802	2,447,352	1,233,662,066	46.30%
2. Shares traded in non-RMB currencies and listed domestically	0	0.00%	-	-	-	-	-	0	0.00%
3. Shares traded in non-RMB currencies and listed overseas	1,430,480,509	53.73%	-	-	-	-	-	1,430,480,509	53.68%
4. Others	0	0.00%	-	-	-	-	-	0	0.00%
III. Total number of Shares	2,662,396,051	100.00%	2,192,550	-	-	0	2,192,550	2,664,588,601	100.00%

Reasons for changes in shares:

- Mr. Li Ruiting has resigned the Supervisor of the Company more than six months, his shares subject to selling restriction has been traded freely;
- Ms. Zeng Beihua, the senior management of the Company, has exercised 100,000 share options in January 2014, among which 75% (ie. 75,000 shares) were locked as shares with selling restriction;
- The first batch of the Share Option Incentive Scheme has been exercisable, totaling 2,192,550 shares options (including the share options exercised by Ms. Zeng Beihua) were exercised during the Reporting Period.

## CHAPTER 5 CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

Approval for changes in shares capital of the Company

applicable  not applicable

Transfer for changes in shares capital of the Company

applicable  not applicable

Effects of changes in shares capital of the Company on the basic EPS (earnings per share) of the last year or the latest issue or diluted EPS, or the net assets per share attributable to ordinary shareholders of the Company and other financial indicators

	Item	Pre-movement in shares (RMB/share)	Post-movement in shares (RMB/share)
2013	Basic earnings per share	0.82	0.82
	Diluted earnings per share	0.81	0.81
	Net assets per share attribute to shareholders of ordinary shares of the Company	7.77	7.76
First quarter of 2014	Basic earnings per share	0.0480	0.0480
	Diluted earnings per share	0.0478	0.0478
	Net assets per share attribute to shareholders of ordinary shares of the Company	7.83	7.83

Other matters deemed necessary to disclose by the Company or required to be disclosed by the securities regulatory authority

applicable  not applicable

Changes in the total number of shares and shareholder structure of the Company, and changes in asset and liability structure of the Company

applicable  not applicable

## CHAPTER 5 CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

### II. NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF THE COMPANY

The total number of shareholders of the Company as at the end of the Reporting Period was 127,436, including 5 holders of H shares, 127,431 holders of A shares, of which 127,434 were holders of shares without selling restrictions while 2 were holders of shares with selling restrictions.

Unit: Shares

Name of Shareholders	Nature of shareholders	Percentage of Shareholding	Total number of preferred shareholders whose voting rights were restored at the end of the Reporting Period (if any)		Number of shares held at the end of the Reporting Period	Changes during the Reporting Period	Number of shares with selling restrictions	Number of shares without selling restrictions	Pledged or frozen shares Status	Number of Shares
			127,436	0						
Shareholdings of the shareholders interested in 5% or more of the shares of the Company or the top ten shareholders										
Number of shares held at the end of the Reporting Period										
HKSCC Nominees Limited	Foreign legal person	53.68%	1,430,470,309	–	–	–	1,430,470,309	–	–	0
COSCO Container Industries Limited	Foreign legal person	16.22%	432,171,843	–	–	–	432,171,843	–	–	0
China Merchants Bank Co., Ltd. – Everbright Pramerica Securities Investment Fund	Domestic non-state-owned	1.28%	33,999,999	–	–	–	33,999,999	–	–	0
Taikang Life Insurance Co., Ltd. – Bonus – Individual Bonus – 019L – FH002 Shenzhen	Domestic non-state-owned	0.82%	21,794,615	–	–	–	21,794,615	–	–	0
China Minsheng Banking Co., Ltd. – Yinhua SZSE 100 Index Classified Securities Investment Fund	Domestic non-state-owned	0.36%	9,621,839	–	–	–	9,621,839	–	–	0
Industrial Bank Co., Ltd. – Everbright Pramerica Bonus Securities Investment Fund	Domestic non-state-owned	0.29%	7,599,191	–	–	–	7,599,191	–	–	0
Industrial and Commercial Bank of China – Rong Tong SZSE 100 Index Securities Investment Fund	Domestic non-state-owned	0.25%	6,647,596	–	–	–	6,647,596	–	–	0
Agriculture Bank of China – Huaxia Smooth growth mixed Securities Investment Fund	Domestic non-state-owned	0.23%	6,222,577	–	–	–	6,222,577	–	–	0
Bank of China – E Fund SZSE 100 Index Tradable Open-Ended ETF Securities Investment Fund	Domestic non-state-owned	0.23%	6,083,461	–	–	–	6,083,461	–	–	0
Industrial and Commercial Bank of China – Lion Equity Securities Investment Fund	Domestic non-state-owned	0.19%	5,073,797	–	–	–	5,073,797	–	–	0
The relationship or concerted action of the above mentioned shareholders	None									

## CHAPTER 5 CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

Unit: Shares

Name of Shareholders	Shareholdings of top ten shareholders of shares without selling restrictions		Nature of the shares	
	Number of shares without selling restrictions held at the end of Reporting Period		Nature of the shares	Number of Shares
HKSCC Nominees Limited	1,430,470,309		Foreign shares listed overseas	1,430,470,309
COSCO Container Industries Limited	432,171,843		RMB-denominated ordinary shares	432,171,843
China Merchants Bank Co., Ltd. – Everbright Pramerica Securities Investment Fund	33,999,999		RMB-denominated ordinary shares	33,999,999
Taikang Life Insurance Co., Ltd. – Bonus – Individual Bonus – 019L-FH002 Shenzhen	21,794,615		RMB-denominated ordinary shares	21,794,615
China Minsheng Banking Corp., Ltd. – Yinhua SZSE 100 Index Classified Securities Investment Fund	9,621,839		RMB-denominated ordinary shares	9,621,839
Industrial Bank Co., Ltd. – Everbright Pramerica Bonus Securities Investment Fund	7,599,191		RMB-denominated ordinary shares	7,599,191
Industrial and Commercial Bank of China – Rong Tong SZSE 100 Index Securities Investment Fund	6,647,596		RMB-denominated ordinary shares	6,647,596
Agriculture Bank of China – Huaxia Smooth growth mixed Securities Investment Fund	6,222,577		RMB-denominated ordinary shares	6,222,577
Bank of China – E Fund SZSE 100 Index Tradable Open-Ended ETF Securities Investment Fund	6,083,461		RMB-denominated ordinary shares	6,083,461
Industrial and Commercial Bank of China – Lion Equity Securities Investment Fund	5,073,797		RMB-denominated ordinary shares	5,073,797
The relationship or concerted action between the top 10 shareholders with selling restrictions, or the top 10 shareholders without selling restrictions and the top 10 shareholders		None		

Whether the shareholders of the Company conducted any agreed repurchase transactions during the Reporting Period or not

Yes  No

## CHAPTER 5 CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

### III. DISCLOSURE OF SHAREHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS UNDER THE SFO

So far as the Directors are aware, as at 30 June 2014, the persons (other than a Director, Supervisor or chief executive of the Company) who have interests or short positions in the shares and underlying shares of the Company recorded in the register of interests in shares and short positions kept by the Company pursuant to Section 336 of the SFO are as follows:

Name of shareholders	Type of shares held	Number of shares (share)	Capacity	Percentage of such shares in the same class of the issued share capital (%)	Percentage of total issued share capital (%)
China Merchants Group Limited ("CM Group") <sup>1</sup>	H Shares	679,927,917(L)	Interest of Corporation Controlled by the Substantial Shareholder	47.53	25.52
China Ocean Shipping (Group) Company ("COSCO") <sup>2</sup>	A Shares	432,171,843(L)	Interest of Corporation Controlled by the Substantial Shareholder	35.02	16.22
	H Shares	173,642,143(L)	Interest of Corporation Controlled by the Substantial Shareholder	12.14	6.52
Hony Capital Management Limited <sup>3</sup>	H Shares	137,255,434 (L)	Interest of Corporation Controlled by the Substantial Shareholder	9.60	5.15
Templeton Asset Management Ltd.	H Shares	114,137,686 (L)	Investment manager	7.98	4.28

(L) Long position

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

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

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

As at 30 June 2014, as far as the Directors are aware, save as disclosed above, no other person (other than a Director, Supervisor or chief executive of the Company) has an interest in the shares of the Company recorded in the register of interests in shares and short positions kept by the Company pursuant to Section 336 of the SFO.

### IV. CHANGE OF SUBSTANTIAL SHAREHOLDERS, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

#### 1. Change of controlling shareholders during the Reporting Period

There is no controlling shareholder of the Company.

#### 2. Change of de facto controller during the Reporting Period

There is no de facto controller of the Company.

## CHAPTER 5 CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

### 3. Substantial Shareholders

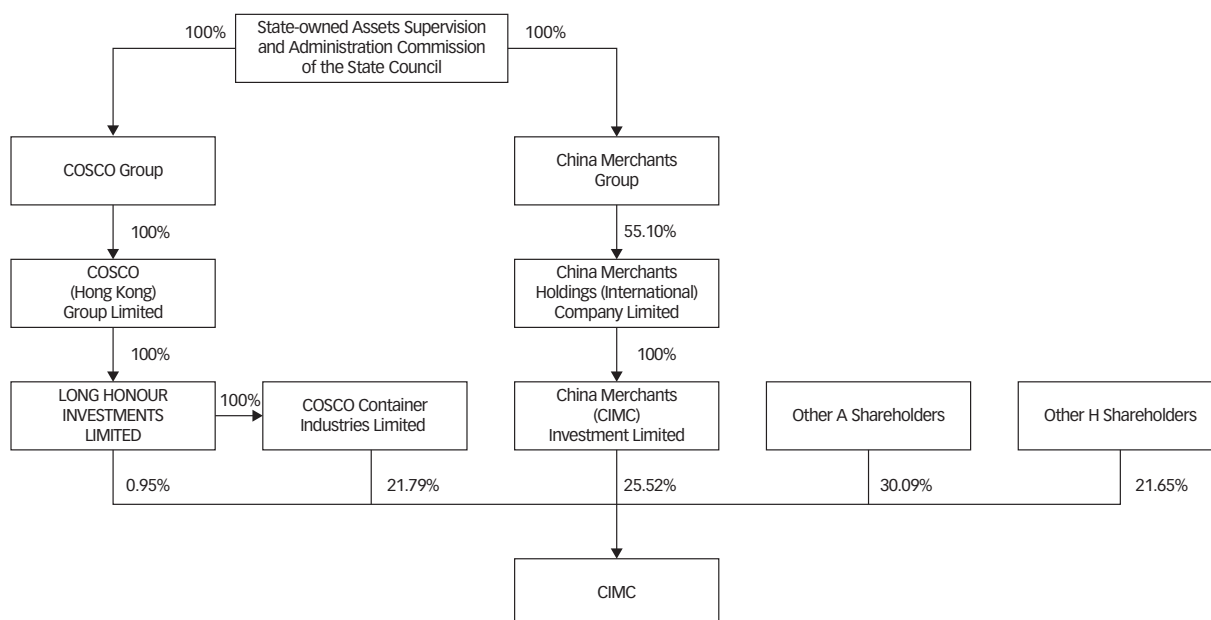
The substantial shareholders of the Company are CM Group and COSCO.

CM Group was incorporated on 14 October 1986 in the PRC. Its registered capital is RMB10,050 million and its Chairman is Li Jianhong. Its three core business sectors focus on the construction, operation and service in respect of transportation and related infrastructure (ports, toll roads, energy transportation and logistics), financial investment and management, property development and management.

COSCO was incorporated on 27 April 1961 in the PRC. Its registered capital is RMB4,103.367 million and its Chairman is Ma Zehua. COSCO is an international company with its businesses covering marine transportation, logistics terminals, ship building and repairing.

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

### 4. Diagram of the shareholding relationships between the Company and the substantial Shareholders as at 30 June 2014



## CHAPTER 5 CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

### V. SHARE PURCHASING PLAN PROPOSED OR IMPLEMENTED BY SHAREHOLDERS OR PERSONS ACTING IN CONCERT DURING THE REPORTING PERIOD

Name of shareholder/ persons acting in concert	Number of shares they planned to increase (Share)	% of shareholding they planned to increase	Number of shares Actually increased (Share)	% of shareholding actually increased	First disclosure date of the plan	Disclosure date of the complement of the plan
COSCO Container Industries Co., Ltd.	65,099,638	4.55%	0	0	25 December 2013	–
Broad Ride Limited	77,948,412	5.45%	0	0	25 December 2013	–

Explanations on other situations: None

### VI. REPURCHASE, SALE OR REDEMPTION OF SECURITIES

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

### VII. SUFFICIENCY OF PUBLIC FLOAT

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



## CHAPTER 6 INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### I. SHAREHOLDINGS' CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Status of office	Number of shares held at the beginning of the Reporting Period (Share)	Number of Shares increased during the Reporting Period (Share)	Number of Shares decreased during the Reporting Period (Share)	Number of shares held at the end of the Reporting Period (Share)	Number of restricted shares held at the beginning of the Reporting Period (Share)	Number of restricted shares held during the Reporting Period (Share)	Number of restricted shares held at the end of the Reporting Period (Share)
Zeng Beihua	General Manager of Treasury Department	incumbent	0	100,000	0	100,000	0	75,000	75,000

### II. SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AT THE END OF THE REPORTING PERIOD

As at 30 June 2014, the shares of the Company held by the Directors, Supervisors and the chief executive, and the interests and short positions held by the Directors, Supervisors and the chief executive of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange under section 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors or Supervisors are taken or deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under section 352 of the SFO, or otherwise required to be notified by the Directors, Supervisors and chief executives to the Company and the Hong Kong Stock Exchange under the Model Code, were as follows:

#### 1. Interests in the Shares of the Company

Name	Position	Capacity	Share class	Number of shares held at the beginning of the Reporting Period (Share)	Number of shares held at the end of the Reporting Period (Share)	Change (Share)	Nature of interest	Percentage of shares under the same class (%)	Percentage of total issued shares (%)
Mai Boliang	Executive Director, President	Beneficial Owner	A Shares	494,702	494,702	-	Long position	0.04%	0.02%

#### 2. Interests in the underlying shares of the Company

For details of the interests in the underlying shares of the Company held by Directors, Supervisors and the chief executive of the Company as at 30 June 2014, please refer to "VI IMPLEMENTATION AND EFFECT OF THE COMPANY'S SHARE OPTION INCENTIVE SCHEME" under "CHAPTER 4 SIGNIFICANT EVENTS" in this Report.

## CHAPTER 6 INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### 3. Interests in the shares in associated corporations of the Company

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

Save as disclosed above, as at 30 June 2014, as far as the Directors of the Company are aware, none of the Directors, Supervisors and chief executives held any interest or short position in the shares, underlying shares and bonds (within the meaning of Part XV of the SFO) of the Company and any of its associated corporations, which are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register required to be kept under section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code contained in Appendix 10 of the Hong Kong Listing Rules.

### III. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF COMPANY

Name	Position	Type	Date	Reason
Zhang Liang	Vice Chairman	Elected	7 March 2014	Elected

For details, please refer to relevant announcements published on China Securities Journal, Securities Times, Shanghai Securities News and CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)) on 8 March 2014 and relevant announcements published on the websites of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cimc.com](http://www.cimc.com)) on 7 March 2014.

## CHAPTER 6 INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### IV. CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

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

#### 1. Position change status of Directors and Supervisors in Shareholders' company

Name of Directors and Supervisors	Name of Shareholders' company	Position in shareholders' company	Start of term of office	End of term of office	With compensation allowance from shareholders' company or not
Li Jianhong	China Merchants Group Limited	Chairman of Board of Directors and Executive Director	9 May 2014	–	No

#### 2. Position change status of Directors and Supervisors in other companies

Name	Name of other company	Position in other company	Start of term of office	End of term of office	With compensation allowance from other company or not
Li Jianhong	China Merchants Energy Shipping Co., Ltd.	Chairman	1 November 2010	9 August 2014	No
Wang Hong	China Merchants Energy Shipping Co., Ltd.	Director	27 May 2010	15 April 2014	No
	China Merchants Energy Shipping Co., Ltd.	Chairman of the Supervisory Committee	15 April 2014	–	No
	China Merchants Property Development Co., Ltd.	Director	13 April 2011	5 July 2014	No
	Guangzhou Shipyard International Company Limited	Independent director	30 June 2014	–	No

3. Under the approval at the Company's Annual General Meeting for 2013 convened on 27 June 2014, remuneration of the independent non-executive Directors of the Company was raised from RMB120,000 per person per year to RMB200,000 per person per year. The increase hereof is based on the Company's position in the industry and its actual situations, which can facilitate independent non-executive directors to fulfill their obligations diligently and faithfully and hence the long-term development of the Company. There are no situation of detriments to the interests of the Company and shareholders. Relevant information is disclosed in China Securities Journal, Shanghai Securities News, Securities Times, and Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) on 12 May, 27 June and 30 June 2014 respectively and on the Company's website ([www.cimc.com](http://www.cimc.com)) (Notice No.: [CIMC] 2014-016 and [CIMC] 2014-021), and an announcement was also published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## CHAPTER 7 INTERIM FINANCIAL REPORT (UNAUDITED)

### I. AUDITORS' OPINIONS

The 2014 interim financial report of the Group has not been audited.

### II. FINANCIAL STATEMENTS

## Consolidated Balance Sheet

As at 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	30 June 2014	31 December 2013
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash at bank and on hand	V.1	3,141,555	4,771,047
Financial assets at fair value through profit or loss	V.2	465,698	459,679
Notes receivable	V.3	1,470,135	1,376,286
Accounts receivable	V.4	14,079,494	10,066,489
Advance to suppliers	V.6	5,385,186	3,393,804
Interest receivable		7,253	747
Dividend receivable		1,515	–
Other receivables	V.5	2,877,679	2,805,061
Inventories	V.7	16,468,206	15,960,590
Current portion of non-current assets	V.8	1,644,331	1,513,337
Other current assets	V.9	524,368	822,628
<b>Total current assets</b>		<b>46,065,420</b>	<b>41,169,668</b>
<b>Non-current assets:</b>			
Financial assets at fair value through profit or loss	V.2	795	934
Available-for-sale financial assets	V.10	396,400	396,577
Long-term receivables	V.11	3,111,384	2,952,418
Long-term equity investments	V.12	1,174,730	1,187,378
Investment properties	V.13	324,645	324,811
Fixed assets	V.14	17,684,523	13,508,082
Construction in progress	V.15	7,195,795	6,684,619
Intangible assets	V.16	3,808,560	3,699,969
Goodwill	V.17	1,456,001	1,395,938
Long-term prepaid expenses	V.18	124,441	96,075
Deferred tax assets	V.19	914,612	856,406
Other non-current assets	V.20	236,890	333,097
<b>Total non-current assets</b>		<b>36,428,776</b>	<b>31,436,304</b>
<b>TOTAL ASSETS</b>		<b>82,494,196</b>	<b>72,605,972</b>

## CHAPTER 7 INTERIM FINANCIAL REPORT (UNAUDITED)

## Consolidated Balance Sheet (Continued)

As at 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	30 June 2014	31 December 2013
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	V.23	12,047,633	7,244,780
Financial liabilities at fair value through profit or loss	V.24	179,795	1,297
Notes payable	V.25	964,408	1,173,361
Accounts payable	V.26	9,588,128	7,781,645
Advances from customers	V.27	3,595,074	2,920,888
Employee benefits payable	V.28	2,091,648	2,176,741
Taxes payable	V.29	509,992	683,137
Interest payable	V.30	108,374	213,528
Dividends payable	V.31	909,144	197,897
Other payables	V.32	5,177,131	5,019,498
Provisions	V.33	716,767	784,481
Current portion of non-current liabilities	V.34	5,243,611	2,458,775
Other current liabilities	V.35	1,689,073	1,920,321
<b>Total current liabilities</b>		<b>42,820,778</b>	32,576,349
<b>Non-current liabilities:</b>			
Financial liabilities at fair value through profit or loss	V.24	29,640	27,166
Long-term borrowings	V.36	9,169,457	7,761,243
Debentures payables	V.37	4,456,183	6,450,730
Long-term payables	V.38	257,146	242,992
Payables for specific projects	V.39	2,400	3,735
Deferred tax liabilities	V.19	319,942	661,200
Other non-current liabilities	V.40	417,534	386,429
<b>Total non-current liabilities</b>		<b>14,652,302</b>	15,533,495
<b>Total liabilities</b>		<b>57,473,080</b>	48,109,844
<b>Shareholders' equity:</b>			
Share capital	V.41	2,664,589	2,662,396
Capital reserve	V.42	754,687	707,700
Surplus reserve	V.43	3,121,288	3,121,288
Undistributed profits	V.44	15,214,903	14,899,313
Difference on translation of foreign currency financial statements		(795,789)	(716,660)
<b>Total equity attributable to shareholders of the parent company</b>		<b>20,959,678</b>	20,674,037
<b>Minority interests</b>		<b>4,061,438</b>	3,822,091
<b>Total shareholders' equity</b>		<b>25,021,116</b>	24,496,128
<b>Total liabilities and total shareholders' equity</b>		<b>82,494,196</b>	72,605,972

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

Legal representative's  
authorised personThe person in charge of  
accounting affairsThe head of the accounting  
department

## CHAPTER 7 INTERIM FINANCIAL REPORT (UNAUDITED)

## Balance Sheet

As at 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	30 June 2014	31 December 2013
<b>Assets</b>			
<b>Current assets:</b>			
Cash at bank and on hand	XII.1	872,803	389,158
Financial assets at fair value through profit or loss	XII.2	123,190	169,574
Dividends receivable	XII.3	4,443,729	3,735,275
Other receivables	XII.4	7,102,051	9,137,518
Other current assets		6,769	2,731
<b>Total current assets</b>		<b>12,548,542</b>	13,434,256
<b>Non-current assets:</b>			
Available-for-sale financial assets	XII.5	388,905	388,905
Long-term equity investments	XII.6	6,952,231	6,504,960
Fixed assets		119,889	127,271
Construction in progress		720	720
Intangible assets		15,112	15,238
Long-term prepaid expenses		16,789	4,696
Deferred tax assets	XII.16	208,819	215,029
<b>Total non-current assets</b>		<b>7,702,465</b>	7,256,819
<b>Total assets</b>		<b>20,251,007</b>	20,691,075

## CHAPTER 7 INTERIM FINANCIAL REPORT (UNAUDITED)

## Balance Sheet (Continued)

As at 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	30 June 2014	31 December 2013
<b>Liabilities and Shareholders' equity</b>			
<b>Current liabilities:</b>			
Employee benefits payable	XII.8	785,838	856,016
Taxes payable	XII.9	11,978	10,283
Interest payable	XII.10	56,845	184,734
Dividends payable	XII.11	719,439	–
Other payables	XII.12	3,196,331	3,547,522
Current portion of non-current liabilities	XII.13	3,392,000	2,135,000
<b>Total current liabilities</b>		<b>8,162,431</b>	6,733,555
<b>Non-current liabilities:</b>			
Financial liabilities at fair value through profit or loss	XII.7	25,819	26,865
Long-term borrowings	XII.14	945,000	837,000
Debenture Payable	XII.15	3,994,723	5,993,413
<b>Total non-current liabilities</b>		<b>4,965,542</b>	6,857,278
<b>Total liabilities</b>		<b>13,127,973</b>	13,590,833
<b>Shareholders' equity:</b>			
Share capital	V.41	2,664,589	2,662,396
Capital reserve	XII.17	63,246	8,480
Surplus reserve	V.43	3,121,288	3,121,288
Undistributed profits		1,273,911	1,308,078
<b>Total shareholders' equity</b>		<b>7,123,034</b>	7,100,242
<b>Total liabilities and total shareholders' equity</b>		<b>20,251,007</b>	20,691,075

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

Legal representative's  
authorised personThe person in charge of  
accounting affairsThe head of the accounting  
department

## CHAPTER 7 INTERIM FINANCIAL REPORT (UNAUDITED)

## Consolidated Income Statement

For the period from 1 January 2014 to 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

Item	Note	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2013
<b>I. Revenue</b>	V.45	<b>32,046,128</b>	28,585,158
Less: Cost of sales	V.45	<b>26,868,640</b>	24,160,416
Taxes and surcharges	V.46	<b>168,556</b>	147,141
Selling and distribution expenses	V.47	<b>1,105,160</b>	921,175
General and administrative expenses	V.48	<b>2,080,694</b>	1,714,217
Financial expenses-net	V.49	<b>260,805</b>	454,826
Asset impairment losses	V.52	<b>3,282</b>	34,838
Add: Profit/(loss) from changes in fair value	V.50	<b>(342,309)</b>	9,741
Investment income/(losses)	V.51	<b>38,128</b>	(45,117)
Including: Share of profit/(loss) of investments in associates and joint ventures		<b>25,163</b>	(64,960)
<b>II. Operating profit</b>		<b>1,254,810</b>	1,117,169
Add: Non-operating income	V.53	<b>57,473</b>	52,760
Less: Non-operating expenses	V.54	<b>44,056</b>	9,883
Including: Losses on disposal of non-current assets		<b>26,365</b>	1,631
<b>III. Total profit</b>		<b>1,268,227</b>	1,160,046
Less: Income tax expenses	V.55	<b>(17,892)</b>	444,817
<b>IV. Net profit</b>		<b>1,286,119</b>	715,229
Attributable to shareholders' of the parent company		<b>1,035,029</b>	551,972
Minority profit/loss		<b>251,090</b>	163,257
<b>V. Earnings per share</b>			
(I) Basic earnings per share (RMB)	V.56	<b>0.3885</b>	0.2073
(II) Diluted earnings per share (RMB)	V.56	<b>0.3845</b>	0.2070
<b>VI. Other comprehensive income, net of tax</b>	V.57	<b>(88,875)</b>	(65,254)
Items that may be reclassified subsequently to profit or loss:			
Change in value of available-for-sale financial assets-after tax		<b>(80)</b>	(23,309)
Gain of cash flow hedges-after tax		<b>(11,998)</b>	3,896
Currency translation differences		<b>(76,797)</b>	(45,841)
<b>VII. Total comprehensive income</b>		<b>1,197,244</b>	649,975
Attributable to shareholders' of the parent company		<b>943,822</b>	465,306
Minority interests		<b>253,422</b>	184,669

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

Legal representative's  
authorised personThe person in charge of  
accounting affairsThe head of the accounting  
department



## CHAPTER 7 INTERIM FINANCIAL REPORT (UNAUDITED)

### Income Statement

For the period from 1 January 2014 to 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

Item	Note	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2013
<b>I. Revenue</b>	XII.18	<b>159,046</b>	119,187
Tax and surcharges		<b>16,919</b>	15,581
General and administrative expenses		<b>78,866</b>	199,845
Financial expenses-net		<b>75,810</b>	96,775
Add: Profit from changes in fair value	XII.19	<b>(45,339)</b>	39,821
Investment income	XII.20	<b>750,046</b>	85,810
<b>II. Operating (loss)/profit</b>		<b>692,158</b>	(67,383)
Add: Non-operating income	XII.21	<b>173</b>	665
Less: Non-operating expenses		<b>849</b>	262
Including: Losses on disposal of non-current assets		-	63
<b>III. Total (loss)/profit</b>		<b>691,482</b>	(66,980)
Less: Income tax expenses	XII.22	<b>6,210</b>	(4,349)
<b>IV. Net (loss)/profit</b>		<b>685,272</b>	(62,631)
<b>V. Effect of other comprehensive (loss)/income, net of tax</b>	XII.23	-	(23,309)
Items that may be reclassified subsequently to profit or loss:			
Change in value of available-for-sale financial assets-after tax		-	(23,309)
<b>VI. Total comprehensive income</b>		<b>685,272</b>	(85,940)

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

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The head of the accounting  
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## CHAPTER 7 INTERIM FINANCIAL REPORT (UNAUDITED)

## Consolidated Cash Flow Statement

For the period from 1 January 2014 to 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

Item	Note	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2013
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and rendering of services		<b>28,805,835</b>	24,572,443
Refund of taxes and surcharges		<b>1,116,236</b>	1,074,747
Cash received relating to other operating activities	V.58(1)	<b>331,975</b>	256,763
<b>Sub-total of cash inflows from operating activities</b>		<b>30,254,046</b>	25,903,953
Cash paid for goods and services		<b>28,068,945</b>	24,710,071
Cash paid to and on behalf of employees		<b>2,558,133</b>	2,148,977
Payments of taxes and surcharges		<b>1,169,929</b>	1,267,328
Cash paid relating to other operating activities	V.58(2)	<b>1,626,112</b>	799,136
<b>Sub-total of cash outflows from operating activities</b>		<b>33,423,119</b>	28,925,512
<b>Net cash flows from operating activities</b>	V.59(1)	<b>(3,169,073)</b>	(3,021,559)
<b>II. Cash flows from investing activities:</b>			
Cash received from disposal of investments		<b>10,400</b>	220,682
Cash received from returns on investments		<b>111,281</b>	–
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>49,569</b>	203,227
Net cash received from disposal of subsidiaries and other business units		<b>4,836</b>	–
Cash received relating to other investing activities	V.58(3)	<b>383,684</b>	73,000
<b>Sub-total of cash inflows from investing activities</b>		<b>559,770</b>	496,909
Cash paid for acquisition of fixed assets intangible assets and other long-term assets		<b>3,963,056</b>	1,041,204
Cash paid for investments		<b>257,314</b>	–
Net cash paid for acquisition of subsidiaries and other business units		<b>118,532</b>	275,374
Cash paid relating to other investing activities	V.58(4)	<b>381,076</b>	73,000
<b>Sub-total of cash outflows from investing activities</b>		<b>4,719,978</b>	1,389,578
<b>Net cash flows from investing activities</b>		<b>(4,160,208)</b>	(892,669)

## CHAPTER 7 INTERIM FINANCIAL REPORT (UNAUDITED)

### Consolidated Cash Flow Statement (Continued)

For the period from 1 January 2014 to 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

Note	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2013
<b>Item</b>		
<b>III. Cash flows from financing activities</b>		
Cash received from capital contributions	67,256	201,435
Including: Cash received from capital contributions by minority shareholders of subsidiaries	44,359	201,435
Cash received from borrowings	53,566,465	14,047,704
Cash received relating to other financing activities V.58(4)	-	570,599
<b>Sub-total of cash inflows from financing activities</b>	<b>53,633,721</b>	14,819,738
Cash repayments of borrowings	46,941,565	10,908,473
Cash payments for interest expenses and distribution of dividends and profits	805,003	581,156
Including: Cash payments for dividends and profit to minority shareholders of subsidiaries	101,124	38,273
Cash payments relating to other financing activities V.58(6)	-	405,258
<b>Sub-total of cash outflows from financing activities</b>	<b>47,746,568</b>	11,894,887
<b>Net cash flows from financing activities</b>	<b>5,887,153</b>	2,924,851
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>18,942</b>	(174,809)
<b>V. Net (decrease)/increase in cash and cash equivalents</b> V.59(1)	<b>(1,423,186)</b>	(1,164,186)
Add: Cash and cash equivalents at the beginning of the period	4,181,496	4,397,512
<b>VI. Cash and cash equivalents at the end of the period</b>	<b>2,758,310</b>	3,233,326

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

Legal representative's  
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The head of the accounting  
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## CHAPTER 7 INTERIM FINANCIAL REPORT (UNAUDITED)

## Cash Flow Statement

For the period from 1 January 2014 to 30 June 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

Item	Note	From 1 January to 30 June 2014	From 1 January to 30 June 2013
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods or rendering of services		118,329	103,604
Cash received relating to other operating activities		5,258,265	8,308,198
<b>Sub-total of cash inflows from operating activities</b>		<b>5,376,594</b>	8,411,802
Cash paid to and on behalf of employees		56,732	48,585
Payments of taxes and surcharges		26,312	43,153
Cash paid relating to other operating activities		3,347,421	7,649,472
<b>Sub-total of cash outflows from operating activities</b>		<b>3,430,465</b>	7,741,210
<b>Net cash flows from operating activities</b>	XII.24	<b>1,946,129</b>	670,592
<b>II. Cash flows from investing activities:</b>			
Cash received from disposal of investments		–	138,987
Cash received from returns on investments		–	155,821
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		29	1,923
<b>Sub-total of cash inflows from investing activities</b>		<b>29</b>	296,731
Cash paid to acquire fixed assets and other long-term assets		3,120	6,591
Cash paid to acquire investments		500,000	116,194
<b>Sub-total of cash outflows from investing activities</b>		<b>503,120</b>	122,785
<b>Net cash flows from investing activities</b>		<b>(503,091)</b>	173,946
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions		22,896	–
Cash received from borrowings		600,000	892,047
<b>Sub-total of cash inflows from financing activities</b>		<b>622,896</b>	892,047
Cash repayments of borrowings		1,235,000	1,501,080
Cash payments for interest expenses and distribution of dividends or profits		336,734	409,150
Cash payments relating to other financing activities		12,187	16,591
<b>Sub-total of cash outflows from financing activities</b>		<b>1,583,921</b>	1,926,821
<b>Net cash flows from financing activities</b>		<b>(961,025)</b>	(1,034,774)
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>1,609</b>	(253)
<b>V. Net (decrease)/increase in cash and cash equivalents</b>	XII.24	<b>483,622</b>	(190,489)
Add: Cash and cash equivalents at the beginning of the period		386,732	444,913
<b>VI. Cash and cash equivalents at the end of the period</b>	XII.24	<b>870,354</b>	254,424

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

Legal representative's  
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The head of the accounting  
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## CHAPTER 7 INTERIM FINANCIAL REPORT (UNAUDITED)

## Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January 2014 to 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

Item	Note	For the Period from 1 January to 30 June 2014					From 1 January to 31 December 2013						
		Attributable to shareholders of the parent company					Attributable to shareholders of the parent company						
		Share capital	Capital reserve	Surplus reserve	Undistributed profits	Difference on translation of foreign currency financial statements	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Difference on translation of foreign currency financial statements	Minority interest	Total shareholders' equity
<b>I. Balance at 1 January</b>		2,662,396	707,700	3,121,288	14,899,313	(716,660)	2,662,396	930,482	3,059,836	13,892,795	(532,333)	2,603,981	22,117,157
<b>II. Movements for the period</b>		-	-	-	-	-	-	-	-	-	-	-	-
(i) Total comprehensive income		-	(12,078)	-	1,035,029	(79,129)	-	(403,770)	-	2,180,321	(184,327)	454,177	2,634,498
1. Net profit	V57	-	-	-	-	-	-	-	-	-	-	-	-
2. Other comprehensive income		-	(12,078)	-	1,035,029	(79,129)	(403,770)	-	-	2,180,321	(184,327)	454,177	2,634,498
<b>Sub-total of 1&amp;2</b>		-	(12,078)	-	1,035,029	(79,129)	(403,770)	-	2,180,321	(184,327)	454,177	2,634,498	
<b>(II) Capital contribution and withdrawal by shareholders</b>		-	-	-	-	-	-	-	-	-	-	-	-
1. Contributions by minority Shareholders		-	-	-	-	-	-	-	-	-	-	184,706	184,706
2. Increase in minority interests resulted from acquisition or establishment of subsidiary		-	-	-	-	-	-	-	-	-	-	539,362	539,362
3. Decrease in capital surplus resulted from acquisition of minority interest	IV10	-	-	-	-	-	(188,790)	-	-	-	-	(120,654)	(309,444)
4. Decrease in minority interests resulted from disposal of subsidiary	IV11	-	-	-	-	-	278,273	-	-	-	-	238,617	536,890
5. Disposal of subsidiaries (lose control)		-	-	-	-	-	-	-	-	-	-	(443)	(443)
6. Increase in capital surplus resulted from share option exercised by subsidiary		-	(714)	-	-	-	-	3,299	-	-	-	31,147	34,446
7. Increase in shareholders' equity resulted from share-based payments	VI2	-	24,654	-	-	-	88,206	-	-	-	-	2,853	91,059
8. Increase in capital surplus resulted from share option exercised		2,193	35,125	-	-	-	-	-	-	-	-	-	-
<b>(III) Profit distribution</b>		-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserves	V42	-	-	-	(719,439)	-	-	-	-	61,452	-	-	-
2. Profit distribution to shareholders	V43(1)	-	-	-	-	-	-	-	-	(612,351)	-	(134,351)	(746,702)
<b>III. Balance at 30 June 2014</b>		2,664,589	754,687	3,121,288	15,214,903	(795,789)	2,662,396	707,700	3,121,288	14,899,313	(716,660)	3,822,091	24,496,128

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

Legal representative's authorised person

The person in charge of accounting affairs

The head of the accounting department

## CHAPTER 7 INTERIM FINANCIAL REPORT (UNAUDITED)

## Statement of Changes in Shareholders' Equity

For the period from 1 January 2014 to 30 June 2014  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

Item	Note	From 1 January to 30 June 2014				From 1 January to 31 December 2013					
		Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total shareholders equity	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total shareholders equity
<b>I. Balance at 1 January</b>		2,662,396	8,480	3,121,288	1,308,078	7,100,242	2,662,396	334,259	3,059,886	1,003,341	7,059,882
<b>II. Movements for the period</b>		-	-	-	-	-	-	-	-	-	-
(I) Total comprehensive income		-	-	-	685,272	685,272	-	-	-	978,540	978,540
(1) Net (loss)/profit		-	-	-	685,272	685,272	-	-	-	978,540	978,540
(2) Other comprehensive income	XII.23	-	-	-	-	-	-	-	-	-	(407,284)
Sub-total of I&2		-	-	-	685,272	685,272	-	(407,284)	-	978,540	571,256
<b>(II) Capital contribution and withdrawal by shareholders</b>		-	19,641	-	-	19,641	-	81,505	-	-	81,505
1. Increase in shareholders equity resulted from share-based payment		-	19,641	-	-	19,641	-	81,505	-	-	81,505
2. Increase in capital surplus resulted from share option exercised		2,193	35,125	-	-	37,318	-	-	-	-	-
<b>(III) Profit distribution</b>		-	-	-	(719,439)	(719,439)	-	61,452	-	(61,452)	-
1. Appropriation to surplus reserves		-	-	-	-	-	-	61,452	-	(61,452)	-
2. Profit distribution to shareholders		-	-	-	(719,439)	(719,439)	-	-	-	(612,351)	(612,351)
<b>III. Balance at 30 June 2013</b>		2,664,589	63,246	3,121,288	1,273,911	7,123,034	2,662,396	8,480	3,121,288	1,308,078	7,100,242

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

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# NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2014  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

## I. GENERAL INFORMATION

China International Marine Containers (Group) Co., Ltd. (the "Company"), formerly "China International Marine Containers Co., Ltd.", was a Sino-foreign joint venture set up by China Merchants Group, the East Asiatic Company (Denmark) and Ocean Containers Inc.(USA). In December 1992, as approved by "Shen Fu Ban Fu [1992] 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".

As at 19 December 2012, the Company's domestically listed foreign shares (B shares) changed listing location and went publication on the main market of the Stock Exchange of Hong Kong through the way of introduction. Henceforth, all the company's B shares converted to overseas listed foreign shares (H shares). After conversion, the share capital of the Company amounted to 2,662,396,051 shares. Please refer to Note V.41 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.

These financial statements have been approved for issue by the Board of Directors on 25 August 2014.

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2014

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### 1. Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued (hereafter collectively referred to as 'the Accounting Standards for Business Enterprises' or 'CAS') and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting (2010 revised) issued by the China Securities Regulatory Commission.

