



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

2008

Annual Report

31 March 2009

Section 1 Important Statement and Contents

Important Statement

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

No directors, supervisors or senior management have any objection to the authenticity, accuracy or integrity of the contents of this annual report.

This report has been audited by KPMG which has issued auditor’s report with unqualified opinion.

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

This report consists of Chinese and English versions and in case of discrepancy between these two versions, the Chinese version shall prevail.

Contents

1. Important Statement and Contents	2
2. General Information	3
3. Summary of Accounting Data and Business Data	5
4. Shareholders and Changing of Share Capital	7
5. Directors, Supervisors, Senior Management and Employees	13
6. Corporate Governance Structure	21
7. The Shareholders’ General Meeting	25
8. Report of the Board of Directors	26
9. Report of Supervisory Council	48
10. Significant Issues	50
11. Financial Report	57
12. Documents for Reference	247

Section 2 General Information

1. Statutory Chinese and English names and abbreviations:

Chinese name: 中国国际海运集装箱（集团）股份有限公司

Chinese abbreviation: 中集集团

English name: CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD

English abbreviation: CIMC

2. Legal representative: Fu Yuning

3. Board secretary: Yu Yuqun

Representative for securities affairs: Wang Xinjiu

Address: CIMC R&D Center, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen

Zip code: 518067

Tel: (86) 755-2669 1130

Fax: (86) 755-2682 6579

E-mail: shareholder@cimc.com

4. Registered address: CIMC R&D Center, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen

Office address: CIMC R&D Center, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen

Zip code: 518067

Website: <http://www.cimc.com>

5. Newspapers designated by the Company for information disclosure: "China Securities Journal", "Securities Times", "Shanghai Securities News" and "Ta Kung Pao".

Website designated by CSRC for information disclosure: <http://www.cninfo.com.cn>

Places where annual report is made available: Board secretary's office and Financial Management Dept.

6. Stock exchange on which the Company are listed: Shenzhen Stock Exchange

Stock short form and code:

CIMC (中集集团) 000039

CIMC B (中集B) 200039

7. Other relevant information:

1. Date of initial registration: September 30, 1992

2. Place of initial registration: Shenzhen Administration for Industry and Commerce

3. Latest change in registration: Nov. 19, 2008

4. Place of registration after change: Shenzhen Administration for Industry and Commerce

5. Corporate business license: 440301501119369

Tax registration number: State Tax 440301618869509 ; Local Tax 440305618869509

6. Organization code: 61886950-9

7. Name and office address of certified public accountants engaged by the Company: KPMG

Office address: 38/F, Yuehai Tianhe Town Plaza, 208 Tianhe Road, Guangzhou

Zip code: 510620

Primary Banks Connected:

China Development Bank

The Export-Import Bank of China

China Construction Bank

Bank of Communications

China Merchants Bank

Bank of China

Citibank, N.A.

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank

ING Bank

Nanyang Commercial Bank

Section 3 Summary of Accounting Data and Business Data

1. Key accounting data as of year 2008

Unit: RMB'000

No.	Item	Amount
1	Total profit	1,927,029
2	Operating profit	1,766,979
3	Net profit attributable to shareholders of listed company	1,406,908
4	Net profit excluding Extraordinary Gain and Loss (Note)	990,797
5	Net cash flow from operating activities	3,366,538

Note: Extraordinary Gain and Loss

Unit: RMB'000

Extraordinary Gain and Loss	Amount
Disposal of non-current assets	-29,379
Government grants	138,612
Changes in fair value of financial assets and liabilities held for trading, and available-financial assets, excluding those held for effective hedges of normal operations	250,639
Entrusted loans	3,528
Debt restructuring	37,703
Other non-operation income and expense	2,762
Effect on taxation	15,339
Effect on Minority interests	-3,093
Total	416,111

2. Impact on net profit and net assets from adjustment in compliance with IAS

Unit: RMB'000

	Net profit		Net assets	
	2008	2007	31 Dec. 2007	31 Dec. 2008
As per IAS	1,409,413	3,146,918	15,899,680	13,417,329
As per PRC GAAP	1,406,908	3,165,373	15,913,757	13,428,901
Items to be adjusted based on IAS				
Other	2,505	-18,455	-14,077	-11,572
As per IAS	1,409,413	3,146,918	15,899,680	13,417,329
Explanation for difference	Reason: in accordance with PRC GAAP and relevant provisions, special payable, fixed assets and intangible assets are amortized, as a result, net profit has increased by RMB 2,505,000 and net asset has decreased by RMB 11,572,000 under IAS.			

3. Key accounting data and financial indicators in the recent 3 years

Unit: RMB'000

	2008	2007	+/- (%)	2006	
				After adjustment	Before adjustment

Operating revenue	47,327,281	48,760,826	-2.94%	33,573,664	33,167,801
Total profit	1,927,029	3,500,304	-44.95%	3,186,788	3,150,248
Net profit attributable to shareholders of parent company	1,406,908	3,165,373	-55.55%	2,820,752	2,771,723
Net profit excluding non-recurring gain/loss attributable to shareholders of parent company	990,797	1,842,802	-46.23%	2,750,885	2,211,990
Net cash flow from operating activities	3,366,538	-1,085,549	410.12%	1,296,823	1,296,823
Basic EPS (RMB yuan)	0.53	1.19	-55.46%	1.06	1.04
Diluted EPS (RMB yuan)	0.53	1.19	-55.46%	1.06	1.04
Basic EPS after deducting non-recurring gain and loss (RMB yuan)	0.37	0.69	-46.38%	1.05	0.83
Fully diluted ROE	10.48%	19.89%	-9.41%	23.08%	24.29%
Weighted mean ROE	10.00%	24.00%	-14.00%	24.73%	26.71%
Diluted ROE after deducting non-recurring gain and loss	7.38%	11.58%	-4.20%	22.51%	19.39%
Weighted average ROE after deducting non-recurring gain and loss	7.00%	14.00%	-7.00%	24.58%	21.31%
Net cash flow from operating activities per share (RMB yuan)	1.26	-0.41	410.12%	0.58	0.49
	31 Dec. 2008	31 Dec. 2007	+/- (%)	31 Dec. 2006	
				After adjustment	Before adjustment
Total assets	34,557,863	41,048,674	-15.81%	24,191,571	22,923,368
Shareholders' equity attributable to shareholders of parent company	13,428,901	15,913,757	-15.61%	12,220,114	11,117,446
Net assets per share attributable to shareholders of parent company	5.04	5.98	-15.72%	5.51	5.01

Section 4 Shareholders and Changing of Share Capital

I. Changing of Share Capital

1. Changing of Share Capital as at 31 Dec. 2008

(1) Changing of Share Capital

Unit: Share

	Before current change		Increase/decrease after current change (+/-)				After current change	
	Number of shares	Ratio (%)	Issuance of new share	Bonus shares	Others	Subtotal	Number of shares	Ratio (%)
I. Shares subject to trading moratorium	299,672,218	11.26	0	0	-133,119,802	-133,119,802	166,552,416	6.26
1. Shares held by state	0	0	0	0	0	0	0	0
2. Shares held by state-owned corporations	0	0	0	0	0	0	0	0
3. Shares held by other domestic investors	0	0	0	0	0	0	0	0
Including: Shares held by domestic non-state-owned corporations	0	0	0	0	0	0	0	0
Shares held by domestic natural person	0	0	0	0	0	0	0	0
4. Shares held by overseas investors	299,052,041	11.23	0	0	-133,119,802	-133,119,802	165,932,239	6.23
Including: Shares held by overseas corporations	299,052,041	11.23	0	0	-133,119,802	-133,119,802	165,932,239	6.23
Shares held by overseas natural person	0	0	0	0	0	0	0	0
5. Shares held by senior management	620,177	0.02	0	0	0	0	620,177	0.02
II. Shares not subject to trading moratorium	2,362,723,833	88.74	0	0	133,119,802	133,119,802	2,495,843,635	93.74
1. RMB ordinary shares (A-share)	932,245,124	35.02	0	0	133,119,802	133,119,802	1,065,364,926	40.02
2. Domestically listed foreign shares (B-share)	1,430,478,709	53.73	0	0	0	0	1,430,478,709	53.73

3. Overseas listed foreign shares	0	0	0	0	0	0	0	0
4. Others	0	0	0	0	0	0	0	0
III. Total number of shares	2,662,396,051	100.00	0	0	0	0	2,662,396,051	100.00

Note: The total share capital of the Company is 2,662,396,051 shares, including 1,231,915,542 A Renminbi common shares (A shares) and 1,430,480,509 domestically listed foreign shares (B shares).

(2) Statement of change in shares subject to trading moratorium

Unit: Share

Name of shareholder	Number of shares subject to trading moratorium at year-begin	Number of shares released from trading moratorium in current year	Number of shares subject to trading moratorium increased in current year	Number of shares subject to trading moratorium at year-end	Reason	Date of releasing trading moratorium
COSCO Container Industries Ltd.	299,052,041	133,119,802	0	165,932,239	Promise not to sell in SMR	2 Jul. 2008
Mai Boliang	494,702	123,676	0	371,026	Shares held by Senior management	Release sale restriction under relative regulations
Li Ruiting	329,802	82,451	0	247,351	Shares held by Senior management	
Liu Xuebin	2,400	600	0	1,800	Shares held by Senior management	
Total	299,878,945	133,326,529	0	166,552,416		

2. Share issuing and listing

(1) Shares issued in the past 3 years by the end of the reporting period.

CIMC did not issue any shares or derivative securities.

(2) During the reporting period, total number of shares of the Company and its structure remained unchanged.

(3) Up till the end of reporting period, the Company has no inner staff shares.

II. Shareholders and actual controller

1. Shares held by major shareholders (as at 31 Dec. 2008)

Unit: share

Total number of shareholders	322,461 shareholders, including 273,044 ones of A-share and 49,417 ones of B-share				
Shares held by the top ten shareholders					
Name of shareholder	Nature	Shareholding ratio (%)	Shareholding at period end	Number of shares with conditions in sale	Number of pledged or frozen shares
COSCO Container Industries Limited	Foreign investor	21.80	580,491,880	165,932,239	0
China Merchants (CIMC) Investment Limited	Foreign investor	16.23	432,176,844	0	0
China Merchants (CIMC) Holdings Limited	Foreign investor	6.52	173,643,136	0	0
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign investor	2.19	58,257,531	0	Unknown
China Merchants Securities (HK) Co., Limited	Other	2.14	56,894,773	0	Unknown
LONG HONOUR INVESTMENTS LIMITED	Foreign investor	0.95	25,322,106	0	0
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	Foreign investor	0.91	24,250,634	0	Unknown
China Construction Bank — LION Stock Securities Investment Funds	Other	0.76	20,188,996	0	Unknown
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	Foreign investor	0.47	12,461,625	0	Unknown
TEMPLETON DRAGON FUND, INC.	Foreign investor	0.44	11,778,895	0	Unknown
Shares held by the top ten shareholders holding shares not subject to trading moratorium					
Name of shareholders	Number of shares not subject to trading moratorium		Type of shares		
COSCO Container Industries Limited	266,239,604		RMB common share		
COSCO Container Industries Limited	148,320,037		Domestically listed foreign share		
China Merchants (CIMC) Investment Limited	432,176,844		Domestically listed foreign share		
China Merchants (CIMC) Holdings Limited	173,643,136		Domestically listed foreign share		
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	58,257,531		Domestically listed foreign share		
China Merchants Securities (HK) Co., Limited	56,894,773		Domestically listed foreign share		
LONG HONOUR INVESTMENTS LIMITED	25,322,106		Domestically listed foreign share		
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	24,250,634		Domestically listed foreign share		
China Construction Bank — LION Stock Securities Investment Funds	20,188,996		RMB common share		
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	12,461,625		Domestically listed foreign share		
TEMPLETON DRAGON FUND, INC.	11,778,895		Domestically listed foreign share		
Explanation on associated relationship among the top ten shareholders or acting-in-concert	<p>Among the top 10 shareholders: Association relationship and acting-in-concert person relation exist between COSCO Container Industries Limited and Long Honour Investments Limited, where COSCO Container Industries Limited is subordinate wholly-owned subsidiary of COSCO Pacific Limited under COSCO Group; Long Honour Investments Limited is subordinate wholly-owned subsidiary of COSCO Hong Kong under COSCO Group; These two and other shareholders are not acting-in-concert person specified in “Regulatory Provisions on Disclosure of Information on Shareholding Change of Shareholders for Listed Companies”.</p>				

China Merchants (CIMC) Investment Limited and China Merchants (CIMC) Holdings Limited are both subordinate whole-owned subsidiaries of China Merchants Holdings (International) Limited, a controlling subsidiary under China Merchants Group Limited. These two and other shareholders are acting-in-concert person as specified in “Regulatory Provisions on Disclosure of Information on Shareholding Change of Shareholders for Listed Companies”. The Company is not aware of whether association relationship exists between other shareholders and whether they are acting-in-concert person as specified in “Regulatory Provisions on Disclosure of Information on Shareholding Change of Shareholders for Listed Companies”.

Note 1: Note 1: China Merchants (CIMC) Investment Limited holds 13,522,331 shares of the Company through agent account of China Merchants Securities (Hong Kong) Co., Ltd., therefore, the said company holds 445,694,175 shares of the Company in total.

Note 2: China Merchants (CIMC) Holdings Limited holds 6,507,922 shares of the Company through agent account of China Merchants Securities (Hong Kong) Co., Ltd., therefore, the said company holds 180,151,058 shares of the Company in total.

Note 3: BESTRAIN INVESTMENT LIMITED, subordinate subsidiary of China Merchants Holdings (International) Limited, holds 34,881,117 shares of the Company through agent account of China Merchants Securities (Hong Kong) Co., Ltd.

2. Corporate shareholders with shareholding ratio exceeding 10%

(1) None of shareholders with shareholding ratio exceeding 30% (controlling shareholders)

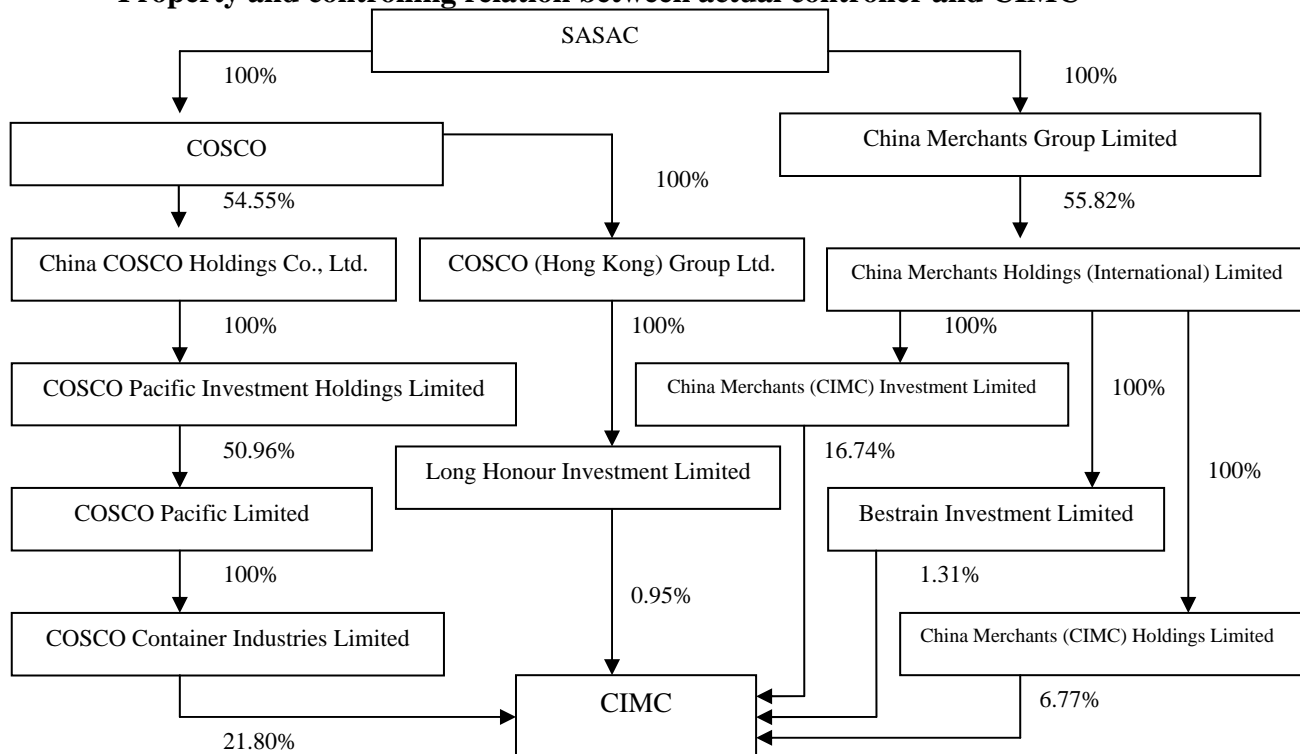
Name of shareholder	Shareholding ratio	Director	Date of incorporation	Registered capital	Equity structure	Business scope
COSCO Container Industries Limited	21.80%	Chen Keng, Wang Zhi and Ying Haifeng	2004.4.26	USD 1	Wholly-owned by COSCO Pacific	Investment and holdings
China Merchants (CIMC) Investment Limited	16.74%	Du Yongcheng, Liu Enhuai and Lin Wuliu	1995.1.17	HK\$ 10,000	Wholly-owned by China Merchants Holdings (International) Limited	Investment and holdings

①As a liability limited company incorporated in British Virgin Islands, COSCO Container Industries Limited is a wholly-owned subsidiary under COSCO Pacific Limited. COSCO Pacific Investment Holdings Limited holds 50.96% equity of COSCO Pacific Limited. COSCO Pacific Investment Holdings Limited is a subordinate wholly-owned subsidiary under China COSCO Holdings Limited and COSCO Group holds 54.55% equity of China COSCO Holdings Limited. As of December 31, 2008, COSCO Container Industries Limited held 21.80% equity of CIMC. Long Honour Investments Limited is subordinate wholly-owned subsidiary under COSCO Hong Kong and holds 0.95% equity of CIMC.

②China Merchants (CIMC) Investment Limited and China Merchants (CIMC) Holdings Limited are both the subordinate wholly-owned subsidiaries under China Merchants Holdings (International) Limited. China Merchants Group Limited holds 55.82% equity of China Merchants

Holdings (International) Limited. China Merchants (CIMC) Investment Limited holds 16.74% equity of CIMC and China Merchants (CIMC) Holdings Limited holds 6.77% equity of CIMC. Another wholly-owned subsidiaries under China Merchants Holdings (International) Limited---Bestrain Investment Limited holds 1.31% equity of CIMC. Therefore, China Merchants Holdings (International) Limited actually holds 24.82% equity of CIMC.

Property and controlling relation between actual controller and CIMC



(2) In the reporting period, no change occurred to China Merchants (CIMC) Investment Limited and COSCO Container Industries Limited.

3. Restricted shares originally held by non-circulating shareholders

Unit: Share

Name of shareholder	Number of shares	Date to be traded	Number of Restricted shares	Condition for sale
COSCO Container Industries Limited	5% of the total shares	24 May 2007	133,119,802	Note 1
	10% of the total shares	24 May 2008	266,239,604	Note 2
	432,171,843	24 May 2009	432,171,843	

Note 1: In accordance with relevant provisions, COSCO Container Industries Limited promises not to sell or transfer originally non-circulating shares at Shenzhen Stock Exchange within 12 months commencing on the first day after implementation of Share Merger Reform Scheme. After expiry of the above commitment period, COSCO Container Industries Limited may sell originally non-circulating shares at Shenzhen Stock Exchange. However, the percentage of sale

shall not exceed 5% of total shares of the Company within 12 months and not exceed 10% within 24 months.

***Note 2:** On 5 September 2007, the Company's 133,119,802 circulating A shares with conditions in sale held COSCO Container Industries Limited were listed for trading, accounting for 5% of total shares of the Company. On 2 July 2008, the Company's 133,119,802 circulating A shares with conditions in sale held COSCO Container Industries Limited were listed for trading, accounting for 5% of total shares of the Company.*

Section 5. Directors, Supervisors, Senior Managements and Employees

I. Directors, supervisors and Managements

1. Basic information

Name	Title	Gender	Age	Office term	Total remuneration/ allowance received from the Company(RMB 0000')	Whether receive remuneration from the shareholders or other organizations
Fu Yuning	Chairman	Male	52	Apr. 2007- Apr. 2010		Yes
Li Jianhong	Vice chairman	Male	53	Apr. 2007- Apr. 2010		Yes
Mai Boliang	Director and president	Male	50	Apr. 2007- Apr. 2010	684.64	No
Wang Hong	Director	Male	46	Apr. 2007- Apr. 2010		Yes
Xu Minjie	Director	Male	50	Apr. 2007- Apr. 2010		Yes
Qin Rongsheng	Independent director	Male	46	Apr. 2007- Apr. 2010	12	No
Jin Qingjun	Independent director	Male	51	Apr. 2007- Apr. 2010	12	No
Xu Jing'an	Independent director	Male	67	Apr. 2007- Apr. 2010	12	No
Chen Keng	Chief supervisor	Male	52	Apr. 2007- Apr. 2010		Yes
Du Yongcheng	Supervisor	Male	59	Apr. 2007- Apr. 2010		Yes
Feng Wanguang	Staff supervisor	Male	62	Apr. 2007- Apr. 2010	98.21	No
Zhao Qingsheng	Vice president	Male	56	Mar. 2007- Mar. 2010	217.89	No
Li Ruiting	Vice president	Male	61	Mar. 2007- Mar. 2010	95.48	No
Wu Fapei	Vice president	Male	50	Mar. 2007- Mar. 2010	130.92	No
Li Yinhui	Vice president	Male	41	Mar. 2007- Mar. 2010	123.46	No
Liu Xuebin	Vice president	Male	50	Mar. 2007- Mar. 2010	120.50	No
Jin Jianlong	General manager of Financial Management	Male	55	Mar. 2007- Mar. 2010	97.44	No
Yu Yuqun	Secretary to the Board of Directors	Male	43	Mar. 2007- Mar. 2010	96.30	No
Total	—	—	—	—	1700.84	—

Shares of the company held by directors, supervisors and senior managements

Name	Shareholding at the beginning of the year	Shareholding at the end of the year	Reason for change in shareholding
Mai Boliang	494,702	494,702	—
Li Ruiting	329,802	329,802	—
Liu Xuebin	2,400	2,400	—
Total	826,904	826,904	—

2. Main work experience of current directors, supervisors and senior managements

(1). Members of Board of Directors

Mr. **Fu Yuning**, Chairman of the Board of Directors. He is currently Director and president of China Merchant Group, President of China Merchants Holdings (International) Co., Ltd., Chairman of Board of China Merchants Steam Navigation Limited and Director of China Merchant Bank. Mr. Fu was graduated from Dalian University of Technology in 1982 with bachelor degree in port engineering. He got the doctor's degree in marine engineering mechanics from UK Brunel University in 1986 and worked in the university as post-doctoral researcher for many years. Mr. Fu ever took the post of Directing Manager of Chiwan Base and China Nanshan Development (Group) Incorporation, and of Vice President of China Merchants Group. He began to serve as Director of CIMC since April 2007.