In 2014, the Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.39 – Fair Value Measurement, Accounting Standards for Business Enterprises No.40 – Joint Arrangements, Accounting Standards for Business Enterprises No.41 – Disclosure of Interests in Other Entities, Accounting Standards for Business Enterprises No.9 – Employee Benefits(Revised in 2014), Accounting Standards for Business Enterprises No.30 – Presentation of Financial Statements(Revised in 2014), Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statements(Revised in 2014) and Accounting Standards for Business Enterprises No.2 – Long-term Equity Investment(Revised in 2014). The abovementioned standards will take effect as from 1 July 2014 and overseas listed enterprises are encouraged to implement them in advance. The Company is an A-share and H-share listed company. Therefore, the Group has prepared the financial statements for the year 2013 in accordance with the five standards abovementioned in advance except No.41 – Disclosure of Interests in Other Entities and No.2 – Long-term Equity Investment(Revised in 2014) and the financial statements for the period from 1 January 2014 to 30 June 2014 in accordance with all the seven standards abovementioned in advance.

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

The financial statements of the Company for the period ended 30 June 2014 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as of 30 June 2014 and of their financial performance, cash flows and other information for the period then ended.

#### 3. Accounting year

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

#### 4. Recording currency

Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

The functional currency of the Company and its subsidiaries domiciled in PRC are Renminbi. Hong Kong and the overseas subsidiaries use local currencies as their functional currencies. Foreign currencies are defined as currency other than functional currency.

Financial statements of the Company are presented in Renminbi. For subsidiaries using currencies other than Renminbi as their functional currencies, the Company translates the financial statements of these subsidiaries into Renminbi (see Note II.8).



## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2014  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

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

#### 5. Accounting treatments for business combinations involving enterprises under and those not under common control

##### (1) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to capital premium in the capital reserve. If the balance of the capital premium is insufficient, any excess is adjusted to retained earnings. Any costs directly attributable to the combination shall be recognised in profit or loss for the current period when occurred. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

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

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where 1) the aggregate of the fair value at the acquisition date of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds 2) the acquirer's interest in the fair value at the acquisition date of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note II.18). Where 1) is less than 2), the difference is recognised in profit or loss for the current period. The costs of the issuance of equity or debt securities as a part of the consideration paid for the acquisition are included as a part of initial recognition amount of the equity or debt securities. Other acquisition-related costs arising from the business combination are recognised as expenses in the periods in which the costs are incurred. The difference between the fair value and the carrying amount of the assets transferred is recognised in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if satisfying the recognition criteria, are recognised by the Group at their fair value at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

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

#### 6. Preparation of consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control means the group has rights in the invested entity, and could gain returns through its involvement with the entity as well as has the ability to affect those returns through its power over the entity. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities based on their carrying amounts are included in the consolidated balance sheet, and financial performance is included in the consolidated income statement, respectively, from the date that the ultimate parent company of the Company obtains the control of the subsidiary to be consolidated.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, base on the fair value of those identifiable assets and liabilities at the acquisition date.

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

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

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment, the Group derecognises assets, liabilities, minority interests and other related items in owners' equity in relation to that subsidiary. The remaining equity investment is remeasured at its fair value at the date when control is lost. Any gains or losses therefore incurred are recognised as investment income for the current period when control is lost.

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

#### 6. Preparation of consolidated financial statements (Continued)

Owners' equity of subsidiaries, profit or loss and comprehensive income not attributable to the Company are recorded as minority interests, profit or loss attributable to minority shareholders and comprehensive income attributable to minority shareholders, respectively, and are presented separately within the items of owners' equity, net profit and total comprehensive income in the consolidated financial statements.

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

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

#### 7. Cash and cash equivalents

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

#### 8. Foreign currency transactions and translation of financial statements denominated in foreign currency

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

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

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

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

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

The assets and liabilities of foreign operation are translated to functional currency at the spot exchange rates at the balance sheet date. The equity items, excluding "Retained earnings", are translated to functional currency at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to functional currency at the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in a separate component of equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash presented separately in the cash flow statement.

#### 9. Financial instruments

Financial instruments include cash at bank and on hand, financial assets at fair value through profit or loss, receivables, available-for-sale financial assets, investments in equity securities other than long-term equity investments (see Note II.12), payables, loans, borrowings and Debentures payables.

##### (1) Financial Assets

###### (a) Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for the purpose of selling in short term.

- Receivables

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

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

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

#### 9. Financial instruments (Continued)

##### (1) Financial Assets (Continued)

###### *(b) Recognition and measurement*

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initial recognition amounts.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables are measured at amortised cost using the effective interest method.

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

Accumulated fair value adjustments of available-for-sale financial assets are recognised in equity except impairment and exchange gains and losses of foreign currency financial assets. When available-for-sale financial assets are disrecognised, the accumulated fair value adjustments recognised in equity are included in the income statement. Interest on available-for-sale securities calculated using the effective interest method and cash dividends on available-for-sale equity instruments when the group's right to receive payments is established are recognised in the income statement as part of other income.

###### *(c) Impairment of financial assets*

The Group assesses the carrying amounts of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, the Group determines the amount of impairment loss.

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

Objective evidence indicating a financial asset is impaired represents matters actually happen subsequently to the initial recognition of the financial assets and exert influences the financial assets' estimated future cash flows which can be reliably measured by the Group.

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

#### 9. Financial instruments (Continued)

##### (1) Financial Assets (Continued)

###### (c) *Impairment of financial assets (Continued)*

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

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in equity is reclassified to profit or loss. 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 reversed through equity.

A financial assets is derecognised when one of the below criteria is met:

- the contractual rights to receive the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee;
- the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the consideration received and the cumulative changes in fair value that had been recognised directly in equity, is recognised in profit or loss.

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

#### 9. Financial instruments (Continued)

##### (2) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group are mainly other financial liabilities, including payables, borrowings and debentures payable.

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

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

Other financial liabilities with maturities no more than one year are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

##### (3) Determination of fair value

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using an appropriate valuation technique that is applicable to current circumstances and supported by sufficient available data and other information. Valuation techniques mainly include market approach and income approach. When applying valuation techniques, inputs used by market participants in the transactions of the assets or liabilities with similar characteristics would be used and observable inputs would be given priority to the extent possible. Unobservable inputs would only be used when it is impossible or impracticable to obtain relevant observable inputs.

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

#### 9. Financial instruments (Continued)

##### (4) Equity instrument

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

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity.

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

#### 10. Receivables

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

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

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

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

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



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

#### 10. Receivables (Continued)

##### (1) Receivables that are individually significant and impairment provided on an individual basis:

Criteria of provision for receivable that are individually significant and impairment provided on an individual basis.

Individually significant receivables are the receivables with the individual amount over RMB10 million (inclusive) or accounting to 5% or more of the total receivables.

Method of provision for receivable that are individually significant and impairment provided on an individual basis.

An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

##### (2) Receivable that are individually insignificant but impairment provided on an individual basis:

Criteria of provision for receivables that are individually insignificant but impairment provided on an individual basis.

Within the receivables whose amounts are individually insignificant, impairment is assessed on an individual basis for the overdue receivables unpaid after collection efforts or with unique characteristics.

Method of provision for receivable that are individually insignificant but impairment provided on an individual basis.

An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

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

#### 10. Receivables (Continued)

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

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, airport facilities, 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. 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	Road transportation vehicles
Group 3	Energy, chemical, food equipment
Group 4	Airport facilities
Group 5	Logistics services and equipment
Group 6	Other business

Methods of provision for receivables assessed on a collective group basis (based on an ageing analysis, a percentage of the total balance and others).

Containers	Provision is determined based on an ageing analysis (Overdue aging)
Road transportation vehicles	Provision is determined based on an ageing analysis (Overdue aging)
Energy, chemical, food equipment	Provision is determined based on an ageing analysis (Overdue aging)
Airport facilities	Provision is determined based on an ageing analysis (Overdue aging)
Logistics services and equipment	Provision is determined based on an ageing analysis (Overdue aging)
Other business	Provision is determined based on an ageing analysis (Overdue aging)

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

#### 10. Receivables (Continued)

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

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

Ageing	Percentage of total accounts receivable (%)	
	Group 1,2,4,5,6	Group 3
Within 1 year (inclusive)	5%	0%~5%
1 to 2 years (inclusive)	30%	30%
Over 2 years	100%	100%

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

#### 11. Inventories

##### (1) Classification

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

##### (2) Cost of inventories

Cost of inventories is calculated using the weighted average method.

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

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

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

#### 11. Inventories (Continued)

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

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

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

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

##### (4) Inventory system

The Group maintains a perpetual inventory system.

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

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

#### 12. Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments where the Group has control or significant influence over the investees as well as the Group's long-term equity investments in its joint ventures.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are the investees over which the Group is able to exercise joint control together with other ventures and the Group enjoys the rights only on the net assets of investees. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method. Investments in joint ventures and associates are accounted for using the equity method.

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

#### 12. Long-term equity investments (Continued)

##### (1) Determination of investment cost

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity in the consolidated financial statement of the ultimate controlling party of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

##### (2) Subsequent measurement

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income and other comprehensive income according to its share of net profit or loss and other comprehensive income of the investee, and adjusts the carrying amount of long-term investment at the same time. If the accounting policies and the accounting periods are inconsistent between the Company and investees, the financial statements of investees are adjusted in accordance with the accounting policies and accounting period of the Company. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

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

#### 12. Long-term equity investments (Continued)

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

Control is the power over the investee to enjoy variable returns by participating in related activities of the investee and the ability to affect the return amount by executing the power over the investee.

Joint control is the sharing of control over an arrangement according to related agreement, and exists only when the decisions relating to the activity of the arrangement require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the determination of financial and operating policies of the investee, but is not control or joint control over those policies.

##### (4) Method of impairment testing and measuring

The carrying amount of long-term equity investments in subsidiaries, joint ventures and associates is reduced to the recoverable amount if the recoverable amount is below the carrying amount. For other long-term equity investments which are not quoted in an active market and whose fair value cannot be reliably measured, the excess of its carrying amount over the present value of future cash flows discounted at the prevailing market yield rate for similar financial assets is recognised as impairment loss and cannot be reversed once recognised.

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

#### 13. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the period in which they are incurred. An investment property is depreciated or amortised, less its estimated residual value, using the straight line method over its estimated useful life, unless the investment properties are classified as held for sale (see Note II.28). For the method of impairment testing and measuring, refer to Note II.20.

The useful lives, residual value rate and depreciation/amortisation rate of each class of investment properties are as follows:

	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%

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

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

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

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

#### 14. Fixed assets

##### (1) Recognition

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

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

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

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

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



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#### 14. Fixed assets (Continued)

##### (2) Depreciation

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

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

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

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

(4) Basis for identification of fixed assets held under finance leases and related measurement

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

(5) Disposal

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

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

#### 15. Construction in progress

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

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

#### 16. Borrowing costs

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

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

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

- Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- Where funds are borrowed generally and used for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

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

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

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

#### 16. Borrowing costs (Continued)

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

#### 17. Intangible assets

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

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

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

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

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

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

#### 17. Intangible assets (Continued)

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

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

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

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset, and to use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and the expenditure attributable to the intangible asset during its development phase can be reliably measured.

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

#### 18. Goodwill

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

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

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

#### 19. Long-term prepaid expenses

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

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

#### 20. Impairment of long-term assets

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

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

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

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

#### 21. Provisions and contingent liabilities

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

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

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

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

#### 22. Share-based payments

##### (1) Classification

Share-based payment transactions in the Group are classified as equity-settled share-based payments and cash-settled share-based payments.

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

Fair value of stock option is estimated based on binomial lattice model. Contract term of the stock option is used as the input variable of this model. 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.

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

#### 22. Share-based payments (Continued)

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

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

##### (4) Accounting treatment for share-based payment

###### – *Equity-settled share-based payments*

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

###### – *Cash-settled share-based payments*

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If the rights under a cash-settled share-based payment do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, recognises the services received for the current period as related costs or expenses, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting.

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

#### 23. Revenue recognition

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

##### (1) Sale of goods

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

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

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

##### (a) Containers and airport facilities sales revenue

The group recognises revenue after receive acceptance certificates from customers.

##### (b) Road transportation vehicles sales revenue

Sales of road transportation vehicles are divided into sales to domestic customers and sales to overseas customers. As to sales to domestic customers, the Group recognises revenue after customers pick up vehicles. As to sales to overseas customers, the Group recognises revenue after vehicles are loaded to specified ship in specific port assigned by the customer pursuant to contracts.

##### (c) Real estate sales revenue

After the property is completed and pass the acceptance inspection so as to achieve the delivery conditions according to sales contract, the Group recognises revenue if it receives proof of payment based on sales contract (usually when it receives the initial payment and has arranged the remaining payment schedule).



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

#### 23. Revenue recognition (Continued)

##### (2) Revenue from construction contracts

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

The stage of completion of a contract is determined based on completion of a physical proportion of the contract work.

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

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

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

Increased amount cannot be recognised 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.

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

#### 23. Revenue recognition (Continued)

##### (3) Rendering of services

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

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

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

For freight agencies, revenues are recognised at the ship departure date (export) or the arrival date (import). As to land freight agencies, revenues are recognised when goods have arrived at the specified location. For shipping agency: revenues are recognised at the day that ship departures.

##### (4) Transfer of asset use rights

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

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

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

#### 24. Employee benefits

Employee benefits mainly include all kinds of remuneration such as wages, bonuses, allowances and subsidies, staff welfare, social security contributions, housing funds, labour union funds and employee education incurred in exchange for service rendered by employees or compensation to the termination of employment relationship.

##### (a) Short-term wages

Actual short-term wages are recognised as liabilities in the periods when the employees render services and are charged into profit or loss or capitalised in costs of related assets. The non-monetary welfare is measured at fair value.

##### (b) Basic pension insurance

The Group's employees participated in the basic social pension insurance organised and implemented by local labour and social security bureau. The Group paid the basic pension issuance expenses monthly to designated insurance companies for its employees according to the basis amounts and rates determined by the local regulations. After retirement, local labour and social security bureau is responsible for paying the pension benefit to the retired employees. The amounts of pension insurance payable calculated according to the above regulations are recognised as liabilities during the periods when the employees render services and are charged to profit or loss or capitalised in costs of related assets.

##### (c) The compensation for the termination of employment relationship

The Group provides compensation for the termination of employment relationship before the expiry of employment contracts or compensation to encourage employees' voluntary layoffs, which is recognised as a liability and charged to profit or loss on the earlier one when (i) the Group is unable to unilaterally withdraw the plan on the termination of employment relationship or the layoff proposal and (ii) costs and expenses in relation to the payment of compensation to the termination of employment relationship are recognised.

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

#### 25. Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at nil consideration except for the capital contribution from the government as an investor in the Group, including refund of taxes and financial subsidies, etc.. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital contributions, and not regarded as government grants.

A government grant is recognised when the conditions attached to it can be complied with and the government grant can be received.

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

Government grants related to assets represent grants obtained from government which are to compensate long-term assets purchased or other ways. Government grants related to income represent those government grants other than related to assets.

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

#### 26. Deferred tax assets and deferred tax liabilities

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

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss). No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill.

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

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

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

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

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

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

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

#### 27. Operating and finance leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

##### (1) Operating lease charges

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

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

#### 27. Operating and finance leases (Continued)

##### (2) Assets leased out under operating leases

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

##### (3) Assets acquired under finance leases

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

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

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

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

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

#### 27. Operating and finance leases (Continued)

##### (4) Assets leased out under finance leases

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

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

#### 28. Assets held for sale

A non-current asset or disposal group is classified as held for sale when meet the following criteria:

- The non-current asset or disposal group could be disposed immediately according to usual terms at present condition;
- The disposal plan has been approved properly;
- An non-cancellable transfer agreement has been signed with the transferee;
- This transfer is expected to be completed within one year;

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.

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

#### 28. Assets held for sale (Continued)

Assets and liabilities of a non-current asset or disposal group which is classified as held for sale are classified as current assets and current liabilities.

A discontinued operation is a component which has been disposed or classified as held for sale of the group's business and the operations and financial reporting of the discontinued operation can be clearly distinguished from the rest of the group and can meet one of the following criteria:

- This component of the business represents a separate major line of business or geographic area of operations;
- This component of the business is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;
- This component of the business is a subsidiary acquired exclusively with a view to resale.

#### 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%.



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

#### 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.

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

#### 30. Dividend distribution

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

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

#### 31. Related parties

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

- (a) the Company's parent;
- (b) the Company's subsidiaries;
- (c) enterprises that are controlled by the Company's parent;
- (d) investors that have joint control or exercise significant influence over the Group;
- (e) enterprises or individuals if a party has control, joint control over both the enterprises or individuals and the Group;
- (f) joint ventures of the Group, including subsidiaries of joint ventures;
- (g) associates of the Group, including subsidiaries of associates;
- (h) principal individual investors and close family members of such individuals;
- (i) key management personnel of the Group and close family members of such individuals;

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

#### 31. Related parties (Continued)

- (j) key management personnel of the Company's parent and close family members of such individuals; and
- (k) close family members of key management personnel of the Company's parent; and
- (l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.

Besides the related parties stated above determined in accordance with the requirements of CAS, the following enterprises and individuals are considered as (but not restricted to) related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC:

- (m) enterprises or persons that act in concert that hold 5% or more of the Company's shares;
- (n) individuals and close family members of such individuals who directly or indirectly hold 5% or more of the Company's shares, supervisors for listed companies and their close family members;
- (o) enterprises that satisfy any of the aforesaid conditions in (a), (c) and (m) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement;
- (p) individuals who satisfy any of the aforesaid conditions in (i), (j) and (n) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement; and
- (q) enterprises, other than the Company and subsidiaries controlled by the Company, which are controlled directly or indirectly by an individual defined in (i), (j), (n) or (p), or in which such an individual assumes the position of a director or senior executive.

#### 32. Segment reporting

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

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

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

#### 32. Segment reporting (Continued)

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

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

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

#### 33. Changes in significant accounting policies

Details and reasons for changes of accounting policies	Procedures for approval	Financial statement items affected	Amount affected
(a) Long-term equity investment			
The Group early adopted 'Accounting Standards for Enterprises No. 2 – Long-term equity investment' (Revised in 2014) issued by Ministry of Finance on March 19, 2014 and the comparative financial statement figures have been adjusted accordingly.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 25 August 2014.	Long-term equity investments/ Available-for-sale financial assets	Equity investment where the Group does not have control, joint control or significant influence over the investees and which are not quoted in an active market and whose fair value cannot be reliably measured as at June 30, 2014 and December 31, 2013 amounting to RMB389,175,000 and RMB389,235,000, respectively, were reclassified from long-term equity investment to available-for-sale financial assets.
(b) Disclosure of Interests in Other Entities			
The Group early adopted 'Accounting Standards for Enterprises No. 41 – Disclosure of Interests in Other Entities' issued by Ministry of Finance in March 27, 2014. This change in accounting policy does not have any impact on the Group's measurement and disclosure in the financial statements for the period and the comparative financial statement figures.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 25 August 2014.	None	None

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

#### 34. Critical accounting estimates and judgments

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

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

##### (1) Impairment of receivables

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

##### (2) Provision for diminution in value of inventories

As described in Note II.11, the net realisable value of inventories is under management's regular review, and as a result, provision for diminution in value of inventories is recognised for the excess of inventories' carrying amounts over their net realisable value. When making estimates of net realisable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market conditions and product saleability, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for diminution in value of inventories. The net profit or loss may then be affected in the period when the provision for diminution in value of inventories is adjusted.

##### (3) Impairment of long-term assets

As described in Note II.20, assets such as fixed assets, intangible assets and investment properties are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

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

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

#### 34. Critical accounting estimates and judgments (Continued)

##### (4) Depreciation and amortisation of assets such as fixed assets, intangible assets and investment properties

As described in Note II.13, 14 and 17, investment properties, fixed assets and intangible assets are depreciated and amortised over their useful lives after taking into account residual value. The useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experiences of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

##### (5) Warranty provisions

As described in Note V.33, the Group makes provisions under the warranties it gives on the sale of its products based mainly on the Group's recent claim experience. Because it is possible that the recent claim experience may not be indicative of future claims that the Group will receive in respect of past sales, a considerable level of management's judgment is required and exercised to estimate the provision. Any increase or decrease in the provision will affect profit or loss in future years.

##### (6) Construction contract

As described in Note II.23, contract revenue and contract profit are recognised based on the stage of completion of a contract which is determined with reference to the proportion of the physical construction work completed to the total estimated construction work. Where a contract is completed substantially and its contract revenue and contract expenses to completion can be reliably measured, the Group estimates contract revenue and contract expenses with reference to its recent construction experience and the nature of the construction contracts. For a contract that is not completed substantially, contract revenue that should be recognised based on its stage of completion, is not recognised and disclosed in the financial statements. Therefore, at the balance sheet date, actual total contract revenue and total contract cost may be higher or lower than the estimated total contract revenue and total contract cost and any change of estimated total contract revenue and total contract cost may have financial impact on future profit or loss.

##### (7) Income taxes

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

Determining income tax provisions involves judgment 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.

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### III. TAXATION

#### 1. Main taxes categories and rates

Types of tax	Taxable base	Tax rate
Value added tax (VAT)(a)	The output VAT calculated based on taxable income from sales of goods and rendering of service, after subtracting the deductible input VAT of the period, is VAT payable	6%, 11% and 17%
Business tax(a)	Taxable revenue	5%
Urban maintenance and construction tax	Business tax payable and VAT payable	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%

- (a) Pursuant to "Circular on the Launch of Pilot for the Change from Business Tax to Value-Added Tax in Shanghai in the transportation industry and modern service industry" issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2011] No.111), incomes from the transportation industry and modern service of subsidiaries of the Group registered in Shanghai are applicable to VAT since 1 January 2012, with tax rate of 6%.

Pursuant to "Circular on the Launch of Pilot for the Change from Business Tax to Value-Added Tax in Beijing and other 7 regions in the transportation industry and some modern service industries" issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2012] No.71), incomes from modern service industries (including logistics support service and tangible movable property leasing) of the subsidiaries of the Group registered in Beijing, Tianjin, Jiangsu, Anhui, Zhejiang (including Ningbo), Fujian (including Xiamen), Hubei, Guangdong (including Shenzhen) are applicable to VAT since August 2012, with tax rate of 17% or 6%.

Pursuant to "Circular on the Launch of Pilot for the Change from Business Tax to Value-Added Tax nationwide in the transportation industry and modern service industry" issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2013] No.37), incomes from modern service industries (including logistics support service and tangible movable property leasing) of the subsidiaries of the Group which operate in financial leasing, logistics industry and container yard services are applicable to VAT since 1 August 2013 with tax rate of 17% or 6%.

Note 1: The income tax rates applicable to the Group for the period are as follows:

	2014	2013
The Company	25%	25%
Subsidiaries registered in China	15-25%	12.5-25%
Subsidiaries registered in Hong Kong	16.5%	16.5%
Subsidiaries registered in British Virgin Islands	-	-
Subsidiary registered in Suriname	36%	36%
Subsidiary registered in Cambodia	20%	20%
Subsidiary registered in US	15-35%	15-35%
Subsidiary registered in Germany	15.83-31.6%	15.83-31.6%
Subsidiary registered in Britain	22%	24%
Subsidiary registered in Australia	30%	30%
Subsidiary registered in the Netherlands	25%	25.5%
Subsidiary registered in Belgium	34%	34%
Subsidiary registered in Denmark	25%	25%
Subsidiary registered in Finland	24.5%	24.5%
Subsidiary registered in Poland	19%	19%
Subsidiary registered in Thailand	20%	23%
Subsidiary registered in Singapore	17%	17%

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### III. TAXATION (CONTINUED)

#### 2. Preferential tax treatments

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

	<b>Name of enterprises</b>	<b>Local statutory tax rate</b>	<b>Preferential rate</b>	<b>Reasons</b>
1	Shenzhen CIMC – Tianda Airport Support Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
2	Shenzhen CIMC Intelligent Technology Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
3	Shanghai CIMC Reefer Containers Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
4	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
5	Xinhui CIMC Special Transportation Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
6	Dalian CIMC Logistics Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
7	Tianjin CIMC Logistics Equipments Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
8	Shenzhen CIMC Special Vehicle Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
9	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
10	Zhumadian CIMC Huajun Casting Co. Ltd.	25%	15%	Recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
11	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
12	Enric (Bengbu) Compressor Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
13	Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
14	Enric (Langfang) Energy Equipment Integration Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
15	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd	25%	15%	Continue to be recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
16	Nantong CIMC Tank Equipment Co., Ltd	25%	15%	Continue to be recognised as high-tech enterprises, in 2012 entitled to 15% preferential rate
17	Yangzhou Tonglee Reefer Container Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
18	Nantong CIMC Large-sized Tank Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2013 entitled to 15% preferential rate



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### III. TAXATION (CONTINUED)

#### 2. Preferential tax treatments (Continued)

According to Enterprise Income Law and other regulations, 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.

Pursuant to circulars on relevant Issues regarding determination of resident enterprises issued by the State Administration of Taxation, 19 overseas companies under the Group's control were recognized as Chinese resident enterprises effective since 2013. Therefore, withholding tax amounting to RMB342,885,000 which was recognized by the abovementioned 19 foreign subsidiaries deemed as Chinese resident enterprises was reversed in the reporting period.

At 30 June 2014, temporary difference caused by the Group's subsidiaries' undistributed profits amounted to RMB176,833,000 (2013: RMB3,892,743,000). Accordingly, deferred tax liabilities amounting to RMB15,915,000 (2013: RMB355,651,000) were recognised by the Group at this period end.

### IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Company status of investment in subsidiaries

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

On 30 June 2014, the number of companies included in the scope of consolidation added up to 466. Except for the subsidiaries listed as below, the number of other subsidiaries held by the Group was 270 with paid-in capital amounting to RMB122,327,906.03. Other subsidiaries mainly include those engaged in manufacturing or service provision, which have relatively small scale of operation and the paid-in capital was below RMB20 million or USD3 million. Other subsidiaries also include those investment holding companies with no operating activities registered in Hong Kong, British Virgin Islands or other overseas countries.

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### 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				Actual investment and actual net amount of Investment of the company at the end of the period			Shareholding percentage %	Voting rights %	Within consolidation scope	
			Currency	Amount of		Main Premises	Business scope	Currency	Amount of				
				original currency	original currency				original currency				original currency
1 Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (SCIMC)	Corporation	Shenzhen, Guangdong	USD	16,600,000.00	Shenzhen, Guangdong	Manufacture, repair and sale of container, container stockpiling business	USD	16,600,000.00	100.00%	100.00%	Yes		
2 Shenzhen Southern CIMC Logistics Equipment Manufacturing Co., Ltd. (SCIMCEL)	Corporation	Shenzhen, Guangdong	USD	80,000,000.00	Shenzhen, Guangdong	Manufacture and repair of container design and manufacture of new-style special road and port mechanical equipment	USD	80,000,000.00	100.00%	100.00%	Yes		
3 Xinhui CIMC Container Co., Ltd. (XHCIMC)	Corporation	Jiangmen, Guangdong	USD	24,000,000.00	Jiangmen, Guangdong	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	Nantong, Jiangsu	USD	7,700,000.00	Nantong, Jiangsu	Manufacture, repair and sale of containers	USD	5,467,000.00	71.00%	71.00%	Yes		
5 Tianjin CIMC Containers Co., Ltd. (TJ CIMC)	Corporation	Tianjin	USD	50,000,000.00	Tianjin	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	50,000,000.00	100.00%	100.00%	Yes		
6 Dalian CIMC Containers Co., Ltd. (DLCIMC)	Corporation	Dalian, Liaoning	USD	17,400,000.00	Dalian, Liaoning	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, Zhejiang	USD	15,000,000.00	Ningbo, Zhejiang	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD	15,000,000.00	100.00%	100.00%	Yes		

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## 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		Main Premises	Business scope	Actual investment and actual net amount of investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
			Currency	Amount of original currency			Currency	Amount of original currency			
8 Taicang CIMC Containers Co., Ltd. (TCCIMC)	Corporation	Taicang, Jiangsu	USD	40,000,000.00	Taicang, Jiangsu	Manufacture and repair of container	USD	40,000,000.00	100.00%	100.00%	Yes
9 Yangzhou Runyang Logistics Equipments Co., Ltd. (YZRYL)	Corporation	Yangzhou, Jiangsu	USD	20,000,000.00	Yangzhou, Jiangsu	Manufacture and repair of container	USD	20,000,000.00	100.00%	100.00%	Yes
10 Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. (SHYSLE)	Corporation	Shanghai	USD	29,480,000.00	Shanghai	Manufacture and sale of container as well as relevant technical advisory	USD	29,480,000.00	100.00%	100.00%	Yes
11 Shanghai CIMC Reefer Containers Co., Ltd. (SCRRC)	Corporation	Shanghai	USD	31,000,000.00	Shanghai	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	Nantong, Jiangsu	USD	10,000,000.00	Nantong, Jiangsu	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	Jiangmen, Guangdong	USD	65,498,958.45	Jiangmen, Guangdong	Manufacture and sale of various container, semi-finished container product and relevant components product and relevant components and maintenance service	USD	65,498,958.45	100.00%	100.00%	Yes
14 Nantong CIMC Tank Equipment Co., Ltd. (NTCIMCT)	Corporation	Nantong, Jiangsu	USD	25,000,000.00	Nantong, Jiangsu	Manufacture and sale of various container, semi-finished container relevant components and parts	USD	17,442,500.00	69.77%	100.00%	Yes

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### 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		Main Premises	Business scope	Actual investment and actual net amount of investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
			Currency	Amount of original currency			Currency	Amount of original currency			
15 Dalian CIMC Railway Equipment Co., Ltd (DLCIMCS)	Corporation	Dalian, Liaoning	USD	20,000,000.00	Dalian, Liaoning	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	Nantong, Jiangsu	USD	47,700,000.00	Nantong, Jiangsu	Design, production and sale of tank relevant parts; undertaking tank-related general contracting projects	USD	47,700,000.00	100.00%	100.00%	Yes
17 Shenzhen CIMC Special Vehicle Co., Ltd. (CIMCSV)	Corporation	Shenzhen, Guangdong	RMB	200,000,000.00	Shenzhen, Guangdong	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	Qingdao, Shandong	RMB	62,880,000.00	Qingdao, Shandong	Development, production and sales of various special-use vehicles, special vehicles, vehicles, refitting trailer series as well as relevant components and parts	RMB	55,875,168.00	88.86%	100.00%	Yes
19 Foshan CIMC logistics equipment Co., Ltd	Corporation	Foshan, Guangdong	RMB	3,000,000.00	Foshan, Guangdong	Design, production, sale and maintenance of logistics equipment and tooling equipment	RMB	3,000,000.00	100.00%	100.00%	Yes
20 Shanghai CIMC Vehicle Logistics Equipments Co., Ltd. (SHL)	Corporation	Shanghai	RMB	90,204,082.00	Shanghai	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. (BJV)	Corporation	Beijing	RMB	20,000,000.00	Beijing	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	Yingkou, Liaoning	RMB	60,000,000.00	Yingkou, Liaoning	Development and production of various trailer, special-use vehicles as well as components and parts	RMB	48,000,000.00	80.00%	100.00%	Yes

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### 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)

No.	Name	Entity type	Registration Place	Registered capital		Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
				Currency	Amount of original currency			Currency	Amount of original currency			
23	Tianjin CIMC Special Vehicles Co., Ltd. (TJXV)	Corporation	Tianjin	RMB	30,000,000.00	Tianjin	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 Shaanxi	RMB	50,000,000.00	Xi'an Shaanxi	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	Baiyin, Gansu	RMB	25,000,000.00	Baiyin, Gansu	Refitting of special vehicles, manufacture of trailer and fittings as well as automobile fittings; sales of relevant materials	RMB	20,000,000.00	80.00%	100.00%	Yes
26	Xinhui CIMC Composite Material Manufacture CO., LTD (XHCM)	Corporation	Jiangmen, Guangdong	RMB	129,000,000.00	Jiangmen, Guangdong	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	RMB	103,200,000.00	80.00%	100.00%	Yes
27	Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)	Corporation	Qingdao, Shandong	RMB	137,930,000.00	Qingdao, Shandong	Development, manufacture, sales and service for garbage treatment truck and the components and parts	RMB	90,482,080.00	65.60%	82.00%	Yes
28	Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	Corporation	Shanghai	RMB	30,000,000.00	Shanghai	Development and production of box trailer, box car as well as relevant mechanical products	RMB	24,600,000.00	82.00%	100.00%	Yes
29	CIMC Financing and Leasing Co., Ltd. (CIMCVL)	Corporation	Shenzhen, Guangdong	USD	70,000,000.00	Shenzhen, Guangdong	Finance lease business; disposal and maintenance for residual value of leased property; advisory and warranty for leasing transaction	USD	70,000,000.00	100.00%	100.00%	Yes
30	Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV)	Corporation	Qingdao, Shandong	USD	86,846,680.00	Qingdao, Shandong	Manufacture and sales of Various, Manufacture and sales of various other transport equipments and spare parts	USD	86,846,680.00	100.00%	100.00%	Yes

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### 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			Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
			Currency	Amount of original currency	Currency			Amount of original currency				
									Currency			
31 Nantong CIMC Tank Equipment Co., Ltd. (NTCY)	Corporation	Nantong, Jiangsu	RMB	69,945,550.00	Nantong, Jiangsu	Manufacture and repair of large-sized tank, production of various pressurization tank car, special pressurization trough, tank and parts	RMB	48,801,010.24	69.77%	100.00%	Yes	
32 Shenzhen CIMC – Tianda Airport Support Ltd. (TAS)	Corporation	Shenzhen, Guangdong	USD	13,500,000.00	Shenzhen, Guangdong	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	Jiangmen, Guangdong	USD	15,500,000.00	Jiangmen, Guangdong	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	USD	12,000,000.00	Inner Mongolia	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	Jiaxing, Zhejiang	USD	5,000,000.00	Jiaxing, Zhejiang	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	Xuzhou, Jiangsu	RMB	50,000,000.00	Xuzhou, Jiangsu	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	Shenzhen, Guangdong	USD	5,000,000.00	Shenzhen, Guangdong	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance	USD	5,000,000.00	100.00%	100.00%	Yes	
38 Ningbo CIMC Container Service Co., Ltd. (NBCIMCL)	Corporation	Ningbo, Zhejiang	RMB	30,000,000.00	Ningbo, Zhejiang	Goods traffic; goods package, sorting, examination and logistics advisory service	RMB	30,000,000.00	100.00%	100.00%	Yes	
39 Shanghai CIMC Yangshan Container Service Co., Ltd. (SHYLE)	Corporation	Shanghai	USD	7,000,000.00	Shanghai	Container transshipment, stockpiling, devanning, vanning, and warehousing, container maintenance, try-off and technical service	USD	6,650,000.00	95.00%	100.00%	Yes	

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## 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)

No.	Name	Entity type	Registration Place	Registered capital		Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the period				
				Currency	Amount of original currency			Currency	Amount of original currency	Shareholding percentage %	Voting rights %	Within consolidation scope
40	CIMC Shenfa Development Co., Ltd. (CIMC SD)	Corporation	Shanghai	RMB	204,122,966.00	Shanghai	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	Urumqi, Xinjiang	RMB	80,000,000.00	Urumqi, Xinjiang	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	Shenzhen, Guangdong	USD	168,000,000.00	Shenzhen, Guangdong	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	USD	134,400,000.00	80.00%	80.00%	Yes
43	Qingdao CIMC Special Reefer Co., Ltd. (QDCSR)	Corporation	Qingdao, Shandong	USD	11,500,000.00	Qingdao, Shandong	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. (TJCMCLE)	Corporation	Tianjin	USD	10,000,000.00	Tianjin	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	USD	10,000,000.00	100.00%	100.00%	Yes
45	Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Corporation	Dalian, Liaoning	USD	14,000,000.00	Dalian, Liaoning	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	USD	14,000,000.00	100.00%	100.00%	Yes
46	Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Corporation	Chongqing	USD	8,000,000.00	Chongqing	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	Dalian, Liaoning	USD	45,170,000.00	Dalian, Liaoning	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	45,170,000.00	100.00%	100.00%	Yes

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### 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			Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
			Currency	Amount of original currency	Currency			Amount of original currency				
									Currency			
48 Shenzhen CIMC Intelligent Technology Co., Ltd. (CIMC Tech)	Corporation	Shenzhen, Guangdong	RMB	20,000,000.00	Shenzhen, Guangdong	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	Taicang, Jiangsu	RMB	450,000,000.00	Taicang, Jiangsu	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	Suining, Hunan	RMB	28,000,000.00	Suining, Hunan	Manufacturing and sale of bamboo and wood product	RMB	28,000,000.00	100.00%	100.00%	Yes	
51 CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd (QHJV)	Corporation	Qinhuangdao, Hebei	RMB	70,000,000.00	Qinhuangdao, Hebei	Sale of car and car components and parts	RMB	42,000,000.00	60.00%	75.00%	Yes	
52 CIMC Energy Chemical Engineering technology Co., Ltd.	Corporation	Shenzhen, Guangdong	RMB	5,000,000.00	Shenzhen, Guangdong	Design and development projects for energy, chemical food related equipment; contractor techniques transfer	RMB	5,000,000.00	100.00%	100.00%	Yes	
53 CIMC Management and Training (Shenzhen) Co., Ltd.	Corporation	Shenzhen, Guangdong	RMB	50,000,000.00	Shenzhen, Guangdong	Design of marketing activities scheme organization of academic and commercial conference and exhibition	RMB	50,000,000.00	100.00%	100.00%	Yes	
54 Yangzhou Lijun Industry and Trade Co., Ltd. ("Yangzhou Lijun")	Corporation	Yangzhou, Jiangsu	RMB	70,000,000.00	Yangzhou, Jiangsu	Production and sales of mechanical equipments and relevant components and parts; technical advisory and other service	RMB	70,000,000.00	100.00%	100.00%	Yes	
55 Yangzhou Taili Special Equipment Co., Ltd. ("Yangzhou Taili")	Corporation	Yangzhou, Jiangsu	RMB	70,000,000.00	Yangzhou, Jiangsu	Design, manufacturing and maintenance of containers, board square cabin and; relevant components and parts relevant advisory and service	RMB	70,000,000.00	100.00%	100.00%	Yes	
56 Yantai CIMC Marine Engineering Academe Co., Ltd. ("MEA")	Corporation	Yantai, Shandong	RMB	150,000,000.00	Yantai, Shandong	Research and development of marine operation platform and other marine engineering service	RMB	150,000,000.00	100.00%	100.00%	Yes	



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### 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			Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
			Currency	Amount of original currency	Currency			Amount of original currency				
									Currency			
57	Shanghai Lifan Container Service Co., Ltd. ("Shanghai Lifan")	Corporation	Shanghai	RMB	1,000,000.00	Shanghai	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	Dongguan, Guangdong	RMB	150,000,000.00	Dongguan, Guangdong	Development, production and sales of wood products for various modern transportation equipment	RMB	150,000,000.00	100.00%	100.00%	Yes
59	Shenzhen CIMC Real Estate Development Co., Ltd (CIMC Tianyu)	Corporation	Shenzhen, Guangdong	RMB	254,634,066.00	Shenzhen, Guangdong	Real estate development	RMB	208,799,934.12	82.00%	82.00%	Yes
60	Yangzhou CIMC grand space Real Estate Development Co., Ltd (CIMC Haoyu)	Corporation	Yangzhou, Jiangsu	RMB	25,000,000.00	Yangzhou, Jiangsu	Real Estate Development, sales and leasing	RMB	20,500,000.00	82.00%	100.00%	Yes
61	Jiangmen CIMC skyspace Real Estate Co., Ltd ("Jiangmen Dichan")	Corporation	Jiangmen, Guangdong	RMB	30,000,000.00	Jiangmen, Guangdong	Real estate development, projects sale of decoration and building materials	RMB	24,600,000.00	82.00%	100.00%	Yes
62	Ningbo Runxin Container Co., Ltd	Corporation	Ningbo, Zhejiang	RMB	5,000,000.00	Ningbo, Zhejiang	Cleaning and repair of containers, stockpiling, vanning	RMB	3,000,000.00	60.00%	60.00%	Yes
63	Chengdu CIMC Vehicle Co., Ltd ("CD Vehicle")	Corporation	Chengdu, Sichuan	RMB	60,000,000.00	Chengdu, Sichuan	Development, production and sale of various special-use vehicles, as well as Warehouse equipment	RMB	48,000,000.00	80.00%	100.00%	Yes
64	CIMC Finance Company ("Finance Company")	Corporation	Shenzhen, Guangdong	RMB	500,000,000.00	Shenzhen, Guangdong	Providing financial service	RMB	500,000,000.00	100.00%	100.00%	Yes
65	Shenzhen CIMC Investment Holding company ("SZ Investment Holding")	Corporation	Shenzhen, Guangdong	RMB	75,000,000.00	Shenzhen, Guangdong	Investment, sale and leasing of containers and container property	RMB	75,000,000.00	100.00%	100.00%	Yes

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### 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			Main Premises	Business scope	Actual investment and actual net amount of investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
			Currency	Amount of original currency				Currency	Amount of original currency			
66	Zhumadian CIMC Huajun Vehicle Trading Co., Ltd ("HJQM")	Corporation	Zhumadian, Henan	RMB	10,000,000.00	Zhumadian, Henan	Sales and repair of various vehicles, as well as relevant components and parts	RMB	8,000,000.00	80.00%	100.00%	Yes
67	Zhumadian CIMC Huajun Casting Co. Ltd. (HJCAST)	Corporation	Zhumadian, Henan	RMB	297,762,000.00	Zhumadian, Henan	casting manufacturing for Vehicle and coal mining machinery	RMB	166,746,720.00	56.00%	70.00%	Yes
68	Ocean Engineering Design & Research Institute of CIMC (SHOE)	Corporation	Shanghai	RMB	50,000,000.00	Shanghai	Design and research of marine operation platform and other ocean engineering	RMB	50,000,000.00	100.00%	100.00%	Yes
69	Shenzhen CIMC Investment Co., Ltd (SZ Investment)	Corporation	Shenzhen, Guangdong	RMB	60,000,000.00	Shenzhen, Guangdong	Equity investment investment management and related investment business	RMB	60,000,000.00	100.00%	100.00%	Yes
70	Shenzhen Sky Capital Co., Ltd (SESKYC)	Corporation	Shenzhen, Guangdong	RMB	100,000,000.00	Shenzhen, Guangdong	Equity investment investment management and related investment business	RMB	100,000,000.00	100.00%	100.00%	Yes
71	Ningbo MRO Trading Co., Ltd. (MRO)	Corporation	Ningbo, Zhejiang	RMB	10,000,000.00	Ningbo, Zhejiang	Production and sales of gas mask and other plastic productions	RMB	10,000,000.00	100.00%	100.00%	Yes
72	Shenzhen CIMC Container Holding Co., Ltd. (Container Holding)	Corporation	Shenzhen, Guangdong	RMB	1,000,000,000.00	Shenzhen, Guangdong	Equity investment management and related investment business	RMB	1,000,000,000.00	100.00%	100.00%	Yes
73	Chengdu CIMC Logistics Equipments Co., Ltd.	Corporation	Chengdu, Sichuan	RMB	7,500,000.00	Chengdu, Sichuan	Chemical liquid tank truck and semi-trailer	RMB	6,000,000.00	80.00%	100.00%	Yes
74	Shanxi CIMC Vehicle Industry Garden	Corporation	Xianyang, Shanxi	RMB	80,000,000.00	Xianyang, Shanxi	Production and sales of vehicle	RMB	64,000,000.00	80.00%	100.00%	Yes

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### 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 period		Shareholding percentage %	Voting rights %	Within consolidation scope
			Currency	Amount of original currency	Main Premises		Currency	Amount of original currency			
75 CIMC Holdings (B.V.I.) Limited (CIMC BVI)	Corporation	Jiangmen, Guangdong	RMB	130,000,000.00	Jiangmen, Guangdong	Investment	RMB	130,000,000.00	100.00%	100.00%	Yes
76 CIMC modular building design & Development Co. Ltd.	Corporation	Jiangmen, Guangdong	RMB	50,000,000.00	Jiangmen, Guangdong	Design modular building and decorations	RMB	50,000,000.00	100.00%	100.00%	Yes
77 CIMC Cold Chain Research Institute Co., Ltd.	Corporation	Qingdao, Shandong	RMB	50,000,000.00	Qingdao, Shandong	Standard shipping refrigerated Containers and refrigerated containers	RMB	50,000,000.00	100.00%	100.00%	Yes
78 CIMC Cold Chain Investment Co. Ltd.	Corporation	Qingdao, Shandong	RMB	809,000,000.00	Qingdao, Shandong	Investments	RMB	809,000,000.00	100.00%	100.00%	Yes
79 Shenyang CIMC Industrial Park Investment and Development Co., Ltd.	Corporation	Shenyang, Liaoning	RMB	20,000,000.00	Shenyang, Liaoning	Investment management, asset trustee management	RMB	16,000,000.00	80.00%	100.00%	Yes
80 Shenzhen Tianda CIMC Logistics System Engineering Co Ltd	Corporation	Shenzhen, Guangdong	RMB	60,000,000.00	Shenzhen, Guangdong	Automatic logistics system engineering, real-time logistics management system	RMB	42,000,000.00	70.00%	100.00%	Yes
81 CIMC Modern Logistics Development. Co., Ltd.	Corporation	Tianjin	RMB	700,000,000.00	Tianjin,	Industrial investment, private investment, Enterprise Management Consulting	RMB	700,000,000.00	100.00%	100.00%	Yes
82 Dongguan cimc innovation industrial park development Co., Ltd.	Corporation	Dongguan, Guangdong	RMB	50,000,000.00	Dongguan, Guangdong	Innovation industrial park investment, real estate development & management	RMB	41,000,000.00	82.00%	100.00%	Yes
83 Zhejiang Teng Long Bamboo Industry Co., Ltd.	Corporation	Quzhou, Zhejiang	RMB	6,000,000.00	Quzhou, Zhejiang	Sale of wood and bamboo products, bamboo and wood technology research and development, consulting	RMB	3,060,000.00	51.00%	51.00%	Yes

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### 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			Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
			Currency	Amount of original currency	Amount of original currency			Currency	Amount of original currency			
84 Guangdong Xinhui Modular Building Manufacturing Co. Ltd.	Corporation	Jiangmen, Guangdong	RMB	80,000,000.00	Jiangmen, Guangdong	Production and sale of integrated houses, prefabricated houses, metal structure	RMB	80,000,000.00	100.00%	100.00%	Yes	
85 Shenzhen CIMC new process of Automotive Supply Chain Management Co. Ltd.	Corporation	Shenzhen, Guangdong	RMB	10,000,000.00	Shenzhen, Guangdong	Supply Chain Management	RMB	6,000,000.00	60.00%	60.00%	Yes	
86 Shanghai Xinzhitu Logistics	Corporation	Shanghai	RMB	10,000,000.00	Shanghai	International Freight transport agents, general	RMB	10,000,000.00	100.00%	100.00%	Yes	
87 Qianhai CIMC leasing (Shenzhen) Co., Ltd. ("Qianhai rental")	Corporation	Shenzhen, Guangdong	RMB	80,000,000.00	Shenzhen, Guangdong	Financing lease business Lease transaction advisory	RMB	80,000,000.00	100.00%	100.00%	Yes	
88 Shenyang CIMC logistics equipment Co., Ltd. ("Shenyang Logistics")	Corporation	Shenyang Liaoning	RMB	6,000,000.00	Shenyang Liaoning	Manufacturing logistics equipment. Development. Design. Sales. Installation	RMB	6,000,000.00	100.00%	100.00%	Yes	
89 Langfang CIMC airport equipment Limited company ("Langfang airport equipment")	Corporation	Langfang Hebei	RMB	10,000,000.00	Langfang Hebei	Production and operation of various airport and port Mechanical and electrical products for export	RMB	7,000,000.00	70.00%	100.00%	Yes	
90 Yantai Tiezhongbao steel processing Co., Ltd. ("Tiezhongbao")	Corporation	Yantai Shandong	USD	9,150,200.00	Yantai Shandong	R & D, manufacturing leg structure of sales of products	USD	5,947,630.00	65.00%	65.00%	Yes	
91 Qingdao CIMC Innovation Industrial Park Development Co. Ltd. ("Qingdao Creative Industry Park")	Corporation	Qingdao Shandong	RMB	10,000,000.00	Qingdao Shandong	Development and management of real estate property management	RMB	8,200,000.00	82.00%	100.00%	Yes	

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### 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:

Name	Registration Place	Registered capital		Main Premises	Business scope	Actual investment and actual net amount of investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
		Currency	Amount of original currency			Currency	Amount of original currency			
92 CIMC Holdings (B.V.I.) Limited	British Virgin Islands	USD	34,001.00	British Virgin Islands	Investment	USD	34,001.00	100.00%	100.00%	Yes
93 CIMC Tank Equipment Investment Holdings Co., Ltd.	Hongkong, China	HKD	4,680,000.00	Hongkong, China	Investment	HKD	4,680,000.00	100.00%	100.00%	Yes
94 CIMC-SMM Vehicle (Thailand) CO., LTD. (Thailand V)	Thailand	THB	260,000,000.00	Thailand	Production and sales of various special vehicles	THB	213,200,000.00	82.00%	82.00%	Yes
95 CIMC Vehicle Investment Holding Co., Ltd. ("CIMC Vehicle")	Hongkong, China	USD	50,000.00	Hongkong, China	Investment	USD	40,000.00	80.00%	100.00%	Yes
96 CIMC Europe BVBA ("BVBA")	Belgium	EUR	18,550.00	Belgium	Investment	EUR	18,550.00	100.00%	100.00%	Yes
97 China International Marine Containers (HongKong) Limited ("CIMC Hong Kong")	Hongkong, China	HKD	2,000,000.00	Hongkong, China	Investment	HKD	2,000,000.00	100.00%	100.00%	Yes
98 CIMC Burg B.V. ("Burg")	Holland	EUR	90,000,000.00	Holland	Investment	EUR	90,000,000.00	100.00%	100.00%	Yes
99 Tacoba Forestry Consultant N.V. ("Tacoba")	Suriname	SF	3,000,000.00	Suriname	Sale of wood	SF	3,000,000.00	100.00%	100.00%	Yes
100 Charm Wise Limited ("Charm Wise")	Hongkong, China	USD	1.00	Hongkong, China	Investment	USD	1.00	100.00%	100.00%	Yes
101 Gold Terrain Assets Limited ("GTA")	British Virgin Islands	USD	1.00	British Virgin Islands	Investment	USD	1.00	100.00%	100.00%	Yes
102 Full Medal Holdings Ltd. ("Full Medal")	British Virgin Islands	USD	50,000.00	British Virgin Islands	Investment	USD	34,885.00	69.77%	100.00%	Yes
103 Charm Ray Holdings Limited ("Charm Ray")	Hongkong, China	HKD	1.00	Hongkong, China	Investment	HKD	0.70	69.77%	100.00%	Yes

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### 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	Registration Place	Registered capital		Main Premises	Business scope	Actual investment and actual net amount of investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
		Currency	Amount of original currency			Currency	Amount of original currency			
104 Charm Beat Enterprises Limited ("Charm Beat")	British Virgin Islands	USD	1.00	British Virgin Islands	Investment	USD	1.00	100.00%	100.00%	Yes
105 Sharp Vision Holdings Limited ("Sharp Vision")	Hongkong, China	HKD	1.00	Hongkong, China	Investment	HKD	1.00	100.00%	100.00%	Yes
106 Sound Winner Holdings Limited ("Sound Winner")	British Virgin Islands	USD	10,000.00	British Virgin Islands	Investment	USD	6,977.00	69.77%	100.00%	Yes
107 Grow Rapid Limited ("Grow Rapid")	Hongkong, China	HKD	1.00	Hongkong, China	Investment	HKD	1.00	100.00%	100.00%	Yes
108 Powerlead Holding Ltd. ("Powerlead")	British Virgin Islands	USD	10.00	British Virgin Islands	Investment	USD	10.00	100.00%	100.00%	Yes
109 Cooperatie Vela U.A.	Holland	EUR	18,000.00	Holland	Investment	EUR	12,558.60	69.77%	100.00%	Yes
110 Vela Holding B.V.	Holland	EUR	18,000.00	Holland	Investment	EUR	12,558.60	69.77%	100.00%	Yes
111 CIMC Financial Leasing (HK) Co Ltd.	Hongkong, China	HKD	500,000.00	Hongkong, China	Finance Lease	HKD	500,000.00	100.00%	100.00%	Yes
112 CIMC Offshore Holdings Limited ("CIMC Offshore")	Hongkong, China	HKD	342,860,173.00	Hongkong, China	Investment	HKD	342,860,173.00	100.00%	100.00%	Yes
113 Cooperatie CIMC U.A. ("COOP")	Holland	EUR	25,500,000.00	Holland	Investment	EUR	25,500,000.00	100.00%	100.00%	Yes
114 North Sea Rigs Holdings ("NSR")	British Virgin Islands	USD	1.00	British Virgin Islands	Finance Lease project company	USD	1.00	100.00%	100.00%	Yes
115 Hongkong CIMC Tianda Airport Support Ltd. ("TAS Hongkong")	Hongkong, China	HKD	1,000,000.00	Hongkong, China	Investment	HKD	700,000.00	70.00%	100.00%	Yes
116 CIMC Development (Australia) Pty Ltd ("Development Australia")	Australia	AUD	8,000,000.00	Australia	Investment	AUD	8,000,000.00	100.00%	100.00%	Yes
117 Beacon holdings Group Ltd ("Beacon holdings")	British Virgin Islands	USD	22,000,000.00	British Virgin Islands	Finance Lease project company	USD	22,000,000.00	100.00%	100.00%	Yes
118 Li Hua Logistics Co., Ltd. ("Li Hua Logistics")	Hongkong, China	USD	4,850,000.00	Hongkong, China	Logistics	USD	3,637,500.00	75.00%	100.00%	Yes

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### 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) Domestic subsidiaries:

Name	Entity type	Registration Place	Registered capital			Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
			Currency	Amount of original currency				Currency	Amount of original currency			
1 Luoyang CIMC Lingyu Automobile CO., LTD. (LYV)	Corporation	Luoyang, Henan	RMB	100,000,000.00		Luoyang, Henan	Production and sales of passenger car, tank car; machining; operation of import and export business	RMB	60,000,000.00	60.00%	75.00%	Yes
2 Wuhu CIMC Ruijiang Automobile CO LTD (WHVS)	Corporation	Wuhu, Anhui	RMB	100,000,000.00		Wuhu, Anhui	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB	60,000,000.00	60.00%	75.00%	Yes
3 Liangshan Dongyue Vehicle Co., Ltd. (LSDYV)	Corporation	Liangshan, Shandong	RMB	90,000,000.00		Liangshan, Shandong	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	Qingdao, Shandong	USD	27,840,000.00		Qingdao, Shandong	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	Qingdao, Shandong	USD	86,846,680.00		Qingdao, Shandong	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	86,846,680.00	100.00%	100.00%	Yes
6 Tianjin CIMC North Ocean Container Co., Ltd. (TJCIMC)	Corporation	Tianjin	USD	15,469,300.00		Tianjin	Manufacture and sale of container as well as vehicle, ship, equipment and steel structure specially used for container; warehousing and after sales service for container	USD	15,469,300.00	100.00%	100.00%	Yes

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### 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) Domestic subsidiaries: (Continued)

Name	Entity type	Registration Place	Registered capital			Main Premises	Business scope	Actual investment and actual net amount of investment of the company at the end of the period			Shareholding percentage %	Voting rights %	Within consolidation scope
			Currency	Amount of original currency	Amount of original currency			Currency	Amount of original currency				
7	Shanghai CIMC Baowell Industries Co. Ltd (SBWI)	Corporation	Shanghai	USD	28,500,000.00	Shanghai	Manufacture and sale of container as well as relevant technical advisory	USD	27,000,900.00	94.74%	94.74%	Yes	
8	CIMC Vehicle (Shandong) Co. Ltd. (KGR)	Corporation	Zhangqiu, Shandong	RMB	18,930,100.00	Zhangqiu, Shandong	Development and manufacture of refrigerator car, tank car, trailer, box car, special vehicles and various series products	RMB	13,177,246.61	69.61%	87.01%	Yes	
9	Zhangzhou CIMC Container Co., Ltd. (ZZCIMC)	Corporation	Zhangzhou, Fujian	USD	23,000,000.00	Zhangzhou, Fujian	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	Yangzhou, Jiangsu	RMB	4,343,007,500.00	Yangzhou, Jiangsu	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts	RMB	3,474,406,000.00	80.00%	100.00%	Yes	
11	Zhumadian CIMC Huajun Vehicle Co. Ltd. (HJ CIMC)	Corporation	Zhumadian, Henan	RMB	85,340,000.00	Zhumadian, Henan	Refitting of special vehicles, sales of trailer and fittings; sales of vehicle related materials	RMB	68,272,000.00	80.00%	100.00%	Yes	
12	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY)	Corporation	Zhangjiagang, Jiangsu	RMB	144,862,042.01	Zhangjiagang, Jiangsu	Development, manufacture and installation of deep freezing unit, petrochemical mechanical equipment, tank container, pressure vessel	RMB	101,070,246.71	69.77%	100.00%	Yes	
13	Donghua Container Transportation Service Co., Ltd. (DHCTS)	Corporation	Shanghai	USD	4,500,000.00	Shanghai	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	



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### 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) Domestic subsidiaries: (Continued)

Name	Entity type	Registration Place	Registered capital		Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
			Currency	Amount of original currency			Currency	Amount of original currency			
14 Yangzhou Tonglee Reefer Container Co., Ltd. (TLC)	Corporation	Yangzhou, Jiangsu	USD	34,100,000.00	Yangzhou, Jiangsu	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	USD	34,100,000.00	100.00%	100.00%	Yes
15 Qingdao Kool Logistics Co., Ltd (QDHFL)	Corporation	Qingdao, Shandong	RMB	20,000,000.00	Qingdao, Shandong	Container warehousing, stockpiling, devanning, vanning, load and unload, cleaning, maintenance; goods processing	RMB	16,000,000.00	80.00%	80.00%	Yes
16 Enric (Bengbu) Compressor Co., Ltd. (Enric Bengbu)	Corporation	Bengbu, Anhui	HKD	60,808,385.00	Bengbu, Anhui	Manufacturing base of NG compressor and related products	HKD	42,426,010.21	69.77%	100.00%	Yes
17 Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Enric")	Corporation	Shijiazhuang, Hebei	USD	32,000,000.00	Shijiazhuang, Hebei	Manufacturing pressure vessel	USD	22,326,400.00	69.77%	100.00%	Yes
18 Enric (Langfang) Energy Equipment integration Co., Ltd. (Langfang Enric)	Corporation	Langfang, Hebei	HKD	115,000,000.00	Langfang, Hebei	Manufacturing and exploiting Energy Equipment integration	HKD	80,235,500.00	69.77%	100.00%	Yes
19 Enric (Beijing) Energy Technology Co., Ltd (Beijing Enric)	Corporation	Beijing	HKD	40,000,000.00	Beijing	Manufacturing and exploiting Energy Equipment integration	HKD	27,908,000.00	69.77%	100.00%	Yes
20 CIMC Enric (Jingmen) Energy Equipment Co., Ltd.	Corporation	Jingmen, Hubei	HKD	50,000,000.00	Jingmen, Hubei	Sales of chemical and gas machineries and equipments as well as after sales services; research and development of energy conservation techniques	HKD	34,885,000.00	69.77%	100.00%	Yes
21 Jingmen Hongtu Special Aircraft manufacturing Co., Ltd	Corporation	Jingmen, Hubei	RMB	100,000,000.00	Jingmen, Hubei	Development and sales of flight vehicle manufacturing techniques, design, production and sales of specialized motor vehicles, tanks and pressure vessel	RMB	55,820,000.00	55.82%	80.00%	Yes

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### 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) Domestic subsidiaries: (Continued)

Name	Entity type	Registration Place	Registered capital			Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
			Currency	Amount of original currency				Currency	Amount of original currency			
22 Ningguo CIMC Wood Co., Ltd. ("NGCIMCW")	Corporation	Ningguo, Anhui	USD	1,300,000.00		Ningguo, Anhui	Construction of offshore project and supplement	USD	780,000.00	60.00%	60.00%	Yes
23 Yantai CIMC Raffles offshore Ltd. (YCRO)	Corporation	Yantai, Shandong	RMB	2,012,190,000.00		Yantai, Shandong	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB	1,969,680,568.60	97.89%	100.00%	Yes
24 Yantai CIMC Raffles ship Co., Ltd ("YCRS")	Corporation	Yantai, Shandong	RMB	125,980,000.00		Yantai, Shandong	Construction of ship as well as component; sales of container and offshore oil platform channel and steel production	RMB	105,155,506.00	83.47%	83.47%	Yes
25 Haiyang CIMC Raffles offshore Ltd. ("HCRO")	Corporation	Haiyang, Shandong	RMB	200,000,000.00		Haiyang, Shandong	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB	195,780,000.00	97.89%	100.00%	Yes
26 Longkou CIMC Raffles offshore engineering Co., Ltd ("LCRO")	Corporation	Longkou, Shandong	RMB	290,000,000.00		Longkou, Shandong	Construction of offshore project and supplement	RMB	283,881,000.00	97.89%	100.00%	Yes
27 Shandong Master Special Vehicle Manufacturing Co., Ltd ("SDMV")	Corporation	Jining, Shandong	RMB	22,000,000.00		Jining, Shandong	Manufacture and sales of mixing truck, special vehicle and components and parts	RMB	13,200,000.00	60.00%	75.00%	Yes
28 Xinfa Airport Equipment Ltd.	Corporation	Beijing	RMB	10,000,000.00		Beijing	Manufacture and sales of airport shuttle buses	RMB	7,000,000.00	70.00%	70.00%	Yes
29 Yangjiang Shangdong Furi Real Estate Co., Ltd ("YJFR")	Corporation	Yangjiang, Guangdong	RMB	10,000,000.00		Yangjiang, Guangdong	Real estate development and operation planning and consulting, sale of construction materials and inner house decoration	RMB	6,000,000.00	60.00%	60.00%	Yes
30 Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("YPDI")	Corporation	Nanjing, Jiangsu	RMB	30,000,000.00		Nanjing, Jiangsu	project relating to petrochemical industry	RMB	20,931,000.00	69.77%	100.00%	Yes
31 Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group")	Corporation	Tianjin	USD	51,956,000.00		Tianjin	Container and cargo distribution and repairment	USD	38,967,000.00	75.00%	75.00%	Yes
32 Xiamen Hongxin Berg Leasing Co. Ltd. ("Hongxin Berg")	Corporation	Xiamen, Fujian	USD	10,000,000.00		Xiamen, Fujian	Financial leasing and leasing business	USD	5,100,000.00	51.00%	51.00%	Yes
33 Tianjin Zhenhua Haijing Logistics Co. Ltd. ("Zhenhua Haijing")	Corporation	Tianjin	RMB	145,000,000.00		Tianjin	construction and operation of warehousing facilities Container depot	RMB	65,250,000.00	45.00%	60.00%	Yes

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### 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) Domestic subsidiaries: (Continued)

No.	Name	Entity type	Registration Place	Registered capital			Actual investment and actual net amount of Investment of the company at the end of the period			Shareholding percentage %	Voting rights %	Within consolidation scope
				Currency	Amount of original currency	Main Premises	Business scope	Currency	Amount of original currency			
34	Tianjin Zhenhua International Logistics Co. Ltd. ("Zhenhua IL")	Corporation	Tianjin	RMB	133,972,922.00	Tianjin	Non-vessel carrier, freight agent	RMB	100,479,691.50	75.00%	100.00%	Yes
35	Shandong Zhenhua Logistics Co., Ltd. ("Shandong Zhenhua")	Corporation	Qingdao, Shandong	USD	9,150,000.00	Qingdao, Shandong	General cargo, dangerous goods transport	USD	6,862,500.00	75.00%	100.00%	Yes
36	Tianjin Zhenhua Customs Broker Co. Ltd. ("Tianjin CB")	Corporation	Tianjin	RMB	12,516,441.00	Tianjin	Customs clearance and related consulting services	RMB	9,387,330.75	75.00%	100.00%	Yes
37	Zhenhua International Shipping Agency (Qingdao) Co., Ltd.	Corporation	Qingdao, Shandong	RMB	10,000,000.00	Qingdao, Shandong	International shipping agency business	RMB	7,500,000.00	75.00%	100.00%	Yes
38	Tianjin Zhenhua International Shipping Agency Co. Ltd.	Corporation	Tianjin	RMB	10,000,000.00	Tianjin	International shipping agency business	RMB	7,500,000.00	75.00%	100.00%	Yes
39	Shanghai Zhenhua International Shipping Agencies Ltd.	Corporation	Shanghai	RMB	10,000,000.00	Shanghai	International shipping agency business	RMB	7,500,000.00	75.00%	100.00%	Yes
40	Tianjin Port CIMC Zhenhua Logistics Co., Ltd.	Corporation	Tianjin	RMB	50,000,000.00	Tianjin	General cargo, dangerous goods transport	RMB	37,500,000.00	75.00%	100.00%	Yes
41	Tianjin Zhenhua International Trade Bonded Warehousing Co. Ltd.	Corporation	Tianjin	RMB	5,628,836.00	Tianjin	Cargo transport agency services	RMB	4,221,627.00	75.00%	100.00%	Yes
42	Shandong Wanshida Logistics Co. Ltd. ("Wanshida Logistics")	Corporation	Jining Shandong	RMB	44,000,000.00	Jining Shandong	Logistics distribution, vehicle, special vehicle, agricultural vehicle, automobile	RMB	26,400,000.00	60.00%	100.00%	Yes
43	Brigantine Services (Shenzhen) Co. Ltd. ("Shenzhen Brigantine container")	Corporation	Shenzhen Guangdong	HKD	7,500,000.00	Shenzhen Guangdong	Provides a container and ship repair services and related technical consulting services	HKD	5,250,000.00	70.00%	100.00%	Yes
44	Brigantine Services (Shanghai) Co. Ltd.	Corporation	Shanghai	USD	513,000.00	Shanghai	Container ship and its parts, mechanical repair, maintenance services	USD	359,100.00	70.00%	100.00%	Yes

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### 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:

Name	Registration Place	Registered capital			Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
		Currency	Amount of original currency	Amount of original currency			Currency	Amount of original currency			
45 CIMC Rolling Stock Australia Pty Ltd. (CIMC Aus)	Australia	AUD	50,000.00	Australia	Sales of vehicles	AUD	50,000.00	100.00%	100.00%	Yes	
46 Enric Energy Equipment Holdings Limited (Enric)	Cayman Islands	HKD	120,000,000.00	Cayman Islands	Investment	HKD	83,724,000.00	69.77%	100.00%	Yes	
47 Burg Industries B.V.	Holland	EUR	3,403,351.62	Holland	Investment	EUR	3,403,351.62	100.00%	100.00%	Yes	
48 CIMC ENRIC Tank and Process B.V.	Holland	EUR	12,000,000.00	Holland	Investment	EUR	8,372,400.00	69.77%	100.00%	Yes	
49 Holvriekaldo B.V.	Holland	EUR	136,200.00	Holland	Sales of tank equipment	EUR	95,026.74	69.77%	100.00%	Yes	
50 Holvrieka Nirota B.V.	Holland	EUR	682,500.00	Holland	Production, assembly and sale	EUR	476,180.25	69.77%	100.00%	Yes	
51 Noordkoel B.V.	Holland	EUR	500,000.00	Holland	Sales of tank equipment	EUR	348,850.00	69.77%	100.00%	Yes	
52 Beheermaatschappij Burg B.V.	Holland	EUR	453,780.22	Holland	Investment	EUR	453,780.22	100.00%	100.00%	Yes	
53 Burg Carrosserie B.V.	Holland	EUR	90,756.04	Holland	Production of road transport vehicle	EUR	90,756.04	100.00%	100.00%	Yes	
54 Exploitatiemaatschappij Intraprogress B.V.	Holland	EUR	79,411.54	Holland	Trade, financing and leasing of road transport vehicle	EUR	79,411.54	100.00%	100.00%	Yes	
55 Hobur Twente B.V.	Holland	EUR	226,890.11	Holland	Production and sale of oil and components and parts	EUR	226,890.11	100.00%	100.00%	Yes	
56 Burg Service B.V.	Holland	EUR	250,000.00	Holland	Assembly and repair of road transport vehicle and tank equipment	EUR	250,000.00	100.00%	100.00%	Yes	
57 LAG Trailers N.V.	Belgium	EUR	3,245,000.00	Belgium	Manufacturing trailer	EUR	3,245,000.00	100.00%	100.00%	Yes	
58 Holvrieka N.V.	Belgium	FRF	40,000,000.00	Belgium	Manufacturing tank equipment	FRF	27,908,000.00	69.77%	100.00%	Yes	
59 Immo burg N.V.	Belgium	EUR	248,000.00	Belgium	Manufacturing road transport vehicle	EUR	248,000.00	100.00%	100.00%	Yes	
60 Holvrieka Danmark A/S	Denmark	DKK	1,000,000.00	Denmark	Manufacturing tank equipment	DKK	697,700.00	69.77%	100.00%	Yes	
61 Direct Chassis LLC ("DCEC")	USA	USD	10,000,000.00	USA	Manufacturing and sales of special vehicles	USD	10,000,000.00	100.00%	100.00%	Yes	

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### 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	Registration Place	Registered capital			Main Premises	Business scope	Actual investment and actual net amount of Investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
		Currency	Amount of original currency				Currency	Amount of original currency			
62 CIMC TGE Gasinvestments SA ("TGESA")	Luxemburg	EUR	50,000.00		Luxemburg	Investment	EUR	30,000.00	60.00%	60.00%	Yes
63 TGE Gas Engineering GmbH ("TGE Gas")	Germany	EUR	1,000,000.00		Germany	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
64 CIMC Raffles Offshore (Singapore) Limited ("Raffles")	Singapore	USD	624,541,970.96		Singapore	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi- submersible drilling Platforms, FPSOs, FSOs	USD	624,541,970.96	100.00%	100.00%	Yes
65 CIMC Raffles Investments Limited	Hongkong, China	HKD	2.00		Hongkong, China	Investment	HKD	2.00	100.00%	100.00%	Yes
66 CIMC Raffles Leasing Pte Ltd.	Singapore	SGD	2.00		Singapore	Leasing of marine ship	SGD	2.00	100.00%	100.00%	Yes
67 Caspian Driller Pte. Ltd.	Singapore	USD	30,000,000.00		Singapore	Leasing of marine ship	USD	30,000,000.00	100.00%	100.00%	Yes
68 Technodyne International Limited ("Technodyne")	United Kingdom	GBP	1.00		United Kingdom	Research and development of Energy equipment	GBP	0.60	60.00%	100.00%	Yes
69 Gadidae AB.	Sweden	SEK	1,000,000.00		Sweden	Investment	SEK	1,000,000.00	100.00%	100.00%	Yes
70 Perfect Victor Investments Limited ("Perfect Victor")	Hongkong, China	USD	1.00		Hongkong, China	Investment	USD	1.00	100.00%	100.00%	Yes
71 Ziemann International GmbH ("Ziemann Group")	Germany	EUR	16,000,000.00		Germany	Design, production and sales of beer fermentation machine and relevant services	EUR	11,163,200.00	69.77%	100.00%	Yes
72 Albert Ziegler GmbH ("Ziegler")	Germany	EUR	10,025,000.00		Germany	Designation of Marine engineering	EUR	10,025,000.00	100.00%	100.00%	Yes

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### 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	Registration Place	Registered capital		Main Premises	Business scope	Actual investment and actual net amount of investment of the company at the end of the period		Shareholding percentage %	Voting rights %	Within consolidation scope
		Currency	Amount of original currency			Currency	Amount of original currency			
73 Basso Technology AB ("Basso")	Sweden	SEK	1,000,000.00	Sweden	Designation of Marine engineering	SEK	900,000.00	90.00%	100.00%	Yes
74 Verbus Systems Limited ("Verbus Systems")	United Kingdom	GBP	3,884,303.00	United Kingdom	Investment	GBP	3,107,442.40	80.00%	100.00%	Yes
75 Zhenhua logistics (Hongkong) Co., Ltd. ("Zhenhua Hongkong")	Hongkong, China	HKD	6,600,000.00	Hongkong, China	Logistics	HKD	4,950,000.00	75.00%	100.00%	Yes
76 CIMC Australia Road Transport Equipment Pty Ltd ("CARTE")	Australia	AUD	8,300,000.00	Australia	Investment	AUD	6,640,000.00	80.00%	100.00%	Yes
77 Brigantine International Holdings Ltd ("Brigantine International Holdings")	Hongkong, China	HKD	10,000,000.00	Hongkong, China	Investment	HKD	7,000,000.00	70.00%	70.00%	Yes
78 Brigantine Services Limited ("Hongkong Brigantine Services")	Hongkong, China	HKD	5,000,000.00	Hongkong, China	Container repair and renovation, container trade	HKD	3,500,000.00	70.00%	70.00%	Yes

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

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

Newly purchased (see Note IV.6) and established subsidiaries in the period change the scope of the consolidation financial statements.

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### 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 mainly comprised of Brigantine International Holdings Ltd, CIMC Modern Logistics Development. Co., Ltd. Qianhai CIMC leasing (Shenzhen) Co., Ltd. and other 34 subsidiaries.
- (2) There was no significant subsidiary, special purpose entity, business entity that having control through being entrusted to manage or leasing that was excluded from the scope of consolidation for the current period.

#### 5. There is no acquisition through combination under common control for the current period (2013: Nil).

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

On Jan 1, 2014, the Group signed share transfer contract with other shareholders of Brigantine International Holdings to acquire 70% of equity interest in Brigantine International Holdings at the consideration equivalent to RMB50,000,000.

Brigantine International Holdings registered in HongKong and mainly engage in container services, including repair of ordinary dry containers and reefer containers, container management and repair of refrigerator, GOH restructuring and container yard.

On Jan 1, 2014, the Group signed share transfer contract with other shareholders of Brigantine Services Limited to acquire 70% of equity interest in Brigantine Services Limited at the consideration equivalent to RMB132,500,000.

Brigantine Services Limited registered in HongKong and mainly engage in second-hand container and container spare part sales.

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

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

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. There is no significant acquisition of minority interests for the current period.
11. There is no significant disposal of subsidiary's equity for current period.
12. Exchange rates applied to financial statement items of foreign operations

	Average exchange rate		Benchmark exchange rate	
	1 January to 30 June 2014	1 January to 30 June 2013	30 June 2014	31 December 2013
USD	<b>6.1501</b>	6.2267	<b>6.1528</b>	6.0976
EUR	<b>8.4175</b>	8.1433	<b>8.3946</b>	8.4175
HKD	<b>0.7929</b>	0.8021	<b>0.7938</b>	0.7862
JPY	<b>0.0604</b>	0.0643	<b>0.0608</b>	0.0578

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



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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Cash at bank and on hand

	30 June 2014			31 December 2013			
	Original Currency '000	Exchange Rate	Amount in RMB '000	Original Currency '000	Exchange Rate	Amount in RMB '000	
Cash on hand:							
RMB	924	1.0000	924	RMB	2,031	1.0000	2,031
USD	18	6.1528	109	USD	28	6.0976	172
HKD	33	0.7938	26	HKD	13	0.7862	10
JPY	66	0.0608	4	JPY	335	0.0578	19
EUR	9	8.3946	73	EUR	27	8.4175	226
Others	-	-	22	Others	-	-	19
Sub-total			1,158				2,477
Bank deposits:							
RMB	1,815,851	1.0000	1,815,851	RMB	2,258,211	1.0000	2,258,211
USD	71,265	6.1528	438,477	USD	175,360	6.0976	1,069,266
HKD	60,936	0.7938	48,371	HKD	318,998	0.7862	250,804
JPY	629,474	0.0608	38,272	JPY	535,476	0.0578	30,935
AUD	10,486	5.8064	60,886	AUD	34,444	5.4289	186,995
EUR	28,985	8.3946	243,317	EUR	30,508	8.4175	256,800
Others	-	-	63,110	Others	-	-	75,316
Sub-total			2,708,284				4,128,327
Other cash balances:							
RMB	429,614	1.0000	429,614	RMB	581,877	1.0000	581,877
USD	406	6.1528	2,499	USD	9,514	6.0976	58,014
HKD	-	0.7938	-	HKD	30	0.7862	23
EUR	-	8.3946	-	EUR	39	8.4175	329
Sub-total			432,113				640,243
Total			3,141,555				4,771,047

As at 30 June 2014, restricted cash at bank and on hand of the Group amounted to RMB383,245,000 (31 December 2013: RMB589,551,000). Refer to Note V.22 for details.

As at 30 June 2014, restricted cash at bank and on hand of the Group included deposit with central bank totalling of RMB300,730,000 of Finance Company, the subsidiary of the Group (31 December 2013: RMB330,205,000). Finance Company is a finance institution authorised by the People's Bank of China.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2. Financial assets at fair value through profit or loss

##### (1) Classification of financial assets at fair value through profit or loss

	Note	30 June 2014	31 December 2013
Current Portion			
1. Investments in equity instrument held for trading			
– Listed companies	(3)	<b>463,833</b>	319,605
2. Derivative financial assets			
– Forward contract	(4)	<b>1,865</b>	132,134
3. Hedging Instrument		–	7,940
Total		<b>465,698</b>	459,679
Non-current Portion			
Derivative financial assets			
– Forward contract	(4)	<b>795</b>	934

(2) As 30 June 2014, there is no material restriction of the investment in financial assets at fair value through profit or loss.