Mr. **Li Jianhong** is currently Vice President of COSCO Group, Chairman of COSCO Corporation (Singapore) Limited, Sino-Ocean Land Holdings Limited, COSCO Shipyard Group Co., Ltd., COSCO Ship Trading Limited, Chinese-Tanzanian Joint Shipping Company, and Director of COSCO Holding Limited, COSCO International Holdings Limited and COSCO Pacific Limited. Mr. Li Jianhong is also vice director of China Society of Naval Architecture and Marine Engineering and Vice President of China Association of National Shipbuilding Industry. He ever took the post of Factory Director of COSCO Nantong Shipyard, of General Manager of COSCO Industry Company, and of Assistant President and Chief Economist of COSCO Group. Mr. Li holds such degrees as MBA from University of East London and master of economic administration from Jilin University and holds the title of senior technical title of senior economist with extensive experience in enterprise management and capital operation. He has been Director of the Company since March 1995.

Mr. **Mai Boliang**, Director and President. He graduated from mechanical engineering of South China University of Technology and served as technician and Manager and Deputy Manager of Product Technical Dept. since 1982. He began to serve as president of the Company in 1992 and act as Director of the Company since March 1992.

Mr. **Wang Hong**, Director. He is currently Director and Standing Deputy General Manager of China Merchants Holdings (International) Co., Ltd., Director of China Merchants Group (Hong Kong) Limited, and Vice President of Shanghai International Port (Group) Co., Ltd.. Mr. Wang graduated from turbine management in Dalian Maritime University in 1982 and then continued his study in the Graduate School of University of Science and Technology Beijing and Graduate School of Chinese Academy of Social Sciences and achieved MBA degree and PHD of management respectively. He ever served as Marine engineer of COSCO Guangzhou Ocean Shipping Company, General Manager of CIESCO (China Communications Import & Export Corporation) Ocean Shipping Dept., General Manager of CIESCO Financial Dept and CIESCO General Manager, Managing Director of China Merchants (Hong Kong) Haitong Limited, General Manager of China Merchants Group Performance Appraisal Dept. and HR Dept. He began to act as the Company's Director since April 2007.

Mr. **Xu Minjie**, Director. He is currently Executive Director, Vice Chairman and Managing Director of COSCO Pacific Limited as well Chairman of Investment & Strategic Planning Council and member of Executive Board, Nominating Council and Remuneration Council. Mr. Xu graduated from ship navigation in Qingdao Ocean Shipping Mariners College and obtained MBA

degree from Shanghai Maritime University and master's degree in management from Maastricht School of Management in Netherlands. Mr. Xu joined COSCO Group in 1980. In November 1998, he began to serve as General Manager of COSCO Shanghai International Ocean Freight & Forwarding Company. From December 1998 to September 2003, he served as Vice Chairman of Shanghai International Freight Forwarders Association. In September 2003, he began to serve as General Manager of Freight Dept. in COSCO Group. He was also once shipmaster of ocean shipping, Department Manager of Container Freight Dept, Operation Dept and Ocean Shipping Export Dept in COSCO Shanghai as well as deputy manager of Shanghai International Ocean Freight Company. From June 2005 to January 2007, he served as Director of China Communications and Transportation Association. Mr. Xu owns an ocean shipping experience of over 30 years and extensive experience in enterprise operation and management. In January 2007, Mr. Xu began to serve as Vice Chairman and Managing Director of COSCO Pacific Limited and was in charge of the development strategy, corporation governance and financial management affairs. He has been the Company's Director since April 2007.

Mr. **Qin Rongsheng**, Independent Director with PHD in management, an certified accountant in China. He is currently CCP Secretary, professor and doctor tutor of Beijing National Accounting Institute, and Vice President of China Audit Society, Vice President of China Association of Chief Financial Officers, member of China Certified Accountants Test Commission under the Ministry of Finance, member of China Auditing Standards Commission and part-time professor of Tsinghua University and Renmin University of China. He has been the Company's Independent Director since April 2007.

Mr. **Jin Qingjun**, Independent Director, master and securities lawyer. He currently holds such positions as partner of King & Wood Law Firm as well as visiting professor of China University of Politic Science and Law, arbitrator of Shenzhen Arbitration Committee, arbitrator of China International Economic and Trade Arbitration Commission, member of Appeals Review Committee of Shenzhen Stock Exchange, legal advisor of Washington Court of Appeals in China, legal advisor for many financial institutions, securities companies and listed companies at home and abroad, legal advisor of international financial corporations and many listed companies in USA and Hong Kong, member of China Law Society, China International Law Society, China Maritime Law Society and Inter-Pacific Bar Association. Mr. Jin once worked as chief legal advisor of Shenzhen Stock Exchange and director of Listing Regulatory Commission, lawyer in Johnson Stokes & Master and British Law Firm, full-time lawyer of Zhongxin Law Firm, executive partner of Shu Jin Law Firm. As one of the first lawyers in China to obtain accreditation as lawyer, Mr. Jin is mainly engaged in legal affairs in such sectors as finance, securities, investment, intellectual property, real estate, corporation, bankruptcy and litigation and has made outstanding contribution in securities, funds, banking, merger and acquisition. In April 2007, he began to serve as Independent Director.

Mr. **Xu Jing'an**, independent director. He graduated from Fudan University News Department in 1964 and then worked in Central Marxist-Leninist Research Institute, Central Policy Research Institute, State Planning Commission, Office of Economic Policy Reform under State Council and State System Reform Commission. Mr. Xu served as Vice Director of China Economic System Reform Research Commission in 1985 and Director of Shenzhen Economic Reform Commission and Vice Director of Shenzhen Stock Exchange in 1987. Currently, he serves as Chairman of Xu Jing An Investment Consultants and Chairman of research fellow of Shenzhen New Century Civilization Research Institute. In April 2007, he began to serve as Independent Director.

(2) Members of Supervisory Committee

Mr. **Chen Keng**, Chief Supervisor. He currently holds such posts as COSCO Pacific Limited Deputy General Manager and member of Investment and Strategic Planning Council. From 1998 to 2006, Mr. Chen was General Manager of Enterprise Development Dept (now Strategic Development Dept) in COSCO Pacific Limited. Mr. Chen graduated from Xiamen University with bachelor's degree in economics and then graduated from Dalhousie University in Canada with MBA degree in 1985. Then, he served as senior economic research fellow in Bank of China

(Hong Kong) and chief economist in Nikko Securities (Asia) Ltd. He has over 20 years' experience in financial, securities and enterprise planning. Currently, he is responsible for port management and port-related project development under COSCO Pacific Limited. In April 2007, he began to serve as Independent Director.

Mr. **Du Yongcheng**, Supervisor. Mr. Du obtained mechanical engineering certificate in Hong Kong in 1977. Later, obtained UK MOT certificate as UK recognized maritime engineer. Mr. Du joined China Merchants Group in 1971 and currently serves as Vice Managing Director of China Merchants Holdings (International) Limited. He used to hold such positions as General Supervisor of China Merchants Brokerage Dept., Vice Manager, Vice General Manager, General Manager and Vice Chairman of Ming Wah Shipping Limited, General Manager of China Merchants Group Transportation Dept and Vice Chairman of China Merchants Port Service (Shenzhen) Limited. Currently, he holds such positions as Director of Asia Airfreight Terminal Limited, Modern Terminals and Hong Kong West Harbor Tunnel and Vice Chairman of Zhangzhou China Merchants Port Limited. In May 2002, he began to serve as CIMC Supervisor.

Mr. **Feng Wanguang**, staff supervisor. Mr. Feng graduated from foundry major in Mechanical Engineering Department of South China University of Technology. Mr. Feng began to work in Shekou Huamei Steelworks in January 1982. Mr. Feng worked in Shekou Industrial District Organization Dept from January 1983 to September 1986. Mr. Feng worked in Hongda Glasses Co., Ltd. as General Manager from September 1986 to January 1987. Mr. Feng worked in China Merchants (Hong Kong) HR Dept and Board Office as Vice General Manager from January 1987 to September 1996. Mr. Feng worked in China Merchants Zhangzhou Development Zone as Vice General Manager and Vice CPC Secretary from September 1996 to April 1999; Vice CPC Secretary in CIMC from April 1999 till now. Mr. Feng began to serve as supervisor in May 2002.

(3) Senior Managements

Mr. **Mai Boliang**, Director and President. See introduction of Directors above.

Mr. **Zhao Qingsheng**, Vice President. Mr. Zhao Graduated from Wuhan University of Water Transportation Engineering (Wuhan University of Technology), majoring in marine engineer. He is currently Vice President of the Company. Mr. Zhao joined China Merchant Group in 1983 and served as General Manager of the Enterprise Dept. in China Merchant Group from 1991 to 1995, Deputy General Manager of China Merchants Holdings (International) Co., Ltd. from 1995 to 1999, and Vice Chairman of the Company from 1997 to 1999. He has been Vice President of the Company since 1999.

Mr. **Li Ruiting**, Vice President. Mr. Li graduated from South China University of Technology with bachelor degree in mechanical manufacturing. He is a senior engineer and is currently the Company's Vice President. Mr. Li began to serve the Company in 1987, and ever took the post of Manager of the Company's Technology Dept. and QC Dept., of Deputy General Manager and General Manager of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. and of General Manager of Shanghai CIMC Reefer Containers Co., Ltd.. Mr. Li has been the Company's Vice President since 1995.

Mr. **Wu Fapei**, Vice President. Mr. Wu graduated from South China University of Technology with bachelor degree in mechanical manufacturing and master degree in engineering. He used to be teacher and associate professor of School of Business Administration in South China University of Technology and Deputy General Manager of Nanhua Bicycle Ronghui Co., Ltd. in Zhaoqing Guangdong. He joined the Company in 1996 and began to serve as Manager of Information Management Dept in December 1996, Assistant President of CIMC in December 1998 and Secretary to the Board of CIMC in December 1999. He began to serve as Vice President of CIMC in March 2004.

Mr. **Li Yinhui**, Vice President. Mr. Li obtained bachelor's degree in history from Jilin University, MBA degree from School of Business in Nanjing University, and PHD in economics from Jilin University. He worked in Central Committee of Chinese Communist Youth League in 1991;

worked in State Commission of Foreign Trade and Economic Cooperation from May 1993 to March 2003; and in Ministry of Commerce in March 2003. He served as Vice President of CIMC (part-time) from October 2002 to October 2003 and began to his work as Vice President of CIMC in March 2004.

Mr. **Liu Xuebin**, Vice President. Mr. Liu graduated from Shenzhen University with a bachelor's degree in management. He joined the Company in 1982, and ever worked as Deputy Manager of the Company's Purchasing Dept., Deputy General Manager of Nantong CIMC-SMOOTH SAIL Container Co., Ltd., Deputy General Manager of Container Branch of CIMC Group, and General Manager of Xinhui CIMC Container Co., Ltd.. In 1997, he began to serve as General Manager of Shenzhen Southern CIMC Containers Manufacture Co., Ltd., and in December 1998, he also took post of the Assistant President of the CIMC and Chairman of Xinhui CIMC Container Co., Ltd. at the same time. In March 2004, he began to serve as Vice President of CIMC.

Mr. **Jin Jianlong**, General Manager of Financial Dept., a certified accountant. He graduated from Maanshan Institute of Iron and Steel Technology in July 1985, majoring in accounting. From August 1975 to April 1989, he worked in Hangzhou Iron & Steel Works as Section Chief of the Financial Dept. He joined the Company in 1989, and first worked as Manager of the Financial Management Dept. of CIMC, and then of the Financial Management Dept. of Shenzhen Southern CIMC Containers Manufacture Co., Ltd.. He has been the Company's General Manager of Financial Management since October 2001.

Mr. **Yu Yuqun**, Secretary to the Board. Mr. Yu obtained bachelor and master's degrees in economics from Beijing University. He once worked in the State Price Control Bureau. He joined the Company in 1992 and first worked as Deputy Manager and then Manager of Financial Affairs Dept., responsible for securities affairs and fund management. He has been Secretary to the Board of the Company since March 2004.

3. Concurrent positions held by Directors, Supervisors and Senior Managements in organizations other than shareholder's company

Name and title	Organizations for concurrent positions	Relations with the Company (controlling) related/non-related	Title
Fu Yuning/Chairman	China Merchants Group Limited	Related	Director and president
	China Merchants Holdings (International) Limited	Related	Chairman and Managing Director
	China Merchants Steam Navigation Limited	Non- related	Chairman
	China Merchants Bank	Non- related	Director
Li Jianhong/Vice Chairman	China Ocean Shipping Corporation (COSCO)	Related	Vice president
	COSCO Corporation (Singapore) Limited	non- related	Chairman
	Sino-Ocean Land Holdings Limited	non- related	Chairman
	COSCO Shipyard Group Limited	non- related	Chairman
	Chinese-Tanzanian Joint Shipping Company	non- related	Chairman
	COSCO Ship Trading Limited	non- related	Chairman
	China COSCO Holdings Limited	related	Director
	COSCO International Holdings Limited	non- related	Director
	COSCO Pacific Limited	related	Director
	CIMC Vehicle (Group) Co., Ltd.	Controlling subsidiary	Chairman
Mai Boliang/ Director/ President	Concurrent positions in 32 controlling subsidiaries such as CIMC Vehicle Group	Controlling subsidiary	Chairman / Director

	and Shenzhen South CIMC Limited		
	Yantai Raffles Shipyards Ltd	joint stock company	Chairman
Wang Hong/director	China Merchants Group (Hong Kong) Limited	related	Director
	China Merchants Holdings (International) Limited	related	Vice Managing Director
	Shanghai International Port (Group) Co., Ltd.	non-related	Vice Chairman
Xu Minjie/ Director	COSCO Pacific Limited	related	Vice Chairman and Managing Director
	COSCO Logistics Co., Ltd.	non-related	Vice Chairman
	COSCO-Hit Terminals HK Ltd	non-related	Director
	Qingdao Qianwan Container Terminal Co., Ltd. Non-affiliated Director Antwerp	non-related	Director
	COSCO Pacific Holding Limited	non-related	Director
	COSCO(Hong Kong) Investment Co., Ltd.	non-related	Director
	Taicang International Containers Co., Ltd.	non-related	Chairman
	Concurrent positions in 31 companies subsidiary to COSCO Pacific Limited	non-related	Director /Chairman
	Concurrent positions in 6 joint controlling and joint operation companies of COSCO Pacific Limited	non-related	Director/Vice Chairman/Chairman
Qin Rongsheng/ Independent Director	Beijing National Accounting Institute	non-related	CCP Secretary
	Baoli Real Estate (Group) Co., Ltd.	non-related	Independent Director
	UFID Software Co., Ltd.	non-related	Independent Director
	Aerospace Information Co., Ltd.	non-related	Independent Director
	China Audit Society	non-related	Vice President
	China Association of Chief Financial Officers	non-related	Vice President
	Changjiang Securities Co., Ltd.	non-related	Independent Director
Jin Qingjun/Independent Director	King & Wood Law Firm	non-related	Senior partner
	Invesco Great Wall Fund Management Company Limited	non-related	Independent Director
	Shenzhen Syscan Technology Co., Ltd.	non-related	Independent Director
	China United Travel Co., Ltd.	non-related	Independent Director
	China University of Politic Science and Law	non-related	Part-time professor
	Shenzhen Arbitration Committee	non-related	Arbitrator
	China International Economic and Trade Arbitration Commission	non-related	Arbitrator
	Appeals Review Committee of Shenzhen Stock Exchange	non-related	Member
Xu Jing'an /Independent Director	Shenzhen Nanshan Power Station Co., Ltd.	non-related	Independent Director
Chen Keng/Chief Supervisor	COSCO Pacific Limited	related	Deputy General Manager
Du Yongcheng/ Supervisor	China Merchants Holdings (International) Limited	related	Vice Managing Director
	Asia Airfreight Terminal Limited	non-related	Director
	Zhangzhou China Merchants Port Limited	non-related	Vice Chairman
Feng Wanguang/ Supervisor	CIMC Holdings (B.V.I.) Limited	Controlling subsidiary	Director
Zhao Qingsheng /Vice President	Concurrent positions in 51 companies such as Shenzhen South CIMC Limited and Enric Energy Equipment Holdings Limited	Controlling subsidiary	Chairman/Director
	China United International Rail Containers Co., Ltd.	joint stock company	Director
Wu Fapei/ Vice President	Concurrent positions in 36 controlling subsidiaries such as Shenzhen South CIMC	Controlling subsidiary	Director /Chairman

	Limited and Enric Energy Equipment Holdings Limited		
Li Ruiting / Vice President	Concurrent positions in 6 controlling subsidiaries such as Shanghai CIMC Reefer Containers Co., Ltd.	Controlling subsidiary	Chairman/Vice Chairman
Liu Xuebin / Vice President	Concurrent positions in 9 controlling subsidiaries such as Shenzhen South CIMC Limited and CIMC Logistic Equipment (Chongqing) Co., Ltd.	Controlling subsidiary	Chairman/ Director
Li Yinhui/ Vice President	Concurrent positions in 15 controlling subsidiaries such as CIMC Shenzhen Special Vehicle Co., Ltd. and Dalian CIMC Railway Equipment Co., Ltd.	Controlling subsidiary	Chairman/Director
Jin Jianlong / General Manager of Financial Management	Concurrent positions in 70 controlling subsidiaries such as Shenzhen South CIMC Limited and Enric Energy Equipment Holdings Limited	Controlling subsidiary	Chairman/ Director
Yu Yuqun /Secretary to the Board	Concurrent positions in 14 controlling subsidiaries such as Shenzhen CIMC-Tianda Airport Support Co., Ltd. and Enric Energy Equipment Holdings Limited	Controlling subsidiary	Director

4. Remuneration for directors, supervisors and senior management

Procedures and basis to determine remuneration for directors, supervisors and senior management:

As stipulated in the Articles of Association, the remuneration for directors and supervisors is determined by shareholders meetings and that for senior management is determined by the Board of Directors. In the reporting period, CIMC senior management get paid in CIMC or subsidiaries.

CIMC has established a complete remuneration system and incentive mechanism. First, we implement annual-salary system for directors, supervisors and senior management who work for and get paid from CIMC. Secondly, CIMC board of directors formulates “CIMC Leading Group Measurement and Management Regulations” at the beginning of each year to implement performance measurement for relevant personnel and determine performance-based incentive amount at the end of each year. Shareholders’ meeting authorizes the board of directors to determine the remuneration of chairman and President Mai Boliang in compliance with “CIMC Leading Group Measurement and Management Regulations” and president formulates proposals for performance-based bonus for other senior management subject to approval by Remuneration Council under the board of directors.

Of the 8 directors, Mr. Mai Boliang holds the position as president and gets paid in CIMC and CIMC paid no remuneration to any other directors in the reporting period. Based on approval by the shareholders meeting and board of directors, independent directors Qin Rongsheng, Jin Qingjun and Xu Jing’an received RMB 120,000 as subsidy for independent directors in reporting period. Except for this, no other remuneration was paid to independent directors in the reporting period. As staff supervisor, Mr. Feng Wanguang gets paid in CIMC and no remuneration was paid to other supervisors in the reporting period.

Details on remuneration (before tax) of current directors, supervisors and senior management please see basic information above about the directors, supervisors and senior management.

5. Changes Directors, Supervisors and Senior Management

There is no change in the reporting period.

II. About the employees of the Company

1. Number of employees

By December 31, 2008, the number of employees of the Company is 47,050.

2. Composition

	Post composition			Education status				
	Management	Technology	Production workers	Doctor	Master	Bachelor	Junior college	Others
Number	7,824	2,238	36,988	18	312	3,126	3,110	40,484
Proportion (%)	16.63	4.76	78.61	0.04	0.66	6.65	6.61	86.04

The Company does not need to bear expense for retired employees.

Section 6. Corporate Governance Structure

I. Corporate governance

1. Difference between corporate governance and the normative documents and status of corporation governance

In the reporting period, the Company constantly perfected corporate governance and standardized the operation of the Company strictly in accordance with the provisions in such laws and regulations as the *Company Law*, *Code of Corporate Governance for Listed Companies in China*, *Guideline for Establishing Independent Director System in Listed Companies*, *Rules for the General Meeting of Shareholders of Listed Companies* and *Guidelines for the Articles of Association of Listed Companies*. Corporate governance was based on the regulators in the rules of procedure of shareholders' general meeting, the Board's meeting and Supervisors' meeting, as well as work rules for president, and through the roles of special committee of the Board, thus assuring the duties performance and responsibility fulfillment of the meetings held by the shareholders, directors and supervisors. Interests of the shareholders and the Company were protected and corporate governance which complied with the requirements of modern enterprise management was initially established.

Corporate governance is fairly perfect and operated in a standard way and stands no difference with the normative documents on corporate governance of listed companies.

2. Summary of the Company's work on the special campaign 2007

In the reporting period, in the line of requirements from CSRC and SSRB (Shenzhen Securities Regulatory Bureau), the Company initiated corporate governance activity in the reporting period and completed three-stage work: self inspection, public consultation and rectification. On October 31, 2007, the 12th meeting of the 5th Board 2007 was held, at which the *Regulatory Opinions on Corporate Governance of China International Marine Containers (Group) Co., Ltd* issued by Shenzhen Regulatory Bureau of CSRC, was examined and approved.

Management systems as Management System on Information Disclosure, Management System on Related Transaction, etc. were formulated and revised. In 2007, the Group started construction projects on internal control system, which effectively reduced the various risks existed in the operation of the enterprise and further perfected the Company's internal system.

3. About the Company's work on the special campaign 2008

According to the Document No.20 2008 issued by CSRC on June 12, 2008 and the requirement that "listed companies should deepen the special campaign of corporate governance basing on the achievement of 2007" in the *Notice on Carrying out a Special Campaign to Deepen Corporate Governance* (SZJGSZ [2008] No.62) from SSRB, the Company's Board and Supervisory Committee, in the principal of seeking truth, made self-examination into the implementation of the *Rectification Report* and rectification results. The main concern of this self-examination is to optimize the information disclosure system and make detail rectification plan for the problems existing and those need persistent improvement.