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

##### (4) Derivative financial assets at fair value through profit or loss

As at 30 June 2014, the Group had certain open forward contracts (mainly unsettled forward contracts) denominated in U.S. dollars. The nominal value of these contracts amounted to USD2,814 million. The Group had other unsettled forward contracts of Japanese Yuan, Euro, Australian Dollar and Pound. The nominal value of these amounted to JPY 2,248 million, EUR 22.54 million, AUD 15 million and GBP 6 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 7 July 2014 to 25 August 2016.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 3. Notes receivable

##### (1) Classification of Notes receivable

	30 June 2014	31 December 2013
Bank acceptance notes	1,458,843	1,336,187
Trade acceptance notes	11,292	40,099
<b>Total</b>	<b>1,470,135</b>	<b>1,376,286</b>

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

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

- (2) As at 30 June 2014, the Group had no pledged notes receivable (31 December 2013: Nil).
- (3) As at 30 June 2014, there were no amount transferred to accounts receivable from acceptance bills due to failure of performance by the issuers (31 December 2013: Nil).
- (4) As at 30 June 2014, the five largest amounts of outstanding notes receivable endorsed by the Group are:

Issuer	Issuance date	Maturity date	Amount	Notes
CNPC Transportation Co., Limited	4 April 2014	04 October 2014	37,788	Bank acceptance notes
Shandong Qingyuan Petrochemical Power Co., Limited	19 March 2014	19 September 2014	20,000	Bank acceptance notes
Shanxi Hande Axle Co., Limited	4 March 2014	04 September 2014	17,440	Bank acceptance notes
Shijiazhuang Jintian Automobile Industry and Trade Co., Limited	17 January 2014	17 July 2014	15,600	Bank acceptance notes
Shanxi Heavy Duty Automobile Co., Limited	26 February 2014	26 August 2014	15,000	Bank acceptance notes
<b>Total</b>			<b>105,828</b>	

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Accounts receivable

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

Category	30 June 2014	31 December 2013
Category containers	5,260,697	2,760,476
Category transportation vehicles	2,593,353	2,093,979
Category energy, chemistry and food equipment	3,136,440	2,516,083
Category offshore engineering	1,414,886	1,314,554
Category airport facilities	483,697	599,073
Category logistics services and equipment	1,114,396	1,020,275
Category others	491,461	163,684
Sub-total	14,494,930	10,468,124
Less: provision for bad debts	(415,436)	(401,635)
Total	14,079,494	10,066,489

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

Category	30 June 2014	31 December 2013
Within 1 year (inclusive)	13,106,515	9,175,028
1 to 2 years (inclusive)	215,637	358,007
2 to 3 years (inclusive)	921,485	719,123
Over 3 years	251,293	215,966
Sub-total	14,494,930	10,468,124
Less: provision for bad debts	(415,436)	(401,635)
Total	14,079,494	10,066,489

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

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Accounts receivable (Continued)

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

	Note	30 June 2014				31 December 2013			
		Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
		Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	(4)	<b>1,771,113</b>	<b>12.22%</b>	<b>170,738</b>	<b>9.64%</b>	1,702,814	16.27%	171,748	10.09%
With amounts that are not individually significant and that the related provision for bad debts is provided on the individual basis	(5)	<b>177,186</b>	<b>1.22%</b>	<b>54,182</b>	<b>30.58%</b>	290,223	2.77%	50,388	17.36%
That the related provision for bad debts is provided on the grouping basis*									
Group containers		<b>4,848,147</b>	<b>33.45%</b>	<b>13,503</b>	<b>0.28%</b>	2,524,211	24.11%	222	0.01%
Group transportation vehicles		<b>2,079,258</b>	<b>14.34%</b>	<b>73,356</b>	<b>3.53%</b>	1,495,750	14.29%	69,293	4.63%
Group energy, chemistry and food equipment		<b>2,937,589</b>	<b>20.27%</b>	<b>40,783</b>	<b>1.39%</b>	2,343,713	22.39%	70,510	3.01%
Group airport facilities		<b>483,697</b>	<b>3.34%</b>	<b>26,772</b>	<b>5.53%</b>	515,839	4.93%	24,442	4.74%
Group logistics services and equipment		<b>1,068,957</b>	<b>7.37%</b>	<b>34,523</b>	<b>3.23%</b>	923,262	8.82%	13,846	1.50%
Group others		<b>1,128,983</b>	<b>7.79%</b>	<b>1,579</b>	<b>0.14%</b>	672,312	6.42%	1,186	0.18%
Group sub-total	(6)	<b>12,546,631</b>	<b>86.56%</b>	<b>190,516</b>	<b>1.52%</b>	8,475,087	80.96%	179,499	2.12%
Total		<b>14,494,930</b>	<b>100.00%</b>	<b>415,436</b>	<b>2.87%</b>	10,468,124	100.00%	401,635	3.84%

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

As at 30 June 2014, there were no collaterals that the Group held for accounts receivable that were made impairment aforesaid.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Accounts receivable (Continued)

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

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

Accounts receivable denominated in foreign currencies are as follows:

	30 June 2014			31 December 2013		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
RMB	5,538,748	1.0000	5,538,748	5,559,228	1.0000	5,559,228
USD	1,288,107	6.1528	7,925,464	707,724	6.0976	4,315,419
HKD	44,344	0.7938	35,200	25,752	0.7862	20,246
JPY	578,668	0.0608	35,183	298,010	0.0578	17,225
AUD	15,941	5.8064	92,559	13,752	5.4289	74,658
EUR	99,456	8.3946	834,896	46,089	8.4175	387,954
Others			32,880			93,394
Total			14,494,930			10,468,124

##### (4) As at 30 June 2014, accounts receivable with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analysed as follows:

Category	Ending balance	Provision for bad and doubtful debts	Ratio	Reason
Group containers	412,550	1,584	0.38%	Provision is made based on the estimated recoverable amount according to assessment of credit risk and historical data
Group transportation vehicles	353,730	36,194	10.23%	
Group energy, chemistry and food equipment	193,755	12,319	6.36%	
Group offshore engineering	777,364	103,955	13.37%	
Group logistics services and equipment	33,714	16,686	49.49%	
Total	1,771,113	170,738	9.64%	

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Accounts receivable (Continued)

- (5) As at 30 June 2014, accounts receivable with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis are analysed as follows:

Category	Ending balance	Provision for bad and doubtful debts	Ratio	Reason
Group transportation vehicles	160,365	42,185	26.31%	Provision is made based on the estimated recoverable amount according to assessment of credit risk and historical data
Group energy, chemistry and food equipment	5,096	607	11.91%	
Group logistics services and equipment	11,725	11,390	97.14%	
Total	177,186	54,182	30.58%	

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

	30 June 2014			31 December 2013		
	Ending balance Amount	% of total balance	Provision for bad debts	Ending balance Amount	% of total balance	Provision for bad debts
Within 1 year	12,183,627	84.05%	51,295	8,072,731	77.12%	37,076
1 to 2 years	70,374	0.49%	19,330	227,024	2.17%	14,649
2 to 3 years	254,073	1.75%	93,184	106,062	1.01%	79,843
Over 3 years	38,557	0.27%	26,707	69,270	0.66%	47,931
Total	12,546,631	86.56%	190,516	8,475,087	80.96%	179,499

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

#### (7) The recovery of provision in current period

There were no accounts receivable that the related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in current period. (2013: The collected or reversed accounts receivable amounted to RMB7,768,000, the related reversed bad debts provision amounts RMB7,110,000).

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

There were no material accounts receivable that are written off in current period (2013: Nil).

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Accounts receivable (Continued)

(9) As at 30 June 2014, the five largest accounts receivable are analysed as follows:

Company name	Relationship with the Group	Amount	Ageing	% of total balance
Soratu Drilling LLC	None	489,740	2 to 3 years and over 3 years	3.38%
United ARAB shipping CO. (S.A.G.)	None	465,443	Within 1 year	3.21%
Orient Overseas Container Line Ltd.	None	426,993	Within 1 year	2.95%
Great Excel International Industrial Limited	None	418,391	1 to 2 years	2.89%
Hapag-Lloyd AG	None	396,922	Within 1 year	2.74%
<b>Total</b>		<b>2,197,489</b>		<b>15.17%</b>

The total amount of the Group's five largest accounts receivable at 31 December 2013 was RMB2,020,424,000, 19.30% of the total accounts receivable.

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

As at 30 June 2014, no amount due from shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above balance of accounts receivable (31 December 2013:Nil).

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

As at 30 June 2014, the Group's accounts receivable due from related parties amount to RMB763,868,000 (31 December 2013: RMB278,250,000), accounting for 5.27% of the total accounts receivable (31 December 2013: 2.66%).

Company name	Relationship with the group	30 June 2014			31 December 2013		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Florens Maritime Limited	Subsidiaries of significant shareholders	302,075	2.09%	-	45,164	0.43%	-
Florens Container Corp. SA	Subsidiaries of significant shareholders	84,463	0.58%	-	26,771	0.26%	75
Shanxi Heavy Duty Automobile Co., Ltd	Minority shareholders of subsidiaries	73,064	0.50%	-	90,605	0.87%	-
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd	Joint ventures	33,714	0.23%	-	-	-	-
Others		35,942	0.25%	-	115,710	1.10%	-
<b>Total</b>		<b>529,258</b>	<b>3.65%</b>	<b>-</b>	<b>278,250</b>	<b>2.66%</b>	<b>75</b>



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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Accounts receivable (Continued)

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

Accounts receivable with a carrying amount of RMB123,056,000 (2013: RMB487,524,000) are derecognised due to transfer of financial assets in current period, with no losses occurred (2013: Nil). The accounts receivable are transferred to financial institutions without recourse.

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

There were no securitised accounts receivable during the period (2013: Nil).

As at 30 June 2014, restricted accounts receivable amount to RMB211,041,000 (31 December 2013: RMB148,235,000). Refer to Note V.22.

#### 5. Other receivables

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

	30 June 2014	31 December 2013
Receivables arising from financing to related parities	1,104,617	1,160,797
Loans	187,767	206,517
Drawback tax receivable	453,280	438,385
Deposit	174,791	233,154
Prepayment for land and equipment	164,560	57,727
Receivable from transfer of equity investment	70,650	70,650
Others	854,985	760,283
Sub-total	3,010,650	2,927,513
Less: provision for bad debts	(132,971)	(122,452)
Total	2,877,679	2,805,061

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

	30 June 2014	31 December 2013
Within 1 year (Inclusive)	2,019,486	2,234,614
1 to 2 years (Inclusive)	478,323	90,325
2 to 3 years (Inclusive)	14,328	45,657
Over 3 years	498,513	556,917
Sub-total	3,010,650	2,927,513
Less: provision for bad debts	(132,971)	(122,452)
Total	2,877,679	2,805,061

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

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 5. Other receivables (Continued)

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

	Note	30 June 2014				31 December 2013			
		Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
		Amount	% of total balance	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance
Other receivables with amounts that are individually significant	(4)	1,711,086	56.83%	47,665	2.79%	1,825,472	62.36%	46,157	2.53%
Other receivables with amounts that are not individually significant	(5)	1,299,564	43.17%	85,306	6.56%	1,102,041	37.64%	76,295	6.92%
<b>Total</b>		<b>3,010,650</b>	<b>100.00%</b>	<b>132,971</b>	<b>4.42%</b>	<b>2,927,513</b>	<b>100%</b>	<b>122,452</b>	<b>4.18%</b>

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

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

(4) As at 30 June 2014, other receivables with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Ratio	Reason
Receivables arising from financing to related parties	1,087,139	–	0.00%	Note 1
Receivables arising from transfer of equity investment	70,650	–	0.00%	Note 1
Receivables arising from purchase of land use right	164,560	–	0.00%	Note 1
Receivables arising from financing to third parties	76,910	–	0.00%	Note 1
Others	311,827	47,665	15.29%	Note 1
<b>Total</b>	<b>1,711,086</b>	<b>47,665</b>	<b>2.79%</b>	

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

(5) As at 30 June 2014, other receivables with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis are analysed as follows:

The Group assessed impairment of other receivables with amounts that are not individually significant and made provision of impairment of RMB85,306,000 as at 30 June 2014.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 5. Other receivables (Continued)

##### (6) The recovery of provision in current period

There were no other receivables that the related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in current period (2013: Nil).

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

There were no material other receivables that are written off in current period (2013: Nil).

##### (8) As at 30 June 2014, the five largest other receivables are analysed as follows:

Company Name	Relationship with the Group	Amount	Aging	% of total balance
C&C Trucks	Associate	571,178	Over 1 year	18.97%
Marine Subsea & Consafe Ltd.	Associate	281,442	Within 3 years	9.35%
Frigstad Deepwater Holding Ltd.	Minority Shareholders of subsidiaries	157,314	Within 1 year	5.23%
China Merchants Property Development Co., Ltd ("SZMPD")	Significant shareholders of subsidiaries	70,650	Over 3 years	2.35%
Shenzhen Pingshan Municipal Office of SAT	None	62,859	Within 1 year	2.09%
Total		1,143,443	–	37.99%

The Group's five largest other receivables as at 31 December 2013 amounted to RMB1,275,094,000, accounting for 43.52% of the total other receivables.

- (i) The Group lent C&C Trucks loans and paid daily transactions on behalf of C&C Trucks.
- (ii) Raffles completed its acquisition of Gadidae AB (formerly known as Consafe MSV AB) on 31 January 2011. Since December 2007, Gadidae AB had been making loans to its associate, Marine Subsea & Consafe ("MSC"), which amounted to USD35,625,000 (RMB219,194,000) as at 31 December 2011. Raffles recognised interest income according to loan agreement and recorded expenses paid on behalf of MSC with total amount of USD10,116,000 (RMB62,248,000) from 2007 to 31 January 2011.

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

As at 30 June 2014, no amount due from shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above balance of other receivables (31 December 2013: Nil).

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 5. Other receivables (Continued)

(10) As at 30 June 2014, other receivables from related parties are analysed as follows:

Company Name	Relationship with the Group	Amount	% of total balance
C&C Trucks	Associate	571,178	18.97%
Marine Subsea & Consafe Ltd	Associate	281,442	9.35%
Frigstad Deepwater Holding Ltd.	Minority Shareholders of subsidiaries	157,314	5.23%
China Merchants Property Development Co., Ltd ("SZMPD")	Subsidiaries of significant shareholders	70,650	2.35%
Others	None	94,683	2.60%
Total		1,175,267	38.50%

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

	30 June 2014			31 December 2013			
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB	
RMB	2,167,743	1.0000	2,167,743	RMB	2,119,056	1.0000	2,119,056
USD	99,275	6.1528	610,817	USD	91,823	6.0976	559,899
HKD	27,366	0.7938	21,723	HKD	21,709	0.7862	17,068
EUR	18,857	8.3946	158,296	EUR	16,440	8.4175	138,387
Others			52,071	Others			93,103
Total			3,010,650	Total			2,927,513

(12) As at 30 June 2014, there is no government grant recognised based on receivables.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 6. Advance to suppliers

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

	30 June 2014	31 December 2013
Raw material (including equipments for ship under construction)	5,431,924	3,380,079
Cost of ship under construction	11,603	1,191
Others	123,684	195,560
Sub-total	5,567,211	3,576,830
Less: provision for bad debts	(182,025)	(183,026)
Total	5,385,186	3,393,804

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

	30 June 2014		31 December 2013	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	4,380,570	78.69%	3,179,726	88.90%
1 to 2 years (inclusive)	758,988	13.63%	55,946	1.56%
2 to 3 years (inclusive)	93,025	1.67%	138,371	3.87%
Over 3 years	334,628	6.01%	202,787	5.67%
Sub-total	5,567,211	100.00%	3,576,830	100.00%
Less: provision for bad debts	(182,025)	3.27%	(183,026)	5.12%
Total	5,385,186	96.73%	3,393,804	94.88%

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

Advance to suppliers aged over 1 year included steel purchase prepayment made to a supplier in total of RMB88,620,000 in 2008. The supplier has not delivered the steels within due date for its own reasons. As at 30 June 2014, the Group had made full provision of RMB87,640,000 for unsettled balances. (31 December 2013: RMB87,640,000).

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

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 6. Advance to suppliers (Continued)

(3) As at 30 June 2014, the five largest advance to suppliers are analysed as follows:

Company Name	Relationship with the Group	Amount	% of total balance	Date of making advance	Reason for being unsettled
National Oilwell Varco Norway AS	None	1,620,772	29.11%	2012-2013	Vessels still under construction within due date
National Oilwell Varco L.P.	None	312,124	5.61%	2013-2014	Vessels still under construction within due date
AKER MH AS	None	273,858	4.92%	2012-2013	Goods transported in batches not yet received within due date
Siemens Energy, Inc	None	255,494	4.59%	2014	Goods transported in batches not yet received within due date
Thrustmaster of Texas, Inc	None	228,050	4.10%	2008-2012	Goods not yet received within due date
Total		2,690,298	48.32%		

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

As at 30 June 2014, no amount advance to shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above balance of advance to suppliers (31 December 2013: Nil).

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

Company Name	Relationship with the Group	30 June 2014			31 December 2013		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
C&C Trucks	Associate	200,107	3.59%	-	-	-	-
Shanxi Heavy Duty Automobile Co., Limited	Minority shareholders of subsidiaries	331	0.01%	-	7	-	-
Total		200,438	3.60%	-	7	-	-

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. Advance to suppliers (Continued)

(6) Advance to suppliers denominated in foreign currencies are as follows:

	30 June 2014			31 December 2013			
	Amount in foreign currency	Exchange Rate	Amount in RMB	Amount in foreign currency	Exchange Rate	Amount in RMB	
RMB	1,083,954	1.0000	1,083,954	RMB	834,831	1.0000	834,831
USD	677,817	6.1538	4,171,148	USD	329,630	6.0976	2,009,937
EUR	6,845	8.3963	57,474	EUR	62,041	8.4175	522,231
JPY	–	0.0608	–	JPY	2,824,829	0.0578	163,194
GBP	99	10.4932	1,039	GBP	3,137	10.0604	31,557
HKD	7,899	0.7938	6,270	HKD	1,536	0.7862	1,208
AUD	11,109	5.8072	64,512	AUD	858	5.4289	4,658
Others			789	Others			9,214
Total			5,385,186	Total			3,576,830

## 7. Inventories

(1) Inventories are summarised by categories as follows:

Category	30 June 2014			31 December 2013		
	Ending balance	Provision for decline in the value of inventories	Carrying amount	Ending balance	Provision for decline in the value of inventories	Carrying amount
Raw materials	5,754,734	(179,179)	5,575,555	4,344,076	(188,127)	4,155,949
Work in progress	2,440,432	(31,659)	2,408,773	2,395,311	(28,284)	2,367,027
Finished goods	3,440,977	(99,444)	3,341,533	3,029,760	(106,330)	2,923,430
Consignment stocks	173,333	(323)	173,010	166,835	(542)	166,293
Spare parts	62,563	(4,159)	58,404	62,071	–	62,071
Low-valued consumables	53,743	–	53,743	42,167	–	42,167
Materials in transit	50,244	–	50,244	55,202	–	55,202
Completed properties held for sale	122,242	–	122,242	186,157	–	186,157
Properties under development	2,429,983	–	2,429,983	2,033,079	–	2,033,079
Ship under construction	817,719	(41,883)	775,836	2,593,482	(77,567)	2,515,915
Offshore engineering equipment	1,478,883	–	1,478,883	1,453,300	–	1,453,300
Total	16,824,853	(356,647)	16,468,206	16,361,440	(400,850)	15,960,590

The Group's closing balances of inventories included capitalised borrowing cost amounting to RMB271,876,000 (31 December 2013: RMB452,169,000). The interest rate per annum at which the borrowing costs were capitalised was 4.78% (2013: 4.77%).

As at 30 June 2014, the restricted inventories amount to RMB3,285,000 (31 December 2013: 339,070,000), please refer to Note V.22.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 7. Inventories (Continued)

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

Category	Beginning balance	Additions due to business combinations	Increase in current period	Decrease in current period	Ending balance
Raw materials	4,344,076	2,133	24,979,209	(23,570,684)	5,754,734
Work in progress	2,395,311	–	19,034,886	(18,989,765)	2,440,432
Finished goods	3,029,760	15,111	21,227,941	(20,831,835)	3,440,977
Consignment stocks	166,835	–	1,477,327	(1,470,829)	173,333
Spare parts	62,071	–	167,066	(166,574)	62,563
Low-valued consumables	42,167	–	243,029	(231,453)	53,743
Materials in transit	55,202	–	17,009	(21,967)	50,244
Completed properties held for sale	186,157	–	13,118	(77,033)	122,242
Properties under development	2,033,079	–	429,324	(32,420)	2,429,983
Ship under construction	2,593,482	–	2,617,070	(4,392,833)	817,719
Offshore engineering equipment	1,453,300	–	57,990	(32,407)	1,478,883
Total	16,361,440	17,244	70,263,969	(69,817,800)	16,824,853

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

Category	Beginning balance	Additions due to business combinations	Increase in current period	Decrease in current period		Effect of foreign exchange rate changes	Ending balance
				Reversal	Write-off		
Raw materials	188,127	259	5,386	(4,415)	(10,910)	732	179,179
Work in progress	28,284	–	3,399	–	(24)	–	31,659
Finished goods	106,330	–	4,264	(2,015)	(9,048)	(87)	99,444
Consignment stocks	542	–	–	(219)	–	–	323
Spare parts	–	–	4,159	–	–	–	4,159
Ship under construction	77,567	–	–	(36,060)	–	376	41,883
Total	400,850	259	17,208	(42,709)	(19,982)	1,021	356,647

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



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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 7. Inventories (Continued)

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

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

Category	Basis for provision	Reasons for reversal/written off	% of total balance
Raw materials	Carrying amount is lower than the net realisable value	Increase in net realisable value resulted from using or selling of inventories	0.08%
Finished goods	Carrying amount is lower than the net realisable value	Increase in net realisable value resulted from using or selling of inventories	0.06%
Consignment stocks	Carrying amount is lower than the net realisable value	Increase in net realisable value resulted from using or selling of inventories	0.13%
Ship under construction	Carrying amount is lower than the net realisable value	Increase in net realisable value resulted from using or selling of inventories	4.41%

#### 8. Current portion of non-current assets

	30 June 2014	31 December 2013
Finance leases	2,006,937	1,800,870
Less: unrealised financing income	(302,307)	(245,878)
Sales of goods by instalments	6,513	8,241
Others	-	-
Sub-total	1,711,143	1,563,233
Less: provision for impairment	(66,812)	(49,896)
Total	1,644,331	1,513,337

#### 9. Other current assets

	30 June 2014	31 December 2013
Tax deductible/withheld	507,782	822,249
Other	16,586	379
Total	524,368	822,628

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 10. Available-for-sale financial assets

	<b>30 June 2014</b>	31 December 2013
(1) Available-for-sale equity instruments	<b>7,225</b>	7,342
Including: market value of listed securities	<b>7,225</b>	7,342
– Mainland China	–	–
– Hongkong, China	<b>7,225</b>	7,342
(2) Available-for-sale equity instruments (Historical cost)	<b>389,175</b>	389,235
Total	<b>396,400</b>	396,577

(1) During the period, available-for-sale financial assets held by the Group and the Company are equity investments in Otto Energy Limited with a carrying value of USD1,174,000 (RMB7,225,000).

(2) Detail information of the available-for-sale financial assets are as follows:

	<b>30 June 2014</b>	31 December 2013
(1) Available-for-sale equity instruments (Fair Value)		
– Fair value	<b>7,225</b>	7,342
– Historical cost	<b>4,491</b>	4,422
– Accumulated net change in fair value of available-for-sale financial assets recognised in other comprehensive income	<b>2,734</b>	2,920
(2) Available-for-sale equity instruments (Historical cost)	<b>389,175</b>	389,235

(3) As at the end of Reporting Period, the Group evaluates the available-for-sale equity instruments to determine whether the investments are impaired. The Group assesses that there is no objective evidence of impairment exists so that no impairment losses recorded in the current period and 2013.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 11. Long-term receivables

	30 June 2014	31 December 2013
Finance Leases	<b>3,452,578</b>	3,333,028
Less: Unrealised financing income	<b>(507,447)</b>	(433,236)
Net finance leases	<b>2,945,131</b>	2,899,792
Sales of goods by instalments	<b>226,797</b>	123,951
Others	<b>43,265</b>	43,587
Sub-total	<b>3,215,193</b>	3,067,330
Less: provision for impairment	<b>(103,809)</b>	(114,912)
Total	<b>3,111,384</b>	2,952,418

The total future minimum lease receipts under finance leases after the balance sheet date, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date), are receivable as follows:

	30 June 2014	31 December 2013
Minimum lease receipts		
Within 1 year (inclusive)	<b>2,006,937</b>	1,800,870
1 and 2 years (inclusive)	<b>1,130,130</b>	1,283,217
2 and 3 years (inclusive)	<b>1,193,016</b>	661,255
Over 3 years	<b>1,129,432</b>	1,388,556
Less: unrealised finance income	<b>(809,754)</b>	(679,114)
Total	<b>4,649,761</b>	4,454,784

There are no long-term receivables derecognised due to transferring of financial assets in current period. (2013: RMB83,107,000)

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments

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

	Note	30 June 2014	31 December 2013
Joint ventures	V.12(2)	243,215	197,863
Associates	V.12(3)		
– quoted		69,951	231,903
– unquoted		861,566	708,681
Sub-total		1,174,732	1,138,447
Less: provision for impairment		(2)	(2)
Total		1,174,730	1,138,445

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

The fair value of the associates with quoted prices mentioned above is as follows:

	30 June 2014	31 December 2013
TSC Offshore Group Limited	269,903	211,817
Pteris Global Ltd	60,778	66,996
Total	330,681	278,813

No substantial restriction exists which prohibits the transfer of funds between the Group and the joint ventures and associates.

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 12. Long-term equity investments (Continued)

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

long-term equity investments in joint ventures	Accounting method	Investment cost	31 December 2013	Increase/Decrease in investment	Share of net profit using the equity method	Cash dividend declared	Others	30 June 2014	Share holding (%)	Vote holding (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the period	Dividend receivable/received of the period
Ruiji Logistics (Wuhu) Co., Ltd	Equity method	9,884	10,355	-	1,410	-	-	11,765	50.00%	50.00%	N/A	-	-	-
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd.	Equity method	15,000	28,032	-	3,762	-	-	31,794	50.00%	50.00%	N/A	-	-	-
Supercool (Shanghai) Refrigeration Equipment Co. Ltd	Equity method	8,002	4,740	-	(299)	-	-	4,441	50.00%	50.00%	N/A	-	-	-
Shanghai ShenYi Special Vehicle Parts Co., Ltd	Equity method	9,947	9,505	-	-	-	(78)	9,427.00	25.00%	25.00%	N/A	-	-	-
NYK Zhenhua logistics (Tianjin) Co. Ltd.	Equity method	33,771	65,098	-	(194)	-	-	64,904	38.25%	38.25%	N/A	-	-	-
Three Eyre Shanghai Zhenhua Logistics Co. Ltd.	Equity method	24,557	61,868	-	(268)	-	-	61,600	38.25%	38.25%	N/A	-	-	-
Kawasaki Zhenghua logistics (Tianjin) Co. Ltd.	Equity method	14,063	18,265	-	221	-	-	18,486	38.25%	38.25%	N/A	-	-	-
Qingdao Brigantine	Equity method	12,000	-	12,000	-	-	-	12,000	50.00%	50.00%	N/A	-	-	-
Dalian Brigantine	Equity method	3,969	-	3,969	-	-	-	3,969	50.00%	50.00%	N/A	-	-	-
Shanghai Brigantine	Equity method	19,310	-	19,310	-	-	-	19,310	50.00%	50.00%	N/A	-	-	-
Tianjin Brigantine	Equity method	5,519	-	5,519	-	-	-	5,519	50.00%	50.00%	N/A	-	-	-
Total			197,863	40,798	4,632	-	(78)	243,215				-	-	-

Li Guiping who was management of the group was appointed as a non-executive director of Shanghai ShenYi. According to the joint venture articles, the resolutions of the board of directors should only be accepted until all attending directors or deputies agree. The group assesses that Shanghai ShenYi are under joint control and should be accounted for using the equity method in the following period.

The board of directors of NYK Zhenhua consist of six directors, of which three directors were appointed by the Group. According to the joint venture articles, the resolutions of the board of directors should only be accepted until all attending directors agree. The group assesses that NYK Zhenhua are under joint control and should be accounted for using the equity method in the following period.

The board of directors of Shanghai Three Eyre consist of six directors, of which three directors were appointed by the Group. According to the joint venture articles, the resolutions of the board of directors should only be accepted until all attending directors agree. The group assesses that Shanghai Three Eyre are under joint control and should be accounted for using the equity method in the following period.

The board of directors of Kawasaki Zhenghua consist of seven directors, of which four directors were appointed by the Group. According to the joint venture articles, the resolutions of the board of directors should only be accepted until 2/3 of all attending directors agree. The group assesses that Kawasaki Zhenghua are under joint control and should be accounted for using the equity method in the following period.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments (Continued)

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

long-term equity investments in associates	Accounting method	Investment cost	31 December 2013	Increase/Decrease in investment	Share of net profit using the equity method	Cash dividend declared	Others	30 June 2014	Share holding (%)	Vote holding (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the period	Dividend receivable/ received of the period
Pieris Global Ltd	Equity method	84,501	55,038	-	-	-	(1,025)	54,013	14.99%	14.99%	N/A	-	-	-
KYH Steel Holding Ltd	Equity method	27,625	134,938	-	7,169	-	153	142,260	31.83%	31.83%	N/A	-	-	-
Dalian Jilong Logistics Co., Ltd.	Equity method	16,844	40,492	-	591	-	-	41,083	30.00%	30.00%	N/A	-	-	-
Xiamen CIMC Haitou Container Service Co., Ltd	Equity method	11,479	17,097	-	1,143	-	-	18,240	45.00%	45.00%	N/A	-	-	-
Ningbo Beilun Donghua Container Service Co., Ltd.	Equity method	3,579	3,160	-	-	-	-	3,160	21.00%	21.00%	N/A	-	-	-
Xinyang Wood Hong Kong Co., Ltd.	Equity method	2,916	2,784	-	-	-	2	2,786	20.00%	20.00%	N/A	-	-	-
Shanghai Fengyang Real Estate Development Co., Ltd.	Equity method	12,000	157,186	-	62,955	(108,000)	-	112,141	40.00%	40.00%	N/A	-	-	108,000
TRS Transportkoelling	Equity method	12,030	15,955	-	-	-	(17)	15,938	39.64%	39.64%	N/A	-	-	-
Eurotank Oy	Equity method	6,946	9,521	-	37	-	(12)	9,546	50.00%	50.00%	N/A	-	-	-
Xiamen CIMC Haitou Logistics Co., Ltd.	Equity method	6,153	5,187	-	(705)	-	-	4,482	49.00%	49.00%	N/A	-	-	-
C&C Trucks	Equity method	540,000	237,925	-	(52,430)	-	-	185,495	45.00%	45.00%	N/A	-	-	-
TSC Offshore Group Limited	Equity method	167,591	176,865	-	-	-	(165)	176,700	13.43%	13.43%	N/A	-	-	-
Senju (Jiangmen) Technology Material Co., Ltd.	Equity method	6,072	7,503	-	883	-	-	8,386	24.00%	24.00%	N/A	-	-	-
MSC	Equity method	2	2	-	-	-	-	2	40.00%	40.00%	N/A	(2)	-	-
Wuhan Automobile magazine Co. Ltd.	Equity method	383	463	-	-	-	-	463	19.00%	19.00%	N/A	-	-	-
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	Equity method	1,616	1,728	-	25	-	-	1,753	22.50%	22.50%	N/A	-	-	-
BaZhou LiHua gas storage and transportation Co., Ltd	Equity method	48,940	48,940	-	-	-	-	48,940	20.00%	20.00%	N/A	-	-	-
Jiangsu Ruicheng Machinery Co., Ltd	Equity method	20,000	20,000	-	863	-	-	20,863	6.90%	6.90%	N/A	-	-	-
Chengdu Jihaixin Industrial Co., Ltd.	Equity method	1,800	1,800	(1,800)	-	-	-	0	-	-	N/A	-	-	-
Jiuquan Enric Kunlun Cryogenic Machinery Co., Ltd.	Equity method	4,000	4,000	-	-	-	-	4,000	28.06%	28.06%	N/A	-	-	-
Tianjin Shounong Husbandry Co., Ltd	Equity method	40,000	-	40,000	-	-	-	40,000	40.00%	40.00%	N/A	-	-	-
Tianjin Shounong Food Trade Co., Ltd	Equity method	20,000	-	20,000	-	-	-	20,000	20.00%	20.00%	N/A	-	-	-
Ningxia Changming Gas Development Co., Ltd	Equity method	9,000	-	9,000	-	-	-	9,000	14.50%	14.50%	N/A	-	-	-
Qingdao Yuanxu Real Estate Co. Ltd	Equity method	3,000	-	3,000	-	-	-	3,000	30.00%	30.00%	N/A	-	-	-
Shanghai Xiangtong Auto Component Co., Ltd	Equity method	1,000	-	1,000	-	-	-	1,000	20.00%	20.00%	N/A	-	-	-
Nirota B.V.	Equity method	2,057	-	2,057	-	-	-	2,057	49.00%	49.00%	N/A	-	-	-
ZPMC-Red Box Energy Services Limited	Equity method	6,209	-	6,209	-	-	-	6,209	16.50%	16.50%	N/A	-	-	-
<b>Total</b>			940,584	79,466	20,531	(108,000)	(1,064)	931,517				(2)	-	108,000

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments (Continued)

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

As at 30 June 2014, except for Marine Subsea & Consafe, there is no need for the Group to made provision for long-term equity investments in joint ventures and associates based on the provision testing result that compared the estimated recoverable amount and book value of long-term equity investments in joint ventures and associates.

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

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

The Group holds 19% shares in Wuhan Automobile magazine Co. Ltd. As Yang Guanghui of the company was appointed as a non-executive director of Wuhan Automobile magazine Co. Ltd., the Group considers it has significant influence on Wuhan Automobile magazine Co. Ltd. Therefore, the investment in Wuhan Automobile magazine Co. Ltd. is measured for using the equity method.

The Group holds 6.9% shares in Jiangsu Ruicheng. As Zheng Xianling of the company was appointed as a non-executive director of Jiangsu Ruicheng, the Group considers it has significant influence on Jiangsu Ruicheng. Therefore, the investment in Jiangsu Ruicheng is measured for using the equity method.

The Group holds 14.5% shares in Ningxia Changming Natural Gas Co. Ltd. As Zhang Wei of the Group was appointed as a non-executive director of Ningxia Changming Natural Gas Co. Ltd., the Group considers it has significant influence on Ningxia Changming Natural Gas Co. Ltd. Therefore, the investment in Ningxia Changming Natural Gas Co. Ltd. is measured for using the equity method.

The Group holds 16.5% shares in ZPMC-Red Box Energy Services Limited. As Liu Mingtian of the Group was appointed as a non-executive director of ZPMC-Red Box Energy Services Limited, the Group considers it has significant influence on ZPMC-Red Box Energy Services Limited. Therefore, the investment in ZPMC-Red Box Energy Services Limited is measured for using the equity method.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments (Continued)

(4) Main financial information of major associates is as follows:

	C&C Trucks		Shanghai Fengyang		KYH	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Cash at bank and on hand	288,591	245,816	231,148	178,598	42,879	99,778
Other current assets	1,583,975	1,474,168	-	1,432,787	862,862	987,620
Total current assets	1,872,566	1,719,984	1,533,246	1,611,384	905,741	1,087,398
Total non-current assets	1,944,422	1,942,630	246	187	53,609	53,963
Accounts payable	894,133	888,963	151,222	126,352	398,408	597,856
Other financial liabilities	698,842	1,040,975	1,020,550	1,061,627	41,421	-
Other current liabilities	1,271,821	735,058	82,451	31,714	21,991	31,310
Total current liabilities	2,864,796	2,664,996	1,254,223	1,219,693	461,820	629,166
Financial liabilities	425,500	7,868	-	-	50,593	-
Other non-current liabilities	104,200	449,647	-	-	-	88,262
Total non-current liabilities	529,700	457,515	-	-	50,593	88,262
Net assets	422,492	540,103	279,269	391,878	446,937	423,933
Total equity attributable to shareholders of the company	412,211	528,722	279,269	391,878	446,937	423,933
Adjustments according to fair value of net identifiable assets and Goodwill	-	-	1,085	1,085	-	-
Total equity attributable to shareholders of the company (adjusted)	412,211	528,722	280,354	392,963	446,937	423,933
Share holding (%)	45.00%	45.00%	40.00%	40.00%	31.83%	31.83%
Share of net profit of the Group	185,495	237,925	112,141	157,186	142,260	134,938
Goodwill included in the long-term equity investment	-	-	-	-	-	-
Offset of Unrealized insider trading profits and losses	-	-	-	-	-	-
Provision for impairment	-	-	-	-	-	-
Long-term equity investments	185,495	237,925	112,141	157,186	142,260	134,938
Revenue	880,142	1,344,007	646,829	63,951	804,927	2,058,725
Depreciation and amortisation expenses	-	-	-	-	-	-
Interest income	-	-	(1,059)	(863)	-	-
Interest expenses	60,132	100,151	-	-	-	-
Total profit	(116,518)	(185,608)	209,852	38,666	22,522	27,427
Income tax expenses	-	11,265	52,463	4,602	-	2,588
Net profit	(116,511)	(196,873)	157,389	34,064	22,522	24,840

(5) The financial position and operating results of joint ventures are not significant to the Group, so their main financial information is not disclosed in the notes



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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 13. Investment properties

Item	Buildings	Land use rights	Total
Cost			
Beginning balance	258,447	157,711	416,158
Transferred in current period	5,230	–	5,230
Ending balance	263,677	157,711	421,388
Accumulated depreciation/amortisation			
Beginning balance	65,997	25,350	91,347
Transferred in current period	23	–	23
Depreciation/amortisation charged in current period	4,148	1,225	5,373
Ending balance	70,168	26,575	96,743
Carrying amount			
At the end of the period	193,509	131,136	324,645
At the beginning of the year	192,450	132,361	324,811

In the current period, RMB5,373,000 of depreciation and amortisation is charged for the investment properties (2013: RMB4,127,000). There was no provision for impairment for investment properties in the period (2013: Nil).

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

	30 June 2014	31 December 2013
Outside Hong Kong – 10 to 50 years	131,136	132,361

In the period, the investment properties generated RMB28,764,000 (2013: RMB16,368,000) of lease income, and incurred RMB4,484,000 (2013: RMB3,913,000) of direct expenditures.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 14. Fixed assets

##### (1) Fixed assets by categories

Item	Buildings	Machinery and equipment	Office & other equipment	Motor vehicles	Offshore engineering special equipment	Dock & Port	Total
Cost							
Beginning balance	8,006,267	8,193,454	1,192,711	908,340	650,738	1,295,312	20,246,822
Additions due to business combination	45,727	19,755	1,669	1,843	-	-	68,994
Additions in current period	41,581	177,158	44,419	11,372	644	35,114	310,288
Transfer from construction in progress	119,084	95,036	19,235	73,098	4,152,116	16,450	4,475,019
Decrease in current period	(38,408)	(199,414)	(18,458)	(15,571)	(29,965)	(1,975)	(303,791)
Exchange differences arising from translating foreign operations	2,175	11,564	18,492	(98)	6,174	11,748	50,055
Ending balance	8,176,426	8,297,553	1,258,068	978,984	4,779,707	1,356,649	24,847,387
Accumulated depreciation							
Beginning balance	1,917,351	3,187,262	612,329	377,397	142,340	142,515	6,379,194
Additions due to business combination	-	7,961	681	735	-	-	9,377
Depreciation charged in current period	140,878	259,133	44,457	26,072	36,057	12,705	519,302
Decrease in current period	(4,911)	(70,991)	(10,312)	(14,739)	(9,077)	-	(110,030)
Exchange differences arising from translating foreign operations	123	2,472	2,644	(82)	908	1,076	7,141
Ending balance	2,053,441	3,385,837	649,799	389,383	170,228	156,296	6,804,984
Provision for impairment							
Beginning balance	309,987	48,216	1,065	278	-	-	359,546
Impairment provided in current period	-	-	-	-	-	-	-
Written off on disposal	-	(1,035)	-	(7)	-	-	(1,042)
Exchange differences arising from translating foreign operations	(518)	(106)	-	-	-	-	(624)
Ending balance	309,469	47,075	1,065	271	-	-	357,880
Carrying amount							
At the end of the period	5,813,516	4,864,641	607,204	589,330	4,609,479	1,200,353	17,684,523
At the beginning of the year	5,778,929	4,957,976	579,317	530,665	508,398	1,152,797	13,508,082

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 14. Fixed assets (Continued)

##### (1) Fixed assets by categories (Continued)

As at 30 June 2014, restricted fixed assets of the Group amounted to RMB14,533,000 (2013: RMB14,632,000). Refer to Note V.22 for details.

In the period, depreciation charged to fixed assets amounts to RMB519,302,000 (2013.1-6: RMB452,248,000), of which RMB395,780,000 (2013.1-6: RMB329,290,000) has been charged in cost of sales, RMB18,257,000 (2013.1-6: RMB20,642,000) in selling and distribution expenses, and RMB105,265,000 (2013.1-6: RMB102,316,000) in general and administrative expenses.

The costs of fixed assets transferred from construction in progress amount to RMB4,475,019,000 (2013: RMB1,478,197,000).

(2) As at 30 June 2014, the Group had no temporarily idle fixed assets.

##### (3) Fixed assets held under finance leases

	30 June 2014			31 December 2013		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Machinery & equipment	39,141	(10,505)	28,636	35,576	(8,866)	26,710

##### (4) Fixed assets leased out under operating leases

	Carrying amount
Buildings	115,866
Machinery & equipment	76,217
Offshore engineering special equipment	4,134,467
Total	4,326,550

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 14. Fixed assets (Continued)

##### (5) Held-for-sale fixed assets

As at 30 June 2014, there were no held-for-sale fixed assets (31 December 2013: Nil).

##### (6) Fixed assets with pending certificates of ownership

	Carrying amount	Reasons for not yet obtaining certificates of title	Estimated date that certificate of title will be obtained
Factory	738,743	Put to use, certificate being in the progress	By the end of 2014
Workshop	388,985	Put to use, certificate being in the progress	By the end of 2014
Office building	135,583	Incomplete procedure, certificate being in the progress	By the end of 2014
Warehouse	112,211	Put to use, certificate being in the progress	By the end of 2014
Dormitory and Canteen	115,488	Lack of reporting materials, under preparation	By the end of 2014
Others	60,351	Certificate being in the progress	By the end of 2014
<b>Total</b>	<b>1,551,361</b>		

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 15. Construction in progress

## (1) Construction in progress

Item	30 June 2014			31 December 2013		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Dalian Heavy Logistics Production Line equipment	12,189	-	12,189	9,345	-	9,345
XHCIMCS Production Line and Power Facilities Reconstruction Project	31,002	-	31,002	20,102	-	20,102
Raffles Jack-up Drilling Platform	1,288,701	-	1,288,701	1,256,168	-	1,256,168
Raffles Terry Project	127,221	-	127,221	126,066	-	126,066
MEA 1st stage R&D Project	348,623	-	348,623	317,555	-	317,555
TAS New Plant Project	134,219	-	134,219	107,030	-	107,030
DLL special production line	441	-	441	313	-	313
Tianjin CIMC 48 m/min plate automatic production line	6	-	6	15,917	-	15,917
Tianjin CIMC automatic processing workshop project	18,488	-	18,488	16,360	-	16,360
TCCIMC LFYD-00 continuous roof forming production line	11,760	-	11,760	11,760	-	11,760
Dalian Railway steel equipment warehouse	815	-	815	815	-	815
SZ Investment Holding Qianhai Office	33,754	-	33,754	24,186	-	24,186
Raffles Drilling Platform H194	-	-	-	658,990	-	658,990
Raffles 600T Crane (E022198015)	44,805	-	44,805	41,635	-	41,635
Raffles Plane block production line E22026	57,885	-	57,885	22,115	-	22,115
Raffles Solid pile frame workshop (E82005)	22,045	-	22,045	18,589	-	18,589
Raffles Terminal	-	-	-	16,502	-	16,502
Raffles power line(power supply, gas supply) phase II (EH7005)	15,616	-	15,616	13,557	-	13,557
Raffles paint workshop phase II (EH2003)	12,404	-	12,404	11,570	-	11,570
Raffles 600T Crane base (E022198014)	9,648	-	9,648	11,076	-	11,076
QDCRC building steel structure of 1#,2# factory	38,346	-	38,346	38,346	-	38,346
QDCRC Roads and other infrastructure construction projects	22,806	-	22,806	22,806	-	22,806
QDCRC factories and warehouses constructions	27,220	-	27,220	22,302	-	22,302
Vessels under construction of leasing company	4,181,838	-	4,181,838	3,406,804	-	3,406,804
Others	755,963	-	755,963	494,710	-	494,710
Total	7,195,795	-	7,195,795	6,684,619	-	6,684,619

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 15. Construction in progress (Continued)

##### (1) Construction in progress (Continued)

The carrying amounts of construction in progress at the end of the period included capitalised borrowing cost of RMB566,336,000 (2013: RMB447,536,000). The interest rate adopted for determining capitalised at borrowing cost for the current period was 4.32 % (2013: 4.36%).

As at 30 June 2014, there is no construction in progress with restrictions in ownership in the Group (2013: RMB1,223,018,000. Refer to Note V.22 for details.

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 15. Construction in progress (Continued)

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

Item	Budgeted amount	31 December 2013	Increase in current period	Transfer to fixed assets	Other decreases	30 June 2014	Proportion of expenditures incurred to budgeted amount	Progress of construction	Cumulative capitalised borrowing costs	Including borrowing capitalised in current period	Capitalisation rate	Source of funds	Effect of foreign exchange rate changes
Dalian Heavy Logistics Production Line equipment	143,392	9,345	3,268	(424)	-	12,189	57.28%	57.28%	-	-	-	Self-funding	-
XHCIMCS Production Line and Power Facilities Reconstruction Project	22,942	20,102	19,555	(8,655)	-	31,002	90.66%	90.66%	-	-	-	Self-funding	-
Raffles Jack-up Drilling Platform	1,256,168	1,256,168	21,006	-	-	1,288,701	102.59%	100.00%	105,730	5,246	3.50%	Self-funding and bank loan	11,527
Raffles Terry Project	126,066	126,066	-	-	-	127,221	100.00%	100.00%	-	-	-	Self-funding	1,155
MEA 1st stage R&D Project	398,000	317,555	31,068	-	-	348,623	87.59%	99.00%	21,416	-	-	Self-funding and bank loan	-
TAS New Plant Project	320,000	107,080	27,189	-	-	134,219	22.81%	22.81%	4,882	1,421	5.52%	Bank loan	-
DLL special production line	35,728	313	128	-	-	441	78.10%	100.00%	1,081	-	-	Self-funding and bank loan	-
Tianjin CIMC 48 m/min plate automatic production line	20,000	15,917	393	(16,304)	-	6	81.55%	98.00%	-	-	-	Self-funding	-
Tianjin CIMC automatic processing workshop project	20,000	16,360	2,128	-	-	18,488	92.44%	95.00%	-	-	-	Self-funding	-
TOCIMC LPYD-00 continuous roof forming production line	16,800	11,760	-	-	-	11,760	70.00%	70.00%	-	-	-	Self-funding	-
Dalian Railway steel equipment warehouse	12,870	815	-	-	-	815	101.00%	100.00%	-	-	-	Self-funding	-
SZ Investment Holding Qianhai Office	32,089	24,186	9,568	-	-	33,754	105.19%	100.00%	-	-	-	Self-funding	-
Raffles Drilling Platform H194	686,681	658,990	-	(664,666)	-	-	95.96%	100.00%	62,675	-	-	Self-funding and bank loan	5,676
Raffles 600T Crane (E022198015)	43,365	41,635	2,792	-	-	44,805	102.44%	100.00%	-	-	-	Self-funding	378
Raffles Plane block production line E22026	67,000	22,115	35,554	-	-	57,885	86.07%	95.00%	-	-	-	Self-funding	216
Raffles Solid pile frame workshop (E82005)	20,922	18,589	3,284	-	(1,525)	22,045	104.54%	100.00%	-	-	-	Self-funding	172
Raffles Terminal	16,502	16,502	-	(16,642)	-	-	100.00%	100.00%	-	-	-	Self-funding	140
Raffles power line (power supply, gas supply) phase II (EH7005)	15,059	13,557	1,936	-	-	15,616	102.86%	100.00%	-	-	-	Self-funding	123
Raffles paint workshop phase II (EH2003)	14,461	11,570	729	-	-	12,404	85.04%	100.00%	-	-	-	Self-funding	105
Raffles 600T Crane base (E022198014)	12,305	11,076	-	(1,525)	-	9,648	90.00%	100.00%	-	-	-	Self-funding	97
QDCRC building steel structure of 1#, 2# factory construction projects	54,780	38,346	-	-	-	38,346	70.00%	70.00%	-	-	-	Self-funding	-
QDCRC Roads and other infrastructure construction projects	27,270	22,806	-	-	-	22,806	83.63%	83.63%	-	-	-	Self-funding	-
QDCRC factories and warehouses constructions	37,170	22,302	4,918	-	-	27,220	73.23%	73.23%	-	-	-	Self-funding	-
Vessels under construction of leasing company	17,991,316	3,406,804	4,229,790	(3,485,923)	-	4,181,838	25.90%	2.26%-18.92%	369,870	112,133	-	Bank loans and convertible bonds	31,167
Others		494,710	545,658	(282,405)	-	755,963			682	-	-		-
Total		6,684,619	4,936,964	(4,475,019)	(1,525)	7,195,795			566,336	118,800			50,756

As at 30 June 2014, no provision for impairment for construction in progress was made by the Group (31 December 2013: Nil).

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 16. Intangible assets

##### (1) Intangible assets by categories

	Land use rights	Technical know-how and trade marks	Timber concession rights	Customer relationships	Customer contracts	Maritime use rights	Franchise rights	Total
Cost								
Beginning balance	3,497,143	1,139,356	219,799	210,662	133,890	80,134	53,300	5,334,284
Additions due to business combination	21,450	18	-	5,288	96,707	-	-	123,463
Increase in current period	58,210	3,687	-	-	-	-	-	61,897
Decrease in current period	-	-	-	-	-	-	-	-
Effect of foreign exchange rate changes	8,517	(322)	6,118	(224)	380	726	-	15,195
Ending balance	3,585,320	1,142,739	225,917	215,726	230,977	80,860	53,300	5,534,839
Accumulated amortisation								
Beginning balance	487,431	699,682	101,120	99,860	81,626	15,397	-	1,485,116
Additions due to business combination	-	-	-	-	-	-	-	-
Amortisation charged for the period	37,010	39,182	2,193	11,282	-	1,781	-	91,448
Decrease in current period	-	-	-	-	-	-	-	-
Effect of foreign exchange rate changes	363	(121)	(977)	(203)	(94)	140	-	(892)
Ending balance	524,804	738,743	102,336	110,939	81,532	17,318	-	1,575,672
Provision for impairment								
Beginning balance	-	-	96,935	-	52,264	-	-	149,199
Effect of foreign exchange rate changes	-	-	934	-	474	-	-	1,408
Ending balance	-	-	97,869	-	52,738	-	-	150,607
Carrying amounts								
At the end of the period	3,060,516	403,996	25,712	104,787	96,707	63,542	53,300	3,808,560
At the beginning of the year	3,009,712	439,674	21,744	110,802	-	64,737	53,300	3,699,969

In the period, amortisation expenses of intangible assets amount to RMB91,448,000 (2013.1-6: RMB77,301,000) in total, of which RMB91,448,000 (2013.1-6: RMB77,301,000) is recognised in profit or loss for the current period.



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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 16. Intangible assets (Continued)

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

	30 June 2014	31 December 2013
Outside Hong Kong – 10 to 50 years	<b>3,060,516</b>	3,009,712

(3) Intangible assets with pending certificates of ownership

	Carrying amount	Reasons for not yet obtaining certificates of title	Estimated date that certificate of title will be obtained
Nantong Tank Land (2008) No.0301018	68,373	Certificate being in the progress	By the end of June, 2015
SCIMCEL Tangkeng land use right	59,858	Certificate being in the progress	By the end of 2014
Nantong Tank Land (2009) No.0301030	49,553	Certificate being in the progress	By the end of June, 2015
Qingdao CIMC Reefer land	2,324	Certificate being in the progress	By the end of 2014
SCIMCEL dormitory-CIMC garden land	1,931	Certificate being in the progress	By the end of 2014
Chengdu CIMC Vehicle land	39,669	Certificate being in the progress	By the end of 2014
Total	221,708		

After the evaluation of board of directors of the Group, the aforementioned intangible assets with pending certificates has no risk of impairment. The group assesses at the end of each reporting period whether there is objective evidence that assets other than inventory, financial assets and other long term equity investments are impaired to make sure that its carrying amount doesn't exceed its recoverable amount. If there is evidence indicates it is possible that the carrying amount of long term assets could not recover, the related asset should be deemed impaired and recognise impairment loss.

(4) As at 30 June 2014, there were no intangible assets of the Group with restriction in ownership (31 December 2013: Nil).

(5) As at 30 June 2014, the intangible asset with indefinite useful lives is Gas station Franchise which amount to RMB53,300,000 (31 December 2013: RMB53,300,000)

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 17. Goodwill

Name of investee or goodwill items	Beginning balance	Increase in current period	Decrease in current period	Effect of foreign exchange rate changes	Ending balance
Enric	546,335	–	–	–	546,335
TGE SA	179,467	–	–	(302)	179,165
Technodyne International	27,430	–	–	–	27,430
Gadidae AB	12,254	–	–	–	12,254
YPDI	86,558	–	–	–	86,558
Bassoe	132,245	–	–	–	132,245
Zhenhua logistic	21,994	–	–	–	21,994
Brigantine	–	59,517	–	–	59,517
Others	413,487	–	–	848	414,335
<b>Total</b>	<b>1,419,770</b>	<b>59,517</b>	<b>–</b>	<b>546</b>	<b>1,479,833</b>
Less: provision for impairment					
Gadidae AB	12,254	–	–	–	12,254
Others	11,578	–	–	–	11,578
<b>Subtotal</b>	<b>23,832</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>23,832</b>
<b>Total</b>	<b>1,395,938</b>	<b>59,517</b>	<b>–</b>	<b>546</b>	<b>1,456,001</b>

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

Item	30 June 2014	31 December 2013
Container asset group	<b>127,524</b>	127,524
Road transportation vehicles asset group	<b>72,796</b>	72,607
Energy, chemical and food equipment asset group	<b>900,107</b>	900,409
Offshore engineering asset group	<b>234,997</b>	234,338
Logistics services and equipment asset group	<b>85,535</b>	26,018
Asset groups with insignificant allocation percentage of goodwill group	<b>35,042</b>	35,042
<b>Total</b>	<b>1,456,001</b>	1,395,938

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 18. Long-term prepaid expenses

	Beginning balance	Additions in current year	Amortisation in current period	Exchange differences arising from translating foreign operations	Ending balance
Yard facility expenses	12,710	22	(4,700)	–	8,032
Rental	2,584	335	(1,527)	–	1,392
Project insurance	20,946	10,700	(2,955)	229	28,920
Improvements to fixed assets held under operating leases	2,753	3,317	(790)	4	5,284
Water and electricity capacity enlargement expenses	791	65	(550)	–	306
Operating lease interest expenses	7,310	437	–	–	7,747
Others	48,981	29,059	(5,770)	490	72,760
Sub-total	96,075	43,935	(16,292)	723	124,441
Less: provision for impairment	–	–	–	–	–
Total	96,075	43,935	(16,292)	723	124,441

## 19. Deferred tax assets and deferred tax liabilities

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

	30 June 2014		31 December 2013	
	Deductible/(taxable) temporary differences	Deferred tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred tax assets/(liabilities)
Deferred tax assets:				
Provision for asset impairment	674,025	141,545	699,393	143,546
Provisions	448,791	89,171	627,866	119,400
Employee benefits payable	1,429,020	342,965	1,603,419	378,868
Accrued expenses	406,006	81,512	233,385	44,391
Deductible losses	707,749	171,591	650,214	162,435
Movement for fair value of financial assets at fair value through profit or loss/hedging instruments	238,375	39,062	27,254	6,775
Others	323,924	77,741	101,028	24,959
Sub-total	4,227,890	943,587	3,942,559	880,374
Offsetting amount	(125,977)	(28,975)	(106,316)	(23,968)
<b>Offsetting balances</b>	<b>4,101,913</b>	<b>914,612</b>	<b>3,836,243</b>	<b>856,406</b>

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 19. Deferred tax assets and deferred tax liabilities (Continued)

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

	30 June 2014		31 December 2013	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax liabilities:				
Movement for fair value of financial assets at fair value through profit or loss/hedging instruments	(26,278)	(6,390)	(139,320)	(31,035)
Available-for-sale financial assets	(2,734)	(547)	(2,920)	(730)
Movement for fair value of hedging instrument	–	–	(10,974)	(1,646)
Revaluation gain through combination	(716,643)	(171,149)	(722,751)	(193,063)
Estimated dividend income earned for non-resident foreign enterprises	(176,833)	(15,915)	(3,892,743)	(355,651)
Others	(673,546)	(154,916)	(446,955)	(103,043)
Sub-total	(1,596,034)	(348,917)	(5,215,663)	(685,168)
Offsetting amount	125,977	28,975	106,316	23,968
<b>Offsetting balances</b>	<b>(1,470,057)</b>	<b>(319,942)</b>	<b>(5,109,347)</b>	<b>(661,200)</b>

(2) Unrecognised deferred tax assets

	30 June 2014	31 December 2013
Deductible losses	871,304	833,015
Impairment losses of timber Concession rights	22,119	22,119
Others	66,658	66,658
Total	960,081	921,792

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 19. Deferred tax assets and deferred tax liabilities (Continued)

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

	30 June 2014	31 December 2013	Note
2014	150,935	185,744	–
2015	339,371	374,180	–
2016	1,841,920	1,876,729	–
2017	1,172,518	1,207,327	–
After 2017	1,576,392	1,611,201	Note 1
Total	<b>5,081,138</b>	5,255,181	–

Note 1: As at 31 December 2013 and 30 June 2014, 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.

At 30 June 2014, the Group had no unrecognised deferred tax liabilities.

#### 20. Other non-current assets

Item	30 June 2014	31 December 2013
Prepayment for construction	116,962	33,267
Prepayment for buildings	–	41,999
Prepayment for machinery	–	3,625
Prepayment for land use right	–	20,738
Prepayment for equity	–	17,420
Prepayment for trade receivables	–	116,962
Entrusted loans	115,571	98,049
Others	4,357	1,037
Total	<b>236,890</b>	333,097

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 21. Provision for asset impairment

	Beginning balance	Additions due to business combinations	Increase in current period	Decrease in current period			Foreign exchange rate difference effect	Ending balance
				Reversal	Write-off	Reclassification		
Provision for bad debts								
Including: provision for bad debts of accounts receivables	401,635	85	49,950	(37,026)	-	-	792	415,436
Provision for bad debts of other receivables	122,452	-	55,558	(45,512)	(1)	-	474	132,971
Provision for bad debts of advances to suppliers	183,026	-	-	-	(1,812)	-	811	182,025
Provision for bad debts of current portion of non-current assets	49,896	-	16,916	-	-	-	-	66,812
Provision for bad debts of long-term receivables	114,912	-	9,820	(20,923)	-	-	-	103,809
Provision for decline in value of inventories	400,850	259	17,208	(42,709)	(19,982)	-	1,021	356,647
Provision for impairment of long-term equity investment	3,067	-	-	-	-	(3,065)	-	2
Provision for impairment of available-for-sale financial assets	-	-	-	-	-	3,065	-	3,065
Provision for impairment of fixed assets	359,546	-	-	-	(1,042)	-	(624)	357,880
Provision for impairment of intangible assets	149,199	-	-	-	-	-	1,408	150,607
Provision for impairment of goodwill	23,832	-	-	-	-	-	-	23,832
<b>Total</b>	<b>1,808,415</b>	<b>344</b>	<b>149,452</b>	<b>(146,170)</b>	<b>(22,837)</b>	<b>-</b>	<b>3,882</b>	<b>1,793,086</b>

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

#### 22. Restricted assets

As at 30 June 2014, assets with restrictions in their ownership are as follows:

	Note	Beginning balance	Increase in current year	Decrease in current year	Exchange differences arising from translating foreign operations	Ending balance
Assets guaranteed						
Cash at bank and on hand	V.1	589,551	13,708	(221,125)	1,111	383,245
Accounts receivable	V.4	148,235	211,041	(148,235)	-	211,041
Inventories	V.7	339,070	-	(335,785)	-	3,285
Fixed assets	V.14	14,632	-	(65)	(34)	14,533
Construction in progress	V.15	1,223,018	-	(1,223,018)	-	-
<b>Total</b>		<b>2,314,506</b>	<b>224,749</b>	<b>(1,928,228)</b>	<b>1,077</b>	<b>612,104</b>

The above fixed assets and intangible assets were secured for bank loans. Refer to Note V.23, Note V.34 and Note V.36 for short-term and long-term secured loans analysis. The restricted cash at bank and on hand were guarantee deposit and deposit with the People's Bank of China by Finance Company.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 23. Short-term borrowings

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

	Note	30 June 2014	31 December 2013
<b>Guaranteed</b>	(a)		
RMB		10,000	10,000
USD		2,582,033	609,756
EUR		316,722	–
Sub-total		2,908,755	619,756
<b>Pledged</b>	(b)		
USD		201,614	724,593
Sub-total		201,614	724,593
<b>Impawn</b>	(c)		
RMB		3,478	12,848
EUR		11,543	11,577
Sub-total		15,021	24,425
<b>Unsecured</b>			
RMB		325,752	280,362
USD		7,697,268	4,698,684
EUR		824,635	860,777
JPY		6,082	–
GBP		28,556	–
AUD		39,950	36,183
Sub-total		8,922,243	5,876,006
<b>Total</b>		<b>12,047,633</b>	<b>7,244,780</b>

- (a) As of 30 June 2014, guarantee borrowings of the Group included bank loans amounting to RMB10,000,000 guaranteed by Enric for its subsidiaries and RMB2,898,755,000 guaranteed by Raffles for its subsidiaries.
- (b) As at 30 June 2014, CIMC Xinhui used invoice from trade receivable amounting to USD3,500,000 (equivalent to RMB21,535,000) as pledge to borrow loan from bank amounting to 21,535,000, Shanghai Baowei used invoice from trade receivable amounting to USD10,980,000 (equivalent to RMB67,558,000) as pledge to borrow loan from bank amounting to 58,131,000, and Yangshan Logistics used invoice from trade receivable amounting to USD19,820,000 (equivalent to RMB121,948,000) as pledge to borrow loan from bank amounting to 121,948,000,
- (c) As at 30 June 2014, Hongxin Berg used pledged deposits amounting to RMB3,500,000 as impawn conditions to borrow loans amounting to RMB3,478,000. Also Ziegler used fixed assets and inventories with a total amount of EUR 1,375,000 (equivalent to RMB11,543,000) as impawn conditions to borrow loans from bank which amount to EUR 1,375,000 (equivalent to RMB11,543,000).

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 23. Short-term borrowings (Continued)

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

- (d) As at 30 June 2014, there is no short-term borrowing to shareholders holding more than 5% (including 5%) of the voting rights of the Group or related parties.
- (e) As at 30 June 2014, the weighted average interest rate of short-term borrowings is 2.51 % annually (31 December 2013: 2.50%).

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

As at 30 June 2014, the Group had no past due and un-repaid short-term borrowings.

#### 24. Financial liabilities at fair value through profit or loss

	Note	30 June 2014	31 December 2013
<b>Current</b>			
Derivative financial liabilities			
– foreign future contracts	V.2(4)	<b>173,642</b>	1,297
– hedging instrument		<b>6,153</b>	–
Sub-total		<b>179,795</b>	1,297
<b>Non-current</b>			
Derivative financial liabilities			
– foreign future contracts	V.2(4)	<b>3,821</b>	301
– swap contract for interest rate	(i)	<b>25,819</b>	26,865
Sub-total		<b>29,640</b>	27,166
Total		<b>209,435</b>	28,463

- (i) As at 30 June 2014, the Group had 2 unsettled interest rate swap contracts denominated in U.S. dollars. The nominal value of these contracts amounted to USD109,000,000. The maturity dates of these interest rate swap contracts range from 28 April 2017 and 29 December 2018. As at 30 June 2014, the company recognised on the foresaid contracts in their fair values of RMB -25,819,000 as financial liabilities at fair value through profit or loss. Transaction costs on realisation have not been considered when calculating the fair values.



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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 25. Notes payable

	30 June 2014	31 December 2013
Bank acceptance notes	676,440	885,662
Trade acceptance notes	287,968	279,209
Other notes payable	-	8,490
Total	<b>964,408</b>	1,173,361

The above notes payable are due within one year.

#### 26. Accounts payable

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

	30 June 2014	31 December 2013
Raw materials suppliers	<b>9,588,128</b>	7,781,645

The ageing of accounts payable is analysed as follows:

	30 June 2014	31 December 2013
Within 1 year	<b>9,444,398</b>	7,394,944
1 to 2 years	<b>68,033</b>	204,088
2 to 3 years	<b>21,637</b>	81,389
Over 3 years	<b>54,060</b>	101,224
Total	<b>9,588,128</b>	7,781,645

As at 30 June 2014, accounts payable over 1 year with a carrying amount of RMB143,730,000 (31 December 2013: RMB386,701,000) are mainly payables related to offshore engineering business. The payable are not settled because the construction period of the offshore engineering project usually last more than 1 year.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 26. Accounts payable (Continued)

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

Accounts payable denominated in foreign currencies are as follows:

Currency	30 June 2014			31 December 2013		
	Amount in foreign currency '000	Exchange rate	Amount in RMB '000	Amount in foreign currency '000	Exchange rate	Amount in RMB '000
RMB	8,180,255	1.0000	8,180,255	6,733,415	1.0000	6,733,415
USD	139,596	6.1528	858,909	124,097	6.0976	756,692
HKD	25,665	0.7938	20,373	1,197	0.7862	941
JPY	18,832	0.0608	1,145	12,048	0.0578	696
EUR	43,191	8.3946	362,573	20,860	8.4175	175,587
AUD	17,964	5.8064	104,306	8,587	5.4289	46,619
Others			60,567			67,695
Total			9,588,128			7,781,645

(2) Accounts payable to shareholders holding more than 5% (including 5%) of the voting rights of the Company or accounts payable are as follows:

Company name	Relationship with the Group	30 June 2014		31 December 2013	
		Amount	% of total balance	Amount	% of total balance
Shanxi Heavy Duty Automobile Co., Ltd	Minority Shareholders of subsidiaries	111,268	1.16%	-	-
TSC Offshore Group Limited	Associate company	54,836	0.57%	93,854	1.21%
Ruiji Logistics (Wuhu) Co., Ltd	Associate company	16,978	0.18%	50,756	0.65%
Other related parties		13,593	0.14%	6,789	0.09%
Total		196,675	2.05%	151,399	1.95%

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 27. Advances from customers

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

	30 June 2014	31 December 2013
Advances for goods	2,822,062	2,326,678
Advances for construction	585,573	47,200
Advances for property	109,176	332,001
Others	78,263	215,009
<b>Total</b>	<b>3,595,074</b>	<b>2,920,888</b>

As at 30 June 2014, there is no amount due to shareholders who hold 5% or more of the voting rights of the Company in the balance of advances from customers (2013: Nil).

Advances from customers denominated in foreign currencies are as follows:

Currency	30 June 2014			31 December 2013		
	Amount in foreign currency '000	Exchange rate	Amount in RMB '000	Amount in foreign currency '000	Exchange rate	Amount in RMB '000
RMB	2,583,031	1.0000	2,583,031	2,158,531	1.0000	2,158,531
USD	95,426	6.1528	587,136	100,126	6.0976	610,527
EUR	12,042	8.3946	101,088	1,360	8.4175	11,449
HKD	19,189	0.7938	15,232	3,870	0.7862	3,043
AUD	25,143	5.8064	145,988	13,619	5.4289	73,935
GBP	12,111	10.4978	127,135	1,275	10.0604	12,825
Others			35,464			50,578
<b>Total</b>			<b>3,595,074</b>			<b>2,920,888</b>

As at 30 June 2014, there was no significant advances from customers aged over one year.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 27. Advances from customers (Continued)

(2) The Group's advances from customers due to related parties is as follows:

Company Name	Relationship with the Group	30 June 2014		31 December 2013	
		Amount	% of total balance	Amount	% of total balance
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	Associate	-	-	2,277	0.08%
Total				2,277	0.08%

#### 28. Employee benefits payable

Item	Beginning balance	Increase in current period	Decrease in current period	Effect of foreign exchange rate changes	Ending balance
Wages and salaries, bonuses, allowances and subsidies	1,424,427	2,098,759	(2,082,093)	109	1,441,202
Senior management bonus	388,606	-	(84,845)	-	303,761
Profit-sharing bonus	66,916	13,746	-	-	80,662
Termination benefits	6,683	23,661	(23,685)	-	6,659
Cash-settled share-based payments	476	-	-	-	476
Housing funds	12,460	70,904	(69,038)	33	14,359
Labor union funds and employee education funds	43,526	11,465	(8,858)	39	46,172
Staff welfare and others	233,647	352,564	(387,949)	95	198,357
Total	2,176,741	2,571,099	(2,656,468)	276	2,091,648

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

As at 30 June 2014, no defaulted payables are included in the balance of employee benefits payable.

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

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

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 29. Taxes payable

	30 June 2014	31 December 2013
Value-added-tax payable	94,168	88,098
Business tax payable	15,130	11,245
Enterprise income tax payable	157,025	369,023
Withholding individual income tax	67,782	19,566
City maintenance and construction tax payable	14,531	29,497
Educational surcharge payable	10,734	22,984
Land appreciation tax	74,625	88,616
Others	75,997	54,108
Total	509,992	683,137

#### 30. Interest payable

	30 June 2014	31 December 2013
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	47,170	10,909
Interest of short-term borrowings	28,634	22,491
Interest of corporate debentures	31,769	180,088
Others	801	40
Total	108,374	213,528

#### 31. Dividends payable

	30 June 2014	31 December 2013
Minority shareholders of subsidiaries	189,705	197,897
Common stock dividends payable	719,439	-
Total	909,144	197,897

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 32. Other payables

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

	Note	30 June 2014	31 December 2013
Advance received		1,654,708	1,402,372
Transportation expenses		442,189	444,328
Accruals		932,568	946,826
Advance received for shipbuilding	(4)	414,151	410,366
Current account with subsidiary's minority		412,569	414,133
Quality guarantees		337,949	436,813
Equipment or land use rights		132,450	224,393
Professional and training fees		8,846	13,034
Housing maintenance fees		10,385	18,021
Royalties		11,145	19,190
Insurances		19,017	14,896
Others		801,154	675,126
Total		5,177,131	5,019,498

Other payables denominated in foreign currencies are as follows:

Currency	30 June 2014			31 December 2013		
	Amount in foreign currency '000	Exchange rate	Amount in RMB in RMB '000	Amount in foreign currency '000	Exchange rate	Amount in RMB in RMB '000
RMB	3,731,723	1.0000	3,731,723	3,311,291	1.0000	3,311,291
USD	201,078	6.1528	1,237,191	230,169	6.0976	1,403,470
HKD	46,590	0.7938	36,983	45,458	0.7862	35,741
JPY	1,053	0.0608	64	37,788	0.0578	2,183
EUR	17,626	8.3946	147,960	26,171	8.4175	220,298
AUD	1,460	5.8064	8,476	1,713	5.4289	9,298
Others			14,734	29,747		37,217
Total			5,177,131			5,019,498

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 32. Other payables (Continued)

- (2) As at 30 June 2014, no amount due to shareholders who hold 5% or more of the voting rights of the Company is included in the balance of other payables. Other payables to related parties:

Company Name	Relationship with the Group	30 June 2014	31 December 2013
Marine Subsea & Consafe	Associate	414,151	410,366
Eighty Eight Dragons Limited	Minority shareholder of subsidiary	164,860	164,634
Shunde Furi Real Estate Investment Co., Ltd	Minority shareholder of subsidiary	152,237	152,237
Quercus Limited	Minority shareholder of subsidiary	48,555	48,488
Gasfin Investment S.A	Minority shareholder of subsidiary	43,797	48,185
Shanghai Fengyang Real Estate Development Co., Ltd.	Associate	26,390	26,390
TSC Offshore Group Limited	Associate	20,002	30,893
Others		4,308	1,842
Total		874,300	883,035

- (3) Significant other payables aged over one year:

As at 30 June 2014, significant other payables aged over one year represented quality guarantee, vehicle mortgage guarantee and various deposits.

- (4) Raffles and Gadidae AB entered into a shipbuilding contract, which was terminated afterwards, for the construction and sale of a submersible drilling rig from Raffles to Gadidae AB in 2007. Subsequently Gadidae AB and MSC entered into a contract which Gadidae AB would sell this vessel to MSC. Gadidae AB received USD67,300,000, equivalent to RMB414,151,000, progress billing from MSC in 2007.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 33. Provisions

	Note	Beginning balance	Increase in current period	Payment in current period	Reversal in current period	Exchange differences arising from translating foreign operations	Ending balance
<b>Current</b>							
Product warranties	(1)	669,434	100,934	(21,359)	(132,100)	772	617,681
Guarantees for third parties	(2)	4,219	9,127	–	(12,818)	–	528
Others	(3)	110,828	23,117	(16,196)	(20,635)	1,444	98,558
Total		784,481	133,178	(37,555)	(165,553)	2,216	716,767

- (1) The Group provides after-sales repair warranty to the customers, ranging from two to seven years for containers, one year for trailers, one to seven years for tank equipments, one to two years for airport ground facilities and one year for offshore business after delivery of vessels. The Group will provide repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems. The balance of "Provisions – Warranties for product quality" represents the Group's estimated obligation for such warranties of products sold out during the period and in the previous fiscal years.
- (2) The amount represents the possible loss for a bank guarantee letter issued by the Company's subsidiary – TAS.
- (3) HI provide guarantees in respect of banking facilities granted to customers who drew down loans under banking facilities to settle outstanding payables arising from purchase of trailers from the Group. HI would provide provision for the possible loss considering the credit quality.

#### 34. Current portion of non-current liabilities

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

	Note	30 June 2014	31 December 2013
Current portion of long-term borrowings	(2)		
– Unsecured		<b>3,133,749</b>	2,281,341
– Guaranteed		<b>82,554</b>	6,062
– Pledged		–	122,989
Sub-total		<b>3,216,303</b>	2,410,392
Current portion of long-term payables	(3)	<b>25,309</b>	47,016
Current portion of debentures payables	(4)	<b>2,000,000</b>	–
Current portion of other non-current liabilities		<b>1,999</b>	1,367
Total		<b>5,243,611</b>	2,458,775

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



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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

## (2) Current portion of long-term borrowings

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

	30 June 2014			31 December 2013		
	Amount in foreign currency '000	Exchange rate	Amount in RMB '000	Amount in foreign currency '000	Exchange rate	Amount in RMB '000
Bank borrowings						
– RMB	<b>1,392,000</b>	<b>1.0000</b>	<b>1,392,000</b>	2,181,497	1.0000	2,181,497
– USD	<b>245,346</b>	<b>6.1528</b>	<b>1,509,562</b>	24,000	6.0976	146,341
– HKD	<b>396,499</b>	<b>0.7938</b>	<b>314,741</b>	105,000	0.7862	82,554
Total			<b>3,216,303</b>			2,410,392

(b) As at 30 June 2014, the five largest current portion of long-term borrowings are as follows:

	Starting date	Ending date	Currency	Interest rate (%)	30 June 2014		31 December 2013	
					Amount in foreign currency '000	Amount in RMB '000	Amount in foreign currency '000	Amount in RMB '000
Syndicated loan	13/03/2012	23/03/2015	USD	3-month LIBOR+230BP	<b>168,750</b>	<b>1,038,305</b>	225,000	1,371,960
Syndicated loan	04/01/2012	23/03/2015	USD	3-month LIBOR+230BP	<b>75,000</b>	<b>461,492</b>	100,000	609,760
The Export-Import Bank of China	28/07/2011	18/07/2014	RMB	4.92%	<b>300,000</b>	<b>300,000</b>	300,000	300,000
The Export-Import Bank of China	10/08/2011	10/08/2014	RMB	4.92%	<b>300,000</b>	<b>300,000</b>	300,000	300,000
Syndicated loan	29/12/2011	23/03/2015	HKD	3-month LIBOR+230BP	<b>292,500</b>	<b>232,187</b>	390,000	306,618
Total						<b>2,331,984</b>		2,888,338

Note(i): Execute People's Bank of China export seller's credit rate, quarterly reviewed.

As at 30 June 2014, current portion of long-term borrowings included guarantee borrowings amounting to RMB82,554,000 guaranteed by Enric for its subsidiaries.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

##### (3) Current portion of long-term payables

As at 30 June 2014, current portion of long-term payables included net financial leasing payable of RMB25,309,000, which is total amount of RMB27,720,000 minus unrecognised financing expenses of RMB2,411,000.

##### (4) Current portion of long-term payables

Debenture name	Par value	Issuance date	Maturity	Issuance amount	Discount at the beginning of the year	Amortization in current period	Discount at the end of the period	Ending balance
Medium-term notes – 12CIMC MTN2	2,000,000	24 May 2012	3 years	2,000,000	-	-	-	2,000,000

The company issued the second phase of MTN on 22 May 2012 with a total amount of RMB2 billion, a term of three years from 24 May 2012 to 23 May 2015, par value of RMB100 per note and fixed interest rate of 4.43% per annum. Interest is to be paid on 24th May each year in the arrears until redemption and par value is to be paid on 24 May 2015. The notes are unsecured and targets institutional investors in the national inter-bank market.

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

#### 35. Other current liabilities

	30 June 2014	31 December 2013
Commercial paper issued by the Group	<b>1,689,073</b>	1,920,321

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 36. Long-term borrowings

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

	Note	30 June 2014	31 December 2013
Bank borrowings			
– Unsecured		<b>8,463,915</b>	7,151,439
– Pledged	(a)	<b>649,783</b>	550,726
– Guaranteed	(b)	<b>52,579</b>	52,979
– Impawn	(c)	<b>3,180</b>	6,099
<b>Total</b>		<b>9,169,457</b>	7,761,243

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

	Interest rate	30 June 2014			Interest rate	31 December 2013		
		Amount in foreign currency '000	Exchange rate	Amount in RMB '000		Amount in foreign currency '000	Exchange rate	Amount in RMB '000
– RMB	4.20%-8%	1,024,616	1.0000	1,024,616	People's Bank of China's export seller's credit rates, will be reviewed every quarter to PBOC's Benchmark Rate+10%	910,313	1.0000	910,313
– USD	3%-3-month LIBOR+310BPS	1,307,452	6.1528	8,044,491	3%-3-month LIBOR+310BP	1,056,736	6.0970	6,442,920
– HKD	HIBOR+2.1%	44,997	0.7938	35,719	3-month HIBOR+210BP-3-month LIBOR+230BP	435,000	0.7862	342,008
– AUD	8.63%	304	5.8064	1,765	8.63%	270	5.4289	1,468
– CAD	3.3% with floating	11,101	5.6631	62,866	LIBOR+310BPS	11,269	5.7265	64,534
<b>Total</b>				<b>9,169,457</b>				<b>7,761,243</b>

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 36. Long-term borrowings (Continued)

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

- (a) As at 30 June 2014, the Group's long-term pledged borrowings were borrowed by CIMC USA Leasing amounted to USD95,390,000 (equivalent to RMB586,916,000) and CAD 10,218,000 (equivalent to RMB62,867,000) which was pledged by the subject matters of financing lease contracts.
- (b) As at 30 June 2014, the Group's long-term guaranteed borrowings comprise borrowings amounting to RMB600,000 guaranteed by Enric for its subsidiaries and borrowings amounting to RMB51,979,000 guaranteed by Xiamen Hongxin Entrepreneur Incubator Investment Co. Ltd. for Hongxin Berg.
- (c) As at 30 June 2014, the Group's long-term Impawn borrowings are pledged deposits loan from Hongxin Berg. The pledged deposits amount to RMB3,500,000 (Meanwhile it is also the short-term Impawn borrowings).
- (d) No amount due to the shareholders who hold 5% or more of the voting rights of the Company or due to related parties is included in the above balance of long-term borrowings.
- (e) As at 30 June 2014, the weighted average interest rate of long-term borrowings is 3.44% annually (31 December 2013: 3.43%).