The rectification mainly included: perfect and revise the rules and regulations for corporate governance, further standardize operation of the shareholders' general meeting and the Board's meeting, improve the Company's internal auditing system; establish and optimize the equity motivation mechanism, and come up with plans on loan and repayment and clearing up advanced operating fund for solving the problems of possession of the Company's non-operation capital and other related fund transfer. The rectification has been undertaken in 2008.

The Company disclosed the situation about the self-examination and rectification on July 23, 2008, the detail of which can be found in the *Report on "Situation about Affaires Listed in the Rectification of Corporate Governance"* by the Board of CIMC published in *Shanghai Securities News*, *Securities Times*, *China Securities Journal* as well as www.cninfo.com.cn, numbered: [CIMC]2008-018.

In 2008, the Company had an outstanding performance in promoting the standard operation of listed companies and the implementation of the regulatory requirements, for which the Company earned praise from SSRB of CSRC. In the future, the Company will further implement the rectification on internal control gap, establish supervisory system on internal control, and optimize internal control system according to the *Basic Standard for Enterprise Internal Control*; and strengthen internal risk control and content optimization, standardize decision-making procedures of significant investment, related transaction and other internal work, improve standard operation of the Company in light of requirements of the corporate governance laws and regulations; reinforce training of Directors, Supervisors and senior executives and standardize their related actions; strictly carry out the management system on information disclosure and the management system on investor relations to maintain corporate transparency.

II. Performance of Independent Directors

1. Overview of independent directors attending board meetings:

Name of Independent Directors	Times should attend meetings	Personal attendance (times)	Attendance by attorney (times)	Attendance by attorney (times)
Qin Rongsheng	17	16	1	0
Jin Qingjun	17	17	0	0
Xu Jing'an	17	17	0	0

2. Duty performance

In compliance with requirements of regulatory documents as *Guideline for Establishing Independent Director System in Listed Companies*, the *Articles of Association and Work Details for Independent Directors*, the Independent Director, being reasonably cautious, diligently performed their duty to protect the overall interests of the Company, especially legal interests of the minority shareholders. They attended the Board's meetings on time, reviewed carefully documents of the meetings and actively carried out investigation and inspected subsidiaries of the Company to gather information needed for the decision-making and gave clear opinions on the affairs discussed. They also paid special attention to the auditor's report and reports of the Company by public media, kept themselves informed of the Company's operation and management status, and significant events happened or contingent and their influence. They reported to the Board the problems existing in the operation of the Company and submitted annual duty report to the Shareholders' General Meeting of the Company.

In the reporting period, the Independent Directors carefully deliberated the significant events which required their independent opinions and submitted opinion letters in writing.

The significant events included:

- a. Special Statement on fund possession of the Company's related party and external guarantee;
- b. Stock option motivation plan (draft) of CIMC;
- c. The Company's purchase of shares of Shanghai CIMC Reefer Containers Co., Ltd. and FENTALIC LIMITED owned by COSCO.

Independent Director Qin Rongsheng gave abstention opinion on the resolution of transfer shares of FENTALIC LIMITED at the 17th meeting of the 5 Board 2008.

3. Independent role of Independent Directors in the Annual Report

Strictly in accordance with the requirement of *Public Notice from China Securities Regulatory Commission* ([2008] No.48), the Independent Directors diligently perform their duties as independent directors when preparing the Annual Report 2008.

(1). Independent Directors heard the report on the operational condition 2008 by the management staff in ways such as meeting of the Board. Independent Directors inspected subsidiaries Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd. and Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd., and listened to report on annual operational condition 2008 by the General Manager respectively.

(2). Independent Directors communicated thoroughly with Klynveld Peat Marwick Goerdeler Co., Ltd. (hereinafter refer to as “KPMG”) on personnel of auditing team, the auditing plan, risk evaluation, test of fraud and its evaluation method as well as the important point of the auditing work 2008, and the two parties reached agreement on these items. Independent Directors examined and approved the Arrangement of the Company’s Auditing Work 2008.

(3). Independent Directors heard the report on the concluding stage in the period-end by KPMG;

(4). Independent Directors communicated with KPMG on the preliminary examination opinions on the Auditor’s Report, and agreed on the preliminary examination opinions that KPMG had issued audit report without reservations.

(5). Independent Directors carefully deliberated the holding procedure and the documents required for the 2nd meeting of the 5th Board of Directors held on March 30, 2009 for deliberating the annual report. They believed that the notice on the convening and procedures of the Board’s meeting for deliberating the annual report were in compliance with requirements of relevant rules and regulations; and that the annual report, auditor’s report, financial statement and other documents on the resolutions to be discussed were complete and in compliance with the requirements of relevant rules and regulations.

III. The Company was separated from the controlling shareholder in business, personnel, assets, organization and financing.

Majority shareholders for CIMC include COSCO Container Industries Limited and China Merchants (CIMC) Investment Limited. CIMC was separated from the controlling shareholder in business, personnel, assets, organization and financing as well as independent accounting and independent bearing of liabilities and risks.

1. In aspect of personnel: The Company was independent and complete in labor, personnel and salary management and absolutely independent from the majority shareholders. All senior managements received remuneration in the listed Company and none of them holds a double position in the controlling shareholders entities.

2. In aspect of assets: The Company’s assets were complete, and there was the clear property right relationship between the Company and the controlling shareholder. The Company owns an independent management of the assets and there exist no such things as the majority shareholders possessed or controlled the assets or intervened in the operation management of the asset of the listed company.

3. In aspect of financing: The Company owned independent financial department, established independent accounting system and financial management system, opened independent bank account, paid tax in line with laws.

4. In aspect of organization: The Company’s Board of Directors, Supervisory Committee and other internal organizations are complete and operate independently. Shareholders exercised their rights according to the law and bear relevant liabilities and did not intervene in the operation activities of the Company directly or indirectly beyond the shareholders’ general meeting.

5. In aspect of business: The Company’s systems of production, purchase, auxiliary production and sales are completely independent. Intangible assets as industrial property right, trademarks and other non-patent technology were independently owned by the Company. There existed no such thing as the Company and the subsidiaries produced and sell the same product and there was no direct or indirect competition in business between the two.

IV. Establishment and improvement of internal control system

CIMC has established a series of procedures and systems for shareholders meeting, board of

directors and Supervisory Committee to exercise their decision power, executing power and supervisory power. In addition, the Board of Directors has established three special committees: audit, remuneration & measurement and strategy. These special committees perform their roles to discuss and decide on significant affairs of the company in compliance with relevant working rules.

The Board of Directors supervises the establishment, improvement and implementation of internal control systems via Audit Committee. The Audit Committee assists in formulating and reviewing internal control systems and reviews and supervises significant affiliated transactions. The Supervisory Committee reviews internal control status and provides audit proposals.

In aspect of the corporation and internal control, the auditing inspection department assists the Board of Directors to recognize and evaluate material risks and assists the group to improve its risk management and internal control system; assists the effective internal control system through evaluating the efficiency and effect of internal control and promoting its constant improvement; Implement duties of examination and evaluation, consultation and service and report the auditing work of internal control periodically to the Board's audit committee, supervisory committee and operation staff of the group.

CIMC has established a complete set of rules, regulations and procedures covering production, operation, purchase, marketing, investment, financial management and information release, which constitute CIMC internal control system.

In 2008, in strict compliance with requirements of *Company Law*, *Code of Corporation Governance for Listed Companies in China*, *Rules for Shareholders' General Meeting of Listed Companies* and *Guidelines for the Articles of Association of Listed Companies*, the Company constantly established and improved corporate governance structure, gradually established and completed internal management and control system, further standardize the operation of the Company and optimized the corporate governance.

The year 2008 saw a continuous effort of the Group to develop and improve its internal control system, which resulted in some primary fruits, i.e. the streamlining, adjusting and reviewing of the internal control system of quite a few subsidiaries.

After adjusting the original internal control system, the "Internal Control System for CIMC (a Draft for Comment)" was drafted in 2008. Upon the feedback regarding the internal control system, the "Management System for Making Regulations and Rules of CIMC" was formulated to provide guidance for institutional management and improvement. Meanwhile, several risk financing and management process were implemented in 2008, including: foreign exchange risk management, long-term interest rate risk management and commodity prices risk management.

V. Senior management performance evaluation, motivating and restraining mechanism

CIMC has established a set of performance measurement, motivating and restraining mechanism under which the remuneration for senior management is connected with corporate performance and personal performance.

To ensure standard, healthy and sustainable development for CIMC, attract talented people, maintain the stability of the senior management team and safeguard the interests of all shareholders, CIMC formulated "CIMC Leading Group Measurement and Management Regulations" based on medium and long-term strategic targets. Based on this, CIMC formulates measurement targets at year beginning and determines total remuneration at year end according to the accomplishment of various targets. The shareholders' meeting authorizes the board of directors to determine the remuneration for director and President Mr. Mai Boliang in compliance with "CIMC Leading Group Measurement and Management Regulations". For remuneration of other senior management personnel, president formulates proposals and submits them to Remuneration Council under the board of directors for approval.

Section 7. The Shareholders' General Meeting

1. Annual shareholders' general meeting

The Company convened the 2007 Annual Shareholders' General Meeting in Shenzhen on 28 Apr. 2008.

The public notice on the resolutions made at the meeting was published on Securities Times, Shanghai Securities News, China Securities Journal and Ta Kung Pao (HK) dated 29 Apr. 2008.

2. Interim shareholders' general meeting

The 1st Interim Shareholders' General Meeting in 2008 was convened in Shenzhen on 26 Sept. 2008.

The public notice on the resolutions made at the meeting was published on Securities Times, Shanghai Securities News, China Securities Journal and Ta Kung Pao (HK) dated 27 Sept. 2008.

Section 8. Report of Board of Directors

I Discussion and analysis by management team

(I) Industrial overview

The year 2008 saw the significant recession of the global economy due to the international financial crisis. According to the statistics from International Monetary Fund (IMF), the global economy grew by 2.2% in the year 2008, much lower than the 3.8% growth rate of 2007. China and other Asian emerging nations, as well as other developing economies also experienced a recession in the manufacturing and export sector, which resulted in a shrinking international trade and a falling demand in the shipping industry. As a result, the global container trade volume, together with the ocean freight, showed a sharp decrease in the year. According to the statistics from Clarkson Research Services, the global container trade volume increased by only 5.1% in 2008, much lower than the increase of 10.4% in the previous year. Meanwhile, China's economy continued to slow down with a considerable decrease of export. Statistics showed that the above-the-designated-scale ports in China handled 128.35 million TEU of containers in the year 2008, a year-on-year increase of 12.2%, much lower than the 20.4% of 2007.

About the container industry: During the period between the first quarter to the third quarter of 2008, the demand for containers grew steadily, together with a steady price rise of steel and other raw materials. As a result, a considerable monthly output of containers was maintained with the constantly rising price for dry cargo containers. However, the global container trade began to fall because of the damaging impact of the global economic recession on the shipping industry and China's export. In the fourth quarter of 2008, a large amount of empty containers began to return to the ports in China. And since the fourth quarter, there were suddenly almost no orders for dry cargo containers. Consequently, the factories had to stop their production or cut their production by half capacity, which was never seen before in the industry. The global demand for containers also saw a significant decrease in 2008, with a global container output of 3.00 million TEU in the year, a decrease of 29% from the previous year. And the output of dry cargo containers in the year was 2.51 million TEU, decreasing by 31% compared with last year.

About the road transportation vehicles industry: In 2008, the global economic slowdown, together with the contracting domestic liquidity, caused financial strains in the enterprises. After the application of National Phase III Emission Standards in China, the chassis was in short supply. Meanwhile, more and more heavy truck enterprises began to enter the special car industry with more new investments and an expanded production capacity, which led to an increasingly fierce market competition. Affected by the above adverse conditions, the production and sales volume of special cars was approximately 580,000 in the year 2008, an increase of 10% over last year. And the production and sales of such vehicle varieties as ordinary semi-trailers, van trailers and Tipper was affected significantly, compared with a slight influence on the vehicles for special operation with high added value. At the same time, the market demand fluctuated sharply with a strong demand in the first half of the year and a significantly reduced demand in the second half.

About the energy, chemical equipments and service industry: In 2008, with the Chinese government's policy of supporting the development of clean energy such as natural gas and coalbed methane, more investments were put into the infrastructure development in the natural gas industry, which led to an increasing coverage of the natural gas. Meanwhile, the demand for the storage and transportation of chemical and hazardous goods was on the rise along with the rapid economic growth. And the energy industry, chemical industry and food machinery industry began to make a faster transfer to China, with a rising global competitiveness of the Chinese enterprises.

About the airport equipment industry: Because of the 2008 Beijing Olympic Games and the 2010 Shanghai World Expo, the domestic hub airports were successively expanded. At the same time, the demand for airport equipments (passenger boarding bridges, cargo handling systems, etc.) was rapidly growing due to the increasing air passenger transportation demand arising from the individual shopping and business travels, the growing domestic branch lines market, and the

growing international air transport demand arising from the transfer of relevant industries to China. And the new A380 airliners were constantly put into service, which would boost a demand growth of the overseas market.

About the brief analysis of the financial impact caused by changes of macro-policies and the industries:

During the period between the first quarter and the third quarter in 2008, the Company maintained a normal production and sales volume. Consequently, the Company purchased a certain amount of raw materials such as steel. However, the external economic environment became more and more adverse due to the international financial crisis in the fourth quarter, which led to a sharp decrease of orders for dry cargo containers of the Company, as well as a certain amount of inventory at the end of 2008. In view of the price decrease of steel, as well as a weak export market, it was expected that the Company's container products would experience a further price drop from that of 2008. According to the wariness principle, the Company withdrew a provision for the decline in the value of inventory, which amounted to RMB 699 million.

The first three quarters of 2008 saw liquidity squeeze both internationally and domestically. In regard to the international environment, the subprime mortgage crisis had a greater and greater impact, with a gradually contracting liquidity for overseas banks. Domestically, the macro-economic policies adopted since the second half of 2007 were maintained, with China's central bank increasing for six times the deposit reserve ratio in the first three quarters. And the domestic money market was tight with rising borrowing costs. Since the first three quarters was a period of brisk sales for the Company, it expanded the cooperation with and gained support from the major banks, so as to reduce the impact of an adverse financial environment. Since Sept. 2008, with the deepening of the global financial crisis, China's economy, especially its export trade, was adversely affected. As a result, a "moderately easy" monetary policy was adopted in China instead of a "tight" one, with the loan interest rate gradually decreasing. As a quality customer of the banks, the Company also gained strong support from the banking sector in China.

As early as the second half of 2007, the Company foresaw the tightening of the financial market in 2008. Therefore, the Company adjusted its loan structure in advance by properly increasing its long-term loans and decreasing its short-term loans. And the adjustments were proved successful for it improved the stability of the Company's capital structure, as well as the Company's ability to deal with the crisis.

During the year of 2008, the global financial crisis led by the subprime crisis in U.S.A. resulted in a considerable turmoil in the global financial market including Commodity, Forex & Credit. Due to the new policy of "Target FED fund rate between Zero to 0.25%" and the "quantitative easing" introduced by the U.S. Federal Reserve, as well as the "deleveraging" caused unlasting unwind of the "Carry trade" especially in Japanese Yen currency, the fair value of the outstanding hedge position held by the Company in the year end, decreased sharply comparing with 2007. Whereas, in evaluation of the scope "actual settlement (including unwind)P/L + changes of fair value at the period end" for the financial derivatives the company entered into, the Company still gained a net profit in financial risk hedging.

(II) Review of operating performance

1. Overall operating performance

In 2008, the Company achieved an operation revenue of RMB 47,327 million (RMB 48,761 million in 2007), a decrease of 2.94% over last year; and a net profit attributable to the parent company's shareholders reaching RMB 1,407 million (RMB 3,165 million in 2007), decreasing by 55.55% compared to last year.

Changes in key financial indicators

Unit: (RMB) Thousand

Items	In the current period	At the same period of last year	Rate of increase/decrease (%)
Operation income	47,327,281	48,760,826	-2.94%
Operation profit	1,766,979	3,457,387	-48.89%
Net profit attributable to the parent company's shareholders	1,406,908	3,165,373	-55.55%

Notes:

The operation income decreased -2.94% compared to last year, mainly because the Company stopped its production of dry cargo container in the fourth quarter of 2008.

Both of the operation profit and the net profit attributable to the parent company's shareholders experienced a considerable decrease, mainly because the Company stopped its production of dry cargo container in the fourth quarter of 2008, and withdrew a provision for the decline in the value of inventory, which amounted to RMB 699 million.

2. Operating base, products, services and production capacity

The Company and its subsidiaries (hereinafter referred to as "the Group") is mainly engaged in the manufacturing and services of modern transportation equipments, as well as energy, food and chemical equipments, including the design, manufacturing and services for international standard dry cargo containers, reefer containers, regional special containers, tank containers, container flooring, road tank vehicles, gas equipments, stationary storage tanks, road transportation vehicles and airport equipments. In addition, the Group is also engaged in the manufacturing and services of logistics equipments, offshore engineering, manufacturing of railway trucks, real estate development, etc..

About the container business: Up until now, the Group has maintained its No.1 position worldwide in terms of container production and sales. Currently, the Group can manufacture a full series of container products with proprietary intellectual property rights, including ISO dry cargo containers, ISO reefer containers, special-purpose reefer containers, other special-purpose containers, pallet containers, container flooring and other container service. The Group currently has an annual production capacity exceeding 2.5 million TEU; more than 10 dry cargo container bases in China's main seaports and Chongqing City; reefer container bases in Shanghai, Taicang, Yangzhou and Qingdao; and special containers in Dalian, Tianjin, Xinhui and Qingdao. As for the container flooring business, the Group has quite a few production bases in Shenzhen, Jiangmen, Xuzhou, Jiashan and other places. As for the container storage yard business, the Group also has quite a few companies providing container service and 9 storage yards covering the main seaports of the country. To be specific, the storage yards cover an area more than 1.50 million square meters, with a storage capacity of 5 million TEU and a repairing capacity of 300 thousand TEU.

About the road transportation vehicle business: 8 series of special-purpose vehicles with more than 500 vehicle varieties are available, including container carriers, flat trucks, sided trucks, tank trucks, self-dumping trucks, refrigerated and insulated trucks, ordinary van trucks, curtain side trucks, agitating trucks, car carriers, fire trucks and garbage trucks. The Group has an annual production capacity of such products about 200 thousand units, ranking the first both domestically and internationally. In addition, the Group currently has more than 20 production bases, 24 4S stores and over 200 service stations in Shenzhen, Shanghai, Tianjin, Yangzhou, Zhangjiagang, Zhumadian, Luoyang, Jinan, Qingdao, Liangshan, Wuhu, Xinhui, Yingkou, Baiyin, Xi'an, Wulumuqi and some countries such as USA, Belgium, Australia and Thailand.

About the energy, chemical and food equipment business:

The main products and service in this business sector include: stationary storage tanks, tank transportation equipments, process equipments, project contracting and technology service.

And these products are specified as follows:

- (1) Stationary storage tanks: low-temperature standing storage tanks for LNG and industrial gases, storage tanks for food and beverage, storage tanks for chemical products, etc.
- (2) Tank transportation equipments: international standard / special-purpose tank containers for liquid products, tank containers for gas, highway tank trucks for hazardous and chemical products (LPG, etc.), low-temperature tank trucks for LNG and industrial gases, CNG tube trailers, bottle-group pressure vessels for high-pressure industrial gases, natural gas compressors and special-purpose compressors.
- (3) Process equipments: fermentation tanks for food and beverage, bright beer tanks, etc.; chemical reaction pots, columns, heat exchangers, carburetors, etc.
- (4) Project contracting and technology service: packaged projects of food and beverage (beer, etc.) factory, and projects of urban LNG peak-shaving station, LNG gasification station, LNG fueling station for vehicles, bottle-group LNG gas station, and LNG vehicle system modification, LNG application projects and industrial gas application projects; CNG filling station system, LCNG filling station system; EP+CS (engineering, purchase, construction plus supervision) services in terms of the storage, receiving station and handling station of LNG, LPG and other petrochemical gases.

The Group's main holding enterprises include: Enric Energy Equipment Holdings Limited, Holvrieka Limited, TGE GAS ENGINEERING GmbH, Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd., Nantong CIMC Tank Equipment Co., Ltd., CIMC HOLVRIEKA CO. LTD., Dalian CIMC Heavy Chemical Equipment Co., Ltd.. Among them, TGE GAS ENGINEERING GmbH is an independent head-contractor in Germany with an over-25-year experience of head contracting regarding storage station for low-temperature liquefied gases. With its headquarter situated in Holland, Holvrieka Limited is mainly engaged in the production and sales of stationary storage tanks. And its operation bases are mainly located in Holland, Belgium and Denmark. Enric Energy Equipment Holdings Limited has its operation bases situated in Langfang, Shijiazhuang, Bengbu and Beijing in China. As for Nantong CIMC Tank Equipment Co., Ltd., it is the world's largest tank container producer with the richest varieties of such products.

About the air support equipment business: The Group's business of air support equipments covers the product design, manufacturing, installation and maintenance service for airport surface equipments, logistic storage system, boarding equipments, parking equipments, etc.. Shenzhen CIMC Tianda Airport Support Ltd., the Group's production base for air support equipments, is the world's largest passenger bridge producer, as well as one of the top producers in China for air freight warehouses.

About other business: Yantai Raffles Shipyard Ltd., with the Company holding 17.86% of its equity, is mainly engaged in building special-purpose vessels and producing offshore engineering products. And its main products include semi-submersible tug boats, drilling platforms, seabed oil exploration vessels, pipe-laying vessels, FPSOs, FSOs, seagoing tenders, offshore steel structures, full-revolving tug boats, luxury yachts, etc.. And its production base is located in Yantai, Shangdong Province. Meanwhile, the Group has its production base for railway trucks located in Dalian, and its bases for real estate development located in Shanghai, Yangzhou and Jiangmen.

3. Status of main operations

Products which take up over 10% of the Group's main operation income or profit are containers,

road transportation vehicles, and energy and chemical equipments.