##### (2) As at 30 June 2014, the five largest long-term borrowings are as follows:

	Starting date	Ending date	Currency	Interest rate (%)	30 June 2014		31 December 2013	
					Amount in foreign currency '000	Amount in RMB '000	Amount in foreign currency '000	Amount in RMB '000
China Development bank	20/12/2013	20/12/2016	USD	6-month LIBOR+310BPS	520,000	3,199,140	520,000	3,170,369
China Development bank	11/03/2014	20/12/2016	USD	6-month LIBOR+310BPS	370,000	2,276,906	-	-
China Development bank	12/05/2014	20/12/2016	USD	6-month LIBOR+310BPS	110,000	676,918	-	-
China Development bank	22/04/2014	20/12/2016	USD	6-month LIBOR+310BPS	100,000	615,380	-	-
China Development bank	02/07/2013	01/12/2015	USD	3-month BPS+310BPS	40,000	246,152	40,000	243,902
Total						7,014,496		3,414,271

As at 30 June 2014, there were no overdue long-term borrowings of which the durations are extended.

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 37. Debentures payable

	Beginning balance	Increase in current period	Decrease in current period	Transferred to the debentures payable due within one year (reclassification)	Ending balance
Medium-term notes	5,993,413	1,310	-	(2,000,000)	3,994,723
Convertible bonds	457,317	4,143	-	-	461,460
Total	6,450,730	5,453	-	(2,000,000)	4,456,183

## (1) Related information is as follows:

Debenture name	Par value	Issuance date	Maturity	Issuance amount	Discount at the beginning of the year	Amortization in current period	Discount at the end of the period	Effect of foreign exchange rate changes	Ending balance
Medium-term notes – 11CIMC MTN1	4,000,000	23 May 2011	5 years	4,000,000	(6,587)	1,310	(5,277)	-	3,994,723
Convertible bonds	471,402	10 December 2012	3 years	471,402	-	-	-	(9,942)	461,460
Total				4,471,402	(6,587)	1,310	(5,277)	(9,942)	4,456,183

The company issued medium-term notes (MTN) on 20 May 2011 with a ceiling of RMB6 billion to institutional investors in the national inter-bank bond market. The first phase of MTN with a total amount of RMB4 billion, a term of five years from 23 May 2011 to 22 May 2016, par value of RMB100 per note and fixed interest rate of 5.23% per annum was successfully issued publicly. Interest is to be paid on 23rd May each year in the arrears until redemption and par value is to be paid on 23 May 2016. The notes are unsecured and targets institutional investors in the national inter-bank market.

China Merchants Bank Co., Ltd. is the lead underwriter. Book building and centralised placing were adopted for this issue. The MTN recorded as debenture was subsequently measured at amortized cost using the effective interest.

NSR, a subsidiary of the financial leasing, issued three-year convertible bonds ("CB") to third party investor on 10 December, 2012. The par value and the amount was USD75,000,000 with fixed interest rate of 5%. If NSR's offshore drilling platform project have completed and found the eligible leasee, the CB would directly converted to the Category B shares of NSR. In addition, during the life of the CB, the bond holder has the rights to convert the CB to Category B shares of NSR. At the CB maturity date, if the holder have chosen not convert, the NSR should buy-back all the CB and ensure the redemption price could enable the holder obtain 15% internal rate of return.

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

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 38. Long-term payables

	30 June 2014	31 December 2013
Financial Leasing payables	122,168	120,317
Payable to minority shareholders	120,789	120,789
Others	14,189	1,886
<b>Total</b>	<b>257,146</b>	<b>242,992</b>

(1) As at 30 June 2014, the five largest long-term payables are as follows:

Lender	Expiration date	Initial amount	Interest rate (%)	Interest accrued	Ending balance	Conditions
Minority shareholders of subsidiaries	–	120,789	–	–	120,789	–
Jiangyin Lin Sheng machinery Co., Ltd.	2014.01-2016.12	29,180	8.55%	1,557	23,283	–
Quanzhou yongsheng Electroplating Industrial Co., Ltd.	01 January 2017	20,000	–	–	20,000	–
Beijing New Universal Science and Technology Co., Ltd.	2014.01-2015.11	22,100	8.04%	874	16,806	–
Shanghai Zhongkai Group co., Ltd.	2013.11-2015.08	38,154	12.86%	1,104	11,896	–
<b>Total</b>					<b>192,774</b>	

As at 30 June 2014, there is no long-term payables of the Group denominated in USD (31 December 2013:Nil).

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 38. Long-term payables (Continued)

##### (2) Details of payable for finance leases

As at 30 June 2014, the total future minimum lease payments under finance leases, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date), were as follows:

	30 June 2014	31 December 2013
Minimum lease payments		
Within 1 year (inclusive)	27,720	51,160
Over 1 year but within 2 years (inclusive)	52,800	12,882
Over 2 years but within 3 years (inclusive)	70,383	18,520
Over 3 years	109	90,467
Sub-total	151,012	173,029
Less: unrecognised finance expenses	(3,535)	(5,770)
Carrying amounts	147,477	167,259

Please refer to Note V.34 for net financial leasing payable due within one year minus unrecognised financing expenses.

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

##### (3) As at 30 June 2014, there is no amount due to the shareholders who hold 5% or more of the voting rights of the Company. Amount due to related parties is as follows:

Company name	Relationship with the Group	30 June 2014	31 December 2013
Shunde Furi Real Estate Investment Co., Ltd	Subsidiary's minority shareholder	120,789	120,789

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 39. Payables for specific projects

	Beginning balance	Increase in current year	Decrease in current year	Exchange differences arising from translating foreign operations	Ending balance
Project funds	3,735	890	(2,835)	–	1,790
Relocation compensation	–	753	(143)	–	610
Total	3,735	1,643	(2,978)	–	2,400

#### 40. Other non-current liabilities

	Note	30 June 2014	31 December 2013
Deferred income	(1)	417,534	386,429

##### (1) Deferred income

	30 June 2014	31 December 2013
<b>Government grants related to assets</b>		
TAS industrial base project	34,804	30,593
Enric relocation compensation	184,814	143,715
Enric new factory government grants	89,069	94,273
TCCIMC land compensation	22,674	22,957
MEA special funds to support industrial innovation	9,740	8,279
Shandong R&D fund	5,107	5,220
QDCSR Polyurethane foam industry HCFC-141B fund	–	5,598
Zhenhua Group Drop and Pull Transport program	15,076	15,397
Others	23,900	9,764
<b>Government grants related to income</b>		
Enric major technology application fund	4,500	30,225
Others	27,850	20,408
Total	417,534	386,429



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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 40. Other non-current liabilities (Continued)

##### (1) Deferred income (Continued)

Item	31 December 2013	Business combination	Newly acquired government grants	Amortised to non-operating income	Other changes	30 June 2014	Related to assets/ income
Enric relocation compensation	143,715	–	41,099	–	–	<b>184,814</b>	Related to assets
Enric new factory government grants	94,273	–	–	(5,204)	–	<b>89,069</b>	Related to assets
TAS industrial base project	30,593	–	4,250	(39)	–	<b>34,804</b>	Related to assets
Enric major technology application fund	30,225	–	–	(25,725)	–	<b>4,500</b>	Related to income
TCCIMC land compensation	22,957	–	–	(283)	–	<b>22,674</b>	Related to assets
Zhenhua Group Drop and Pull Transport program	15,397	–	–	(321)	–	<b>15,076</b>	Related to assets
CQLE Land grant fee refund	8,623	–	–	(100)	–	<b>8,523</b>	Related to income
MEA special funds to support industrial innovation	8,279	–	1,461	–	–	<b>9,740</b>	Related to assets
MEA-other	6,301	–	–	(1,921)	–	<b>4,380</b>	Related to income
QDCSR Polyurethane foam industry HCFC-141B fund	5,598	–	–	(5,598)	–	<b>–</b>	Related to assets
Shandong R&D fund	5,220	–	1,112	–	–	<b>6,332</b>	Related to assets
Others	15,248	–	22,386	(12)	–	<b>37,622</b>	Related to assets
<b>Total</b>	<b>386,429</b>	<b>–</b>	<b>70,308</b>	<b>(39,203)</b>	<b>–</b>	<b>417,534</b>	

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 41. Share capital

Amounts: '000

	31 December 2013	Increase in current period	Decrease in current period	Change of shares subject to selling restriction	30 June 2014
<b>Shares subject to trading restriction</b>					
– Held by domestic natural person	701	75	(330)	–	<b>446</b>
<b>Shares not subject to trading restriction</b>					
– RMB-denominated ordinary shares	1,231,214	2,118	–	330	<b>1,233,662</b>
– Foreign shares listed overseas	1,430,481	–	–	–	<b>1,430,481</b>
Total	2,662,396	2,193	(330)	330	<b>2,664,589</b>

	31 December 2012	Increase in current period	Decrease in current period	31 December 2013
<b>Shares subject to trading restriction</b>				
– Held by domestic natural person	371	330	–	701
<b>Shares not subject to trading restriction</b>				
– RMB-denominated ordinary shares	1,231,544	–	(330)	1,231,214
– Foreign shares listed overseas	1,430,481	–	–	1,430,481
Total	2,662,396	330	(330)	2,662,396

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

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

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 42. Capital surplus

Item	31 December 2013	Increase in current period	Decrease in current period	30 June 2014
Share premiums	201,222	35,125	–	<b>236,347</b>
Other capital surplus				
– Property revaluation reserve	43,754	–	–	<b>43,754</b>
– Exchange reserve on foreign currency capital	692	–	–	<b>692</b>
– Donated non-cash assets reserve	257	–	–	<b>257</b>
– Changes in fair value of available-for-sale financial assets	2,920	–	(117)	<b>2,803</b>
– Effective portion of changes in fair value of cash flow hedges	10,974	–	(14,095)	<b>(3,121)</b>
– Deferred tax effect	(1,776)	2,134	–	<b>358</b>
– Equity settled share-based payment	400,583	35,288	(10,634)	<b>425,237</b>
– Capital contribution resulted from share option exercised in subsidiary	5,179	–	(714)	<b>4,465</b>
– Capital surplus due to minority shareholders' contribution	101,376	–	–	<b>101,376</b>
– Decrease in minority interests resulted from disposal of subsidiary (no loss the controlling rights on the subsidiary)	457,189	–	–	<b>457,189</b>
– Capital surplus due to corporate restructuring	(42,696)	–	–	<b>(42,696)</b>
– Capital surplus due to acquiring minority shareholders' equity	(110,333)	–	–	<b>(110,333)</b>
– Capital surplus due to minority shareholders' contributor	(58,964)	–	–	<b>(58,964)</b>
– Effect of functional currency change	(406,795)	–	–	<b>(406,795)</b>
Others	104,118	–	–	<b>104,118</b>
Total	707,700	72,547	(25,560)	<b>754,687</b>

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 42. Capital surplus (Continued)

Item	31 December 2012	Increase in current period	Decrease in current period	31 December 2013
Share premiums	201,222	–	–	201,222
Other capital surplus				
– Property revaluation reserve	43,754	–	–	43,754
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– Changes in fair value of available-for-sale financial assets	541,024	–	(538,104)	2,920
– Effective portion of changes in fair value of cash flow hedges	5,885	5,089	–	10,974
– Deferred tax effect	(131,021)	130,008	(763)	(1,776)
– Equity settled share-based payment	312,377	88,206	–	400,583
– Capital contribution resulted from share option exercised in subsidiary	1,880	3,299	–	5,179
– Capital surplus due to minority shareholders' contribution	101,376	–	–	101,376
– Decrease in minority interests resulted from disposal of subsidiary (no loss the controlling rights on the subsidiary)	178,916	278,273	–	457,189
– Capital surplus due to corporate restructuring	(42,696)	–	–	(42,696)
– Capital surplus due to acquiring minority shareholders' equity	78,457	–	(188,790)	(110,333)
– Capital surplus due to minority shareholders' contributor	(58,964)	–	–	(58,964)
– Effect of functional currency change	(406,795)	–	–	(406,795)
Others	104,118	–	–	104,118
<b>Total</b>	<b>930,482</b>	<b>504,875</b>	<b>(727,657)</b>	<b>707,700</b>

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 43. Surplus reserve

	31 December 2013	Increase in current year	Decrease in current year	30 June 2014
Statutory surplus reserve	1,331,196	–	–	<b>1,331,196</b>
Discretionary surplus reserve	1,790,092	–	–	<b>1,790,092</b>
Total	3,121,288	–	–	<b>3,121,288</b>

	31 December 2012	Increase in current year	Decrease in current year	31 December 2013
Statutory surplus reserve	1,269,744	61,452	–	1,331,196
Discretionary surplus reserve	1,790,092	–	–	1,790,092
Total	3,059,836	61,452	–	3,121,288

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the period to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. At the end of 31 December 2013, the statutory surplus reserve accumulated to 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities.

The Company appropriates for the discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities.

#### 44. Undistributed profits

	Note	30 June 2014	31 December 2013
Undistributed profits at the beginning of the year		<b>14,899,313</b>	13,392,795
Add: net profit attributable to the Company for the current period		<b>1,035,029</b>	2,180,321
Less: appropriation for surplus reserve		–	(61,452)
Less: ordinary share dividends payable	(1)	<b>(719,439)</b>	(612,351)
Undistributed profits at the end of the year	(2)	<b>15,214,903</b>	14,899,313

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 44. Undistributed profits (Continued)

##### (1) Dividends of ordinary shares declared during the period

	<b>30 June 2014</b>	31 December 2013
Dividends proposed but not declared	<b>719,439</b>	–
Total proposed dividends in the year	–	612,351

In accordance with the resolution at the shareholders' general meeting of the Company, dated on 27 June 2014, the Company paid a cash dividend in the amount of RMB0.27 per share to the ordinary shareholders (2013: RMB0.23 per share), amounting to RMB719,439,000 calculated by issued shares (2013: RMB612,351,000).

##### (2) Undistributed profits at the end of the period

As at 30 June 2014, the net profit attributable to the Company included an appropriation of RMB1,039,052,000 to surplus reserve made by the subsidiaries (31 December 2013: RMB895,468,000).

#### 45. Revenue and cost of sales

##### (1)

	<b>From 1 January to 30 June 2014</b>	From 1 January to 30 June 2013
Revenue from main operations	<b>31,505,113</b>	28,142,560
Revenue from other operations	<b>541,015</b>	442,598
Cost of sales from main operations	<b>26,596,154</b>	23,952,601
Cost of sales from other operations	<b>272,486</b>	207,815

There was no individual construction contract whose revenue amounted to more than 10% of the total revenue.

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 45. Revenue and cost of sales (Continued)

## (2) Revenue and cost of sales from main operations by industries and by products

Industry	From 1 January to 30 June 2014		From 1 January to 30 June 2013	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Containers	11,118,191	9,617,910	12,072,717	10,510,091
Road transportation vehicles	6,844,998	5,798,579	6,434,276	5,619,462
Energy and chemistry equipment	5,447,548	4,351,978	5,292,815	4,138,521
Offshore business	3,089,670	2,673,516	1,519,799	1,499,539
Airport facilities	722,749	635,098	213,931	144,260
Logistics services and equipment	3,281,457	2,818,380	656,648	573,834
Others	1,000,500	700,693	1,952,374	1,466,894
Total	31,505,113	26,596,154	28,142,560	23,952,601

## (3) Revenue and cost of sales from main operations by locations

Regions	From 1 January to 30 June 2014		From 1 January to 30 June 2013	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
P.R. China	28,390,817	23,905,968	25,227,220	22,015,325
America	1,255,611	1,146,864	1,183,883	924,313
Europe	1,634,943	1,378,812	789,529	697,754
Asia	57,799	49,710	64,481	54,446
Others	165,943	114,800	877,447	260,763
Total	31,505,113	26,596,154	28,142,560	23,952,601

The revenue and cost of sale from main operations by locations is determined on the location at which the services were provided or the goods were delivered.

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 45. Revenue and cost of sales (Continued)

##### (4) Revenue and cost of sales from other operations

	From 1 January to 30 June 2014		From 1 January to 30 June 2013	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Rendering of services	226,480	74,216	226,089	111,531
Sale of raw materials	314,535	198,270	216,509	96,284
Total	541,015	272,486	442,598	207,815

##### (5) Revenue from the five largest customers of the Group in 2013

Customer	Revenue	Percentage of total revenue
HAIJIN (TIANJIN) LEASING CO., Ltd	1,137,769	3.55%
Kingpost International Limited	951,728	2.97%
Orient Overseas Container Line Ltd.	892,748	2.79%
UNITED ARAB SHIPPING CO.(S.A.G.)	728,705	2.27%
SeaCube Containers LLC	703,063	2.19%
Total	4,414,013	13.77%

For the period ended 30 June 2013, revenue from the five largest customers of the Group with an amount of RMB4,657,835,000, accounts for 16.29% of the total revenue of the Group.



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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 46. Taxes and surcharges

Item	From 1 January to 30 June 2014	From 1 January to 30 June 2013	Taxation basis and rates
Business tax	54,053	46,415	3%-5% of revenue
City maintenance and construction tax	58,093	49,149	7% of VAT and business tax paid
Educational surcharge	41,638	36,296	3%-5% of VAT and business tax paid
Land appreciation tax	6,802	10,284	Appreciation amount in transferring property and applicable tax rate
Others	7,970	4,997	
Total	168,556	147,141	

## 47. Selling and distribution expenses

Item	For the Period from 1 January 2014 to 30 June 2014	For the Period from 1 January 2013 to 30 June 2013
Transportation and distribution expenses	454,911	366,585
External sales commission	51,268	27,816
Employ benefit	262,111	189,040
Warranty	(21,154)	43,852
Others	358,024	293,882
Total	1,105,160	921,175

## 48. General and administrative expenses

Item	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2013
Low-value consumables and materials consumed	52,129	41,132
Rental	46,968	30,837
Depreciation	81,318	80,231
Employ Benefit	758,211	669,369
Taxes and surcharges	89,003	77,636
Agency fee	107,209	78,386
Technology development costs	222,954	126,942
Amortisation	83,490	101,142
Performance bonus and profit sharing bonus	183,089	76,184
Office expenditure, entertainment fee and others	456,323	432,358
Total	2,080,694	1,714,217

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 49. Financial expenses-net

	For the Period from 1 January 2014 to 30 June 2014	For the Period from 1 January 2013 to 30 June 2013
Interest expenses	497,504	450,228
Including: Bank borrowings	338,385	290,365
Finance leasing	1,308	34,819
Debentures payable	150,791	109,249
Other liabilities	7,020	15,795
Less: borrowing costs capitalised	(189,478)	(173,399)
Interest income from bank deposits and amounts receivables	(66,121)	(52,347)
Exchange (gains)/losses	(27,935)	171,408
Others	46,835	58,936
Total	260,805	454,826

Interest expenses are analysed by the repayment terms of bank and other borrowings as follows:

	For the Period from 1 January to 30 June 2014		For the Period from 1 January to 30 June 2013	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Wholly repayable within five years	338,385	-	290,365	-

#### 50. Profit/(losses) from changes in fair value

Item	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Financial assets at fair value through profit or loss		
– Changes in fair value during the period		
1. Profit/(losses) from changes in fair value of equity instrument held for trading	(32,598)	(37,577)
2. Profit/(losses) from changes in fair value of derivative financial instrument	(15,594)	15,131
– Profit/(losses) for derecognized financial assets held for trading	(4,637)	(16,996)
Sub-total	(52,829)	(39,442)
Financial liabilities at fair value through profit or loss		
– Changes in fair value during the period		
1. Profit/(Losses) from changes in fair value of derivative financial instrument	(289,480)	49,183
Total	(342,309)	9,741

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 51. Investment (losses)/income

##### (1) Investment (losses)/income by categories

Item	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Income earned during the holding period of financial assets at fair value through profit or loss	4,637	16,996
Income earned during the holding period of available-for-sale financial assets	–	7,261
Income/(losses) from long-term equity investments under equity method	25,163	(64,960)
Income from disposal of long-term equity investment	8,328	(4,414)
Total	38,128	(45,117)

Investment income from listed investments amount to RMB4,637,000 and investment losses from non-listed investments amount to RMB33,491,000 (For the period ended 30 June 2013, investment losses from listed and non-listed investments amount to RMB24,257,000 and RMB69,374,000 respectively).

- (2) In investment income from long-term equity investment under equity method, investees that contributed investment income for more than 5% of the Group's total profit, or the top five investees that contributed most investment income to the Group's total profit are set out as follows:

Investee	From 1 January to 30 June 2014	From 1 January to 30 June 2013	Reason for current period fluctuation
Shanghai Fengyang Real Estate Development Co., Ltd.	62,955	3,432	Changes in profit and loss of the investee
C&C Trucks	(52,430)	(83,778)	Changes in profit and loss of the investee
KYH Steel Holding Ltd	7,169	2,272	Changes in profit and loss of the investee
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd.	3,762	2,612	Changes in profit and loss of the investee
Xiamen CIMC Haitou Container Service Co., Ltd.	1,410	2,162	Changes in profit and loss of the investee
Total	22,866	(73,300)	

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

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 52. Asset impairment losses

Item	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Accounts receivables	12,924	31,417
Advance to suppliers	–	(132)
Other receivables	10,046	1,295
Inventories	(25,501)	2,589
Current portion of non-current assets	16,916	11,532
Long-term receivables	(11,103)	(11,882)
Fixed assets	–	19
Total	3,282	34,838

#### 53. Non-operating income

##### (1) Non-operating income by categories

Item	Note	From 1 January 2014 to 30 June 2014	From 1 January 2013 to 30 June 2013
Gains on disposal of fixed assets		9,017	6,066
Gains on disposal of intangible assets		–	14
Compensation income		1,707	2,120
Penalty income		2,424	6,304
Gains on fixed assets surplus		58	–
Government grants	(2)	35,531	36,011
Others		8,736	2,245
Total		57,473	52,760

##### (2) Details of government grants

Item	From 1 January to 30 June 2014	From 1 January to 30 June 2013	Related to assets/income
Land subsidies and technology research and development support	16,115	–	Related to asset
Financial subsidies	15,268	35,695	Related to income
Tax refund	3,824	129	Related to income
Others	324	187	Related to income
Total	35,531	36,011	

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 54. Non-operating expenses

Item	From 1 January 2014 to 30 June 2014	From 1 January 2013 to 30 June 2013
Losses on disposal of fixed assets	35,382	4,425
Losses on disposal of intangible assets	–	24
Donations	335	1,356
Penalty expenses	827	665
Compensation expenses	234	551
Others	7,278	2,862
Total	44,056	9,883

#### 55. Income tax expenses

Item	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Current income tax calculated based on tax law and related regulations	383,707	352,204
Deferred income tax	(401,599)	92,613
Total	(17,892)	444,817

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

Item	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Total profit	1,268,227	1,160,046
Income tax expenses calculated at applicable tax rates	553,682	379,479
Effect of tax incentive	(174,596)	(136,072)
Expenses not deductible for tax purposes	55,679	124,729
Income not subject to tax	(232,242)	(106,925)
Utilisation of previously unrecognised tax losses	(9,917)	(9,476)
Tax effect of unrecognised tax losses	48,044	76,296
Deductible temporary differences for which no deferred tax asset was recognised	78,881	74,456
Effect of tax rate change on deferred tax	2,313	3,490
Tax refund for income tax annual filling	–	(1,735)
Income tax accruals for profit of foreign holding companies in current period	3,149	40,575
Reversal of provision for income tax for overseas enterprises that had been identified as Chinese resident enterprise.	(342,885)	–
Income tax expenses	(17,892)	444,817

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 56. Earnings per share

##### (1) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Consolidated profit attributable to ordinary shareholders of the Company	1,035,029	551,972
Weighted average number of ordinary shares outstanding ('000)	2,663,861	2,662,396
Basic earnings per share	0.3885	0.2073

##### (2) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding.

	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Consolidated profit attributable to ordinary shareholders of the Company	1,028,417	551,972
Weighted average number of ordinary shares outstanding(diluted) ('000)	2,674,756	2,666,450
Diluted earnings per share	0.3845	0.2070

Note: The subsidiaries' share option program is not immaterial to the Company's diluted earning per share in 2012.

##### (a) Calculation of weighted average number of ordinary shares outstanding (diluted)

	30 June 2014	30 June 2013
Issued ordinary shares at 1 January ('000)	2,662,396	2,662,396
Weighted average number of increased ordinary shares in current period('000)	1,465	-
Effect of share options ('000)	10,895	4,054
Weighted average number of ordinary shares at 30 June (diluted) ('000)	2,674,756	2,666,450

The Board of Directors the Company was authorised to grant 60,000,000 shares (2.25% of the total issued shares 2,664,588,601 of the Company) to the senior management and other staff. According to the share options plan in Note VII.2, the exercisable share options during the period were 11,165,000 shares. Please refer to Note VII for the details of share options.

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## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 57. Other comprehensive income

	31 December 2013	Changes in current period	Reclassification	Tax effect	30 June 2014
Other comprehensive income to be reclassified to profit or loss in subsequent accounting periods when specified conditions are met					
– Net change in fair value of available-for-sale financial assets and transfer to profit or loss arising for reclassification	2,860	(117)	–	37	<b>2,780</b>
– Other comprehensive income arising from cash flow hedging instruments	9,328	(14,095)	–	2,097	<b>(2,670)</b>
– Difference on translation of foreign currency financial statements	(713,632)	(76,797)	–	–	<b>(790,429)</b>
Others	1,420	–	–	–	<b>1,420</b>
Total	(700,024)	(91,009)	–	2,134	<b>(788,899)</b>

	31 December 2012	Changes in current period	Reclassification	Tax effect	30 June 2013
Other comprehensive income to be reclassified to profit or loss in subsequent accounting periods when specified conditions are met					
– Net change in fair value of available-for-sale financial assets and transfer to profit or loss arising for reclassification	410,956	(31,078)	–	7,769	387,647
– Other comprehensive income arising from cash flow hedging instruments	5,002	4,435	–	(539)	8,898
– Difference on translation of foreign currency financial statements	(532,001)	(45,841)	–	–	(577,842)
Others	1,420	–	–	–	1,420
Total	(114,623)	(72,484)	–	7,230	(179,877)

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 58. Notes to the consolidated cash flow statement

##### (1) Cash received relating to other operating activities

Item	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Cash received from government grants related to assets	63,862	11,084
Cash received from guarantee deposit, Security deposit	74,791	72,061
Cash received from government grants related to income	3,000	24,927
Cash received from penalty income	2,424	6,304
Cash received from compensation income	1,707	2,120
Others	186,191	140,267
<b>Total</b>	<b>331,975</b>	<b>256,763</b>

##### (2) Cash paid relating to other operating activities

Item	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Cash paid for transportation and distribution expenses	454,911	336,585
Cash paid for rental, insurance and other selling and distribution expenses	254,788	119,621
Cash paid for technical development costs	222,954	126,942
Cash paid for warranty	37,555	23,852
Cash paid for external sales commission	51,268	27,816
Cash paid for entertainment fee	52,054	61,527
Cash paid for travelling, office expenditure and other expenses in ordinary operation	552,582	102,793
<b>Total</b>	<b>1,626,112</b>	<b>799,136</b>



## NOTES TO THE FINANCIAL STATEMENTS

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 58. Notes to the consolidated cash flow statement (Continued)

##### (3) Cash received relating to other investing activities

Item	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Cash received from bank financial services	383,684	73,000

##### (4) Cash paid relating to other investing activities

Item	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Cash paid for bank financial services	381,076	73,000

##### (5) Cash received relating to other financing activities

Item	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Cash received from disposal of subsidiary's equity	-	570,599

##### (6) Cash paid relating to other financing activities

Item	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Cash paid for medium-term notes expenses	-	12,000
Cash paid for acquiring minority interests	-	393,258
Total	-	405,258

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2014

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 59. Information to cash flow statement

##### (1) Supplementary information to the consolidated cash flow statement

###### (a) Reconciliation from net profit to cash flows from operating activities

Item	From 1 January 2014 to 30 June 2014	From 1 January 2014 to 30 June 2013
Net profit	1,286,119	715,229
Add: Provisions for assets impairment	3,282	34,838
Depreciation of fixed assets	519,302	452,248
Amortisation of intangible assets	91,448	77,301
Amortisation of investment properties and long-term prepaid expenses	21,665	30,425
Losses/(gains) on disposal of fixed assets, intangible assets and other long-term assets	22,346	(1,631)
Losses/(Gains) on changes in fair value	342,309	(9,741)
Financial expense	241,905	224,482
Investment losses/(income)	(38,128)	45,117
Share-based payment expenses	35,288	45,304
Change in deferred tax assets and liabilities	(401,599)	92,613
Decrease/(increase) in inventories	(1,309,191)	518,308
(Decrease)/increase in operating receivables	(6,004,821)	(6,433,618)
Increase/(decrease) in operating payables	2,021,002	1,188,289
Exchange differences arising from translating foreign operations	-	(723)
Net cash inflow/(outflow) from operating activities	(3,169,073)	(3,021,559)

Significant investing and financing activities that do not involve cash receipts and payments in 2013.

###### (b) Net (decrease)/increase in cash and cash equivalents

Item	From 1 January 2014 to 30 June 2014	From 1 January 2014 to 30 June 2013
Closing balance of cash and cash equivalents	2,758,310	3,233,326
Less: Opening balance of cash and cash equivalents	4,181,496	4,397,512
Net increase/(decrease) of cash and cash equivalents	(1,423,186)	(1,164,186)

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 59. Information to cash flow statement (Continued)

##### (2) Information on acquisition of subsidiaries and other business units during the period

Item	From 1 January 2014 to 30 June 2014	From 1 January 2014 to 30 June 2013
Information on acquisition of subsidiaries and other business units:		
1. Consideration for acquisition	<b>188,077</b>	483,059
2. Cash and cash equivalents paid for acquisition	<b>188,077</b>	483,059
Less: Cash and cash equivalents held by subsidiaries	<b>69,544</b>	207,685
Less: Cash and cash equivalents already paid	–	–
3. Net cash paid for the acquisition	<b>118,532</b>	275,374
4. Non-cash assets and liabilities held by the acquired subsidiaries and other business units		
Current assets	<b>143,947</b>	858,136
Non-current assets	<b>153,426</b>	1,077,569
Current liabilities	<b>116,079</b>	(980,286)
Non-current liabilities	–	(34,958)
Minority interest	<b>52,707</b>	(34,776)

##### (3) Cash and cash equivalents

Item	From 1 January 2014 to 30 June 2014	From 1 January 2014 to 30 June 2013
1. Cash		
Including: cash on hand	<b>1,158</b>	3,393
Bank deposits available on demand	<b>2,708,284</b>	2,970,573
Other monetary fund available on demand	<b>48,868</b>	259,360
2. Closing balance of cash and cash equivalents	<b>2,758,310</b>	3,233,326

Note: Aforesaid "Cash at bank and on hand" excluded restricted cash and short-term investment.

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2014

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### VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. The company does not have immediate holding company.
2. For the information on the subsidiaries of the company, refer to Note IV.1.
3. For the information about the joint ventures and associates of the Company, refer to Note V.12.(2) and (3).
4. Information of other related parties

Organisation name	Relationship with the Group	Code of organisation
Florens Container Services Ltd.	Subsidiary of significant shareholder	N/A
Florens Container Corporation S.A.	Subsidiary of significant shareholder	N/A
Florens Maritime Limited	Subsidiary of significant shareholder	N/A
Shenzhen China Merchants Real Estated Co., Ltd	Subsidiary of significant shareholder	61884513-6
Gasfin Investment S.A	Minority shareholder of subsidiary	N/A
COSCO Container Industries Limited	Significant shareholder	N/A
China Merchant International Ltd.	Significant shareholder	N/A
Mitsui & Co., Ltd.	Minority shareholder of subsidiary	N/A
Shanxi Heavy Duty Automobile Co., Ltd.	Minority shareholder of subsidiary	74127207-0
Sumitomo Corporation	Minority shareholder of subsidiary	N/A
Shunde Furi Real Estate Investment Co., Ltd	Minority shareholder of subsidiary	66332839-X
Zhejiang Tenglong Bamboo Industry Group	Minority shareholder of subsidiary	73201662-2
Tianjin Port International Logistics Development Co., Ltd.	Minority shareholder of subsidiary	74404796-0
Frigstad Deepwater Holding Limited	Minority shareholder of subsidiary	N/A
Eighty Eight Dragons Limited	Minority shareholder of subsidiary	N/A
Quercus Limited	Minority shareholder of subsidiary	N/A
Shiny Laburnum Limited	Minority shareholder of subsidiary	N/A
Maersk Hongkong Ltd.	Minority shareholder of subsidiary	N/A

Note: Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

## NOTES TO THE FINANCIAL STATEMENTS

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### VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 5. Related party transactions

The following transactions with related parties were conducted under normal commercial terms or relevant agreements.

##### (1) Purchase of goods and receiving of services

The Group

Name	Nature of the transaction	From 1 January to 30 June 2014		From 1 January to 30 June 2013	
		Amount	% of the total amount of similar transactions	Amount	% of the total amount of similar transactions
C&C Trucks	Purchase of goods	217,798	0.31%	58,898	0.24%
Shanxi Heavy Duty Automobile Co., Ltd.	Purchase of goods	17,118	0.02%	16,258	0.07%
Sumitomo Corporation	Purchase of goods	9,940	0.02%	–	–
TSC Offshore Group Limited	Purchase of goods	90,071	0.13%	–	–
Other related parties	Purchase of goods	2,745	0.00%	55,320	0.23%
Sub-total	Purchase of goods	337,672	0.48%	71,578	0.54%
Other related parties	Receiving of services	217	0.29%	4,780	0.02%

The Company

Receiving of services of the company refer to VI.5(5).

## NOTES TO THE FINANCIAL STATEMENTS

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### VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 5. Related party transactions (Continued)

##### (2) Sale of goods and rendering of services

The Group

Name	Nature of the transaction	From 1 January to 30 June 2014		From 1 January to 30 June 2013	
		Amount	% of the total amount of similar transactions	Amount	% of the total amount of similar transactions
Florens Maritime Limited	Sale of goods	598,241	1.90%	–	–
Florens Container Corporation S.A.	Sale of goods	348,720	1.11%	236,624	0.83%
Shanxi Heavy Duty Automobile Co., Ltd.	Sale of goods	229,532	0.73%	478,868	1.68%
COSCO Container Industries Limited	Sale of goods	107,062	0.34%	246,025	0.86%
C&C Trucks	Sale of goods	53,458	0.17%	38,162	0.13%
Other related parties	Sale of goods	35,808	0.11%	29,995	0.10%
Sub-total	Sale of goods	1,372,821	4.36%	1,029,674	3.60%
Other related parties	Rendering of services	563	0.25%	–	–

## NOTES TO THE FINANCIAL STATEMENTS

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## VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

## 5. Related party transactions (Continued)

## (3) Financing

## The Group

Name	Amount	Starting date	Ending date	Interest income earned/interest expense recognised from 1 January to 30 June 2014	Note
<b>Financing received</b>					
Gasfin Investment S.A	43,797	19 September 2008	Not fixed repayment date	980	Shareholder loans
Eighty Eight Dragons Limited	164,860	27 December 2013	27 December 2017	–	Shareholder loans
Quercus Limited	48,555	27 December 2013	27 December 2017	–	Shareholder loans
Shiny Laburnum Limited	295	27 December 2013	27 December 2017	–	Shareholder loans
<b>Financing provided</b>					
Shanghai Fengyang	34,204	25 December 2007	Not fixed repayment date	–	Shareholder loans
Xinyang Wood HK Co., Ltd	3,870	20 June 2006	Not fixed repayment date	–	Shareholder loans
Marine Subsea & Consafe	281,442	1 December 2007	Not fixed repayment date	–	Shareholder loans
C&C Trucks	571,178	15 July 2013, 17 October 2013, 31 October 2013 and 15 November 2013	15 July 2014, 17 October 2014, 31 October 2014 and 14 November 2014	13,293	Shareholder loans
Nantong New Atlantic Forest Industry Ltd.	44,000	22 July 2013, 1 November 2013, 17 December 2013, 24 December 2013, 20 March 2014, 15 April 2014 and 13 May 2015	22 July 2014, 31 October 2014, 17 December 2014, 24 December 2014, 20 March 2015, 15 April 2015 and 13 May 2015	1,194	Shareholder loans
Guangzhou Kyh Metal Co., Ltd.	2,000	14 January 2014	14 July 2014	373	Shareholder loans
Pteris Global Ltd	5,914	5 March 2013	5 September 2014	–	Shareholder loans
FRIGSTAD DEEPWATER HOLDING LIMITED	157,314	16 April 2013	Not fixed repayment date	–	Shareholder loans

## The Company

Name	Amount	Starting date	Ending date	Interest income earned/interest expense recognised from 1 January to 30 June 2014	Note
<b>Financing provided</b>					
Shanghai Fengyang	34,204	25 December 2007	Not fixed repayment date	–	Shareholder loans

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### VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 5. Related party transactions (Continued)

##### (4) Other related party transactions

- (i) The Company adopted a new share options scheme since 28 September 2010 (see Note VII). Details of unexercised share options granted to key management personnel as at 30 June 2014 are as follows:

Name	Position	Number of granted share options (in'0000)
Mai Boliang	President, Chairman	380
Zhao Qingsheng	Vice Chairman	150
Wu Fapei	Vice Chairman	100
Li Yinhui	Vice Chairman	100
Yu Ya	Vice Chairman	100
Liu Xuebin	Vice Chairman	150
Zhang Baoqing	Vice Chairman	100
Jin Jianliong	General Manager of Finance Department	100
Zeng Beihua	General Manager of Treasury Department	90
Yu Yuqun	Secretary of the Board	100
<b>Total</b>		<b>1,370</b>

Some key management personnel were not only granted the above share options of the Company but also were granted share options of Enric, the subsidiary of the Company. Details of unexercised share options granted to key management personnel as at 30 June 2014 are as follows:

Name	Position	Number of granted share options (in'0000)
Zhao Qingsheng	Vice Chairman	195
Wu Fapei	Vice Chairman	50
Yu Ya	Vice Chairman	25
Jin Jianliong	General Manager of Finance Department	140
Zeng Beihua	General Manager of Treasury Department	300
Yu Yuqun	Secretary of the Board	129.8
<b>Total</b>		<b>839.8</b>

For detailed information for fair value of the granted share options aforesaid, please refer to Note VII.



## NOTES TO THE FINANCIAL STATEMENTS

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## VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

## 5. Related party transactions (Continued)

## (4) Other related party transactions (Continued)

## (ii) Directors' and key management personnel's emoluments

Directors' and key management personnel's emoluments For the period ended 30 June 2014 are as follows:

Name	Remuneration	Salary and allowance	Pension	Bonus	Sign-off bonus	Termination benefits	Others	Total
Directors								
Mai Boliang	-	1,250	19	-	-	-	12	1,281
Li Jianghong	-	-	-	-	-	-	-	-
Xu Minjie Note (i)	-	-	-	-	-	-	-	-
Zhang Liang Note (i)	-	-	-	-	-	-	-	-
Wang Hong	-	-	-	-	-	-	-	-
Wu Shuxiong	-	-	-	-	-	-	-	-
Wang Guixun	60	-	-	-	-	-	-	60
Li Kejun	60	-	-	-	-	-	-	60
Pan Chengwei	60	-	-	-	-	-	-	60
Sub-total	180	1,250	19	-	-	-	12	1,461
Supervisors								
Huang Qianru	-	-	-	-	-	-	-	-
He Jiale	-	-	-	-	-	-	-	-
Xiong Bo	-	92	14	36	-	-	5	147
Sub-total	-	92	14	36	-	-	5	147
Other key management personnel								
Zhao Qingsheng	-	630	-	-	-	-	-	630
Wu Fapei	-	582	19	600	-	-	12	1,213
Li Yinhui	-	582	18	600	-	-	12	1,212
Liu Xuebin	-	659	19	500	-	-	12	1,190
Zhang Baoqing	-	630	18	-	-	-	12	660
Yu Ya	-	659	18	600	-	-	12	1,289
Jin Jianlong	-	522	19	600	-	-	12	1,153
Zeng Beihua	-	532	-	600	-	-	-	1,132
Yu Yuqun	-	604	19	425	-	-	12	1,060
Sub-total	-	5,400	130	3,925	-	-	84	9,539
Total	180	6,742	163	3,961	-	-	101	11,147

Note(i): Mr. Xu Minjie no longer serve as director of the company from 7 March 2014. Mr. Zhang liang serve as director of the company on 7 March 2014.

The five individuals whose emoluments are the highest are included aforesaid in the period.

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### VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 5. Related party transactions (Continued)

##### (4) Other related party transactions (Continued)

###### (ii) Directors' and key management personnel's emoluments (Continued)

Directors' and key management personnel's emoluments for the period ended 30 June 2013 are as follows:

Name	Remuneration	Salary and allowance	Pension	Bonus	Sign-off bonus	Termination benefits	Others	Total
Directors								
Li Jianghong	-	-	-	-	-	-	-	-
Xu Minjie	-	-	-	-	-	-	-	-
Wang Hong	-	-	-	-	-	-	-	-
Wang Xingru	-	-	-	-	-	-	-	-
Mai Boliang	-	1,099	18	-	-	-	11	1,128
Ding Huiping	60	-	-	-	-	-	-	60
Xu Jingan	60	-	-	-	-	-	-	60
Jin Qingjun	60	-	-	-	-	-	-	60
Pan Chengwei	-	-	-	-	-	-	-	-
Li Kejun	-	-	-	-	-	-	-	-
Wang Guixun	-	-	-	-	-	-	-	-
Sub-total	180	1,099	18	-	-	-	11	1,308
Supervisors								
Lv Shijie	-	-	-	-	-	-	-	-
Huang Qianru	-	-	-	-	-	-	-	-
Feng Guangwan	-	294	-	-	-	-	-	294
Sub-total	-	294	-	-	-	-	-	294
Other key management personnel								
Zhao Qingsheng	-	412	-	-	-	-	-	412
Wu Fapei	-	392	18	300	-	-	11	721
Li Yinhui	-	392	17	300	-	-	11	720
Liu Xuebin	-	449	18	300	-	-	11	778
Zhang Baoqing	-	420	17	1,920	-	-	11	2,368
Yu Ya	-	449	17	300	-	-	11	777
Jin Jianlong	-	332	18	300	-	-	11	661
Zeng Beihua	-	338	-	300	-	-	-	638
Yu Yuqun	-	338	18	300	-	-	11	667
Sub-total	-	3,522	123	4,020	-	-	77	7,742
Total	180	4,915	141	4,020	-	-	88	9,344

The five individuals whose emoluments are the highest are included aforesaid in the period ended 30 June 2013.

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### VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 5. Related party transactions (Continued)

##### (4) Other related party transactions (Continued)

(ii) *Directors' and key management personnel's emoluments (Continued)*

	Number of individuals	
	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Emolument bands:		
RMB0 – 1,000,000	13	21
RMB1,000,000 – 1,500,000	8	1
RMB1,500,000 – 2,000,000	–	1

#### 6. Receivables from and payables to related parties

Details of accounts receivable please refer to Note V.4

Details of other receivables please refer to Note V.5

Details of advance to suppliers please refer to Note V.6.

Details of accounts payable please refer to Note V.26

Details of other payables please refer to Note V.32.

#### 7. Commitments in relation to related parties

As at 30 June 2014, there are no commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group.

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2014

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### VII. SHARE-BASED PAYMENTS

#### 1. Information about share-based payments

Total equity instruments granted during the period	The total number of share options granted during the period by Enric was 38,420,000.
Total equity instruments exercised during the period	The total number of share options exercised during the period were 2,192,550 by the Company and 4,558,000 by Enric respectively, 6,750,550 in total.
Total equity instruments forfeited during the period	The total number of share options forfeited during the period by Enric was 90,000.
The exercise price of outstanding share options at the end of the period and residual life of the share options contracts	<ol style="list-style-type: none"> <li>Equity-settled share options granted by Enric in 2009, 2011 and 2014: HKD4, HKD2.48 and HKD11.24 per share respectively, the residual life of contract is 5.53, 7.32 and 9.94 years respectively;</li> <li>Equity-settled share options granted by the Company in 2010 and 2011: RMB11.08 and RMB16.61 per share respectively (after adjustment), the residual life of contracts is both 6.24 years.</li> </ol>
The price of other outstanding equity instruments at the end of the period and residual life of relevant contracts	–

Expenses recognised for the period arising from share-based payments are as follows:

	<b>For the Period from 1 January to 30 June 2014</b>	For the Period from 1 January to 30 June 2013
Equity-settled share-based payment	<b>35,288</b>	45,304

## NOTES TO THE FINANCIAL STATEMENTS

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### VII. SHARE-BASED PAYMENTS (CONTINUED)

#### 2. Information on equity-settled share-based payment

##### (1) Information on equity-settled share-based payment of Enric

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan I"), which was approved by the shareholders' meeting on 11 November 2009. According to the Plan, the key management personnel and other employees in Enric were granted share options of Enric at nil consideration to subscribe for shares of Enric. The options are 50% exercisable after one year from the date of grant and are then 100% exercisable after two years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 43,750,000, with the exercise price of HKD4 per share.

Enric carried out another share options plan (the "Plan II"), which was approved by the shareholders' meeting on 28 October 2011. According to Plan II, the board of directors of the Company was authorised to grant share options to the key management personnel and other employees of Enric at nil consideration to subscribe for shares of Enric. The options are 40% exercisable after one year from the date of grant and, 70% exercisable after 2 years from the date of grant, and then 100% exercisable after 3 years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 38,200,000, with exercise price of HKD2.48 per share.

Enric carried out a share options plan (the "Plan III"), which was approved by the shareholders' meeting on 5 June 2014. According to Plan III, the board of directors of the Company was authorised to grant share options to the key management personnel and other employees of Enric at nil consideration to subscribe for shares of Enric. The options are 40% exercisable after 2 year from the date of grant and, 70% exercisable after 3 years from the date of grant, and then 100% exercisable after 4 years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 38,420,000, with exercise price of HKD11.24 per share.

Movement of share options of Enric:

	30 June 2014 '000	31 December 2013 '000
Beginning balance	58,638	71,546
Granted in current period	38,420	–
Exercised in current period	(4,558)	(11,838)
Cancelled in current period	(390)	(1,070)
Forfeited in current period	(90)	–
Ending balance	92,020	58,638

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2014

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### VII. SHARE-BASED PAYMENTS (CONTINUED)

#### 2. Information on equity-settled share-based payment (Continued)

##### (2) Information on equity-settled share-based payment of the Company

A share options scheme (the "Scheme") was approved in the shareholders' meeting of the Company held on 28 September 2010. According to the Scheme, the board of directors of the Company was authorised to grant share options to the key management personnel and other employees to subscribe for shares of the Company. The effective period of the Scheme is ten years from the first grant date of share options. The options are exercisable in two periods. The options are 25% exercisable from the first transaction date after 24 months since the grant date to the last transaction date after 48 months since grant date. The remaining 75% are exercisable from the first transaction date after 48 months since grant date to the last transaction date of the Scheme. Each option gives the holder the right to subscribe for one ordinary share in the Company. In addition, the holder must simultaneously satisfy all the conditions as follows:

- (a) The holder should pass the previous year's evaluation.
- (b) The increase of net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss should not be lower than the 6% and the average return on net assets after deducting non-recurring profit or loss should not be lower than 10% for the previous year of the exercise date.
- (c) During the waiting period, the net profit attributable to ordinary shareholders of the Company and the net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss should not be lower than the average figures of the three fiscal years before the grant day or negative.

The total number of share options granted was 60,000,000, 54,000,000 among which were for the initial grant with exercise price of RMB12.39 per share while the remaining 6,000,000 options were for reservation.

The Company distributed a cash dividend of RMB0.35 per share, RMB0.46 per share, RMB0.23 per share and RMB0.27 per share on 31 May 2011, 21 June 2012, 28 June 2013 and 27 June 2014 respectively to ordinary shareholders. In accordance with the Scheme, upon the implementation of the annual dividend distribution plan for 2010, 2011, 2012 and 2013, the Board of Directors would adjust the exercise price of the aforementioned 54,000,000 share options granted on 28 September 2010. The adjusted exercise price is RMB11.08 per share.

According to the resolution approved by the Shareholders' General Meeting on 22 September 2011, the aforementioned 6,000,000 share options for reservation in the Scheme on 28 September 2010 were granted with exercise price of RMB17.57 per share. Upon the implementation of annual dividend distribution plan for 2011, 2012 and 2013 to ordinary shareholders with cash dividend of RMB0.46, RMB0.23 and RMB0.27 respectively, the adjusted option exercise price is RMB16.61.

## NOTES TO THE FINANCIAL STATEMENTS

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### VII. SHARE-BASED PAYMENTS (CONTINUED)

#### 2. Information on equity-settled share-based payment (Continued)

##### (2) Information on equity-settled share-based payment of the Company (Continued)

Movement of share options of the Company:

	<b>30 June 2014 '000</b>	31 December 2013 '000
Beginning balance	<b>59,617</b>	59,680
Exercised in current period	<b>(2,193)</b>	–
Cancelled in current period	–	–
Forfeited in current period	–	(63)
Ending balance	<b>57,424</b>	59,617

##### (3) Equity-settled share-based payment of CIMC Tianyu

In 2013, CIMC Tianyu, one subsidiary of the Group, implemented an equity trust scheme. Through this program, employees, who participated in the scheme, bought 8% stake of CIMC Tianyu from CIMC SD, who is the direct holding company of CIMC Tianyu, through Chang'an International Trust Co. Ltd.

Since CIMC Tianyu is an unlisted company that its shares are less liquid, therefore it is hard to exit this plan because of restrictions. Also the fair value of this share-based payment is low. Therefore, the Group did not recognise corresponding equity-settled share-based payments as to this equity trust scheme.

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### VII. SHARE-BASED PAYMENTS (CONTINUED)

#### 2. Information on equity-settled share-based payment (Continued)

##### (4) Basis of the best estimate of the number of equity instruments expected to vest is as follows:

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

There was no significant difference of estimation between current period and last year.

As at 30 June 2014, Accumulated amount recognised in capital reserve for equity-settled share-based payments	<b>425,237</b>
Total expenses recognised for equity-settled share-based payments for current period	
Including:	
– attributable to the Company	<b>30,275</b>
– attributable to Enric	<b>5,013</b>
– attributable to Raffles	–

The number of options exercised this period of Enric is 4,558,000 (For the period ended 30 June 2013: 6,288,000).

#### 3. Information on cash-settled share-based payment

According to the approved Share Appreciation Rights Scheme (draft) Revised (“Scheme”) during the board meeting of Raffles held on 27 September 2011, a subsidiary of the Group, Raffles adopted Share Appreciation Rights (“SARs”) which is to grant the relevant incentive recipients the right to receive incentive amount in cash from Raffles upon the satisfaction of relevant financial performance of Raffles. Incentive amount is the excess of fair market price of A share of the Company on a particular date over the exercise price.

The scope of incentive recipients of this scheme: the appointed senior management who is non-Chinese nationality of Raffles and its subsidiaries or associates as well as person(s) who made special contribution to the company in the discretion of the board. Accordingly, there are 4 incentive recipients in the scope with total 760,000 SARs granted.

The Scheme is conditional, which sets stipulations for appraisal result of incentive recipients’ performance, misconduct activity and financial performance standards of the Group to fulfil.



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### VII. SHARE-BASED PAYMENTS (CONTINUED)

#### 3. Information on cash-settled share-based payment (Continued)

The SARs are exercisable in 2 instalments periods after 2 years from the rights grant date upon the satisfaction of exercisable conditions.

- (1) The SARs are up to 25% exercisable from the first transaction date after 24 months since grant date to the last transaction date after 48 months since grant date.
- (2) The remaining SARs up to 75% are exercisable from the first transaction date after 48 months since grant date to the last transaction date of the Scheme.

Raffles will write off the unexercised SARs after each exercise period expires if the SARs being requested for exercise by the grantee satisfying exercise conditions is less than the number of effective SARs during each period.

Raffles will write off unexercised SARs, which was granted but invalid due to un-satisfaction of the exercise condition during the exercise period, after each period expires.

The amount of accrued liabilities to cash-settled share-based payment amounted to RMB480,555 as at 30 June 2014 and the expenses recognised for cash-settle share-based payment was nil for the period.

The movement of cash-settled share options:

	<b>30 June 2014</b>	31 December 2013
Beginning balance	<b>150,000</b>	400,000
Cancelled in current period	-	(250,000)
Ending balance	<b>150,000</b>	150,000

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### VIII. CONTINGENCIES

#### 1. Contingent liabilities

CIMC Raffles (a subsidiary of the Company) and its subsidiaries entered into vessel construction contracts and vessel leasing contracts with relevant purchasers, which involve terms of compensation for delivery postponement and termination terms.

While the actual amount of compensation for delivery postponement to be assumed in future is subject to the date of actual delivery of vessels, the maximum amount of the compensation for delivery postponement from contracted delivery date to future estimated actual delivery date that CIMC Raffles and its subsidiaries may need to assume a total of approximately USD8,940,000 (equivalent to RMB55,006,032).

#### 2. Guarantees provided for external parties

CIMC Vehicle Group, a subsidiary of the Group, signed contracts with China Construction Bank, Bank of China, China Merchants Bank and China Everbright Bank, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of CIMC Vehicle Group and its subsidiaries arising from purchase of vehicle products. As at 30 June 2014, as approved by the Board of the Company, the aggregate amount of credit facilities in respect of which CIMC Vehicle Group and its subsidiaries provided guarantees to the distributors and customers was RMB755,907,000 (31 December 2013: RMB574,160,000).

Yangzhou CIMC Dayu Real Estate Development Co., Ltd, subsidiaries of the Group, provided guarantees to purchasers of commodity homes by way of secured loans. The amount of guarantees provided by the Group was RMB152,610,000 as at 30 June 2014.

#### 3. Notes payable issued but not accounted for, outstanding credit issued but undue and outstanding performance guarantees

The Group does not recognise bills payable or letter of credit issued as deposits. Corresponding inventories, advance to suppliers and notes payable are recognised at the earlier of the date of delivery of goods and the maturity date of the bills issued.

As at 30 June 2014, the Group had bills issued but not accounted for and outstanding letters of credit totalling RMB911,689,000 (31 December 2013: RMB904,044,000).

As at 30 June 2014, CIMC Raffles had outstanding balance of performance guarantees issued by relevant banks totalling USD726,413,764 (equivalent to RMB4,469,478,607), all of which were issued for vessel purchasers. (31 December 2013: RMB4,408,278,000).

As at 30 June 2014, TAS had outstanding balance of guarantees issued by relevant banks totalling RMB280,657,000, of which balance of performance guarantees, bid guarantees, quality guarantees and guarantees provided to suppliers was RMB193,560,000, RMB19,127,000, RMB15,761,000 and RMB51,886,000, respectively. (total balance as at 31 December 2013: RMB141,001,000).

As at 30 June 2014, CIMC Enric had outstanding balance of letters of guarantee of RMB42,754,000, USD7,956,000 (equivalent to RMB48,951,000), and EUR7,800 (equivalent to RMB66,000), totalling RMB91,771,000, which were all performance guarantees (2013: 58,321,000).

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### VIII. CONTINGENCIES (CONTINUED)

#### 4. Significant pending litigations

The semi-submersible drilling platforms named SS Pantanal and SS Amazonia built by CIMC Raffles and its subsidiaries for subsidiaries of Schahin Group in Brazil, were delivered in November 2010 and April 2011, respectively, but the sales of US\$142,300,000 did not be received; Meanwhile, CIMC Raffles also provided advances for Schahin Holdings SA and its six connected parties for the construction of drilling platforms, and the advances of US\$66,130,000 did not be received yet.

As Schahin Holdings SA and its six associates failed to settle the above amounts as per the contracts, Raffles and its subsidiaries filed a lawsuit and application for arbitration against them in December 2011 and May 2012 respectively, in respect of the accounts receivable and advances. The arbitration in respect of the advances concluded in December 2012, whereby CIMC Raffles recovered the full amount of the advances of USD74.27 million (including the principal of USD66.13 million and interest of USD8.14 million) during September and October 2013. In October 2013, CIMC Raffles recovered the aforesaid accounts receivable of USD21.06 million (including the principal of USD15.98 million and interest of USD5.08 million) based on the ruling of the prearbitration in respect of the accounts receivable. In December 2013, London High Court ruled in favour of CIMC Raffles in respect of the accounts receivable of USD67.32 million (including the principal of USD53.35 million and interest of USD13.97 million), which is in the process of execution.

As at 31 December 2013, the advances have been fully recovered, with an outstanding account receivable of USD126.32 million (equivalent to approximately RMB770 million).

The arbitration hearing regarding to the sales was held between March to April 2014. On 21 May 2014, the arbitration tribunal made the second preliminary ruling, ruled BDL and SDL (the connected parties of Schahin Holdings) to pay USD77.6 million in advance to CIMC Raffles. This amount included USD67.32 million ruled by the London High Court in December 2013 in the law suit regarding to the sales, but excluding any interest.

As to the preliminary ruling set out above, CIMC Raffles has submitted an application to the New York Court for property preservation and enforcement. On 1 July 2014, the New York Court issued a court order, the main contents are: Schahin should set up a litigation reserve with a total amount of USD175 million while making any form of restructuring, which will be used to pay the outstanding amounts due by BDL, SDL and Schahin Holdings to CIMC Raffles.

On 6 August 2014, the arbitration tribunal made the third preliminary ruling for the law suit regarding to the sales. The major dispute resolved in the ruling was the interest receivable by CIMC Raffles in accordance with the second preliminary ruling. According to the ruling, as of 9 June 2014, the interest receivable by CIMC Raffles for the construction contract should be USD25,164,946.

As at the date of approval of the financial statement, the litigation and arbitration in respect of the above account receivables have not been concluded and the defendant has filed a counter-charge. In accordance with the status of the legal proceedings and by reference to legal opinions, the management of the Company is optimistic about the prospects of the litigation and arbitration and will take positive measures to safeguard its shareholders' interests during the process.

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### IX. COMMITMENTS

#### 1. Significant commitments

##### (1) Capital commitments

	30 June 2014	31 December 2013
Significant fixed assets purchase contracts entered into under performance or preparation of performance	223,724	125,662
Significant contracts entered into for Ships to be manufactured for sales or lease	9,466,889	3,962,914
External investment approved by the Board of Directors	367,821	8,342
<b>Total</b>	<b>10,058,434</b>	<b>4,096,918</b>

Capital commitments authorised by the management but are not yet contracted for

	30 June 2014	31 December 2013
Buildings, machinery and equipment	367,092	8,342
Intangible assets	729	–
	<b>367,821</b>	<b>8,342</b>

The Group's share of the joint ventures' own commitments for capital expenditure are as follows:

	30 June 2014	31 December 2013
Buildings, machinery and equipment	3,832	1,561

##### (2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	30 June 2014	31 December 2013
Within 1 year (inclusive)	87,973	66,332
Over 1 year but within 2 years (inclusive)	51,677	46,441
Over 2 years but within 3 years (inclusive)	28,176	28,131
Over 3 years	57,948	50,568
<b>Total</b>	<b>225,774</b>	<b>191,472</b>

Operating lease recognised as expenses in the period is RMB35,949,241 (2013.1-6: RMB44,069,000).

##### (3) Fulfilment of commitments for the previous period

The Group has fulfilled the capital and operating lease commitments as at 30 June 2014.

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### X. EVENTS AFTER THE BALANCE SHEET DATE

The Company disclosed various announcements in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 6 February 2013, 3 May 2013 and 30 July 2013 respectively, in relation to the Company's subsidiary CIMC Hong Kong signed a sale and purchase agreement with Pteris Global Limited ("Pteris", a listed company on the main board of the Singapore Stock Exchange, stock code: J74), according to which CIMC Hong Kong agreed to dispose its entire interests in Techman (HongKong) Limited ("Techman (HK)", a company incorporated in Hong Kong with limited company and a wholly-owned subsidiary of CIMC Hong Kong) to Pteris, so as to inject Techman (HK)'s 70% equity interest in CIMC Tianda into Pteris, and as consideration, Pteris agreed to issue new shares to CIMC Hong Kong (or its nominee).

As all conditions under the sale and purchase agreement have been satisfied, the sale and purchase agreement has been completed on 19 August 2014 (the "Completion Date"). From the Completion Date, the Company's equity interest in Pteris increased to 51.32%. Therefore, Pteris has become the indirectly non-wholly owned subsidiary of the Company, while CIMC Tianda is still the subsidiary of the Company.

### XI. OTHER SIGNIFICANT MATTERS

#### 1. Leases

Please refer to Notes V.11 and V.38 for reference of the Group's receivables and payables related to finance lease.

#### 2. Segment reporting

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, eight reportable segments are identified by the Group including Containers, Road transportation vehicles, Energy, chemistry and food equipment, Offshore business, Airport facilities, Logistic equipments and services, Financial business 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 profits, losses, assets and liabilities

In order to assess the segment performance and resources allocation, the Group's management review segment revenue, expenses, assets and liabilities of each segment regularly. The preparation basis of such information is detailed as follows:

Segment assets include tangible assets, intangible assets, other long-term assets and accounts receivable, etc, but exclude deferred tax assets and other un-allocated headquarter assets. Segment liabilities include payables, bank loans, provision, special payables and other liabilities, while deferred tax liabilities are exclude.

Segment profit represents revenue (including external revenue and inter-segment revenue), 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.

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### XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 2. Segment reporting (Continued)

##### (1) Segment profits, losses, assets and liabilities (Continued)

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/(losses), assets and liabilities is set out as follows:

Item	Containers	Road transportation vehicles	Energy, chemistry and food equipment	Offshore business	Airport facilities	Logistic equipments and services	Others	Elimination between segments	Unallocated items	Total
	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2014
External transaction	11,397,544	7,018,972	5,461,093	3,095,649	750,752	3,318,339	1,003,779	-	-	32,046,128
Inter segment transaction	107,704	125,976	366,167	2,570,140	-	106,581	205,121	(3,481,689)	-	-
Investment income/(losses) in joint ventures and associates	-	920	-	-	-	5,985	63,819	-	(45,561)	25,163
Impairment loss for the period	9,818	17,468	1,149	(36,225)	(2,343)	5,915	7,500	-	-	3,282
Depreciation and amortization expenses	176,001	121,106	123,174	80,368	2,328	67,339	42,543	-	19,560	632,419
Interest income	86,679	26,467	219	2,759	1,459	4,930	329,092	(386,096)	612	66,121
Interest expenses	41,743	42,720	24,143	237,113	8,574	15,438	103,052	(386,096)	410,817	497,504
Segment operating profit/(losses)	411,753	308,131	510,949	49,620	(45,111)	62,651	134,678	159,046	(323,490)	1,268,227
Income tax expenses	89,033	82,404	22,009	152	980	21,245	(239,925)	-	6,210	(17,892)
Net profit/(losses)	322,720	225,726	488,940	49,467	(46,091)	41,406	374,604	159,046	(329,699)	1,286,119
Segment total assets	18,760,172	11,879,226	11,520,569	18,490,096	2,056,364	4,415,124	18,369,004	(5,554,667)	2,558,308	82,494,196
Segment total liabilities	12,492,313	7,126,888	6,943,115	18,024,275	1,449,925	3,125,197	5,174,106	(23,094,020)	26,231,281	57,473,080
Supplementary information:										
- Segment expenditures/(income) other than depreciation and amortization	261,787	18,025	9,466	(419)	(3,048)	10,272	7,315	-	14,256	317,654
- Long-term equity investment of joint ventures and associates	5,786	44,760	6,057	-	-	359,792	244,959	-	513,376	1,174,730
- Segment expenditures raising from additions of non-current assets	616,372	220,795	249,046	1,039,833	41,602	205,523	7,576,983	-	31,702	9,981,856

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## XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

## 2. Segment reporting (Continued)

## (1) Segment profits, losses, assets and liabilities (Continued)

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/(losses), assets and liabilities is set out as follows:

Item	Containers	Road transportation vehicles	Energy, chemistry and food equipment	Offshore business	Airport facilities	Others	Elimination between segments	Unallocated items	Total
	For the Period from 1 January to 30 June 2013	For the Period from 1 January to 30 June 2013	For the Period from 1 January to 30 June 2013	For the Period from 1 January to 30 June 2013	For the Period from 1 January to 30 June 2013	For the Period from 1 January to 30 June 2013	For the Period from 1 January to 30 June 2013	For the Period from 1 January to 30 June 2013	For the Period from 1 January to 30 June 2013
External transaction	12,298,263	6,604,388	5,299,219	1,519,799	225,451	2,638,038	-	-	28,585,158
Inter segment transaction	16,665	68,961	266,324	-	-	187,597	(539,547)	-	-
Investment income/(losses) in joint ventures and associates	307	112	-	-	-	17,042	(307)	(82,114)	(64,960)
Impairment loss for the period	(3,424)	26,987	4,226	973	288	5,788	-	-	34,838
Depreciation and amortization expenses	154,838	117,350	120,453	66,132	2,265	98,936	-	-	559,974
Interest income	9,445	10,013	5,004	282	189	19,070	-	8,344	52,347
Interest expenses	3,500	27,511	16,006	94,675	-	8,077	-	300,459	450,228
Segment operating profit/(losses)	605,291	445,122	499,772	(198,258)	(16,279)	561,731	(498,835)	(238,498)	1,160,046
Income tax expenses	195,065	54,958	108,145	(2,785)	(1,590)	59,489	-	31,535	444,817
Net profit/(losses)	410,226	390,164	391,627	(195,473)	(14,689)	502,242	(498,835)	(270,033)	715,229
Segment total assets	16,397,963	9,394,319	9,726,821	14,040,969	880,782	16,818,348	(24,420,004)	25,931,122	68,770,320
Segment total liabilities	10,078,263	7,079,918	6,524,317	16,903,531	554,125	9,971,002	(16,362,677)	11,167,889	45,916,368
Supplementary information:									
- Segment expenditures/ (income) other than depreciation and amortization	125,347	33,250	13,364	13,870	5,588	19,144	-	5,424	215,987
- Long-term equity investment of joint ventures and associates	2,775	38,740	-	-	77,294	349,800	-	606,970	1,075,579
- Segment expenditures raising from additions of non-current assets	314,127	219,107	186,188	191,960	38,614	98,561	-	-	1,048,557

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### XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 2. Segment reporting (Continued)

##### (2) Geographic information

The following table sets out information about the geographical information of the Group's revenue from external customers and the Group's non-current assets (excluding financial assets and deferred tax assets, same for the below). The geographical locations of customers are based on the location at which the services were provided or the goods were delivered. The geographical locations of the specified non-current assets are based on the physical location of the assets (for fixed assets), or the location of the business to which they are allocated (for intangible assets and goodwill), or the location of operations of the associates and joint ventures.

*Geographic information:*

	Revenue from external customers		Total non-current assets	
	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2013	30 June 2014	31 December 2013
P.R.China	<b>12,789,775</b>	13,646,979	<b>24,880,412</b>	20,855,399
Asia (exclusive of China)	<b>5,931,166</b>	3,413,649	<b>97,019</b>	42,505
America	<b>6,572,921</b>	5,399,426	<b>5,787,543</b>	5,779,386
Europe	<b>5,807,915</b>	5,238,156	<b>1,199,827</b>	900,456
Others	<b>944,351</b>	886,948	<b>40,784</b>	41,458
Total	<b>32,046,128</b>	28,585,158	<b>32,005,585</b>	27,619,204

#### 3. Risk analysis, sensitivity analysis, and fair values of financial instruments

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign exchange risk

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks and etc.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.



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### XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

##### (1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank, receivables, debt investments and derivative financial instruments entered into for hedging purposes and etc. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the risk management committee of the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the external ratings of the customers and their bank credit records where available and previous payment records (if available). Receivables are due within from 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers, but earnest or prepayment money is requested sometimes due to the customer's situation.

Most of the Group's and the Company's customers have been transacting with the Group or the Company for a long time, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date. This Group has made the provision for the significant overdue receivables at 30 June 2014.

Guideline from the Group basis to the assets of associates and jointly controlled, profit forecast of development project provide fund to associates and jointly controlled entity and continue to monitor the project progress and its operating to ensure the recoverability of the fund.

In addition, the debtors of the Group those are neither past due nor impaired mainly due to a wide range of customers for whom there was no recent history of default.

The Group's exposure to credit risk is influenced mainly by the individual characteristics and industries of each customer rather than country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, the Group and the Company had a certain concentration of credit risk, as 7.60% (2013:15.08%) of the total accounts receivable and other receivables were due from the five largest customers of the Group.

Investments are normally made only in liquid securities quoted on a recognised stock exchange, except where entered into for long-term strategic purposes. Transactions involving derivative financial instruments are made with counterparties of sound credit standing and with whom the Group has a signed netting ISDA agreement (International Swap Derivative Association). Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. Except for the financial guarantees given by the Group as set out in Note VIII, the Group and the Company do not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note VIII.

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### XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

##### (2) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Company is responsible for the cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, for individual subsidiaries subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial assets and financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on prevailing interest rates at 30 June) and the earliest date the Group can be required to pay:

30 June 2014						
Contractual undiscounted cash flow						
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	Balance sheet carrying amount
<b>Financial assets</b>						
Cash at bank and on hand	3,141,555	-	-	-	3,141,555	3,141,555
Accounts receivable and other receivables	16,957,173	-	-	-	16,957,173	16,957,173
Current portion of non-current assets	1,644,331	-	-	-	1,644,331	1,644,331
Long-term receivables	791,067	1,158,331	1,245,600	1,201,215	4,396,213	3,111,384
Sub-total	22,534,126	1,158,331	1,245,600	1,201,215	26,139,272	24,854,443
<b>Financial liabilities</b>						
Short-term borrowings	12,047,633	-	-	-	12,047,633	12,047,633
Debentures payable	-	5,163,691	-	-	5,163,691	4,456,183
Accounts payable and other payables	14,765,259	-	-	-	14,765,259	14,765,259
Current portion of non-current liabilities	5,243,611	-	-	-	5,243,611	5,243,611
Long-term borrowings	99,362	5,038,037	4,163,676	4,252,677	13,553,752	9,169,457
Long-term payables	-	82,914	77,913	158,308	319,135	257,146
Sub-total	32,155,865	10,284,642	4,241,589	4,410,985	51,093,081	45,939,289
Net total	(9,621,739)	(9,126,311)	(2,995,989)	(3,209,770)	(24,953,809)	(21,084,846)

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### XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

##### (2) Liquidity risk (Continued)

	31 December 2013 Contractual undiscounted cash flow					Balance sheet carrying amount
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	
<b>Financial assets</b>						
Cash at bank and on hand	4,771,047	–	–	–	4,771,047	4,771,047
Accounts receivable and other receivables	12,871,550	–	–	–	12,871,550	12,871,550
Current portion of non-current assets	1,513,337	–	–	–	1,513,337	1,513,337
Long-term receivables	1,809,278	1,308,192	1,609,652	637,056	5,364,178	2,952,418
Sub-total	20,965,212	1,308,192	1,609,652	637,056	24,520,112	22,108,352
<b>Financial liabilities</b>						
Short-term borrowings	7,244,780	–	–	–	7,244,780	7,244,780
Debentures payable	320,666	2,777,983	4,209,200	–	7,307,849	6,450,730
Accounts payable and other payables	12,801,143	–	–	–	12,801,143	12,801,143
Current portion of non-current liabilities	2,458,775	–	–	–	2,458,775	2,458,775
Long-term borrowings	270,165	3,874,365	4,728,239	–	8,872,769	7,761,243
Long-term payables	51,235	12,882	64,435	165,051	293,603	242,992
Sub-total	23,146,764	6,665,230	9,001,874	165,051	38,978,919	36,959,663
Net total	(2,181,552)	(5,357,038)	(7,392,222)	472,005	(14,458,807)	(14,851,311)

Bank and other borrowings are analysed by repayment terms as follows:

	30 June 2014		31 December 2013	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Wholly repayable within five years	21,348,708	–	15,006,022	–

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### XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

##### (3) Interest rate risk

The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(a) The Group held the following interest-bearing financial instruments:

	30 June 2014		31 December 2013	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Fixed rates interest-bearing financial instruments				
<b>Financial assets</b>				
Long-term receivables	2.58%-17.53%	3,111,384	2.58%-17.53%	2,952,418
Current portion of non-current assets	2.58%-17.53%	1,644,331	2.58%-17.53%	1,513,337
<b>Financial liabilities</b>				
Short-term borrowings	0.93%-8.31%	1,039,551	0.93%-8.31%	4,047,240
Current portion of debentures payables	4.43%	2,000,000	–	–
Debentures payable	5.23%	4,456,183	4.43%-5.23%	6,450,730
Long-term borrowings	3.00%-8.63%	1,318,734	3.00%-8.63%	122,769
<b>Total</b>		<b>(4,058,753)</b>		<b>(6,154,984)</b>

	30 June 2014		31 December 2013	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Floating rates interest-bearing financial instruments				
<b>Financial assets</b>				
Cash at bank and on hand	0.35%-3.75%	3,141,555	0.35%-3.75%	4,771,047
<b>Financial liabilities</b>				
Current portion of long-term borrowings	Note V.34	3,216,303	Note V.34	2,410,392
Long-term borrowings	Note V.36	7,850,723	Note V.36	7,638,474
Short-term borrowing	1M libor+90 bps ~ 6M libor+320 bps	11,008,082	1M libor+90 bps ~ 6M libor+380 bps	3,197,540
Long-term payables	Note V.38	257,146	Note V.38	242,992
Current portion of long-term payables	Note V.34	25,309	Note V.34	47,016
<b>Total</b>		<b>(19,216,008)</b>		<b>(8,765,367)</b>

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### 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 2014, it is estimated that a general increase/decrease of 25 basis points (31 December 2013: 25 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by RMB12,010,000 (2013: RMB21,913,000), and equity by RMB12,010,000 (2013: RMB21,913,000).

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rate had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis was performed on the same basis for the previous year.

##### (4) Foreign exchange risk

The major currency received by the Group is USD and the major currency paid out is RMB. In order to avoid the risks resulting from the fluctuation of the exchange rate of RMB, in respect of accounts receivable and payables denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) Besides the exposure to currency risk arising from financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss disclosed in Note V.2 and V.24, the Group's exposure as at 31 December to currency risk arising from recognised assets or liabilities denominated in foreign currencies is follows. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	30 June 2014				31 December 2013			
	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash at bank and on hand	441,085	243,390	48,397	38,276	1,127,452	257,355	250,837	30,954
Receivables	8,536,281	993,192	56,923	35,183	4,875,318	526,341	37,314	17,225
Short-term borrowings	(10,480,915)	(1,152,900)	-	(6,082)	(6,033,033)	(872,354)	-	-
Long-term receivables	1,870,756	7,072	-	-	1,140,229	7,713	-	-
Long-term borrowings	(8,044,491)	-	(35,719)	-	(6,442,920)	-	(342,008)	-
Long-term payables	(44,194)	-	-	-	-	-	-	-
Payables	(2,096,100)	(510,533)	(57,356)	(1,209)	(2,160,162)	(395,885)	(36,682)	(2,879)
Provisions	(479,447)	(35,724)	-	-	(146,648)	(20,647)	(4)	-
Current portion of non-current liabilities	(1,509,562)	-	(314,741)	-	(146,341)	-	(82,554)	-
Gross balance sheet exposure	(11,806,587)	(455,503)	(302,496)	66,168	(7,786,105)	(497,477)	(173,097)	45,300

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### XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

##### (4) Foreign exchange risk (Continued)

(b) The following are the exchange rates for RMB against foreign currencies applied by the Group and the Company:

	Average exchange rate		Benchmark exchange rate		
	For the Period from 1 January to 30 June 2014	For the Period from 1 January to 30 June 2013	30 June 2014	30 June 2013	Exchange rate changes forecast
USD	<b>6.1501</b>	6.2267	<b>6.1528</b>	6.1787	2.00%
EUR	<b>8.4175</b>	8.1433	<b>8.3946</b>	8.0536	4.00%
HKD	<b>0.7929</b>	0.8021	<b>0.7938</b>	0.7966	2.00%
JPY	<b>0.0604</b>	0.0643	<b>0.0608</b>	0.0626	5.00%

(c) Sensitivity analysis

Assuming all other risk variables remained constant, 2.00%,4.00%,2.00% and 5.00% strengthening of the RMB against the USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2013 (2.00%,4.00%,2.00% and 5.00%strengthening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2012) would have increased (decreased) equity and net profit by the amount shown below; whose effect is in RMB and translated using the spot rate at the balance sheet date:

	Equity	Net profit
30 June 2014		
USD	<b>180,515</b>	<b>180,515</b>
EUR	<b>13,665</b>	<b>13,665</b>
HKD	<b>4,110</b>	<b>4,110</b>
JPY	<b>(2,481)</b>	<b>(2,481)</b>
Total	<b>195,808</b>	<b>195,808</b>
31 December 2013		
USD	116,792	119,993
EUR	14,924	14,767
HKD	2,596	1,358
JPY	(1,699)	(1,699)
Total	132,613	134,419

2.00%,4.00%,2.00% and 5.00% weakening of the RMB against USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2013 (2.00%,4.00%,2.00% and 5.00% weakening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2013) would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

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### XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 3. Risk analysis, sensitivity analysis, and fair values of financial instruments (Continued)

##### (4) Foreign exchange risk (Continued)

###### (c) Sensitivity analysis (Continued)

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, the analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous year.

The above sensitive analysis does not include exposure to currency risk arising from foreign future contracts, Japanese Yen exchange option and swap contract for interest rate disclosed in Notes V.2 and V.24 about financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, but the change in exchange rate may have effect on shareholders' equity and net profit.

##### (5) Other price risks

Other price risks are stock price risk. As at 31 December 2013, the Group held 18,779,000 tradable shares of Suning Commerce Group Co., Ltd. Securities, 13,500,000 tradable shares of GoodPack Securities, and 61,851,000 tradable shares of Qingdaogang Securities.

As at 30 June 2014, it is estimated that a general increase/decrease of composite index of Shanghai A-share 5.00% (31 December 2013: 5.00%), with all other variables held constant, would increase/decrease the Group's shareholders' equity by RMB26,792,000 (31 December 2013: RMB16,549,000).

The sensitivity analysis above arise assuming that the change in composite index of Shanghai A-share occurred at the balance sheet date is reasonable and had been applied to re-measure those investments in securities held by the Group. The sensitivity analysis is also based on another assumption, namely, the fair value of the investments in securities held by the Group is relevant to composite index of stock market, and available-for-sales securities investment has same risk factor as trading securities investment, and all other variables held constant. 20.00% 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.