Composition and changes of the operating revenue and profit:

Unit: (RMB) Thousand

Business classified according to industries or products	Operating revenue	Operating cost	Operating profit rate (%)	Increase/decrease of operating revenue over last year (%)	Increase/decrease of operating cost over last year (%)	Increase/decrease of profit rate over last year
Containers	29,098,576.7	25,948,717.0	10.82%	-14.54%	-15.97%	1.51%
Road transportation vehicles	10,050,450.7	8,945,412.8	10.99%	3.36%	3.46%	-0.09%
Energy and chemical equipment	7,770,870.4	6,550,910.7	15.70%	71.30%	70.13%	0.58%
Airport equipment	488,044.5	331,662.7	32.04%	3.13%	4.72%	-1.04%
others	790,882.6	400,420.0	49.37%	27.87%	163.29%	-26.04%
Combined setoff	-871,547.0	-303,330.0				
Total	47,327,278.0	41,873,790.0	11.52%	-2.94%	-4.53%	1.47%

Regions	Operating revenue	Proportion in total revenue (%)	Increase/decrease over last year (%)
Asia	20,273,455.00	42.84%	9.00%
America	8,688,511.00	18.36%	-6.57%
Europe	17,607,101.00	37.20%	7.51%
Others	758,211.00	1.60%	118.17%
Total	47,327,278.30	100.00%	-2.94%

About the container manufacturing and services:

In 2008, the Group achieved sales revenue of RMB 29,098 million in its container business, a decrease of 14.54% from last year. Throughout the year, a total number of 1,561,700 TEU of containers (excluding pallet containers) was sold, decreasing by 25.87% compared to last year. Affected by the global economic recession, as well as a falling demand for sea transportation, the Group had shut down or half-shut down its factories producing dry cargo containers since Oct., 2008. Consequently, the total number of standard dry cargo containers sold in the year was only 1,312,900 TEU, a drop of 29.64% from the previous year. However, the business of reefer containers and special-purpose containers maintained a normal and continuous receiving of orders due to little influence from the international economic slowdown.

Also in 2008, through its cooperation with other enterprises such as Baosteel Group Corp., Valspar Corp. and V.ABC Group Ltd., the Company developed a new variety of container—"SGIL", i.e. "Secure, Green, Intelligence and Light". SGIL containers set the trend for the next-generation containers, and the development and application of SGIL containers would further consolidate the Group's leading position in the container industry. Made of high-tensile steel (HTS), a light dry

cargo container was about 300 kg. lighter than a standard container. According to the global yearly output of 3 million TEU of containers, 900,000 tons of steel could be saved per year if HTS containers were widely used. The new product was improved in terms of its tamper-proof function, and the improvements included strengthening the locks, bettering the door hinges, adopting the security lock devices, adjusting the position of customs seal position, etc.. All these adjustments would help reduce the possibility of the container's being illicitly opened. Furthermore, combining the RFID tag with the built-in Smart Guard made it possible to automatically recognize the container ID, as well as to realize the remote monitoring of the container. In this way, the safety of the container was further improved. Meanwhile, the use of water-borne coatings and water-based sealant in the new product could reduce 90% of the emission of VOC (Volatile Organic Compounds), which could protect the container and the goods inside it from external smells. And the use of bamboo flooring instead of the traditional tropical hardwood flooring could help reduce the damage to the tropical rainforest.

The business of reefer containers increased its market shares through production capacity expansion and restructuring. The Group properly introduced new products with low costs into the market and vigorously developed the market for the special-purpose reefer containers, which effectively consolidated the Group's leading position in the industry from the aspect of technology and considerably improved the products' profitability. Throughout the year, 133,100 TEU of standard reefer containers were sold, a decrease of 5.27% compared to last year.

The business of special-purpose containers covered standard special-purpose containers, special containers for regions, foldable containers, special reefer containers, pallet containers (including tank pallets), house-type containers, etc. In 2008, the Group achieved a sales of 102,700 TEU of special-purpose containers, an increase of 12.24% from the previous year; and a sales of 691,900 units of pallet containers, decreasing by 10.26% compared to last year.

In recent years, following the containerization concept, the Group provides solutions for the industrialization of building construction, including house-type containers and container hotels. And the idea of building containerization has added new vitality to the container industry.

As a donation from the Group, the containerized building compound of Yanmen Central School in Wenchuan County, Sichuan Province was formally accomplished and handed over in Aug. 2008. Adopting the advanced concepts of integration, modularization and standardization, as well as the industrial production model, this building compound was China's first containerized school building compound, as well as a brand new construction model characteristic of high efficiency, environmental protection, energy conservation, safety and reusability. Up until now, the Group's containerized construction model has been widely used in many fields, for example, the container hotel invested by Travelodge Hotels Inc. in Britain, the container hotel built by Premier Travel Inn—Britain's largest chain hotels, the 1,000 sets of students' departments of Amsterdam University, the senior staff apartments by JanSnel Group in Holland, etc..

The Group has become the world's largest container flooring supplier and intensified its research in bamboo flooring and bamboo/wood composite flooring. In 2008, the Group produced 225,000 cubic meters of container wood flooring, a decrease of 26.2% from the previous year.

The Group's container service covers a full range of equipment services ranging from storage and repair to renovation, restructuring, rental, purchase and sales, as well as extended logistic services such as forwarding, warehousing and container splitting and consolidating. Based on this, the Group is capable of providing one-stop service for key shipping companies and container rental companies worldwide. As for the container storage yard business in 2008, the Group handled 5,357,000 TEU of containers and repaired 332,000 TEU of containers, respectively increasing by 5.0% and 14% over last year.

About the road transportation vehicle manufacturing and services:

As for this business sector, the Group achieved a sales income of RMB 10,050 million in 2008, an

increase of 3.36% over last year; and a sales amount of 108,100 units of vehicles, decreasing by 3.60% from the previous year.

In 2008, the construction of production bases progressed smoothly. Tianjin Special-purpose Vehicle Base, the factory of Qingdao Refrigeration Transport Equipment Co., Ltd., Xinjiang Wulumuqi Production Base and the factory in Thailand all began construction. Meanwhile, Qingdao Zhongji Environmental Protection Equipment Co., Ltd. accomplished its factory construction and began production in the year. With the advanced technologies and technical processing introduced from Japan, the company mainly produced compressed garbage trucks. The new heavy truck production line with an expected annual output of 5,000 units built by Zhumadian CIMC Huajun Vehicle Co., Ltd. was put into a trial production. At the same time, Luoyang CIMC Lingyu Automobile Co., Ltd. accomplished its first phase of the industrial park project, which mainly included two production lines with a respective yearly output of 4,000 tank trucks and 2,000 passenger vehicles.

The main products of this business sector such as semi-trailers, mixer trucks and self-dumping trucks enjoyed a market share expansion in the year. The sales of container semi-trailers and bed semi-trailers both ranked as the No. 1 in China, with the Group's position as the second largest supplier for concrete mixer trucks in the domestic market. At the same time, environmental sanitation vehicles, fire trucks, concrete pump trucks and other high-end special-purpose vehicles have been put into market. Aiming at becoming the leading enterprise in the environmental sanitation vehicle industry, as well as providing a full range of products and quality service to customers, Qingdao Zhongji Environmental Protection Equipment Co., Ltd. has begun to enter the domestic market by selling 13 environmental sanitation vehicles in 2008. Meanwhile, the sales amounts of concrete mixer trucks and concrete pump trucks reached 3,086 units and 11 units respectively in 2008.

CIMC Vehicles Group Co., Ltd. was to continue its product standardization and to step up its efforts to realize the operation objectives of lowering the cost, increasing the efficiency and optimizing the product structure. Product standardization has been adopted in the production of mixer trucks, bedded trucks, and frame trucks, self-dumping trucks, van trucks and tank trucks. Meanwhile, 44-yard frame trucks with three axles, 44-yard frame trucks with two three axles, cement mixer trucks, etc. were introduced to the market as part of the basic products.

Efforts would continue to be made to improve the service system for vehicle marketing, develop more marketing channels and establish a unified marketing organization, so as to promote the integration of vehicle R&D, production and sales, as well as to constantly strengthen the marketing system. In 2008, CIMC Vehicles Group Co., Ltd. set up a marketing service company to take full charge of building and managing the domestic marketing network for special-purpose vehicles, building and operating the after-sales service and value-added service system for vehicles, brand building, marketing promotion, public notices management, etc.. The establishment of the marketing service company marked the Group's adoption of a brand new operating strategy of separating marketing from production. Meanwhile, the Group has 4S stores and service stations all over the country. To sum up, the upgrade of both the marketing management and the marketing network provided a cast-iron guarantee for the Group's provision of efficient service to customers.

Since the establishment and operation of CIMC Financing and Leasing Co., Ltd., it has been providing financial leasing service for customers, which has effectively promoted the sales of the products and increased the Group's comprehensive competitiveness. At the same time, the company continued to strengthen its cooperation with the engine manufacturers, distributors and suppliers.

About the energy, chemical and food equipment manufacturing and services:

In terms of this business sector, the Group achieved an operating income of RMB 7,771 million in 2008, with a year-on-year increase of 71.30%.

In recent years, on the basis of the original business of standard tank containers, the Group acquired Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd., Burg Industries B.V. in Holland, Enric Energy Equipment Holdings Limited and TGE GAS ENGINEERING GmbH, and thus formed a global operating platform of equipment manufacturing and services for natural gas, petro-chemical products and food & beverage. Covering the main products of the main markets in the global industry, the Group possessed the world-advanced technologies and business philosophies, as well as the world-class production design characteristic of lightness, security and environmental protection. In Apr., 2008, the Group accomplished its test on the commercial application of multimodal transportation of intelligent tank containers. The success of the test marked the realization of the local and remote monitoring and alarming system regarding the transportation of hazardous and chemical products, which ensured a safe, reliable, efficient and environment-protecting transportation for hazardous and chemical products. Up until now, the system has been adopted in the mainland by some tank trucks for transporting hazardous and chemical products.

Burg Industries B.V. in Holland, with the Group holding 80% of its equity, was a leading supplier in Europe for road transportation vehicles and special-purpose stationary storage tanks. In 2008, the company achieved an operating income of RMB 2,890 million, an increase of 130.12% over last year.

Enric Energy Equipment Holdings Limited, with the Group holding 41.55% of its equity, was a leading enterprise for manufacturing gas equipments and providing integrated operation solutions. And its products were mainly for the transportation, storage and distribution of natural gas. In 2008, Enric Company achieved a main operation income of RMB 1,237 million, of which RMB 770 million was generated from pressure vessel products, RMB 175 million from compressor products and RMB 292 million from integrated operation products. Despite an adverse international economic situation in 2008, natural gas continued to partially replace petroleum. Consequently, the sales of the pressure vessel products also continued to rise by RMB 234 million (an increase of 44%) over last year, which took up 62% of the company's main operation income.

On Aug., 2008, the Group's Enric Energy Equipment Holdings Limited signed a contract to purchase 80% equity of Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd. Hongtu Company had the license for designing, manufacturing and installing Pressure Vessel Type I, II & III, LPG fueling stations for vehicles, and municipal works. The Company's "Hutong Brand" series of LPG transportation vehicles took up approximately 40% of the domestic market, with the largest production and sales volume in China for the past 14 years.

Nantong CIMC Tank Equipment Co., Ltd., on the basis of the existing tank products and pressure vessel products, continued to effectively develop the high-tech products with high added value such as special-purpose tanks, gas tanks and small and medium pressure vessels, so as to further perfect its product mix. In the year 2008, the company sold a total of 13,100 TEU of tank containers, increasing by 21.30% from the previous year.

Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd. achieved operation revenue of RMB 809 million in the year 2008, an increase of 60.47% over last year.

In 2008, the Group purchased 60% equity of TGE GAS INVESTMENT SA. TGE GAS ENGINEERING GMBH (hereinafter referred to as "TGE GAS"), with TGE GAS INVESTMENT SA holding 100% of its equity, was a gas engineering company in Bonn, Germany, as well as an independent project head-contractor with 25-year experience. Its business covered the storage and handling of LNG, LPG and other petro-chemical gases, as well as engineering services such as EPC and EP+CS services. And it provided services mainly for the storage tank areas of large LNG receiving stations for export and import, medium LNG distribution stations and LNG distribution satellite stations; the storage tank areas of large import and export receiving stations for LPG, ethylene, propylene, liquid ammonia and other petro-chemical gases; gas processing factories, etc..

After the acquisition, the Group was to make TGE GAS a world-leading and independent head-contractor for large onshore projects regarding natural gas, petro-chemical gas and other gases, so that TGE GAS could provide one-stop integrated solutions for customers in terms of the exploration and application of natural gas.

About the airport equipment business:

The Group's business of air support equipments covers the product design, manufacturing, installation and maintenance service for airport surface equipments, logistic storage system, boarding equipments, parking equipments, etc..

Shenzhen CIMC Tianda Airport Support Ltd., with the Group holding 70% of its equity, achieved a sales amount of RMB 488 million in the year 2008, an increase of 12.69% over last year; and a net profit of RMB 56,978,290, decreasing by 27.25% from the previous year. Throughout the year, the company sold 136 units of passenger boarding bridges, as well as air cargo system with a combined yearly handling capacity of 1.80 million tons. In August, 2008, the passenger boarding bridges produced by the company were put into operation in the International Passenger Transport Center of Shanghai Port. And this was another successful case of such kind following the Yantai Port Boarding Bridges Project, Dalian Port Boarding Bridges Project and the Boarding Bridges Project for Xiamen International Cruise Center.

About other business:

About the offshore engineering business: On November, 2008, the Group acquired 10% equity of Yantai Raffles Shipyard Ltd.. By 31 Dec. 2008, the equity of the company held by the Group reached 17.86%. The equity acquisition of Raffles Company marked the Group's first step into the offshore engineering industry, which was considered a strategic merger of two strong enterprises where they could make use of each other's strengths. And the merger would promote an industrial upgrade and a leapfrog development for the Group, as well as strategically strengthen the Group in the domestic and global competition. On 22 Nov. 2008, the Raffles Company held a ceremony for the first lifting of the bridge crane with a lifting capacity of 20,000 tons, as well as for the assemblage of 14,000-ton deck modules for a semi-submersible oil platform. This was the first formal lifting of the 20,000-ton-capacity bridge crane, which is the bridge crane with the world's largest lifting capacity. And the success of the bridge crane's lifting marked a globally revolutionary innovation in the construction pattern of vessel and offshore engineering products, which would become a major milestone in the development of offshore engineering industry.

About the railway trucks manufacturing business: Dalian CIMC Railway Equipment Co., Ltd. had accomplished its construction and begun production, with its main products covering railway container flat wagons, tank wagons and hopper wagons. In 2008, the company achieved sales revenue of RMB 4,679,910.

About the real estate business: In 2008, the Group achieved sales revenue of RMB 138 million (RMB 166 million in 2007) generated in this business sector, a decrease of 16.87% compared to last year.

4. Research and Development

The Group possesses a corporate technical center of state level and under the center, there are 9 R&D centers, one manufacturing technical center and one CAE computation center; meanwhile, it has also established several key institutes such as key labs and testing platforms etc., constituting the special R&D production system of "centralized management, distributed R&D and manufacturing". Through establishing the technical development system of "centralized management, distributed R&D and manufacturing", a technical innovation mechanism with "Increasing value by innovation" as orientation has been set up.

In 2008, the Group developed 503 new products, achieved technology innovation in 81 items.

Among them, 6 items were awarded the scientific and technological progress prize at provincial and municipal level or above, and the Company took charge of or participated in formulating 36 international, national or industrial standards, as well as 20 technical standards for group enterprises; The Company applied 231 patents, including 108 patents for invention.

In 2008, the Group invested RMB 560,000,000 in R&D (expenses on researches and experiments) in total.

5. Suppliers and Customers

During the reporting period, the Group purchased from top 5 suppliers, with total procurement value of RMB9,514,000,000, accounting for 47.30% of the total purchase expense of the Group. In this year, the total sales revenue of the top 5 customers reached RMB11,898,000,000, accounting for 26.00% of the total sales revenue of the Group.

6. Analysis of the Financial Status of the Company

(1) Analysis of Assets Variation

Unit: (RMB) Thousand

Item	Amount (as of 31 Dec 08)	Amount (as of 31 Dec 07)	Variation (%)	Major influencing factor
Total assets	34,557,863	41,048,674	-15.81%	Shrinking of production scale in the fourth quarter, resulting in a decrease in assets appropriation
Transactional financial assets	386,553	924,340	-58.18%	Increase of ramified financial assets such as long-term foreign exchange transaction with fair value as measurement
Accounts receivable	4,193,731	8,899,769	-52.88%	Shrinking of business and production scale in the fourth quarter in the fourth quarter
Other receivable	884,116	1,147,246	-22.94%	Collecting part of money of equity transfer
Financial assets available for sale	1,264,613	4,153,636	-69.55%	Decline of fair price and sales of part of financial assets available for sale
Long term equity investment	1,602,598	912,822	75.57%	Increase of investment in affiliated companies and adjustment of equity method in the year
Short term loan	1,817,093	2,696,559	-32.61%	Shrinking of business and production scale in the fourth quarter
Transactional financial liabilities	409,443	338,379	21.00%	The ramified financial instruments with fair value less than zero
Accounts payable	4,391,266	6,979,610	-37.08%	Decrease of the scale of raw materials purchase
Pre-received accounts	687,964	530,379	29.71%	Increase of sales of items sold by pre-paying
Non-floating liability due in one year	270,358	1,368,100	-80.24%	Significant decrease of long-term loan due in one year
Long term loan	6,937,810	4,462,309	55.48%	Change of financing policies, and the increase of long term loan proportion
Total liabilities	19,623,415	23,506,373	-16.52%	Shrinking of production scale in the fourth quarter
Total assets liabilities ratio	56.78%	57.26%	-0.48%	Shrinking of production scale in the fourth quarter

-- Measurement attributes of the major assets of the Company:

In producing the financial statements, in general, the Company uses the historical cost for measurement except for the following assets and liabilities, which are measured by fair value:

① The financial assets and financial liabilities (including the transactional ones) measured by fair value, whose variations are recorded in the current profits and losses;

Unit: (RMB) Thousand

Items	Initial amount	The profit and losses on the changes in fair value	The accumulative changes in fair value included in equity	The decrease of withdrawal in the period	Closing amount
Financial Assets:					
Including: 1. The financial assets measured by fair value, whose variations are recorded in the current profits and losses	924,340	-154,521			386,553
Including: Ramified financial assets	546,120	-188,483			324,616
2. Financial assets available for sale	4,153,636		1,003,697		1,264,613
Sub-total of Financial Assets	5,077,976	-258,349	1,003,697		1,651,166
Financial Liabilities	338,379	-94,725			409,443
Fixed assets for investment		-			
Capitalized biological assets		-			
Others	71,713	-	55,044		55,044

② Financial assets available for sale (refer to Note 3 (12)).

-- Analysis of assets variation and influence, measured by fair value:

Unit: (RMB) Thousand

Item	Content	Fair value obtaining method	Balance as of 31 Dec. 2008	Balance as of 31 Dec. 2007	Amount of influenced profit and loss of the year	Net assets amount directly affected	Remark
Transactional financial assets	Transactional equity instrument investment	Market price	61,937	378,220	-154,521		Stock investment in secondary market
	Ramified financial instrument	Quotation from financial institution	324,616	546,120	-188,483		Ramification products relating to exchange rates and interest rates
Ramified financial liabilities	Ramified financial instrument	Quotation from financial institution	409,443	338,379	-94,725		Ramification products relating to exchange rates and interest rates
Other floating assets	Cash flow hedging	Quotation from financial institution	55,044	71,713		55,044	Exchange hedge products
Financial assets available for sale	Strategic equity investment	Market price	1,264,613	4,153,636		1,003,697	Equity of "China Merchants Bank" strategically held by the Company and etc.

For more information please refer to Note 59, the risk analysis, sensitivity analysis, as well as the method of determining fair value of financial instrument

(2) Analysis of expense and income tax variation:

Unit: (RMB) Thousand

Items	Amount (2008)	Amount (2007)	Increase or decrease (%)	Major influencing factors
Management expense	1,661,486	1,598,083	3.97%	Increased newly merged corporate
Financial expense	195,734	371,704	-47.34%	Increase of exchange gain from selling out derivative financial instruments
Income tax	241,824	174,698	38.42%	Increased deferred income tax assets

(3) Analysis of cash flow composition variation:

Unit: (RMB) Thousand

Items	Amount (2008)	Amount (2007)	Increase or decrease (%)	Major influencing factors
Net amount of cash flow from business activities	3,366,538	-1,085,549	410.12%	Payment collection is more than Purchases of raw materials
Net amount of cash flow from fundraising activities	-958,649	5,447,742	-117.60%	The shrinkage of production scale in the 4 th quarter led to the decrease in the growth rate of loans

7. Operation and Business Performance of Major Holding Companies and Joint-Stock Companies

(1) Major shareholding companies

Unit: USD

Company name	Major products or services	Registered capital	Equity directly or indirectly held by the Company (%)	Total assets	Net assets	Business revenue	Net profit
CICM Vehicle (Group) Co., Ltd.	Development, production and sale of special automobiles, semi-trailer and their components	75,000,000	80	169,693,037	151,637,425	3,051,961	31,358,550
Enric Energy Equipment holdings Ltd	Providing integration services to energy equipment industry, design, production and sale of key gas equipment	4,590,000 HKD	41.55	204,506,098	110,699,459	180,743,168	19,396,858
Burg Industries B.V.	Producing, manufacturing and sale of transportation vehicles, tanks and static storing tanks	60,000,000€	80	298,830,473	86,186,506	417,003,674	2,425,679
Tianda Airport Support Ltd	Designing, developing, manufacturing, installing and maintenance of airport ground equipments, logistic storage systems, port facilities, as well as parking systems etc.	13,500,000	70	61,155,010	28,679,303	70,431,548	8,222,806

(2) Major Joint-Stock Companies

The Group holds 17.86% equity of Yantai Raffles Shipyards Ltd. Its registered capital is RMB 5.8 billion, mainly engaging in the business of special ships and marine engineering equipment construction. In 2008, the investment income got by the Company is RMB 8.31 million.

The Group holds 10% equity of China United International Rail Containers Co., Ltd.. Its registered capital is RMB 4.2 billion, mainly engaging in the business of railway container center construction as well as relevant business. In 2008, the investment income got by the Company is zero.

The Group holds 5% equity of Bank of Communications Schroder Fund Management Co., Ltd. Its registered capital is RMB 200 million, and in 2008, the investment income got by the Company is RMB 8.28 million.

In this year, with regard to acquisition and disposal of subsidiaries, the Company purchased 60% equity of TGE GAS ENGINEERING GMBH. For more information please refer to (2) “Important corporate merging under different controls in this year” of note 6 “Corporate merger and consolidated financial statement”.

8. The Special purpose company (SPC) under the Controlling of the Company

No SPC under the controlling of the Company exists.

(III) Outlook of the Company’s Future Development

1. Economic Environment and Policy

In 2009, the influence of the international financial crisis may still exist, and the authoritative organizations predict that, in 2009, the global economic growth will slow down to -0.6%, and China’s economic growth, 6.7%.

The economy of China is now confronted with a decrease of foreign demand and the revival of trade protectionism; meanwhile, it is also under the pressure of internal economy restructuring and increasing resources restriction. In the long term, with the slowdown of China’s economy growth and the promotion of industrial upgrade, the growth of foreign export and cargo throughput is likely to slow down and becomes steady in the future. Though the domestic demand of China has great market potential, the stimulation of domestic demand is a time-consuming process. The traditional competitive edges of Chinese enterprises are weakened, and their management risks increase.

In 2009, the Group is generally confronted with very serious and complicated situations, with many uncertainties. Yet there are still opportunities in the crisis. In order to handle the financial crisis, the governments of countries all over the world have taken concerted actions, and the Chinese government has also specified the target of economic policies to expand and stimulate domestic demands, speed up shifting the mode of economic growth, as well as economic restructuring, so as to ensure economic growth. Besides, the government has unveiled a series of policies and measures, including a relatively loose monetary policy, a positive fiscal policy, and the plan for revitalization of top 10 industries etc., which imply opportunities for the enterprise’s development.

On the other hand, China still possesses a good foundation for economy development, therefore, if the policies and measures taken to stimulate domestic demands can be effective, China’s economy can continue to maintain its momentum of growth in the future. This serves as an important foundation for China’s manufacturing industry and the Group to develop major business as well as maintain competitive edges. With regard to the tendency, the globalized structure of economy and trade will create growth cycle of economy, and the tendency of shifting labor division in manufacturing industry will support the long-term demand of international trade. The Company believes that the tendency of economy integration in the world will not be reversed.

2. Industry Development Trend and Market Prospect

(1) Influenced by the decline of global trade and China’s export, as well as the backflow of numerous empty containers, the general demand for containers dropped significantly.

Clarkson predicts that, in 2009, the growth of containers trade volume will slow down to 3.1%, while the containers freight capacity will rise up to 13.1%. DREWRY predicted that, in 2009, the growth rate of containers freight volume will decrease to 2.8%. Moreover, the business of dry cargo containers suffers the most severe impact in 2009, and it is predicted that the global demand may be less than 1,000,000 TEU and the annual demand will not surpass 2,000,000 TEU in the coming two or three years.

It is also predicted that the orders for reefer containers and special containers will remain in good circumstance in the first half year, but the demand is also likely to decline in the second half year.

(2) The international demand for road transport vehicles remains low, yet there are still opportunities in the decreasing domestic market demand.

In 2009, under the influence of global financial economic recession, the logistics semi-trailers, as the major vehicle for export to the foreign market, will experience difficulty in market demand growth, in major international markets such as America, Europe etc.. On the other hand, this segment has become relatively saturated after the rapid growth in the previous two years. Moreover, with the slowdown of China's economic growth, the demand for domestic logistics, energy chemistry, capital construction, as well as real estate market will be repressed in 2009. Currently, most of relevant domestic logistics service providers and logistics equipment providers are small in size, backward in equipment and with low concentration. Therefore, the industry is now badly in need of integration and the products needs upgrading. The production of special purpose vehicle takes up 40% of the total production of trucks in our country, yet there is still a great gap, when it is compared with the more than 70% market shares of the special purpose vehicle in developed countries. The Group has possessed many competitive edges, and will have ability to seize more opportunities in this segment.

More and more domestic relevant policies about road transport vehicles come into being, which is in favor of the healthy development of special purpose vehicle industry in our country. It is predicted that after the implementation of new tax and fee policy on processed oil, with the influence of factors such as fuel economy, reducing transport costs, etc., the market demand will soon shift to heavy vehicles, multi-spindle semi-trailers, and van vehicles. The enterprises will pay more attention to energy saving and emission-reduction, promoting the spread of vehicle fuel-saving techniques, and the development of new energy vehicles, light weight vehicles as well as energy-saving and environmental-friendly special purpose vehicles. The canceling of highway maintenance fee and the further promotion of toll based on load system will effectively discourage the behavior of overloading in road transportation. Ministry of Industry and Information has released the draft for comment of Rules for Management over the Special Purpose Vehicles and Trailers Producing Enterprises and their Market Access, which has raised the threshold for market access in aspects like investment, R&D ability, and after-sales services. It is predicted that the implementation of the Management Rule will further promote the mechanism for selecting the superior and eliminating the worst in the industry as well as improve the concentration of the industry.

With the expansion of basic facilities construction, and post-disaster reconstruction in the state, as well as the implementation of other policies to stimulate domestic demand, the demand for special purpose vehicles for construction, such as self-discharging cars, pump trucks, powder tank trucks, bulk-cement tanker, and truck-mounted mixer etc. will be supported. Due to the release of industrial standard, and improvement of industrial regulations, as well as the increase demands for food and other logistics, the demand for refrigerator trucks is predicted to increase, and the domestic market demand for special purpose vehicles is predicted to decline about 15% in 2009.

(3) The impact on the business of energy, chemistry, food and equipments is relatively slight, but the situation is not optimistic.

In 2009, the lowering of oil prices has produced a certain impact on the natural gas market, but given the growing global shortage of traditional energy, the long-term price trends towards high level, and the Chinese government's implementation of "energy-saving and emission-reducing" energy utilization policy, Liquid natural gas (LNG) as a kind of clean energy will account for a larger proportion in the overall energy consumption. Thus the prospects for natural gas market remain favorable. China is also actively speeding up the construction of the national oil reserve base, large-scale petrochemical projects, and the No.2 gas-line project of West-to East Gas Transmission; besides, the large and medium-sized coastal LNG receiving stations are entering the peak period of investment. On the other hand, viewed from the long-term trends, thanks to the economic development, and the upgrading of industry and consumption, the demand for equipments of chemicals and dangerous goods storage and transportation, as well as beer, fruit

juice and other liquid food storage, transportation and production will grow. In the next 5 years, the global market is expected to grow at the annual rate of 5%, and the Asian market at 8-10%, which will become the main driving force for global market growth.

The Group's main products of the above-mentioned business have covered the most segments of tank storage and transportation equipment industry, including single-bottle, mobile tanks (tank-vehicles, tank-containers), and fixed storage tanks.

The Group will gain opportunities from the growth of the above market segments. It has possessed related capabilities of designing and building technologies of energy, chemistry, food and equipments as well as rich experience in product manufacturing, and accumulated long-term customers and social resources. Thus it will strive to seize the opportunities brought by the development of energy, chemistry and food industry, actively compete for key projects with national long-term support and investment, and make breakthroughs to develop some special and licensed areas of manufacturing.

In 2009, the Group's business in energy, chemistry, food and equipment is expected to be flat with or slightly lower than that of the previous year. The demand for tank-containers, tank-type food equipments will probably decline, while business related to LNG, CNG, LPG and other energy will maintain growth.

(4) Market demand for airport equipments will grow steadily.

In 2009, with the implementation of the national policy of expanding fiscal spending to stimulate domestic demands, and the launch of the four trillion infrastructure investment programs, the construction of and investments in domestic civil airports enjoy an excellent environment, and the domestic airport boarding bridges, cargo base will maintain stable growth; besides, there is still potential for further growth in the international market.

The sales revenue of air equipment business in 2009 is expected to grow at more than 10%.

(5) There are also a lot of potential opportunities for business development in other business such as marine engineering, as well as services.

The Revitalization Plans of China Ship Industry launched in 2009 points out that China is to "develop high-tech and high value-added ships and marine engineering equipments, and foster new economic growth points." It is also pointed out that China will support shipbuilding enterprises in research and development of marine engineering equipments such as new jack-up drilling platforms, and encourage the development of marine engineering and power transmission and other critical systems and supporting facilities.

At present, although oil prices decline temporarily in the global economic recession, but viewed from the long-term trends, the tide of global offshore oil and gas development is not going out, which will lead to a steady rise in future market demands for global marine engineering equipments. Relevant data indicate that the utilization rate of the global marine engineering equipments, represented by the drilling platforms, reached over 90%; in the next few years they will enter the peak of updating. In 2007, the global market of marine engineering equipments, including oil and gas drilling and gathering platforms, storage facilities, engineering ships, had surpassed USD 300 billion, with offshore platform equipments accounting for more than RMB 500 billion. The market is expected to maintain more than 10% growth in the next two years.

The global market of cargo trains approaches RMB 100 billion, of which the oversea market demand takes up a larger share, while China has also set up its long-term railway network construction plans, thus its demand for railway equipments enjoys great potential of growth.

3. Overall Business Targets and Measures

2009 is a tough year, and thus the challenge for the Group will be unprecedentedly serious. Facing the complicated Macro-economic situation, the industrial environment and the operating pressures, the Group will persist in optimizing connotations of the Group, carry out reform in management and innovation in technology, apply new business rules and models, adopt new management concepts and guidelines, employ new technologies, processes and equipments, and improve quality and efficiency of existing production factors, so as to realize business growth, as well as adjustment and upgrading of industrial structure. The Group will promote optimization of organization, explore new business models actively and improve the ability in organization earnestly; we should be firm in determination to turn challenges into opportunities and thus create a brilliant future.

The Group will continue to pay close attention to the financial market trends, policies, changing regulations and tendencies, as well as follow the changes and trends of the industry, upstream and downstream markets; it will actively work out various contingency plans to cope with the deteriorating economic situation, and adjust its strategies and management tactics timely in line with the changing conditions; the Group is to strengthen the management control of operating and financial risks, and to establish a highly-responsive mechanism to deal with important events within the Group; meanwhile, it will closely monitor its receivable accounts, reduce inventory, reinforce the management of operating capital, cut down expenses, maintain the stability of financing channels, and guarantee the safety of financing chain. Taking conservatism and prudence as its main principles, the Group will take initiative to implement dynamic risk management, endeavor to reduce and address the negative effects and losses brought about by the volatile financial market. Besides, the Group will enhance its communication with the government, to work over and make good use of the policy resources put forward by the nation during the financial crisis.

4. Capital Expenditure and Financing Plan

Based on the change of economic situation and business environment, as well as the requirement of the Group to handle the financial crisis and develop business, it is expected that in 2009, the capital expenditure will drop significantly to around RMB 2.5 billion, including RMB 220 million for containers, RMB 560 million for vehicles, RMB 380 million for energy and chemistry equipments, RMB 140 million for logistics and services, and 1.2 billion for others. The corresponding financing arrangements are mainly self-owned capital and loans from banks.

5. Risk Factors in Future Development

In 2009, as a result of the global economic recession and the slowdown of China's economy growth, the Group's main business, the containers business, is closely related to the global shipping industry, trade and export; therefore, it will be continuously subject to the negative influence, and the demand for relevant business will probably decline or face much uncertainty.

Under the impact of the financial crisis, the fluctuation and uncertainty of exchange rate at the foreign exchange market increases, as a result, it becomes more difficult to manage the foreign exchange and ramified financial instruments. Because most business of the Group has been internationalized, the Group is now facing greater risks.

China is now implementing the policies to stimulate domestic demands and undergoing the industrial restructuring, which will exert far-reaching influence on the development of China's manufacturing industry; in 2009, the plan for revitalization of top 10 industries has been unveiled consecutively and will be implemented; the unification of enterprises income taxes between domestic-funded enterprises and foreign-invested enterprises will be continued; meanwhile, the state has adjusted the preferential tax policies for export products and improved export rebate rate. Yet, whether the implementation of these policies will achieve obvious effects remains to be seen.

The main business of the Group is closely related to the global economy and trade, shipping industry, China's manufacturing industry as well as export; the above macro economy factors may

lead to increase of uncertainties in market sales, investment, and business thus influencing the business revenue, growth of profits and operation efficiency of the Group.

In 2009, it is predicted that the global financial and credit market will continue to fluctuate, and the process of de-leveraging financial derivatives market is still under-going, posing a sever challenge to the Group's risks management of foreign exchange and product price. In 2009, it is predicted that the external financial environment of the Group will possess ample liquidity under a relatively loose domestic monetary policy, and the loan rate will remain low, which is good for the reduction the Group's financial expenses.

II. Investment in the Reporting Period

(I) Use of Fund Raised in the Reporting Period

The Company had not raised any fund in the reporting period, nor was there any fund raised in previous periods and still used in the reporting period.

(II) Important Investment Projects with Non-Raised Fund in the Reporting Period

During the reporting period, the Group paid RMB 1,335,420,000 in total to purchase equity of some companies; in this period, the Group paid RMB 1,045,620,000 to establish subsidiaries or increase the capital of subsidiaries; and the scale of the Group's fixed assets (including construction in progress) has a net increase of RMB 1,062,300,000.

Unit: (RMB) Million

Project	Share ratio held directly or indirectly by the Company (%)	Progress in 2008	Accumulated investment at year end
1. Acquisition of 11.35% shares of Yangzhou CIMC Special Vehicles Co., Ltd	100.00%	Completed	35.62
2. Acquisition of 11.35% shares of Yangzhou Xinghua Machinery Co., Ltd	100.00%	Completed	0.33
3. Acquisition of 25% shares of Zhumadian CIMC Huajun Vehicle Co., Ltd	100.00%	Completed	122.33
4. Acquisition of 22.5% shares of Tianjin CIMC North Ocean Container Co., Ltd	100.00%	Completed	95.54
5. Acquisition of 2% shares of Shanghai CIMC Vehicles Logistics Equipments Co., Ltd	100.00%	Completed	2.31
6. Acquisition of 20% shares of Shanghai CIMC Reefer Containers Co., Ltd	92.00%	Completed	111.92
7. Acquisition of 2.95% shares of Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd	100.00%	Completed	5.31
8. Acquisition of 60% shares of TGE SA	60.00%	Completed	243.1
9. Acquisition of 17.86% shares of Yantai Raffles Shipyard Ltd	17.86%	Completed	636.64
10. Acquisition of shares of TSC Offshore Group Ltd	9.11%	Completed	82.32
11. CIMC Smart Secure Container Co., Ltd	100.00%	Completed	6
12. Yangzhou Tuoli Refrigeration Equipments Co., Ltd	100.00%	Completed	20.5
13. Taichang CIMC Refrigeration Logistics Equipments Co., Ltd	100.00%	Completed	88.46
14. Hunan Bamboo & Wood Products Co., Ltd	100.00%	Completed	28
15. Shanghai CIMC Special Vehicles Co., Ltd	100.00%	Completed	30
16. Shangdong CIMC Vehicle Logistics Equipments Co., Ltd	100.00%	Completed	5
17. Zhengzhou Motor Sales and Service Co., Ltd	100.00%	Completed	5
18. Shanxi Motor Sales and Service Co., Ltd	100.00%	Completed	5
19. Jiangsu Motor Sales and Service Co., Ltd	100.00%	Completed	5
20. Ningbo New High Area Ximake Transport Service Co.,	100.00%	Completed	5

Ltd			
21. Jiangxi CIMC Vehicle Logistics Equipments Co., Ltd	100.00%	Completed	10
22. CIMC Jidong (Qinhuangdao) Vehicle Manufacturing Co., Ltd	100.00%	Completed	70
23. Tianji Ximake Trasport Co., Ltd	100.00%	Completed	5
24. Suining CIMC Forestry Co., Ltd	100.00%	Completed	8
25. CIMC Motor Sales and Service Co., Ltd	100.00%	Completed	15
26. Ningbo Ximake Metal Co., Ltd	100.00%	Completed	5
27. Ningbo Runxin Container Co., Ltd	60.00%	Completed	5
28. CIMC Investment Co., Ltd	100.00%	Completed	5
29. Direct Classic LLC	100.00%	Completed	43.68
30. Sound Winner Holdings Limited	100.00%	Completed	0.07
31. Taicang CIMC Container Manufacturing Co., Ltd	100.00%	Completed	109.17
32. Dalian CIMC Vehicle Logistics Equipment Co., Ltd	100.00%	Completed	15.74
33. CIMC USA,INC	100.00%	Completed	0.02
34. CIMC(Chongqing)Logistics Equipment Manufacturing Co., Ltd	100.00%	Completed	10.92
35. Nantong CIMC Tank Storage Equipment Co., Ltd	100.00%	Completed	135.12
36. Yangzhou CIMC Tonghua Special Vehicles Co., Ltd	100.00%	Completed	73.40
37. Xiamen CIMC Vehicle Logistics Equipment Co., Ltd.	100.00%	Completed	2
38. Xinjiang CIMC Vehicle Logistics Equipment Co., Ltd.	100.00%	Completed	56
39. Qingdao CIMC Refrigeration Transport Equipment Co., Ltd	100.00%	Completed	104.15
40. Tianjin Port CIMC Zhenhua Logistics Co., Ltd	36.00%	Completed	3.19
41. Yangzhou Maisitong Composite Materials Co., Ltd	50.00%	Completed	12.87
42. Dalian Jilong Logistics Co., Ltd	30.00%	Completed	8.23
43. Xiamen CIMC Haitou Container Service Co., Ltd	45.00%	Completed	4.57
44. Xinyang Wood Products Hong Kong Co., Ltd	20.00%	Completed	1.39
45. Fuzhou CIMC Haitou Logistics Co., Ltd	49.00%	Completed	5.18
46. Xiamen CIMC Haitou Logistics Co., Ltd	49.00%	Completed	6.15
47. China United International Containers Co., Ltd	10.00%	Completed	132.81
Total	——	——	2381.04

III. Routine Work of the Board of Directors

(I) Meetings and Resolutions in the reporting period

Time of convening	Session	Resolution	Disclosure
2008.2.19	1 st meeting of the fifth Board in 2008	Resolution of purchasing office occupancy in Beijing	
2008.3.10	2 nd meeting of the fifth Board in 2008	Resolution of acquisition of Yantai Raffles Shipyard Ltd	Mar. 13,2008
2008.3.31	3 rd meeting of the fifth Board in 2008	Minutes of the Meeting 1. resolution of the 3 rd board meeting in 2008 2. resolution of financing arrangement in 2008 3. resolution of providing guarantee for bank credit	Apr. 2, 2008

		of subsidiaries and wholly-owned subsidiaries in 2008; 4. resolution of the CIMC Vehicles Group Co., Ltd and its holding subsidiaries to provide credit guarantee for its distributors and customers 5. resolution of its holding subsidiaries to provide bank credit for the subsidiaries in the Group	
2008.4.25	4 th meeting of the fifth Board in 2008	Resolution of the first quarterly report 2008	
2008.4.28	5 th meeting of the fifth Board in 2008	Resolution of the 5 th board meeting Resolution on the quantity of stock option by senior management personnel Announcement on the authenticity of materials used to apply for stock right incentive Others: independent directors' opinion on the stock option stimulating plan (draft)	May 9, 2008
2008.6.2	6 th meeting of the fifth Board in 2008	1. resolution of acquisition of 60% shares of TGE GAS INVESTMENT SA 2. resolution of change of internal organization and institution in the headquarters of the Group	Jun. 24, 2008
2008.6.13	7 th meeting of the fifth Board in 2008	Resolution of developing CIMC heavy equipment projects	
2008.6.17	8 th meeting of the fifth Board in 2008	Resolution of affiliated party transaction, and non-business capital expropriation in 2007	
2008.7.16	9 th meeting of the fifth Board in 2008	Resolution of report on progress of the issues listed in the special campaign report	Jul. 23, 2008
2008.8.19	10 th meeting of the fifth Board in 2008	Resolution of report on business operation in the first half year of 2008 Resolution of the semi-annual report Resolution of setting up legal affairs department Resolution of summery of self-check activity to prevent big shareholders and its affiliated parties expropriating capital	Aug. 22, 2008
2008.8.29	11 th meeting of the fifth Board in 2008	Resolution of adjusting acquisition price of Yantai Raffles Shipyard Ltd	Aug. 30, 2008
2008.9.11	12 th meeting of the fifth Board in 2008	Resolution of selling assets to Enric Energy Equipment Holdings Ltd and subscribing for its shares	Sep. 11, 2008
2008.9.27	13 th meeting of the fifth Board in 2008	Resolution of establishing the stock option stimulating plan of CIMC Management Training (Shenzhen) Co., Ltd	
2008.10.17	14 th meeting of the fifth Board in 2008	Resolution of termination of the stock option stimulating plan (draft) of CIMC (Group) Co. Ltd	Oct. 30, 2008
2008.10.24	15 th meeting of the fifth Board in 2008	Resolution of the third quarterly report 2008	
2008.11.4	16 th meeting of the fifth Board in 2008	Resolution of adjusting the stock acquisition of Yantai Raffles Shipyard Ltd	Nov. 5, 2008
2008.12.22	17 th meeting of the fifth Board in 2008	1. resolution of acquiring Shanghai CIMC Reefer Containers Co., Ltd;	Dec. 25, 2008

	2008	2. resolution of acquiring stocks of FENTALIC LIMITED 3. resolution of authorizing to sell part of financial assets available to sales 4. resolution of establishing CIMC Group Financing Co., Ltd 5. announcement of operation according to laws and regulations 6. resolution of adjusting the equity of wood product companies	
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(II) Execution of the resolutions of shareholders' general meetings by the BOD

The BOD strictly executed the resolutions of the shareholders' general meetings during the reporting year:

1. During the first temporary shareholders' general meeting of 2007, the BOD was authorized to modify the Articles of Association, which was completed during the reporting period.

2. Implementation of the profit distribution plan of 2007 by the BOD

At the shareholders' general meeting 2007 held on 28 Apr. 2008, the Profit Distribution Scheme 2007 was passed, namely, based on the existing total share capital of 2,662,396,051 shares as at 31 Dec. 2007, a cash dividend of RMB 5.0 (tax included, for B shares, no tax deduction; after tax deduction, the actual dividend for individual shareholders and investment fund of A-share is RMB 4.50 for every 10 shares) is distributed for every 10 shares.

On 26 Jun. 2008, the Company had completed all the dividends payable works.

(III) The duty performance of three special committees of the board

The Audit Committee, Compensation and Appraisal Committee and Strategy Committee of the BOD, in line with Administration Rules for Listed Companies, Articles of Association, Rules of Procedure for Board of Directors as well as the office power and obligations in the implementation rules of the special committees, carefully performed their duties.

Duty performance of Audit Committee

1. During the reporting period, the Audit Committee convened special meetings discussing the regular financial reports of the Company; it also communicated with the auditor and issued the review comments on the financial report.