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### XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 4. Estimates of fair value of financial instruments

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.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

#### (1) Financial instruments measured at fair value

The following table presents the Group's assets and liabilities that are measured at fair value in the above three levels as at 30 June 2014:

Assets	Note	Level 1	Level 2	Level 3	Total
Held for trading financial assets					
Investments in equity instrument held for trading	V.2	<b>463,833</b>	–	–	<b>463,833</b>
Derivative financial assets	V.2	–	<b>2,660</b>	–	<b>2,660</b>
Hedging Instrument	V.2	–	–	–	–
Sub-total		<b>463,833</b>	<b>2,660</b>	–	<b>466,493</b>
Available-for-sale financial assets	V.10	<b>396,400</b>	–	–	<b>396,400</b>
Total		<b>860,233</b>	<b>2,660</b>	–	<b>862,893</b>

Liabilities	Note	Level 1	Level 2	Level 3	Total
Held for trading financial liabilities					
Hedging Instrument	V.24	–	<b>(6,153)</b>	–	<b>(6,153)</b>
Derivative financial liabilities	V.24	–	<b>(203,282)</b>	–	<b>(203,282)</b>
Total		–	<b>(209,435)</b>	–	<b>(209,435)</b>



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### XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 4. Estimates of fair value of financial instruments (Continued)

##### (1) Financial instruments measured at fair value (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value in the above three levels as at 31 December 2013:

Assets	Note	Level 1	Level 2	Level 3	Total
Held for trading financial assets					
Investments in equity instrument held for trading	V.2	319,605	–	–	319,605
Derivative financial assets	V.2	–	133,067	–	133,067
Hedging Instrument	V.2	–	7,941	–	7,941
Sub-total		319,605	141,008	–	460,613
Available-for-sale financial assets	V.10	396,577	–	–	396,577
Total		716,182	141,008	–	857,190

Liabilities	Note	Level 1	Level 2	Level 3	Total
Held for trading financial liabilities					
Derivative financial liabilities	V.24	–	(28,463)	–	(28,463)
Total		–	(28,463)	–	(28,463)

The Group make the date when matters occurred which result in significant transfers between instruments in the three levels as the point of transfer. During the period ended 30 June 2014, there were no significant transfers between instruments in Level 1 and Level 2 neither nor Level 2 and Level 3.

##### (2) Fair value of other financial instruments (financial instruments not measured at fair value)

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2014.

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### XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 4. Estimates of fair value of financial instruments (Continued)

##### (3) Estimation and assumption of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, 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 fair values of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss (excluding derivatives), and available-for-sale financial assets if there is an active market.

(b) *Receivables*

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

(c) *Borrowings, debentures payable, long-term payables and other non-derivatives financial liabilities*

The fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

(d) *Derivatives*

The fair value of forward exchange contracts is either based on their listed market prices or by discounting the contractual forward price and deducting the current spot rate. The fair value of interest rate swaps is based on broker quotes. The quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar interest rate instrument at the measurement date.

(e) *Financial guarantees*

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

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### XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 4. Estimates of fair value of financial instruments (Continued)

##### (3) Estimation and assumption of fair values (Continued)

(f) *Interest rates used for determining fair value*

The interest rates used to discount estimated cash flows are based on same term loans' rates announced by People's Bank of China at the balance sheet date plus an adequate credit spread and are as follows:

	<b>30 June 2014</b>	31 December 2013
Borrowing	<b>1.75%-5.99%</b>	1.75%-5.99%
Account Receivable	<b>5.60%-6.55%</b>	5.60%-6.55%

#### 5. Assets and liabilities measured at fair value

	Beginning balance	Gains or losses arising from changes in fair value in current period	Cumulative amount of changes in fair value recognised directly in equity	Impairment loss in current period	Ending balance
<b>Financial assets</b>					
1. Financial assets at fair value through profit or loss (excluding derivatives)	319,605	(37,235)	-	-	463,833
2. Derivative financial assets	133,068	(15,594)	-	-	2,660
4. Available-for-sale financial assets	7,342	-	2,803	-	7,225
Sub-total	467,955	(52,829)	2,803	-	473,718
<b>Financial liabilities</b>	(28,463)	(289,480)	(3,121)	-	(209,435)

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### XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 6. Financial assets and liabilities in foreign currencies

	Beginning balance	Gains or losses arising from changes in fair value in current period	Cumulative amount of changes in fair value recognised directly in equity	Impairment loss in current period	Ending balance
<b>Financial assets</b>					
1. Financial assets at fair value through profit or loss (excluding derivatives)	150,031	9,153	–	–	340,229
2. Derivative financial assets	133,068	(15,594)	–	–	2,660
3. Receivables	9,607,295	–	–	–	15,583,678
5. Available-for-sale financial assets	7,342	–	2,803	–	7,225
Sub-total	9,897,736	(6,441)	2,803	–	15,933,792
<b>Financial liabilities</b>	(17,568,651)	(289,480)	(3,121)	–	(24,968,192)

#### 7. Capital management

The Group's objectives of managing capital are to safeguard the group's ability of sustainable development in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

The Group monitors capital on the basis of Debt-Asset ratio. This ratio is calculated as total liabilities divided by total assets.

The Group manages capital status by controlling the Debt-Asset ratio not to exceed 68%. This strategy is consistent with last year. The Debt-Asset ratio as at 31 December 2013 and 2012 were as follows:

	30 June 2014	31 December 2013
Total liabilities	57,473,080	48,109,844
Total assets	82,494,196	72,605,972
Asset-liability ratio	69.67%	66.26%

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## XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS

## 1. Cash at bank and on hand

	30 June 2014			31 December 2013		
	Amount in original currency '000	Exchange rate	Amount in RMB '000	Amount in original currency '000	Exchange rate	Amount in RMB '000
Bank deposits:						
RMB	868,161	1.0000	868,161	RMB	383,707	383,707
USD	178	6.1528	1,098	USD	322	1,964
HKD	8	0.7938	6	HKD	10	8
JPY	12,502	0.0608	761	JPY	12,504	722
EUR	35	8.3946	296	EUR	35	298
Sub-total			870,322			386,699
Other cash balances						
RMB	135	1.0000	135	RMB	135	135
USD	381	6.1528	2,346	USD	381	2,324
Sub-total			2,481			2,459
Total			872,803			389,158

As at 30 June 2014, restricted cash at bank and on hand of the Company amounted to RMB2,449,000 (31 December 2013: RMB2,426,000).

## 2. Financial assets at fair value through profit or loss

## (1) Classification

	30 June 2014	31 December 2013
Investments in equity instrument held for trading – Listed companies	123,190	169,574
Including: market value of the listed investments	123,190	169,574

Both the investments in debentures held for trading and the investments in equity instruments held for trading are securities listed on the Shanghai Stock Exchange, of which the fair value is determined at the closing price of the Shanghai Stock Exchange on the last trading day of the period.

## (2) As at 30 June 2014, There is no restriction on sale of financial assets at fair value through profit or loss.

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 3. Dividends receivable

	30 June 2014	31 December 2013
CIMC Hong Kong	3,048,248	3,019,369
SCIMC	592,706	592,706
HI	154,683	123,200
SCIMCEL	648,092	–
Total	4,443,729	3,735,275

#### 4. Other receivables

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

	30 June 2014	31 December 2013
Amounts due from associates	7,076,692	9,116,641
Deposits	20,152	20,156
Others	9,787	5,468
Subtotal	7,106,631	9,142,265
Less: provision for bad debts	(4,580)	(4,747)
Total	7,102,051	9,137,518

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

	30 June 2014	31 December 2013
Within 1 year (Inclusive)	7,047,172	9,086,457
1 to 2 years (Inclusive)	4,348	29,206
2 to 3 years (Inclusive)	48,676	20,000
Over 3 years	6,435	6,602
Sub-total	7,106,631	9,142,265
Less: provision for bad debts	(4,580)	(4,747)
Total	7,102,051	9,137,518

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

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 4. Other receivables (Continued)

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

Note	30 June 2014				31 December 2013			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance
Other receivables with amounts that are individually significant (4)	7,066,153	99.43%	-	-	9,109,639	99.64%	-	-
Other receivables with amounts that are not individually significant (5)	40,478	0.57%	4,580	11.31%	32,626	0.36%	4,747	14.55%
Total	7,106,631	100.00%	4,580	0.06%	9,142,265	100.00%	4,747	0.05%

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

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

(4) As at 30 June 2014, other receivables with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis

As at 30 June 2014, the Company has no other receivables with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis (31 December 2013: Nil).

(5) As at 30 June 2014, other receivables with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis

As at 30 June 2014, the Company has no other receivables with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis(31 December 2013: Nil).

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 4. Other receivables (Continued)

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

	30 June 2014				31 December 2013			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance
Within 1 year	35,223	0.49%	-	-	27,204	0.30%	-	-
1 to 2 years	531	0.01%	-	-	675	0.01%	-	-
2 to 3 years	144	0.00%	-	-	-	0.00%	-	-
3 to 4 years	2,000	0.03%	2,000	100%	2,000	0.02%	2,000	100%
4 to 5 years	2,580	0.04%	2,580	100%	2,747	0.03%	2,747	100%
Over 5 years	-	0.00%	-	-	-	-	-	-
Total	40,478	0.57%	4,580	11.31%	32,626	0.36%	4,747	14.55%

- (7) The recovery of provision in current period

There were no other receivables that the related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in current period (2013: Nil).

- (8) Other receivables that are written off in current period

There were no material other receivables that are written off in current period (2013: Nil).

- (9) As at 30 June 2014, the five largest other receivables are analysed as follows:

	Relationship with the Company	Amount	Ageing	% of total balance
Total amounts due from subsidiaries	Subsidiary	7,042,488	Within 1 year	99.10%
Shanghai Fengyang	Associates	34,204	1 to 2 years, 2 to 3 years and 3 years	0.48%
Yantai Hi-tech Industrial Park Finance Bureau	Nil	20,000	2 to 3 years	0.28%
Chinese securities registration and settlement of Shenzhen branch	Nil	3,787	Within 1 year	0.05%
Xietong Ltd.	Nil	2,000	3 to 4 years	0.03%
Total		7,102,479		99.94%

The Company's five largest other receivables as at 31 December 2013 amounted to RMB9,139,166,000, accounting for 99.97% of the total other receivables.



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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 4. Other receivables (Continued)

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

As at 30 June 2014, no amount due from shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above balance of other receivables.

(11) Other receivables from related parties

	Relationship with the Company	Amount	% of total balance
Associates	Associates	34,204	0.48%
Subsidiaries	Subsidiaries	7,042,488	99.10%
Total		7,076,692	99.58%

(12) Other receivables derecognised due to transfer of financial assets

There were no other receivables derecognised due to transfer of financial assets of the Company in this year (2013: Nil).

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

There were no securitised other receivables during this year (2013: Nil).

#### 5. Available-for-sale financial assets

	30 June 2014	31 December 2013
Available-for-sale equity instruments	388,905	388,905

Detailed analysis for the Company's available-for-sale financial assets, refer to Note V.10.

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 6. Long-term equity investments

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

	30 June 2014 RMB'000	31 December 2013 RMB'000
Subsidiaries		
– Unlisted companies	6,548,812	6,048,812
Joint ventures, unlisted	4,441	4,740
Associates, unlisted	398,978	451,408
Total	6,952,231	6,504,960

There is no restriction on sale of the long-term equity investments held by the Company.

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

Investee	Investment cost	31 December 2013	Current year movement	30 June 2014	Share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the current year	Cash dividend declared
Cost method – Investment in subsidiaries										
SCIMC	82,042	82,042	–	82,042	100.00%	100.00%	–	–	–	–
SCIMCEL	82,042	82,042	–	82,042	100.00%	100.00%	–	–	–	648,092
XHCIMC	36,500	36,500	–	36,500	100.00%	100.00%	–	–	–	–
SHYSLE	193,204	193,204	–	193,204	100.00%	100.00%	–	–	–	–
TJCMC	77,703	77,703	–	77,703	100.00%	100.00%	–	–	–	–
TJCMCN	239,960	239,960	–	239,960	100.00%	100.00%	–	–	–	–
QDCC	60,225	60,225	–	60,225	100.00%	100.00%	–	–	–	–
DLCIMC	48,764	48,764	–	48,764	100.00%	100.00%	–	–	–	–
NBCIMC	24,711	24,711	–	24,711	100.00%	100.00%	–	–	–	–
SBWI	66,558	66,558	–	66,558	94.75%	100.00%	–	–	–	–
TCCIMC	131,654	131,654	–	131,654	100.00%	100.00%	–	–	–	–
ZZCIMC	100,597	100,597	–	100,597	100.00%	100.00%	–	–	–	–
CQVL	39,499	39,499	–	39,499	100.00%	100.00%	–	–	–	–
SCRC	200,892	200,892	–	200,892	92.00%	100.00%	–	–	–	–
QDCRC	54,225	54,225	–	54,225	100.00%	100.00%	–	–	–	–
TCRC	311,792	311,792	–	311,792	100.00%	100.00%	–	–	–	–

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## XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 6. Long-term equity investments (Continued)

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

Investee	Investment cost	31 December 2013	Current year movement	30 June 2014	Share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the current year	Cash dividend declared
XHCIMCS	82,026	82,026	-	82,026	100.00%	100.00%	-	-	-	-
QDCSR	12,743	12,743	-	12,743	100.00%	100.00%	-	-	-	-
TLC	126,689	126,689	-	126,689	100.00%	100.00%	-	-	-	-
SZW	3,472	3,472	-	3,472	100.00%	100.00%	-	-	-	-
CIMCWD	108,544	108,544	-	108,544	100.00%	100.00%	-	-	-	-
Container holding	1,000,000	1,000,000	-	1,000,000	100.00%	100.00%	-	-	-	-
HI	606,912	606,912	-	606,912	80.00%	80.00%	-	-	-	154,683
QDSV	26,913	26,913	-	26,913	80.00%	100.00%	-	-	-	-
CIMC Vehicle Finance and leasing CO.,	422,363	422,363	-	422,363	100.00%	100.00%	-	-	-	-
CIMC USA Inc.	171,740	171,740	-	171,740	100.00%	100.00%	-	-	-	-
Cooperative CIMC U.A	205,022	205,022	-	205,022	99.00%	99.00%	-	-	-	-
DLZH	182,136	182,136	-	182,136	100.00%	100.00%	-	-	-	-
TJCIMCLE	47,750	47,750	-	47,750	100.00%	100.00%	-	-	-	-
DLL	46,284	46,284	-	46,284	100.00%	100.00%	-	-	-	-
SZSCIMCL	71,717	71,717	-	71,717	100.00%	100.00%	-	-	-	-
Tianjin Kangde Logistics Equipment Co.,	3,629	3,629	-	3,629	100.00%	100.00%	-	-	-	-
DLCIMCS	69,806	69,806	-	69,806	100.00%	100.00%	-	-	-	-
CIMCSD	162,686	162,686	-	162,686	100.00%	100.00%	-	-	-	-
MEA	111,703	111,703	-	111,703	100.00%	100.00%	-	-	-	-
SHGYTY	40,000	40,000	-	40,000	100.00%	100.00%	-	-	-	-
CIMC Hong Kong	1,690	1,690	-	1,690	100.00%	100.00%	-	-	-	-
CIMC Tech	41,526	41,526	-	41,526	100.00%	100.00%	-	-	-	-
CIMC Management and Training (ShenZhen)	48,102	48,102	-	48,102	100.00%	100.00%	-	-	-	-
Finance Company	482,590	482,590	-	482,590	100.00%	100.00%	-	-	-	-
SZ investment	72,401	72,401	-	72,401	100.00%	100.00%	-	-	-	-
CIMCI	60,000	60,000	-	60,000	100.00%	100.00%	-	-	-	-
SZSKYC	90,000	90,000	-	90,000	100.00%	100.00%	-	-	-	-
CIMCModern logistics	500,000	-	500,000	500,000	100.00%	100.00%	-	-	-	-
Sub-total	6,548,812	6,048,812	500,000	6,548,812				-	-	802,775

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 6. Long-term equity investments (Continued)

(3) Long-term equity investments in associates and joint ventures are as follows:

Investee	Investment cost	31 December 2013	Current year movement	30 June 2014	Share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the current year	Cash dividend declared
Equity method – Cooperatives										
SCSCRC	9,000	4,740	(299)	4,441	50%	50%		-	-	-
Sub-total	9,000	4,740	(299)	4,441	50%	50%		-	-	-
Equity method – Associates										
C&C Trucks	540,000	451,408	(52,430)	398,978	45%	45%		-	-	-
Sub-total	540,000	451,408	(52,430)	398,978	45%	45%		-	-	-

Important financial information for the Company's associates and joint ventures please refer to disclosure of consolidated Long-term equity investments.

#### 7. Financial liabilities at fair value through profit or loss

	30 June 2014 RMB'000	31 December 2013 RMB'000
<b>Non-current portion:</b>		
– Swap contract for interest rate	25,819	26,865
<b>Total</b>	<b>25,819</b>	<b>26,865</b>

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## XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 8. Employee benefits payable

	Beginning balance	Increase during the period	Decrease during the period	Ending balance
Wages and salaries, bonuses, allowances and subsidies	400,000	209,023	(208,100)	400,923
Senior management bonus	388,606	–	(84,845)	303,761
Profit sharing bonus	66,916	13,746	0	80,662
Staff welfare and others	494	56	(58)	492
Total	856,016	222,825	(293,003)	785,838

## 9. Taxes payable

	30 June 2014 RMB'000	31 December 2013 RMB'000
Enterprise income tax payable	1,892	3,148
Withholding individual income tax	4,683	1,202
Business tax payable	4,820	5,244
Others	583	689
Total	11,978	10,283

## 10. Interest payable

	30 June 2014	31 December 2013
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	25,075	4,646
Interest of corporate debentures	31,770	180,088
Total	56,845	184,734

## 11. Dividends payable

	30 June 2014	31 December 2013
Public shareholders	719,439	–
Total	719,439	–

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 12. Other payables

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

	30 June 2014	31 December 2013
Amounts due to subsidiaries	3,154,011	3,505,729
Quality guarantees	501	501
Advance received	30,000	30,000
Accruals	585	4,344
Others	11,234	6,948
<b>Total</b>	<b>3,196,331</b>	<b>3,547,522</b>

Other payables denominated in foreign currencies are as follows:

	30 June 2014			31 December 2013		
	Amount in original currency '000	Exchange rate	Amount in RMB '000	Amount in original currency '000	Exchange rate	Amount in RMB '000
RMB	3,191,676	1.0000	3,191,676	3,542,909	1.0000	3,542,909
USD	753	6.1528	4,632	753	6.0976	4,590
HKD	29	0.7938	23	29	0.7862	23
<b>Total</b>			<b>3,196,331</b>			<b>3,547,522</b>

(2) As at 30 June 2014, no amount due to shareholders who hold 5% or more of the voting rights of the Company is included in the balance of other payables.

Other payables to related parties:

Company name	Relationship with the company	30 June 2014	31 December 2013
Subsidiaries	Subsidiaries	3,154,011	3,505,729

(3) Significant other payables aged over one year:

As at 30 June 2014, significant other payables aged over one year represented quality guarantee, vehicle mortgage guarantee and various deposits.

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 13. Current portion of non-current liabilities

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

	30 June 2014	31 December 2013
Current portion of long-term borrowings		
– Unsecured	1,392,000	2,135,000
Bonds payable due within one year	2,000,000	–
<b>Total</b>	<b>3,392,000</b>	2,135,000

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

	30 June 2014				31 December 2013			
	Interest rate	Amount in original currency '000	Exchange rate	Amount in RMB '000	Interest rate	Amount in original currency '000	Exchange rate	Amount in RMB '000
Bank borrowings								
– RMB	4.92%	1,392,000	1.0000	1,392,000	4.20% ~ 5.95%	2,135,000	1.0000	2,135,000
<b>Total</b>				<b>1,392,000</b>				2,135,000

As at 30 June 2014, there were no overdue long-term borrowings of which the durations are extended (As at 31 December 2013: Nil).

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 13. Current portion of non-current liabilities (Continued)

#### (2) Current portion of long-term borrowings denominated in foreign currencies are as follows (Continued):

(a) The analysis of the Company's current portion of non-current liabilities is as follows:

Lender	Starting date	Ending date	Currency	Interest rate (%)	30 June 2014		31 December 2013	
					Amount in foreign currency '000	Amount in RMB '000	Amount in foreign currency '000	Amount in RMB '000
1. The Export-Import Bank of China	7-Jan-11	6-Jan-14	RMB	4.20%	-	-	70,000	70,000
2. The Export-Import Bank of China	1-Feb-11	1-Feb-14	RMB	4.20%	-	-	500,000	500,000
3. The Export-Import Bank of China	16-Jun-11	16-Jun-14	RMB	4.20%	-	-	400,000	400,000
4. The Export-Import Bank of China	22-Jun-11	22-Jun-14	RMB	4.20%	-	-	200,000	200,000
5. The Export-Import Bank of China	28-Jul-11	28-Jul-14	RMB	4.92%	300,000	300,000	300,000	300,000
6. The Export-Import Bank of China	10-Aug-11	10-Aug-14	RMB	4.92%	300,000	300,000	300,000	300,000
7. The Export-Import Bank of China	29-Sep-11	29-Sep-14	RMB	4.92%	100,000	100,000	100,000	100,000
8. The Export-Import Bank of China	28-Nov-11	28-Nov-14	RMB	4.92%	200,000	200,000	200,000	200,000
9. ING Bank N.V.	1-Apr-11	1-Apr-14	RMB	5.95%	-	-	65,000	65,000
10. The Export-Import Bank of China	4-Jan-12	4-Jan-15	RMB	4.92%	100,000	100,000	-	-
11. The Export-Import Bank of China	24-May-12	24-May-15	RMB	4.92%	141,000	141,000	-	-
12. The Export-Import Bank of China	19-Jun-12	19-Jun-15	RMB	4.92%	39,000	39,000	-	-
13. The Export-Import Bank of China	28-Jun-12	28-Jun-15	RMB	4.92%	20,000	20,000	-	-
14. The Export-Import Bank of China	28-Jun-12	28-Jun-15	RMB	4.92%	192,000	192,000	-	-
<b>Total</b>						<b>1,392,000</b>		<b>2,135,000</b>

Note(i): Execute People's Bank of China export seller's credit rate, quarterly reviewed.

(b) As at 30 June 2014, there were no overdue long-term borrowings of which the durations are extended (As at 31 December 2013: Nil).

#### (3) Bonds payable due within one year:

Debenture name	Par value	Issuance date	Maturity	Issuance amount	Discount at the beginning of the year	The period of amortization	The final discount	Balance at the end of the period
Medium-term notes								
-12CIMC MTN1	2,000,000	24 May 2012	3 years	2,000,000	-	-	-	2,000,000



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## XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 14. Long-term borrowings

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

	30 June 2014	31 December 2013
Bank borrowings – Unsecured	945,000	837,000

As at 30 June 2014, the Company has no long-term borrowings not wholly repayable within five years.

(2) Long-term borrowings denominated in foreign currencies are as follows:

	30 June 2014				31 December 2013			
	Interest rate	Amount in original currency '000	Exchange rate	Amount in RMB '000	Interest rate	Amount in original currency '000	Exchange rate	Amount in RMB '000
Bank borrowings – RMB	4.20% ~ 4.92%	945,000	1.0000	945,000	4.20% ~ 4.92%	837,000	1.0000	837,000
Total				945,000				837,000

(3) As at 30 June 2014, the five largest long-term borrowings

Lender	Starting date	Ending date	Currency	Interest rate (%)	30 June 2014		31 December 2013	
					Amount in foreign currency '000	Amount in RMB '000	Amount in foreign currency '000	Amount in RMB '000
The Export-Import Bank of China	12-Jun-14	12-Jun-17	RMB	4.20%	400,000	400,000	–	–
The Export-Import Bank of China	18-Jun-14	18-Jun-17	RMB	4.20%	200,000	200,000	–	–
The Export-Import Bank of China	18-Jan-13	18-Jan-16	RMB	4.92%	60,000	60,000	60,000	60,000
The Export-Import Bank of China	11-Jan-13	11-Jan-16	RMB	4.92%	55,000	55,000	55,000	55,000
The Export-Import Bank of China	16-Nov-12	16-Nov-15	RMB	4.92%	50,000	50,000	50,000	50,000
Total					765,000			165,000

As at 30 June 2014, there were no overdue long-term borrowings of which the durations are extended (As at 31 December 2013: Nil).

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 15. Debentures payable

	Beginning balance	Increase during the period	This period into the bond payable due within one year	Ending balance
Medium-Term notes	5,993,413	1,310	2,000,000	3,994,723

(a) Related information is as follows:

Debenture name	Par value	Issuance date	Maturity	Issuance amount	Discount at the beginning of the year	The period of amortization	The final discount	Balance at the end of the period
Medium-term notes								
-11 CIMC MTN1	4,000,000	May/23/2011	5 years	4,000,000	(6,587)	1,310	(5,277)	3,994,723
				4,000,000	(6,587)	1,310	(5,277)	3,994,723

Information for the Company's debentures payable please refer to Note V.36.

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16. Deferred tax assets and deferred tax liabilities

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

	30 June 2014		31 December 2013	
	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (Taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
Employee benefits payable	<b>785,838</b>	<b>196,459</b>	856,016	214,004
Movement for fair value of financial assets at fair value through profit or loss	<b>25,819</b>	<b>6,455</b>	26,865	6,716
Sub-total	<b>811,657</b>	<b>202,914</b>	882,881	220,720
Offsetting amount	<b>23,618</b>	<b>5,905</b>	(22,765)	(5,691)
<b>Net amount after offsetting</b>	<b>835,275</b>	<b>208,819</b>	860,116	215,029
Deferred tax liabilities:				
Movement for fair value of financial assets at fair value through profit or loss	<b>23,618</b>	<b>5,905</b>	(22,765)	(5,691)
Sub-total	<b>23,618</b>	<b>5,905</b>	(22,765)	(5,691)
Offsetting amount	<b>(23,618)</b>	<b>(5,905)</b>	22,765	5,691
<b>Offsetted balance</b>	<b>-</b>	<b>-</b>	-	-

At 30 June 2014, the Company had no unrecognised deferred tax assets.

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 17. Capital surplus

	Beginning balance	Increase during the reporting period	Decrease during the reporting period	Ending balance
Share premiums	212,656	35,125	–	<b>247,781</b>
Other capital reserves				
– Property revaluation reserve	43,754	–	–	<b>43,754</b>
– Exchange reserve on foreign currency capital	687	–	–	<b>687</b>
– Donated non-cash assets reserve	87	–	–	<b>87</b>
– Equity settled share-based payment	319,788	30,275	(10,634)	<b>339,429</b>
Others	(568,492)	–	–	<b>(568,492)</b>
Total	8,480	65,400	(10,634)	<b>63,246</b>

#### 18. Revenue and cost of sales

(1)

	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Revenue from other operations	<b>159,046</b>	119,187

(2) Revenue and cost of sales from other operations

	From 1 January to 30 June 2014 Revenue from other operations	From 1 January to 30 June 2013 Revenue from other operations
Commission	<b>158,824</b>	118,999
Others	<b>222</b>	188
Total	<b>159,046</b>	119,187

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## XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 19. Profit/(losses) from changes in fair value

	From 1 January to 30 June 2014	From 1 January to 30 June 2013
<b>Financial assets held for trading:</b>		
– Changes in fair value during the period		
1. Profit/(losses) from changes in fair value of equity instrument held for trading	<b>(46,385)</b>	(29,894)
– Profit/(losses) for derecognized financial assets held for trading	–	14,087
Subtotal	<b>(46,385)</b>	(15,807)
<b>Financial liabilities held for trading:</b>		
– Changes in fair value during the period	<b>1,046</b>	55,628
Including: Losses from changes in fair value of derivative financial instrument	<b>1,046</b>	55,628
Total	<b>(45,339)</b>	39,821

## 20. Investment income

## (1) Investment income by categories

	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Income from long-term equity investment under cost method	<b>802,775</b>	177,022
Income from long-term equity investment under equity method	<b>(52,729)</b>	(84,386)
Income earned during the holding period of available-for-sale financial assets	–	7,261
Loss from disposal of financial assets at fair value through profit or loss for the current period	–	(14,087)
Total	<b>750,046</b>	85,810

For the six months ended 30 June 2014, there is no investment income from listed investments (2013.1-6: investment loss from listed investments amount to RMB6,826,000), and investment income from non-listed investments amount to RMB750,046,000 (2013.1-6: investment income from non-listed investments amount to RMB92,636,000).

## NOTES TO THE FINANCIAL STATEMENTS

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 20. Investment income

- (2) In investment income from long-term equity investment under cost method, investees that contributed investment income for more than 5% of the Company's total profit, or the top five investees that contributed most to the Company's investment income are set out as follows:

Investee	From 1 January to 30 June 2014	From 1 January to 30 June 2013	Reason for current year fluctuation
SCIMCEL	648,092	–	Dividend distributed during the period
HI	154,683	–	Dividend distributed during the period
Total	802,775	–	

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

- (3) In investment income from long-term equity investment under equity method, investment income from investee is set out as follows:

Investee	From 1 January to 30 June 2014	From 1 January to 30 June 2013	Reason for current year fluctuation
SCSCRC	(299)	(608)	Loss occurred during the period is more than the same period of last year
C&C Trucks	(52,430)	(83,778)	Loss occurred during the period is more than the same period of last year
Total	(52,729)	(84,386)	

#### 21. Non-operating income

- (1) Non-operating income by categories

	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Gains on disposal of fixed assets	–	4
Government grants	165	100
Others	8	561
Total	173	665

- (2) Details of government grants

	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Financial subsidies	165	100

## NOTES TO THE FINANCIAL STATEMENTS

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 22. Income tax expenses

	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Current income tax calculated based on tax law and related regulations	–	–
Deferred income tax	<b>6,210</b>	(4,349)
<b>Total</b>	<b>6,210</b>	(4,349)

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

	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Total profit	<b>691,482</b>	(66,980)
Income tax expenses calculated at applicable rates	<b>172,871</b>	(16,745)
Expenses not deductible for tax purposes	<b>48,674</b>	20,269
Income not subject to tax	<b>(200,694)</b>	(46,071)
Tax effect of tax loss for which no deferred tax asset was recognised in this Reporting Period	–	38,198
Unrecognised tax losses in last Reporting Period	<b>(14,641)</b>	–
<b>Income tax expenses</b>	<b>6,210</b>	(4,349)

#### 23. Other comprehensive income

Item	31-Dec-12	Changes in current year	Tax effect	Reclassification	From 1 January to 30 June 2013
Other comprehensive income to be reclassified to profit or loss in subsequent accounting periods when specified conditions are met:					
Net change in fair value of available-for-sale financial assets and transfer to/from profit or loss arising from reclassification	407,284	(31,078)	7,769	–	383,975
<b>Total</b>	(407,284)	(31,078)	7,769	–	(383,975)

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2014

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### XII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 24. Notes to the consolidated cash flow statement

##### (1) Supplementary information to the consolidated cash flow statement

###### (a) Reconciliation from net profit to cash flows from operating activities

	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Net profit	685,272	(62,631)
Add: Depreciation of fixed assets	7,587	9,543
Amortisation of intangible assets	125	141
Amortisation of long-term prepaid expenses	1,159	1,081
(Gains)/losses on disposal of fixed assets, intangible assets	–	63
Profit on change in fair value	45,339	(39,821)
Financial expense	220,846	278,717
Investment income	(750,046)	(85,810)
Share-based payment expenses	30,275	40,753
Increase in deferred tax assets	6,210	(12,118)
Increase in operating receivables	2,035,467	(3,944,349)
Decrease/(Increase) in operating payables	(336,105)	4,485,023
Net cash flows from operating activities	1,946,129	670,592

###### (b) Net increase in cash and cash equivalents

	From 1 January to 30 June 2014	From 1 January to 30 June 2013
Cash and cash equivalents at the end of the period	870,354	254,424
Less: cash and cash equivalents at the beginning of the year	386,732	444,913
Net increase in cash and cash equivalents	483,622	(190,489)

##### (2) Cash and cash equivalents

	From 1 January to 30 June 2014	From 1 January to 30 June 2013
I. Cash		
Including: Cash at bank that can be readily drawn on demand	870,321	96,111
Other monetary fund that can be readily drawn on demand	33	158,313
II. Cash and cash equivalents at the end of the period	870,354	254,424

Note: Aforsaid "Cash at bank and on hand" excluded restricted cash and short-term investment.



## NOTES TO THE FINANCIAL STATEMENTS

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## XIII. NET CURRENT ASSETS

	The Group	
	30 June 2014	31 December 2013
Current assets	<b>46,065,420</b>	41,169,668
Less: current liabilities	<b>42,820,778</b>	32,576,349
Net current assets	<b>3,244,642</b>	8,593,319

	The Company	
	30 June 2014	31 December 2013
Current assets	<b>12,548,542</b>	13,434,256
Less: current liabilities	<b>8,162,431</b>	6,733,555
Net current assets	<b>4,386,111</b>	6,700,701

## XIV. TOTAL ASSETS LESS CURRENT LIABILITIES

	The Group	
	30 June 2014	31 December 2013
Total assets	<b>82,494,196</b>	72,605,972
Less: current liabilities	<b>42,820,778</b>	32,576,249
Total assets less current liabilities	<b>39,673,418</b>	40,029,723

	The Company	
	30 June 2014	31 December 2013
Total assets	<b>20,251,007</b>	20,691,075
Less: current liabilities	<b>8,162,431</b>	6,733,555
Total assets less current liabilities	<b>12,088,576</b>	13,957,520

## SUPPLEMENTARY INFORMATION

For the period ended 30 June 2014

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### 1. STATEMENT OF NON-RECURRING PROFIT OR LOSS FOR THE SIX MONTHS FROM 1 JANUARY TO 30 JUNE 2014

	Amount
Loss on disposal of non-current assets	(17,825)
Government grants recognised in profit or loss for the current period	35,531
Gains or losses from changes in fair value arising from holding financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, and investment gains arising from disposal of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and available-for-sale financial assets, except for the effective hedging activities related to the Group's ordinary activities	(337,672)
Net gain from disposal of subsidiary	(212)
Other profit or loss items meeting the definition of non-recurring profit or loss	342,885
Other non-operating income and expenses other than the above items	4,251
Effect of income tax	62,395
Effect of minority interests (after tax)	(1,016)
<b>Total</b>	<b>88,337</b>

Note: Aforesaid non-recurring profit or loss was presented at amount before taxation.

#### Basis for preparation of statement of non-recurring profit or loss

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

## SUPPLEMENTARY INFORMATION

For the period ended 30 June 2014  
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### 2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No. 9 – Earnings per share and return on net assets (2010 revised) and relevant requirements of accounting standard, the calculation of earnings per share and return on net assets of the Company is listed as follows:

	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	4.89%	0.3885	0.3845
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	4.47%	0.3554	0.3515

### 3. EXPLANATIONS OF IRREGULAR FLUCTUATIONS AND RELATED REASONS ON MAJOR ITEMS OF THE FINANCIAL STATEMENTS

Assets	Notes	30 June 2014	31 December 2013	Change amount and percentage	
				Amount	%
Cash at bank and on hand	(1)	<b>3,141,555</b>	4,771,047	(1,629,492)	(34%)
Accounts receivable	(2)	<b>14,079,494</b>	10,066,489	4,013,005	40%
Advance to suppliers	(3)	<b>5,385,186</b>	3,393,804	1,991,382	59%
Other current assets	(4)	<b>524,368</b>	822,628	(298,260)	(36%)
Fixed assets	(5)	<b>17,684,523</b>	13,508,082	4,176,441	31%

- (1) Cash at bank and on hand: mainly due to the centralised management of fund by the Group.
- (2) Accounts receivable: mainly due to the fact that the period was a peak season for production and sales.
- (3) Advance to suppliers: mainly due to the prepayments for the purchase of machinery resulting from more orders accepted by the offshore engineering segment.
- (4) Other current assets: mainly due to the decrease in tax deductible/withheld during the period.
- (5) Fixed assets: mainly due to the transfer of vessels in construction to fixed assets during the period.

## SUPPLEMENTARY INFORMATION

For the period ended 30 June 2014

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### 3. EXPLANATIONS OF IRREGULAR FLUCTUATIONS AND RELATED REASONS ON MAJOR ITEMS OF THE FINANCIAL STATEMENTS (CONTINUED)

Liabilities	Notes	30 June 2014	31 December 2013	Change amount and percentage	
				Amount	%
Short-term borrowings	(1)	<b>12,047,633</b>	7,244,780	4,802,853	66%
Financial liabilities at fair value through profit-loss-current portion	(2)	<b>179,795</b>	1,297	178,498	13762%
Interests payable	(3)	<b>108,374</b>	213,528	(105,154)	(49%)
Dividends payable	(4)	<b>909,144</b>	197,897	711,247	359%
Current portion of non-current liabilities	(5)	<b>5,243,611</b>	2,458,775	2,784,836	113%
Debentures payables	(6)	<b>4,456,183</b>	6,450,730	(1,994,547)	(31%)
Deferred tax liabilities	(7)	<b>319,942</b>	661,200	(341,258)	(52%)

(1) Short-term borrowings: mainly due to the financing arrangement to meet the requirement working capital.

(2) Financial liabilities at fair value through profit or loss-current portion: mainly due to the changes in fair value of derivative financial instruments.

(3) Interest payable: mainly due to the settlement of interest of debentures payable during the period.

(4) Dividends payable: mainly due to the dividends for ordinary shares declared but unpaid during the period.

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

(6) Debentures payable: mainly due to certain debentures upon expiry transferred to non-current liabilities due within one year during the period.

(7) Deferred tax liabilities: mainly due to reversal of withholding tax for overseas enterprises that had been identified as Chinese resident enterprises during the period.

## SUPPLEMENTARY INFORMATION

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### 3. EXPLANATIONS OF IRREGULAR FLUCTUATIONS AND RELATED REASONS ON MAJOR ITEMS OF THE FINANCIAL STATEMENTS (CONTINUED)

Profit and loss	Notes	30 June 2014	31 December 2013	Change amount and percentage	
				Amount	%
Financial expenses-net	(1)	<b>260,805</b>	454,826	(194,021)	(43%)
Asset impairment losses	(2)	<b>3,282</b>	34,838	(31,556)	(91%)
Profit/(loss) from changes in fair value	(3)	<b>(342,309)</b>	9,741	(352,050)	(3614%)
Investment income/(losses)	(4)	<b>38,128</b>	(45,117)	83,245	(185%)
Non-operating expenses	(5)	<b>44,056</b>	9,883	34,173	346%
Income tax expenses	(6)	<b>(17,892)</b>	444,817	(462,709)	(104%)
Minority interests	(7)	<b>251,090</b>	163,257	87,833	54%

- (1) Financial expenses-net: mainly due to changes of profit or loss of foreign exchange brought about by the current changes of the exchange rate.
- (2) Asset impairment losses: mainly due to reversal of provision for decline in value of inventories.
- (3) Profit/(loss) from changes in fair value: mainly due to the changes in fair value of equity instrument held for trading and derivative financial instruments.
- (4) Investment income/(losses): mainly due to the increase in investment income under the equity method of the Group during the period.
- (5) Non-operating expenses: mainly due to the increase in loss on disposal of fixed assets.
- (6) Income tax expenses: mainly due to reversal of withholding tax for overseas enterprises that had been identified as Chinese resident enterprises in the first half of 2014.
- (7) Minority interest: due to the increase in profitability of enterprises in which the Group has minority equity interests during the period.

## CHAPTER 8 DOCUMENTS AVAILABLE FOR INSPECTION

- I. The original copies of the interim report of the Company for 2014 signed by the Company's legal representative.
- II. The original copies of the unaudited Financial Report of the Company for the six months ended 30 June 2014 prepared under CASBE duly signed and under the seal of the Company's legal representative, the person-in-charge of accounting affairs, and accounting person-in-charge (General Manager of Financial Management Department).
- III. The original copies of the documents and announcement of the Company published in the newspaper stipulated by the China Securities Regulatory Commission during the Reporting Period.
- IV. The copies of the English and Chinese versions of the 2014 interim report of the Company published on the website of the Hong Kong Stock Exchange.

Li Jianhong  
*Chairman*  
China International Marine Containers (Group) Co., Ltd.

September 2014

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Driving new value Moving the world

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