Since the commencement of the annual report audit works of 2008, the Audit Committee convened 3 meetings and it actively decided the audit arrangement with the auditor. It reviewed the financial statement twice and issued the comments and urged the auditor to carry out the auditing works strictly in line with the audit work arrangement to ensure that the same was completed

2. The audit works 2008 of KPMG are summarized by the Audit Committee as follows:

In line with the provisions of *Notification on Doing Well for the Annual Report 2008 and Relevant Works* from China Securities Regulatory Commission etc., the audit works carried out by KPMG are summarized as follows:

(1) preparation works before auditing

Deciding the audit plan:

From the pre-auditing started in the beginning of Nov. 2008 to the completion of preliminary audit, 5 months has passed and the detailed arrangements are as follows:

Between Nov. and Dec. 2008, auditing preparation works to major subsidiaries

On 21 Dec. 2008, making the communication to pre-auditing with the management team and the

audit committee

On 1 Jan. 2009, KPMG started to stay at this Company and each subsidiaries of the Group for the auditing works; on 29 Mar. 2009, KPMG completed the final financial report and issued the preliminary audit report for review by the Audit Committee; on 30 Mar. 2009, the audit report was approved by the Board of Directors.

Review on the financial statements not audited:

Before the coming of auditor, the Audit Committee carefully reviewed the financial statements compiled by the Company and issued the written comments.

(2)the auditing process

Since Nov. 2008, KPMG started auditing preparation works to major subsidiaries of the Company;

Commencing on 1 Jan 2009, KPMG dispatched teams to carry out overall audit on the headquarters and the subsidiaries of the Company.

On 13 Mar.2009, KPMG made the communication and reported the final auditing to the Audit Committee.

On 29 Mar. 2009, KPMG presented the preliminary audit report for 2008 to the Audit Committee and on 30 Mar., it issued the audit report.

(3)Audit results

KPMG issued the Audit Report 2008 for the Company with unqualified opinion.

The Audit Committee is of the view that the audit works of the financial statements of the Company of 2008 have been completed well.

3. Proposal to nominate KPMG as outside audit institution for 2009

The Audit Committee made the proposal to reengage KPMG for the auditing works of financial statements for the year of 2009.

Duty performance of Compensation and Appraisal Committee

During the reporting period, the Compensation and Appraisal Committee convened three special meetings. During the meetings, the matters is discussed and reviewed as below:

1. Appraisal Method to Management Team for year 2008. Considering the capital market paradigm of the Company, the Compensation and Appraisal Committee proposed to put performance assessment indicator "Assets Liabilities Ratio" up to 65% from 60%, which has been passed by the BOD.
2. With regard to Stock Option Incentive Plan (Draft) of CIMC, the Compensation and Appraisal Committee asked questions that are to be involved and gave some suggestions.
3. In accordance with the significant change occurred in economic situation both at home and abroad and securities market, the Compensation and Appraisal Committee suggested terminating Stock Option Incentive Plan (Draft) of CIMC, till conditions are ripe and then implement such plan, which has been passed by the BOD.

Duty Performance of Strategy Committee

During the reporting period, the Strategy Committee convened six special meetings with examination of investment. During the meetings, the development strategies of the Company were comprehensively studied. In the important investment projects, such as equity acquisition of Yantai Raffles Shipyard Limited and TGE Ltd., the Committee conducted full demonstration, which served strong basis for making the decision by the BOD.

IV. Draft proposal for profit distribution or capitalization of capital reserve of 2008

As audited by KPMG, the Company's net profit after tax and minority interests recorded in the consolidated statement for year 2008 was RMB 1,406,907,640.28 in 2008, as well as earnings per

share of RMB 0.53 calculated based on the share capital of 2,662,396,051 shares as at 31 Dec. 2008.

As per the Articles of Association of the Company and the current accounting standard, the net profit of parent company was RMB 983,309,760.73 in 2008. As at 31 Dec. 2008, the profit available for distribution to shareholders is RMB 1,064,613,150.92 in the statement of parent company. The profit distribution and dividend declaration preplan is hereby proposed as: Based on the total share capital of 2,662,396,051 shares as at 31 Dec. 2008, a cash dividend of RMB 1.5 (tax included) will be distributed for every 10 shares, representing a total dividend of RMB 399,359,407.65

Upon that, the balance of retained profit of the Company was RMB 665,253,743.27. The above preplans are to be submitted to the Annual Shareholders' General Meeting 2008 for examination and approval before implementation.

Cash bonus of the Company over the past three years

Unit: RMB Yuan

	Amount in cash bonus (tax included)	Net profit attributable to owners of parent company under the consolidated statement	Ratio in net profit attributable to owners of parent company under the consolidated statement
2007	1,331,198,025.50	3,165,373,000.00	42.06%
2006	954,025,251.68	2,820,752,000.00	33.82%
2005	766,447,348.28	2,669,141,000.00	28.72%

V. No other issues that need to be disclose

Section 9. Report of the Board of Supervisors

I. Meetings of the Board of Supervisors and resolutions

Date	Term of the meeting	Content of resolutions
31 May 2008	The 1 st Meeting of the 5 th Board of Supervisors 2008	1. Auditing opinion on Annual Report 2007; 2. Opinion on Self-appraisal on internal control
25 Apr. 2008	The 2 nd Meeting of the 5 th Board of Supervisors 2008	Resolutions on the 1 st Quarterly Report of 2008
28Apr. 2008	The 3 rd Meeting of the 5 th Board of Supervisors 2008	1. Checking opinion on list of incentive object of stock option 2. Statement on authenticity of application information regarding equity incentives.
19 Aug. 2008	The 4 th Meeting of the 5 th Board of Supervisors 2008	1. Auditing opinion on Summary of Self-inspection and Rectification of Capital Occupation of Principal Shareholders and Related Parties 2. Resolutions on Semi-annual Report 2008.
24 Oct. 2008	The 5 th Meeting of the 5 th Board of Supervisors 2008	Resolutions on the 3 rd Quarterly Report of 2008

II. Independent opinion on events of the Company in 2008 by the Board of Supervisors

The Board of Supervisors of the Company issued independent opinion on the following events:

1. Legitimate operation of the Company

(1) The Board of Supervisors of the Company, on the basis of Company Law and Articles of Association, carefully performed its duties. The supervisors attended the Board Meetings as non-voting delegates and supervised the convening procedures, decision making procedures of the general meetings of shareholders and board of directors as well as the execution of the resolutions made in the general meetings of shareholders and the decision making of the Company; the Board of Supervisors is of the view that during the reporting period, the decision making procedures were consistent with the law, the internal control procedures were consummated; there was no behavior of the directors, chairman and senior management staff which violated the Articles of Association or damaged the Company's interest; there was no behavior of power abusing or damaged the interest of the shareholders or employees.

(2) The Company proposed Stock Option Incentive Plan (Draft) of CIMC in May 2008. The Board of Supervisors checked list of object authorized equity for incentive according to relevant laws and statutes, and issued the following opinion: Directors (excluding external directors, independent directors), senior executives and other core technical or sales staff, which was confirmed by Stock Option Incentive Plan (Draft) of CIMC, qualified post stipulated in laws and statutes such as the Company Law, Articles of Association and so on, and standard documents, and complied with condition of incentive object stipulated in Measures for Administration of Equity Incentives of Listed Companies (Trial Implementation). As main body of stock option incentive of the Company, they are legitimate and valid.

(3) According to Notice on Carrying out a Special Campaign to Promoting Corporate Governance of Listed Companies, the Board of Supervisors checked and examined Summary of Self-inspection and Self-rectification Report on Capital Occupation by the Principal Shareholders and related parties, and expressed auditing opinion as follows: Checked and verified Summary of Self-inspection and Self-rectification Report on Capital Occupation by the Principal Shareholders and related parties, we considered that the summary report authentically and objectively reflected actual situation of the Company

2. Inspection on the financial status of the Company

In this year, the business and financial status of the Company was inspected and the annual financial report, intermediate financial report and other documents presented by the board of directors were inspected. The board of supervisors is of the view that the financial reports genuinely and fairly reflected the financial status and business achievements of the Company. During the reporting period, KPMG issued audit report on the financial report of the Company for 2007 without any reservation. The board of supervisors is of the view that the audit report issued by KPMG is objective.

3. In Sep. 2008, the Company acquired 60% equity of TGE GAS INVESTMENT SA held by GASFIN

INVESTMENT SA. TGE GAS ENGINEERING GmbH was wholly-owned subsidiary company of TGE GAS INVESTMENT SA. In Nov. 2008, the Company acquired 100% equity of Yantai Raffles Shipyard Limited. The Company acquired equity of Shanghai CIMC Reefer Containers Co., Ltd and FENTALIC LIMITED, which was related transaction.

Price of the aforesaid acquisition was reasonable, and the transaction complied with lawful procedure. There were neither insider trading, nor events damaged interest of part equity or caused loss of assets.

Section 10. Significant Events

I. Significant lawsuits and arbitrations

In Feb. 2007, Ruihua Investment Holdings Co. (hereinafter refer to as “Ruihua”) appealed to Senior Court of Jiangsu Province, involving 100% equity of Yangzhou Runyang Logistics Equipment Co., Ltd, Shenzhen Southern CIMC Container Service Co., Ltd and CIMC Holdings (BVI) Limited, the subsidiaries of the Company. In the indictment Ruihua claimed that the above defendants had right infringe activities and caused loss to it during the course of impawned loan, rental business, stock equity transfer and bankruptcy of Yangzhou Tongyun Container Co., Ltd (hereinafter refer to as “Tongyun”) and Yangzhou Tonglee Reefer Co., Ltd (hereinafter refer to as “Tonglee”); it further demanded a compensation of RMB 310 million.

In Oct. 2008, the Company received Civil Judgment from Senior Court of Jiangsu Province with main content as follows:

Senior Court of Jiangsu Province accepted and heard case on dissension of property damage and compensation between Rui Hua Investment Holding Limited (hereinafter refer to as “Ruihua Company”) and defendants Yangzhou Runyang Logistics Equipment Co., Ltd, Shenzhen Southern CIMC Container Service Co., Ltd and CIMC Holdings (BVI) Limited (Note: defendants are subsidiaries of the Company) on 23 Jan. 2007. Ruihua Company withdrew the lawsuit to Senior Court of Jiangsu Province on 13 Oct. 2008.

On 16 Oct. 2008, Senior Court of Jiangsu Province judged to approve withdrawal appeal of Ruihua Company according to provisions in Article 131 of The Civil Procedure Law of the People s Republic of China, which was final adjudication.

The Company disclosed the above lawsuit on 8 Feb. 2007. Details please referred to Public Notice on Significant Issues of CIMC in China Securities Journal, Shanghai Securities News, Securities Times, Hong Kong Ta Kung Pao as well as website(<http://www.cninfo.com.cn>) with announcement No. [CIMC] 2007-01, Public Notice on Progress of Lawsuit of CIMC published in China Securities Journal, Shanghai Securities News, Securities Times, Hong Kong Ta Kung Pao as well as website (<http://www.cninfo.com.cn>) with announcement No. [CIMC] 2008-029.

II. Holding and trading the stocks of other listed companies and participating in financial enterprise

(I) Short-term investment

Unit: RMB Yuan

No.	Stock variety	Stock code	Name for short	Initial investment amount	Shares held	Book value at period-end	Proportion of stock investment at period-end (%)	Profits and gains in report period
1	H-share	00368	Sino-trans Shipping	21,802,547	2,996,500	5,198,285	8.39%	-12,209,990
2	S-share	G05.SI	GoodPack	109,431,721	13,500,000	53,739,424	86.76%	-55,692,298
Other stock investment at term end				4,455,955		2,999,550	4.84%	-1,456,405
Profit and loss from selling stock investment						-	-	-172,488,035
Total				135,690,224		61,937,259	100%	-246,241,000

(II) Shares of other listed companies held

Unit: RMB Yuan

Stock code	Short form of stock	Initial investment amount	Equity proportion in that of this company	Book value at the period-end	Profit and loss in the report period	Change in the owners' equity in the report period	Subject for accounting calculation	Source of shares
600036	China Merchant Bank	178,496,394	0.69%	1,240,320,000	0.00	-1,606,500,000	Financial assets available for sale	Originally purchased corporate shares and after equity reforming
8149	TSC OFFSHORE	82,317,190	9.11%	24,656,851	0.00	-57,660,339	Financial assets available for sale	Purchase from the second market

Total	260,813,584	-	1,264,976,851	0.00	-1,664,160,339	-	-
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(III) Equity of financial enterprise held by the Company

Unit: RMB Yuan

Name	Initial investment amount	Number of shares held	Equity proportion in that of this company	Book value at the period-end	Profit and loss in the report period	Change in the owners' equity in the report period	Subject for accounting calculation	Source of shares
China Merchant Securities Ltd	53,354,420	32,291,151	1.00%	47,819,000	0.00	-3,362,000	Long-term equity investment	Purchase of corporate shares
Total	53,354,420	32,291,151	1.00%	47,819,000	0.00	-3,362,000	-	-

III. Significant acquisition and sales of assets

1. Acquisition of 17.86% equity of Yantai Raffles Shipyard Limited

On 12 Mar. 2008, Sharp Vision Holdings Limited (hereinafter referred to as “the Buyer”), wholly-owned subsidiary company of the Company, signed and concluded agreement with Leung Kee Holdings Limited and Bright Touch Investment Limited (hereinafter referred to as “the Seller”): Sharp Vision Holdings Limited will acquire 81,776,500 shares of Yantai Raffles Shipyard Limited (hereinafter referred to as “Yantai Raffles”) held by the Seller, which took up 29.90% of issued shares. Relevant details please referred to Public Notice on Resolutions of the 2nd Meeting of the 5th Board of Directors of CIMI 2008, Public Notice on Acquisition of Equity of Yantai Raffles Shipyard Limited with respective announcement No. [CIMC] 2008-003 and [CIMC] 2008-004 in China Securities Journal, Shanghai Securities News, Securities Times and Hong Kong Ta Kung Pao dated 13 Mar. 2008.

Both parties signed and concluded supplementary agreement on 27 Aug. 2008 that the price of acquired shares adjusted to USD 4.00 per share from NOK 38 per share (approximately equal to be USD 6.92), maximum of total price was USD 327.1 million, which will be paid off with cash in lump sum. Details please referred to Public Notice on Resolutions of the 11th Meeting of the 5th Board of Directors of CIMI 2008, Public Notice on Progress of Acquisition of Equity of Yantai Raffles Shipyard Limited with announcement No. [CIMC] 2008-022 and [CIMC] 2008-023 respectively in China Securities Journal, Shanghai Securities News, Securities Times and Hong Kong Ta Kung Pao dated 30 Aug. 2008.

After negotiation, both parties agreed to revise relevant clauses in aforesaid agreement in Nov. 2008: (1) Shares of Yantai Raffles acquired by the buyer from the seller was adjusted to 27,356,500 shares from 81,776,500 shares, accounting for 10.00% of shares issued by Yantai Raffles. (2) the purchase price was adjusted from USD 4.00 per share to NOK 16.25 per share. On 3 Nov. 2008, acquisition of 10% equity of Yantai Raffles by the Company has completed already. Relevant details please referred to Public Notice on Completion of Acquisition of Equity of Yantai Raffles Shipyard Limited, which published in China Securities Journal, Shanghai Securities News, Securities Times and Hong Kong Ta Kung Pao on 5 Nov. 2008 with respective announcement No. [CIMC] 2008-022 and [CIMC] 2008-023.

Besides, the Company acquired about 7.86% equity of shares in public offered by Yantai Raffles through CIMC (Hong Kong) Co., Ltd, wholly-owned subsidiary of the Company, in cash at the purchase cost of NOK 186,831,510 (equal to be USD 26,726,789) on respectively on 28 Nov. 2008, 19 Dec. 2008 and 30 Dec. 2008. As of Dec. 2008, the Company held 17.86% equity of Yantai Raffles.

2. Acquisition of 60% equity of TGE GAS ENGINEERING GmbH

On 22 Jun. 2008, Acquisition Agreement was signed in Bonn, Germany by China International Marine Containers (Group) Co., Ltd (hereinafter referred to as “the Company”, “CIMC”) and Luxembourg GASFIN INVESTMENT SA, in which CIMC would acquire 60% equity of TGE GAS INVESTMENT SA held by GASFIN INVESTMENT SA. TGE GAS ENGINEERING GmbH (hereinafter referred to as “TGE GAS”), which is a gas engineering company set up in Bonn, Germany, is wholly-owned subsidiary company of TGE GAS INVESTMENT SA. Details please referred to Announcement concerning the Acquisition of TGE with announcement No. [CIMC] 2008-016, which published respectively in China Securities Journal, Shanghai Securities News, Securities Times and Hong Kong Ta Kung Pao dated 24 June. 2008.

3. Sales of assets to Enric Energy Equipment Holdings Limited and subscription of its shares

The Company planned to sell 80.04% and 19.96% shares of Sound Winner Holding Limited held by wholly-owned subsidiaries of the Company to Enric Energy Equipment Holdings Limited (hereinafter

referred to as “Enric”) to subscribe its 202,787,960 ordinary shares and 1,195,749,690 convertible preference shares respectively; sell 80% shares of Full Medal Limited and 20% shares of Full Medal held by the independent third party PGM Holding BV to Enric to subscribe its 195,664,241 ordinary shares and 423,526,395 convertible preference shares respectively.

The plan on Injection of subscribing Enric’ shares by sales of assets to subsidiaries of the Company accorded with regulations of state laws and CSRC. Injection relevant assets and business of Nantong CIMC Tank Equipment Co., Ltd, Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd and Holvrieka Holdings B.V. to Enric helped to set up unified operation and administration for tank equipment (which is mainly applied in energy and chemical industrial products and liquid food field), actualized co-benefits in marketing & sales, purchasing, research & development of technology, management, etc., avoid horizontal competition in development of tank equipment field and actualize resource sharing and positive interaction. Meanwhile, the plan laid good foundation for development new business and extending new profit model of tank equipment, and was in favor of enhancing financing ability for future capital market and continuous profit ability. Relevant details please referred to Public Notice on Sales of Assets to Enric Energy Equipment Holdings Limited and Subscription of its Shares published in China Securities Journal, Shanghai Securities News, Securities Times and Hong Kong Ta Kung Pao on 11 Sep. 2008 with announcement No. [CIMC] 2008-025.

In view of durative worsening of global economy and capital market fluctuation, and several preconditions was unable to fulfill before the original predicated deadline (2 Mar. 2009) to finish the aforesaid sales of assets and subscription for Enric’s shares. After consideration, both parties agreed that the deadline to finish sales of aforesaid assets and subscription of shares of Enric Energy Equipment Holdings Limited delayed to 2 Sep. 2009 from 2 Mar. 2009. The date that Enric Energy Equipment Holdings Limited issued announcement on shareholder general meeting was delayed to “before 30 Jun. 2009 “from “before 31 Dec. 2008”. Relevant details please refer to Public Notice on Postponing Sale of Assets to Enric Energy Equipment Holdings Limited and Subscription for Its Shares published in China Securities Journal, Shanghai Securities News, Securities Times and Hong Kong Ta Kung Pao on 13 Dec. 2008 with announcement No. [CIMC] 2008-034.

IV. Influence of termination of stock incentive plan on operation results and financial status

According to spirit of Memo No. 3 on Relevant Events of Stock Incentive issued by CSRC and in order to protect long-term interests of most shareholders and listed companies, the Company held the 24th Meeting of the 5th Board of Directors for the Year of 2008 on 17 Oct. 2008, the Board of Directors approved to terminate Stock Option Incentive Plan of CIMC (Daft) unless the condition is ripe. Termination of stock option incentive plan was accorded with actuality of the Company, and there was no adverse influence on operation and financial status.

V. Significant related transactions

(I) Related transactions for assets and equity transfer

1. Acquisition of equity

In Dec. 2008, COSCO Pacific Limited (hereinafter referred to as “COSCO Pacific”) transferred 22.5% shares of Tianjin CIMC North Ocean Container Co., Ltd.(hereinafter referred to as “TNOC”), which was held by its subsidiary FENTALIC LIMITED, to CIMC Holdings (B.V.I.) Limited, wholly-owned subsidiary of the Company, at the price of USD 14 million.

COSCO Pacific transferred 20% shares of Shanghai CIMC Reefer Containers Co., Ltd, which was held by COSCO Pacific (China) Investment Holdings Limited, to the Company at the price of USD 16.4 million.

According to Rules for Listing Shares, this transaction between the Company and COSCO Pacific was related transaction because COSCO Pacific held 21.80% shares of the Company. The aforesaid related transaction was published with Public Notice on Related Transaction of China International Marine Containers (Group) Co., Ltd in China Securities Journal, Shanghai Securities News, Securities Times and Hong Kong Ta Kung Pao with announcement No. [CIMC] 2008-035 on 25 Dec. 2008.

2. Transfer equity of subsidiary company

In 2007, China Merchants Property Development Co., Ltd signed Equity Transfer Contract with CIMC Shenfa Construction Industrial Co., Ltd, subsidiary of the Company, to transfer 60% equity of Shanghai Fengyang Real Estate Development Co., Ltd held to China Merchant Real Estate Co., Ltd at consideration totaling RMB 353,250,000. Balance of the transfer being RMB 70,650,000 has not been paid yet as of 31 Dec. 2008.

(II) Financial Lease

On 30 Sep. 2008, CIMC Vehicle Financial Leasing Co., Ltd, subsidiary of the Company, and Yantai Raffles Ocean Engineering Co., Ltd (hereinafter referred to as “Raffles”), subsidiary of the affiliated enterprise of the Company, signed Ship Financial Lease Contract, which was guaranteed by Yantai Raffles Shipyard Limited, subsidiary of affiliated enterprise of the Company.

The contract prescribed that CIMC Vehicle Financial Leasing Co., Ltd purchased a barge from Raffles with price of RMB 38 million and then leased to Raffles at price of RMB 45,987,179 with method of financial leasing from 10 Dec. 2008 to 10 Dec. 2013. The contract appointed interest rate was fluctuated and adjusted according to benchmark interest rate of the People’s Bank of China per year. Annual interest rate was 7.56% from date of contract to 31 Dec. 2008. As of 31 Dec. 2008, fund of financial leasing being RMB 38 million has not received yet, amounting to USD 5,568,255.

(III) Related transaction relating to routine operation

For details please refer to 3 (c) of “Relationship between related parties and Transaction”, Note 63 in financial statement.

(IV) The above transaction with other related parties was made according to general and normal commerce clause or relevant agreement.

VI. Significant contract and performance thereof

1. There were no significant events of entrusting, contracting and renting assets in the Company

2. Significant guarantee contracts

(1) The Company provided guarantees on business capital for subsidiary companies. The Company is a holistic listing company and provides guarantee on business capital for subsidiary companies within budget, which was mainly because the demand of business operation and development. The Company signed General Agreement on Credit by Head Office of the Bank with financial institutions according to budget approved by the Board of Directors. The various fundraising activities of the subsidiaries must be within annual credit in general agreement. The Company, as approved by the board of directors, provides credit guarantee for the subsidiaries within the total annual credit. As of 31 Dec 2008, the balance of the guaranteed amount for the subsidiaries of the Company was RMB 898.4 million.

(2) CIMC Vehicle (Group) Co., Ltd, subsidiary of the Company, has entered into agreements with China Construction Bank, Communication Bank of China, China Merchant Bank and other Banks and sell the products of CIMC Vehicle (Group) Co., Ltd, in which stipulated that CIMC Vehicle (Group) Co., Ltd offered credit guarantee for loan financing of dealer and clients of CIMC Vehicle (Group) Co., Ltd and its subsidiary companies from bank. The clients purchased the vehicles of the Company on credit and applied license plate in local vehicle management station, then pledged to banks or CIMC Vehicle Group.

As of 31 Dec 2008, as agreed by the board of directors, CIMC (Group) Co., Ltd and its subsidiaries have provided a total credit of RMB 4,611.16 million to its dealers and clients.

(3) The Company didn’t guarantee for shareholders, actual controller or related parties of the Company.

(4) As of 31 Dec. 2008, balance of guarantee totaled RMB 1,359.56 million, accounting for 10.12% of net assets being RMB 13,428.9 million at the end of 2008, direct or indirect guarantee amount for liabilities of subsidiaries whose assets liability ratio was over 70% was RMB 259.41 million. There were neither overdue guarantees, nor guarantees for shareholders, actual controller or related parties in the Company and shareholding subsidiaries.

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

VII. Commitment by the Company or shareholders holding more than 5% of shares and the performance thereof

(I) For the relevant commitment of the Company, please refer to Note 60 of financial statement.

(II) Relevant commitment on listing of non-tradable shares in share merger reform of COSCO Container Industries Limited and the performance thereof

(1) COSCO Container Industries Limited committed that, the non-tradable shares held would not be sold at Shenzhen Stock Exchange or transfer within 12 months since the first transaction day after implementation of share merger reform according to relevant regulations.

(2) COSCO Container Industries Limited further committed that, after expiration of the above commitment, the non-tradable shares listed and sold at Shenzhen Stock Exchange in line with relevant provisions would not exceed 5% of original ones within 12 months and not exceed 10% within 24 months.

The Board of Directors and CITIC Securities considered that up to date, COSCO Container Industries Limited has strictly performed relevant commitments in share merger reform.

VIII. Engagement and dismissal of accounting firms

During the reporting period, the General Meeting of Shareholders 2007 was held on 28 Apr. 2008, at which engaged KPMG again to provide audit on financial statements in line with domestic accounting principles for the year 2008 and other related consultation services, and also Deloitte Touche Tohmatsu CPA Ltd again to provide audit the financial statements for the year of 2008 and other relevant consultation services;. Since 1994, KPMG has provided services in line with international accounting principles to the Company for 14 years.

During the report period, the remuneration paid to accounting firms were as flows:

RMB 3.9 million was paid to KPMG, including the audit expenses and traveling expenses for the year of 2007.

IX. During the reporting period, there was no punishment imposed on the Company, the Board of Directors or directors by the regulatory departments.

X. Events after the balance sheet date

On 9 Jan. 2009, CIMC Vehicle (Group) Co., Ltd being the affiliated subsidiary of the CIMC, Wuhu Tederic Investment Co., Ltd (hereinafter referred to as “Tederic Investment”) and as Shenzhen Just Investment Co., Ltd (hereinafter referred to as “Just Investment”) reached agreement on planning to establish a joint venture C & C Truck Co., Ltd (hereinafter referred to as “C&C Truck”) with registered capital RMB 400 million, of which, CIMC Vehicle accounts for its 45%, Tederic Investment accounts for its 45%, Just Investment accounts for its 10%. The investment events was examined and approved by the 1st Meeting of the 5th Board of Director for the year 2009. The investment didn’t need approval from General Meeting of Shareholders but approval from relevant ministry.

XI. Reception of visits, investigation and interviews of the Company

During the reporting period, the Company received 52 batches of visitors for visiting, investigating and visiting plants by funds, investment companies, securities companies and individual investors etc. There was no disclosure, betraying unpublicized significant information to investment companies or individual investors.

Reception time	Reception location	Reception way	Reception object	Discussed content and materials provided by the Company
4 Jan. 2008	The Company	Tele-conference	Pacific Eagle Assets Management Co., Ltd.	Including business development, developing trend of industry, marketing sales, production management, financial management, research & development of products, project investment, developing strategy, prospect and corporate governance of the Company, etc.
10 Jan. 2008	Meeting room of the Company	Field research	Industrial Securities Co., Ltd	Ditto
14 Jan. 2008	Meeting room of the Company	Field research	Clients of Merrill Lynch Securities	Ditto
17 Jan. 2008	Meeting room of the Company	Field research	CREDIT SUISSE Assets Management (Singapore) Ltd	Ditto
23 Feb. 2008	The Company	Tele-conference	FCM Advisor	Ditto
25 Feb. 2008	The Company	Tele-conference	BOCI	Ditto
25 Feb. 2008	Meeting room of the Company	Field research	Goldman Sach (China) Co., Ltd and clients	Ditto
27 Feb. 2008	Meeting room of the Company	Field research	Rongtong Fund Management Co., Ltd. Shanghai Boyi Investment Management Co., Ltd	Ditto
28 Feb. 2008	Meeting room of the Company	Field research	CEPHEI INVESTMENTS	Ditto

3 Mar. 2008	Meeting room of the Company	Field research	Guosen Securities Co., Ltd	Ditto
6 Mar. 2008	Meeting room of the Company	Field research	TY Advisers	Ditto
7 Mar. 2008	Meeting room of the Company	Field research	Fidelity Fund	Ditto
12 Mar. 2008	Meeting room of the Company	Field research	Dongguan Securities	Ditto
12 Mar. 2008	Meeting room of the Company	Field research	Morgan Stanley	Ditto
18 Mar. 2008	Meeting room of the Company	Field research	First-Trust Fund Management Co., Ltd	Ditto
28 Mar. 2008	Meeting room of the Company	Field research	Pacific Sun Investment Co., Ltd	Ditto
3 Apr. 2008	Meeting room of the Company	Field research	Ping An Securities Limited Ping An Asset Management Co., Ltd	Ditto
15 Apr. 2008	Meeting room of the Company	Field research	MARTIX Alternative Asset Management	Ditto
16 Apr. 2008	Meeting room of the Company	Field research	VALUE PARTNER	Ditto
19 Apr. 2008	Dongguan	Investor's communication meeting	United Securities	Ditto
14 May 2008	Meeting room of the Company	Field research	Galaxy Securities	Ditto
16 May 2008	Shanghai	Investor's communication meeting	China Investment Forum held by CLSA in Shanghai, including RCM Asia Pacific Ltd., Old Peak Ltd., Front Point Partners, USA GE Asset Management, HIGHBRIDGE, JANUS CAPITAL GROUP, Hua An Fund and Shanghai Securities	Ditto
21 May 2008	The Company	Tele-conference	Citi Investment Research	Ditto
2 May 2008	Meeting room of the Company	Field research	Southern Fund Management Co., Ltd	Ditto
23 May 2008	Meeting room of the Company	Field research	ALLIANCE BERNSTEIN	Ditto
27 May 2008	The Company	Tele-conference	Client of Goldman Sach Hong Kong, Nezu	Ditto
28 May 2008	Meeting room of the Company	Visiting plants and field research	SINOLINK Securities Research, Boshi fund Management Co., Ltd	Ditto
12 Jun. 2008	Meeting room of the Company	Field research	Maverick (Shanghai) Ltd	Ditto
12 Jun. 2008	Meeting room of the Company	Field research	Emerging Markets Management	Ditto
16 Jun. 2008	Meeting room of the Company	Field research	Standard Pacific Capital	Ditto
17 Jun. 2008	Meeting room of the Company	Field research	Credit Suisse	Ditto
27 Jun. 2008	Meeting room of the Company	Field research	Shanghai Chongyang Investment Co., Ltd	Ditto

2 Jul. 2008	Meeting room of the Company	Field research	Merrill Lynch Securities	Ditto
17 Jul. 2008	Meeting room of the Company	Field research	Citic Securities Co., Ltd	Ditto
25 Jul. 2008	Meeting room of the Company	Field research	Tidemann Global Emerging Markets	Ditto
2 Sep. 2008	Meeting room of the Company	Field research	Absolute Asia	Ditto
3 Sep. 2008	Meeting room of the Company	Field research	HQ Bank . HQ Fonder	Ditto
5 Sep. 2008	Meeting room of the Company	Field research	CVI	Ditto
9 Sep. 2008	Meeting room of the Company	Field research	Platinum Asset Management	Ditto
19 Sep. 2008	Meeting room of the Company	Field research	Gartmore Investment Management	Ditto
19 Sep. 2008	Meeting room of the Company	Field research	Macquaire Capital Securities	Ditto
8 Oct. 2008	Meeting room of the Company	Field research	Matterhorn Investment Management	Ditto
9 Oct. 2008	Meeting room of the Company	Field research	Goldman Sach;	Ditto
29 Oct. 2008	Meeting room of the Company	Field research	Hong Kong Pacific Investment Management Company	Ditto
30 Oct. 2008	Hong Kong	Investor's communication meeting	Attendance of CLSA Conference for Hong Kong small investors	Ditto
6 Nov. 2008	Meeting room of the Company	Field research	GaoLing Oriental Investment Consulting Co., Ltd	Ditto
13 Nov. 2008	Meeting room of the Company	Field research	CLSA	Ditto
18 Nov. 2008	Meeting room of the Company	Field research	ICBC Credit Suisse Asset Management Co., Ltd	Ditto
19 Nov. 2008	The Company	Tele-conference	Clients of Beijing Goldman Sachs Gao Hua Securities Company	Ditto
9 Dec. 2008	Meeting room of the Company	Field research	Cazenove Asia Limited	Ditto
24 Dec. 2008	Meeting room of the Company	Field research	GTJA Allianz Fund management Limited Company	Ditto

XII. Other significant events

(I) Proposal and termination of stock option incentive plan of CIMC

The 5th Meeting of the 5th Board of Directors for the year 2008 was held on 28 Apr. 2008, at which examined and approved Stock Option Incentive Plan (Draft) of China International Marine Containers (Group) Co., Ltd. For details please referred to Public Notice on Resolutions of the 5th Meeting of the 5th Board of Directors of CIMC for the year 2008, which was published in Securities Times, China Securities Journal, Shanghai Securities News, Hong Kong Ta Kung Pao with announcement No. [CIMC] 2008-012 on 9 May. 2008.

In view that the economic situation and securities market in domestic and the board changed significantly, the former plan was with non-practicality under this condition, it will not play an incentive effects if the

Company continued to carry out former plan.

The Company held the 14th Meeting of the 5th Board of Directors for the year 2008 on 17 Oct. 2008, and the Board approved to terminate stock option incentive plan unless the condition is ripe.

(II) Implementation on stock credit plan

1. As examined and approved by the General Meeting of Shareholders held on 17 Oct. 2007, CIMC Vehicle (Group) Co., Ltd, the wholly-owned subsidiary of the Company, implemented a stock credit plan. Based on the plan, senior executives of the Company relating to vehicle business and the core staff of CIMC Vehicle (Group) Co., Ltd. (hereinafter referred to as "Participating staff"), held 20% equity of CIMC Vehicle (Group) Co., Ltd by increasing capital amounting to RMB 220.70 million through Shenzhen International Trust and Credit Co., Ltd.

The share holding plan by the backbone employees of Vehicle Group had been already implemented in 2007 through the establishment of Vehicle Group stock credit plan. The first installment benefit rights amounted to 45 million shares, taking up 20.39% of the total benefit rights. For details please referred to XI Other significant event of Significant event in Annual Report 2007.

As of 31 Dec. 2008, the second and the third installment benefit rights of vehicle credit plan had not been distributed yet.

Section 11. Financial Report**AUDITORS' REPORT**

KPMG-C (2009) AR No.0075

All Shareholders of China International Marine Containers (Group) Co., Ltd.:

We have audited the accompanying financial statements of China International Marine Containers (Group) Co., Ltd. (the Company), which comprise the consolidated balance sheet and balance sheet as at 31 December 2008, the consolidated income statement and income statement, the consolidated statement of changes in equity and statement of changes in equity, the consolidated cash flow statement and cash flow statement for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements in accordance with China Accounting Standards for Business Enterprises (2006) issued by the Ministry of Finance of the People's Republic of China. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITORS' REPORT (CONTINUED)

KPMG-C (2009) AR No.0075

Opinion

In our opinion, the financial statements comply with the requirements of China Accounting Standards for Business Enterprises (2006) issued by the Ministry of Finance of the People's Republic of China and present fairly, in all material respects, the consolidated financial position and financial position of the Company as at 31 December 2008, and the consolidated results of operations and results of operations and the consolidated cash flows and cash flows of the Company for the year then ended.

KPMG Huazhen

Certified Public Accountants
Registered in the People's Republic
of China

Beijing, the People's Republic of China

Lei Iun Mei

Liang Jiebing

30 March 2009

China International Marine Containers (Group) Co., Ltd. Consolidated balance sheet as at 31 December 2008

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Assets					
Current assets					
Cash at bank and on hand	7	454,451	3,101,353	418,175	3,054,432
Financial assets					
held for trading	8	56,643	386,553	126,550	924,340
Bills receivable	9	125,052	853,406	103,741	757,747
Accounts receivable	10	614,520	4,193,731	1,218,445	8,899,769
Prepayments	11	148,642	1,014,391	231,912	1,693,935
Interest receivable	12	353	2,412	684	4,997
Dividends receivable	13	1,581	10,792	291	2,125
Other receivables	14	129,552	884,116	157,067	1,147,246
Inventories	15	1,147,849	7,833,378	1,056,294	7,715,381
Non-current assets					
due within one year	16	18,766	128,064	13,021	95,109
Other current assets	17	60,105	410,183	117,030	854,808
Total current assets		<u>2,757,514</u>	<u>18,818,379</u>	<u>3,443,210</u>	<u>25,149,889</u>
Non-current assets					
Available-for-sale					
financial assets	18	185,308	1,264,613	568,664	4,153,636
Long-term receivables	19	73,545	501,903	27,196	198,643
Long-term equity					
investments	20	234,834	1,602,598	124,972	912,822
Investment property	21	11,612	79,244	6,713	49,031
Fixed assets	22	1,048,265	7,153,777	868,203	6,341,530
Construction in progress	23	138,263	943,560	94,946	693,507
Intangible assets	24	387,647	2,645,457	323,152	2,360,367
Goodwill	25	168,550	1,150,251	133,889	977,949
Long-term deferred					
expenses	26	5,746	39,210	4,913	35,890
Deferred tax assets	27	52,586	358,871	24,015	175,410
Total non-current assets		<u>2,306,356</u>	<u>15,739,484</u>	<u>2,176,663</u>	<u>15,898,785</u>
Total assets		<u><u>5,063,870</u></u>	<u><u>34,557,863</u></u>	<u><u>5,619,873</u></u>	<u><u>41,048,674</u></u>

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Consolidated balance sheet
as at 31 December 2008 (continued)

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans	30	323,352	2,206,688	369,179	2,696,559
Financial liabilities					
held for trading	31	59,997	409,443	46,327	338,379
Bills payable	32	148,504	1,013,448	345,679	2,524,909
Accounts payable	33	643,466	4,391,266	955,561	6,979,610
Advances from					
customers	34	100,810	687,964	72,613	530,379
Employee benefits					
payable	35	110,970	757,307	128,241	936,688
Taxes payable	5(3)	61,810	421,815	57,276	418,352
Interest payable		7,598	51,852	12,711	92,842
Dividends payable	36	4,756	32,456	1,408	10,285
Other payables	37	232,034	1,583,477	191,073	1,395,651
Provisions	38	83,970	573,046	85,749	626,327
Non-current liabilities					
due within one year	39	39,616	270,358	187,303	1,368,100
Total current liabilities		<u>1,816,883</u>	<u>12,399,120</u>	<u>2,453,120</u>	<u>17,918,081</u>
Non-current liabilities					
Long-term loans	40	959,530	6,548,215	610,924	4,462,309
Deferred income	41	3,031	20,685	1,586	11,587
Special payables	42	1,265	8,633	1,003	7,327
Provisions	38	6,064	41,383	-	-
Deferred tax liabilities	27	88,708	605,379	151,566	1,107,069
Total non-current liabilities		<u>1,058,598</u>	<u>7,224,295</u>	<u>765,079</u>	<u>5,588,292</u>
Total liabilities		<u>2,875,481</u>	<u>19,623,415</u>	<u>3,218,199</u>	<u>23,506,373</u>

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
 Consolidated balance sheet
 as at 31 December 2008 (continued)

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital	43	328,872	2,662,396	328,872	2,662,396
Capital reserve	44	186,386	1,352,772	455,603	3,553,473
Surplus reserve	45	434,170	3,577,588	422,695	3,497,045
Retained earnings	46	965,638	7,669,924	965,799	7,674,757
Translation differences of financial statements denominated in foreign currency		52,711	(1,833,779)	22,677	(1,473,914)
Total equity attributable to shareholders of the Company		1,967,777	13,428,901	2,195,646	15,913,757
Minority interests	6(3)	220,612	1,505,547	206,028	1,628,544
Total equity		<u>2,188,389</u>	<u>14,934,448</u>	<u>2,401,674</u>	<u>17,542,301</u>
Total liabilities and shareholders' equity		<u>5,063,870</u>	<u>34,557,863</u>	<u>5,619,873</u>	<u>41,048,674</u>

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

_____ Mai Boliang stamp) Authorized representative of Legal Representative (Signature or stamp)	_____ Mai Boliang Chief Financial Officer (Signature or stamp)	_____ Jin Jianlong Chief Accountant (Signature or stamp)	(Company
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The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd. Balance sheet as at 31 December 2008

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Assets					
Current assets					
Cash at bank and on hand	7	63,031	430,150	126,931	927,131
Financial assets held for trading	8	-	-	24,415	178,335
Dividends receivable	13	727,166	4,962,468	646,265	4,720,452
Other receivables	14	723,136	4,934,969	446,112	3,258,492
Total current assets		<u>1,513,333</u>	<u>10,327,587</u>	<u>1,243,723</u>	<u>9,084,410</u>
Non-current assets					
Available-for-sale financial asset	18	181,694	1,239,956	568,664	4,153,636
Long-term equity investments	20	372,446	2,541,719	317,867	2,321,766
Fixed assets	22	19,190	130,957	17,732	129,515
Construction in progress	23	976	6,662	2,094	15,294
Intangible assets	24	4,834	32,990	4,944	36,108
Long-term deferred expenses	26	1,492	10,184	1,016	7,421
Total non-current assets		<u>580,632</u>	<u>3,962,468</u>	<u>912,317</u>	<u>6,663,740</u>
Total assets		<u><u>2,093,965</u></u>	<u><u>14,290,055</u></u>	<u><u>2,156,040</u></u>	<u><u>15,748,150</u></u>

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Balance sheet as at 31 December 2008 (continued)

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans	30	14,653	100,000	-	-
Financial liabilities held for trading	31	30,055	205,109	3,217	23,499
Advances from customers	34	-	-	395	2,887
Employee benefits payable	35	35,360	241,309	44,825	327,412
Taxes payable	5(3)	20,787	141,860	14,215	103,829
Interest payable		1,082	7,385	2,346	17,136
Other payables	37	20,669	141,048	11,063	80,806
Non-current liabilities due within one year	39	25,578	174,557	173,339	1,266,100
Total current liabilities		148,184	1,011,268	249,400	1,821,669
Non-current liabilities					
Long-term loans	40	879,629	6,002,938	435,042	3,177,637
Deferred income	41	-	-	725	5,295
Deferred tax liabilities	27	18,035	123,081	94,281	688,647
Total non-current liabilities		897,664	6,126,019	530,048	3,871,579
Total liabilities		1,045,848	7,137,287	779,448	5,693,248

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Balance sheet as at 31 December 2008 (continued)

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital	43	328,872	2,662,396	328,872	2,662,396
Capital reserve	44	152,476	1,118,064	431,133	3,376,580
Surplus reserve	45	434,170	3,577,588	422,695	3,497,045
Retained earnings	46	132,599	1,064,613	193,892	1,493,044
Translation differences of financial statements denominated in foreign currency		-	(1,269,893)	-	(974,163)
Total equity		1,048,117	7,152,768	1,376,592	10,054,902
Total liabilities and shareholders equity		2,093,965	14,290,055	2,156,040	15,748,150

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

Mai Boliang stamp)	Mai Boliang	Jin Jianlong	(Company
Authorized representative of Legal Representative (Signature or stamp)	Chief Financial Officer (Signature or stamp)	Chief Accountant (Signature or stamp)	

The notes on pages 83 to 246 form part of these financial statements.

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

Consolidated income statement for the year ended 31 December 2008

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Operating income	47	6,830,023	47,327,281	6,439,793	48,760,826
Less: Operating costs		6,043,005	41,873,791	5,785,095	43,803,581
Business taxes and surcharges	48	4,039	27,989	7,346	55,621
Selling and distribution expenses		155,813	1,079,678	152,255	1,152,846
General and administrative expenses		239,777	1,661,486	211,056	1,598,083
Financial expenses	49	28,247	195,734	49,091	371,704
Impairment loss	50	101,331	702,151	8,262	62,556
Losses / (Gains) from changes in fair value	51	63,171	437,729	(36,278)	(274,684)
Add: Investment income	52	60,361	418,256	193,649	1,466,268
(Including: Income from investment in associates and jointly controlled enterprises)			9,063	62,799	16,638
	126,978				
Operating profit		255,001	1,766,979	456,615	3,457,387
Add: Non-operating income	53	29,617	205,224	7,896	59,786
Less: Non-operating expenses	54	6,519	45,174	2,228	16,869
(Including: Losses from disposal of non-current assets)		2,746	19,027	283	2,143
Profit before income tax		278,099	1,927,029	462,283	3,500,304
Less: Income tax expenses	55	34,899	241,824	23,073	174,698
Net profit for the year		243,200	1,685,205	439,210	3,325,606

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
 Consolidated income statement
 for the year ended 31 December 2008

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Net profit for the year		<u>243,200</u>	<u>1,685,205</u>	<u>439,210</u>	<u>3,325,606</u>
Attributable to:					
Shareholders of the Company		203,038	1,406,908	418,048	3,165,373
Minority shareholders		<u>40,162</u>	<u>278,297</u>	<u>21,162</u>	<u>160,233</u>
Earnings per share	66				
Basic earnings per share (RMB)		<u>0.08</u>	<u>0.53</u>	<u>0.16</u>	<u>1.19</u>
Diluted earnings per share (RMB)		<u>0.08</u>	<u>0.53</u>	<u>0.16</u>	<u>1.19</u>

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

Mai Boliang (stamp) Authorized representative of Legal Representative (Signature or stamp)	Mai Boliang Chief Financial Officer (Signature or stamp)	Jin Jianlong Chief Accountant (Signature or stamp)	(Company)

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd. Income statement for the year ended 31 December 2008

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Operating income		19	129	14	109
Less: Operating costs		2	16	1	6
General and administrative expenses		12,706	88,037	49,473	374,597
(Net financial income) / Financial expenses	49	(41,825)	(289,818)	120	908
Add: (Losses) / Gains from changes in fair value	51	(38,332)	(265,612)	10,192	77,168
Investment income	52	143,996	997,790	201,520	1,525,866
Operating profit		134,800	934,072	162,132	1,227,632
Add: Non-operating income	53	15,674	108,610	787	5,958
Less: Non-operating expenses	54	1,829	12,677	109	822
(Including: (Losses) / Gain from disposal of non-current assets)		(7)	(46)	15	114
Profit before income tax		148,645	1,030,005	162,810	1,232,768
Less: Income tax expenses	55	6,739	46,695	(537)	(4,061)
Net profit for the year		141,906	983,310	163,347	1,236,829

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

Mai Boliang (stamp) Authorized representative of Legal Representative (Signature or stamp)	Mai Boliang Chief Financial Officer (Signature or stamp)	Jin Jianlong Chief Accountant (Signature or stamp)	(Company)

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
 Consolidated cash flow statement
 for the year ended 31 December 2008

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Cash flows from operating activities:					
Cash received from sale of goods and rendering of services		8,691,639	60,226,974	5,610,980	42,485,218
Refund of taxes		276,815	1,918,134	304,253	2,303,743
Other cash received relating to operating activities		64,387	446,157	70,701	535,320
Sub-total of cash inflows		<u>9,032,841</u>	<u>62,591,265</u>	<u>5,985,934</u>	<u>45,324,281</u>
Cash paid for goods and services		7,768,947	52,833,364	5,492,044	41,584,656
Cash paid to and for employees		438,069	3,035,883	326,077	2,468,990
Cash paid for all types of taxes		86,276	597,832	64,624	489,320
Other cash paid relating to operating activities		253,654	1,757,648	246,555	1,866,864
Sub-total of cash outflows		<u>8,546,946</u>	<u>59,224,727</u>	<u>6,129,300</u>	<u>46,409,830</u>
Net cash inflow / (outflow) from operating activities	56(1)	<u>485,895</u>	<u>3,366,538</u>	<u>(143,366)</u>	<u>(1,085,549)</u>

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
 Consolidated cash flow statement
 for the year ended 31 December 2008 (continued)

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Cash flows from investing activities:					
Cash received from disposal of investments		154,347	1,069,517	158,701	1,201,652
Cash received from return on investments		13,248	91,799	5,307	40,184
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		18,281	126,675	21,414	162,143
Cash received from disposal of subsidiaries		14,431	100,000	23,697	179,429
Other cash received relating to investing activities		19,551	135,475	5,999	45,423
Sub-total of cash inflows		<u>219,858</u>	<u>1,523,466</u>	<u>215,118</u>	<u>1,628,831</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		343,839	2,382,564	266,193	2,008,993
Cash paid for acquisition of investments		221,194	1,532,720	86,319	653,590
Cash paid for acquisition of subsidiaries	56(4)	19,815	135,309	235,477	1,789,548
Other cash paid relating to investing activities		-	-	23,107	174,962
Sub-total of cash outflows		<u>584,848</u>	<u>4,050,593</u>	<u>611,096</u>	<u>4,627,093</u>
Net cash outflow from investing activities		<u>(364,990)</u>	<u>(2,527,127)</u>	<u>(395,978)</u>	<u>(2,998,262)</u>

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
 Consolidated cash flow statement
 for the year ended 31 December 2008 (continued)

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Cash flows from financing activities:					
Cash received from investors		2,525	17,496	53,751	406,992
(Including: Cash received from minority shareholders of subsidiaries)		2,525	17,496	35,648	269,916
Cash received from borrowings		2,422,348	16,785,176	3,097,622	23,454,574
Sub-total of cash inflows		<u>2,424,873</u>	<u>16,802,672</u>	<u>3,151,373</u>	<u>23,861,566</u>
Cash repayments of borrowings		2,270,106	15,730,246	2,266,460	17,161,182
Cash paid for dividends, profits distribution or interest		293,114	2,031,075	165,435	1,252,642
(Including: Dividends and profits paid to minority shareholders of subsidiaries)		6,525	45,214	3,972	30,075
Sub-total of cash outflows		<u>2,563,220</u>	<u>17,761,321</u>	<u>2,431,895</u>	<u>18,413,824</u>
Net cash (outflow) / inflow from financing activities		<u>(138,347)</u>	<u>(958,649)</u>	<u>719,478</u>	<u>5,447,742</u>
Effect of foreign exchange rate changes on cash and cash equivalents		<u>18,160</u>	<u>(73,935)</u>	<u>(17,050)</u>	<u>(297,832)</u>
Net increase / (decrease) in cash and cash equivalents		718	(193,173)	163,084	1,066,099
Add: Cash and cash equivalents at the beginning of the year		412,824	3,015,348	249,740	1,949,249
Cash and cash equivalents at the end of the year	56(3)	<u>413,542</u>	<u>2,822,175</u>	<u>412,824</u>	<u>3,015,348</u>

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

Mai Boliang (stamp) Authorized representative of Legal Representative (Signature or stamp)	Mai Boliang Chief Financial Officer (Signature or stamp)	Jin Jianlong Chief Accountant (Signature or stamp)	(Company)

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Cash flow statement for the year ended 31 December 2008

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Cash flows from operating activities:					
Other cash received relating to operating activities		7,197,743	49,875,314	6,186,030	46,839,375
Sub-total of cash inflows		<u>7,197,743</u>	<u>49,875,314</u>	<u>6,186,030</u>	<u>46,839,375</u>
Cash paid to and for employees		11,724	80,948	44,850	339,595
Cash paid for all types of taxes		7,624	52,829	154	1,166
Other cash paid relating to operating activities		7,461,972	51,706,248	6,573,453	49,772,871
Sub-total of cash outflows		<u>7,481,320</u>	<u>51,840,025</u>	<u>6,618,457</u>	<u>50,113,632</u>
Net cash outflow from operating activities	56(1)	<u>(283,577)</u>	<u>(1,964,711)</u>	<u>(432,427)</u>	<u>(3,274,257)</u>

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Cash flow statement
for the year ended 31 December 2008 (continued)

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Cash flows from investing activities:					
Cash received from disposal of investments		145,422	1,007,673	297,001	2,248,832
Cash received from return on investments		23,008	159,429	14,306	108,322
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	7	7	51	266	2,014
Other cash received relating to investing activities		60,909	422,060	13,809	104,559
Sub-total of cash inflows		<u>229,346</u>	<u>1,589,213</u>	<u>325,382</u>	<u>2,463,727</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		8,086	56,030	5,354	40,539
Cash paid for acquisition of investments		81,113	562,056	227,784	1,724,735
Sub-total of cash outflows		<u>89,199</u>	<u>618,086</u>	<u>233,138</u>	<u>1,765,274</u>
Net cash inflow from investing activities		<u>140,147</u>	<u>971,127</u>	<u>92,244</u>	<u>698,453</u>

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd.
Cash flow statement
for the year ended 31 December 2008 (continued)

	Note	2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Cash flows from financing activities:					
Cash received from borrowings		573,472	3,973,760	677,286	5,128,274
Sub-total of cash inflows		<u>573,472</u>	<u>3,973,760</u>	<u>677,286</u>	<u>5,128,274</u>
Cash repayments of borrowings		261,993	1,815,428	136,784	1,035,701
Cash paid for dividends, profits distribution or interest		231,949	1,607,244	132,643	1,004,346
Sub-total of cash outflows		<u>493,942</u>	<u>3,422,672</u>	<u>269,427</u>	<u>2,040,047</u>
Net cash inflow from financing activities		<u>79,530</u>	<u>551,088</u>	<u>407,859</u>	<u>3,088,227</u>
Effect of foreign exchange rate changes on cash and cash equivalents		<u>-</u>	<u>(54,485)</u>	<u>-</u>	<u>(47,785)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(63,900)</u>	<u>(496,981)</u>	<u>67,676</u>	<u>464,638</u>
Add: cash and cash equivalents at the beginning of the year		<u>126,931</u>	<u>927,131</u>	<u>59,255</u>	<u>462,493</u>
Cash and cash equivalents at the end of the year	56(3)	<u>63,031</u>	<u>430,150</u>	<u>126,931</u>	<u>927,131</u>

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

Mai Boliang stamp)	Mai Boliang	Jin Jianlong	(Company
Authorized representative of Legal Representative (Signature or stamp)	Chief Financial Officer (Signature or stamp)	Chief Accountant (Signature or stamp))

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd. Consolidated statement of changes in shareholder's equity for the year ended 31 December 2008

Note	Attributable to shareholders of the Company						Minority interests USD'000	Total USD'000
	Share capital USD'000	Capital reserve USD'000	Surplus reserve USD'000	Retained earnings USD'000	Foreign currency exch. diff USD'000	Subtotal USD'000		
Balance at 1 January 2008	328,872	455,603	422,695	965,799	22,677	2,195,646	206,028	2,401,674
Changes in equity for the year								
1. Net profit for the year	-	-	-	203,038	-	203,038	40,162	243,200
2. Gains and losses recognised directly in equity 44								
- Net changes in fair value of available-for-sale financial assets	-	(356,838)	-	-	-	(356,838)	-	(356,838)
- Effective portion of changes in fair value of cash flow hedges	-	(1,752)	-	-	-	(1,752)	-	(1,752)
- Deferred tax effect	-	77,790	-	-	-	77,790	-	77,790
- Others	-	3,134	-	-	30,034	33,168	10,166	43,334
Sub-total of 1&2	-	(277,666)	-	203,038	30,034	(44,594)	50,328	(5,734)
3. Shareholders' contributions and decrease of capital								
- Contributions by minority shareholders	-	-	-	-	-	-	2,525	2,525
- Acquisition of minority interest	-	8,449	-	-	-	8,449	(56,867)	(48,418)
- Increase in minority interest resulted from acquisition of subsidiary	-	-	-	-	-	-	14,994	14,994
- Increase in minority interest resulted from the transfer of associate to subsidiary	-	-	-	-	-	-	13,477	13,477
4. Appropriation of profits 46								
- Appropriation for surplus reserve	-	-	11,475	(11,475)	-	-	-	-
- Distributions to shareholders	-	-	-	(191,724)	-	(191,724)	(9,873)	(201,597)
Balance at 31 December 2008	328,872	186,386	434,170	965,638	52,711	1,967,777	220,612	2,188,389

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

Mai Boliang (stamp) Authorized representative of Legal Representative (Signature or stamp)	Mai Boliang Chief Financial Officer (Signature or stamp)	Jin Jianlong Chief Accountant (Signature or stamp)	(Company)

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd. Consolidated statement of changes in shareholder's equity for the year ended 31 December 2007

Note	Attributable to equity shareholders of the Company						Minority interests USD'000	Total USD'000
	Share capital USD'000	Capital reserve USD'000	Surplus Reserve USD'000	Retained earnings USD'000	Foreign currency exch. diff USD'000	Subtotal USD'000		
Balance at 31 December 2006	270,843	90,674	454,677	606,241	8,363	1,430,798	102,257	1,533,055
Changes in accounting policies	-	108,157	(31,982)	65,100	-	141,275	-	141,275
Balance at 1 January 2007	270,843	198,831	422,695	671,341	8,363	1,572,073	102,257	1,674,330
Changes in equity for the year								
1. Net profit for the year	-	-	-	418,048	-	418,048	21,162	439,210
2. Gains and losses recognised directly in equity								
- Net changes in fair value of available-for-sale financial assets	-	362,522	-	-	-	362,522	-	362,522
- Effective portion of changes in fair value of cash flow hedges	-	9,818	-	-	-	9,818	-	9,818
- Deferred tax effect	-	(81,097)	-	-	-	(81,097)	-	(81,097)
- Others	-	9,167	-	-	14,314	23,481	-	23,481
Sub-total of 1&2	-	300,410	-	418,048	14,314	732,772	21,162	753,934
3. Shareholders' contributions and decrease of capital								
- Contributions by shareholders	-	11,992	-	-	-	11,992	85,848	97,840
- Equity settled share-based payment	-	2,399	-	-	-	2,399	600	2,999
4. Appropriation of profits 46								
- Distributions to shareholders	-	-	-	(123,590)	-	(123,590)	(3,839)	(127,429)
5. Transfers within equity 43								
- Share capital increased by capital reserve transfer		58,029	(58,029)	-	-	-	-	-
Balance at 31 December 2007	328,872	455,603	422,695	965,799	22,677	2,195,646	206,028	2,401,674

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

_____ Mai Boliang stamp) Authorized representative of Legal Representative (Signature or stamp)	_____ Mai Boliang Chief Financial Officer (Signature or stamp)	_____ Jin Jianlong Chief Accountant (Signature or stamp)	(Company)
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The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd. Consolidated statement of changes in shareholder's equity for the year ended 31 December 2008 (continued)

Note	<i>Attributable to equity shareholders of the Company</i>						<i>Minority interests</i> RMB'000	<i>Total</i> RMB'000
	<i>Share capital</i> RMB'000	<i>Capital reserve</i> RMB'000	<i>Surplus reserve</i> RMB'000	<i>Retained earnings</i> RMB'000	<i>Foreign currency exch. reserve</i> RMB'000	<i>Subtotal</i> RMB'000		
Balance at 1 January 2008	2,662,396	3,553,473	3,497,045	7,674,757	(1,473,914)	15,913,757	1,628,544	17,542,301
Changes in equity for the year								
1. Net profit for the year	-	-	-	1,406,908	-	1,406,908	278,297	1,685,205
2. Gains and losses recognised directly in equity	44							
- Net changes in fair value of available-for-sale financial assets	-	(2,868,727)	-	-	-	(2,868,727)	-	(2,868,727)
- Effective portion of changes in fair value of cash flow hedges	-	(16,669)	-	-	-	(16,669)	-	(16,669)
- Deferred tax effect	-	605,371	-	-	-	605,371	-	605,371
- Others	-	21,668	-	-	(359,865)	(338,197)	(153,608)	(491,805)
Sub-total of 1&2	-	(2,258,357)	-	1,406,908	(359,865)	(1,211,314)	124,689	(1,086,625)
3. Shareholders' contributions and decrease of capital								
- Contributions by minority shareholders	17,496	-	-	-	-	-	-	17,496
- Acquisition of minority interest	-	57,656	-	-	-	57,656	(394,046)	(336,390)
- Increase in minority interest resulted from acquisition of subsidiary	-	-	-	-	-	-	103,890	103,890
- Increase in minority interest resulted from the transfer associate to subsidiary	-	-	-	-	-	-	93,387	93,387
4. Appropriation of profits	46							
- Appropriation for surplus reserve	-	-	80,543	(80,543)	-	-	-	-
- Distributions to shareholders	-	-	-	(1,331,198)	-	(1,331,198)	(68,413)	(1,399,611)
Balance at 31 December 2008	2,662,396	1,352,772	3,577,588	7,669,924	(1,833,779)	13,428,901	1,505,547	14,934,448

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

Mai Boliang stamp) Authorized representative of Legal Representative (Signature or stamp)	Mai Boliang Chief Financial Officer (Signature or stamp)	Jin Jianlong Chief Accountant (Signature or stamp)	(Company
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The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd. Consolidated statement of changes in shareholder's equity for the year ended 31 December 2007 (continued)

Note	Attributable to equity shareholders of the Company						Subtotal RMB'000	Minority interests RMB'000	Total RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	Retained earnings RMB'000	Foreign currency exch. reserve RMB'000	-			
Balance at 31 December 2006	2,218,663	749,822	3,758,569	4,901,350	(510,958)	-	11,117,446	848,198	11,965,644
Changes in accounting policies	-	866,966	(261,524)	562,059	(64,833)	-	1,102,668	-	1,102,668
Balance at 1 January 2007	2,218,663	1,616,788	3,497,045	5,463,409	(575,791)	-	12,220,114	848,198	13,068,312
Changes in equity for the year									
1. Net profit for the year	-	-	-	3,165,373	-	-	3,165,373	160,233	3,325,606
2. Gains and losses recognised directly in equity									
- Net changes in fair value of available-for-sale financial assets	-	2,744,945	-	-	-	-	2,744,945	-	2,744,945
- Effective portion of changes in fair value of cash flow hedges			71,713	-	-	-	-	71,713	-
			71,713						
- Deferred tax effect	-	(611,425)	-	-	-	-	(611,425)	-	(611,425)
- Others	-	69,414	-	-	(898,123)	-	(828,709)	-	(828,709)
Sub-total of 1&2	-	2,274,647	-	3,165,373	(898,123)	-	4,541,897	160,233	4,702,130
3. Shareholders' contributions and decrease of capital			88,251	-	-	-	-	88,251	644,803
			733,054						
- Equity settled share-based payment	-	17,520	-	-	-	-	17,520	4,380	21,900
4. Appropriation of profits									
- Distributions to shareholders	-	-	-	(954,025)	-	-	(954,025)	(29,070)	(983,095)
5. Transfers within equity									
- Share capital increased by capital reserve transfer		443,733	(443,733)	-	-	-	-	-	-
Balance at 31 December 2007	2,662,396	3,553,473	3,497,045	7,674,757	(1,473,914)	-	15,913,757	1,628,544	17,542,301

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

Mai Boliang stamp) Authorized representative of Legal Representative (Signature or stamp)	Mai Boliang Chief Financial Officer (Signature or stamp)	Jin Jianlong Chief Accountant (Signature or stamp)
(Company		

The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd. Statement of changes in shareholder's equity for the year ended 31 December 2008

	<i>Note</i>	<i>Share capital USD'000</i>	<i>Capital reserve USD'000</i>	<i>Surplus reserve USD'000</i>	<i>Retained earnings USD'000</i>	<i>Total USD'000</i>
Balance at 1 January 2008		328,872	431,133	422,695	193,892	1,376,592
Changes in equity for the year						
1. Net profit for the year		-	-	-	141,906	141,906
2. Gains and losses recognised directly in equity	44					
- Net changes in fair value of available-for-sale financial assets		-	(348,321)	-	-	(348,321)
- Deferred tax effect		-	69,664	-	-	69,664
Sub-total of 1&2		-	(278,657)	-	141,906	(136,751)
3 Appropriation of profits	46					
- Appropriation for for surplus reserve		-	-	11,475	(11,475)	-
- Distributions to shareholders		-	-	-	(191,724)	(191,724)
Balance at 31 December 2008		328,872	152,476	434,170	132,599	1,048,117

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

Mai Boliang stamp) Authorized representative of Legal Representative (Signature or stamp)	Mai Boliang Chief Financial Officer (Signature or stamp)	Jin Jianlong Chief Accountant (Signature or stamp)	(Company
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The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd. Statement of changes in shareholder's equity for the year ended 31 December 2007

	Note	Share capital USD'000	Capital reserve USD'000	Surplus reserve USD'000	Retained earnings USD'000	Foreign currency exch. diff USD'000	Total USD'000
Balance at 31 December 2006		270,843	152,061	423,032	596,341	12,420	1,454,697
Changes in accounting policies		-	54,153	(337)	(442,206)	(12,420)	(400,810)
Balance at 1 January 2007		270,843	206,214	422,695	154,135	-	1,053,887
Changes in equity for the year							
1. Net profit for the year		-	-	-	163,347	-	163,347
2. Gains and losses recognised directly in equity							
- Net changes in fair value of available-for-sale financial assets		-	362,522	-	-	-	362,522
- Deferred tax effect		-	(79,574)	-	-	-	(79,574)
Sub-total of 1&2		-	282,948	-	163,347	-	446,295
3 Appropriation of profits	46						
- Distributions to shareholders		-	-	-	(123,590)	-	(123,590)
4. Transfers within equity							
- Share capital increased by capital reserve transfer		58,029	(58,029)	-	-	-	-
Balance at 31 December 2007		328,872	431,133	422,695	193,892	-	1,376,592

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

Mai Boliang stamp) Authorized representative of Legal Representative (Signature or stamp)	Mai Boliang Chief Financial Officer (Signature or stamp)	Jin Jianlong Chief Accountant (Signature or stamp)	(Company
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The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd. Statement of changes in shareholder's equity for the year ended 31 December 2008 (continued)

	Note	Share capital RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	Retained earnings RMB'000	Foreign currency exch. reserve RMB'000	Total RMB'000
Balance at 1 January 2008		2,662,396	3,376,580	3,497,045	1,493,044	(974,163)	10,054,902
Changes in equity for the year							
1. Net profit for the year		-	-	-	983,310	-	983,310
2. Gains and losses recognised directly in equity	44						
- Net changes in fair value of available-for-sale financial assets		-	(2,814,200)	-	-	-	(2,814,200)
- Deferred tax effect		-	555,684	-	-	-	555,684
- Others		-	-	-	-	(295,730)	(295,730)
Sub-total of 1&2		-	(2,258,516)	-	983,310	(295,730)	(1,570,936)
3. Appropriation of profits	46						
- Appropriation for surplus reserve		-	-	80,543	(80,543)	-	-
- Distributions to shareholders		-	-	-	(1,331,198)	-	(1,331,198)
Balance at 31 December 2008		2,662,396	1,118,064	3,577,588	1,064,613	(1,269,893)	7,152,768

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

_____ Mai Boliang stamp) Authorized representative of Legal Representative (Signature or stamp)	_____ Mai Boliang Chief Financial Officer (Signature or stamp)	_____ Jin Jianlong Chief Accountant (Signature or stamp)	(Company
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The notes on pages 83 to 246 form part of these financial statements.

China International Marine Containers (Group) Co., Ltd. Statement of changes in shareholder's equity for the year ended 31 December 2008 (continued)

	<i>Note</i>	<i>Share capital RMB'000</i>	<i>Capital reserve RMB'000</i>	<i>Surplus reserve RMB'000</i>	<i>Retained earnings RMB'000</i>	<i>Foreign currency exch. reserve RMB'000</i>	<i>Tota RMB'000</i>
Balance at 31 December 2006		2,218,663	1,241,489	3,499,835	4,824,688	(430,618)	11,354,057
Changes in accounting policies		-	436,397	(2,790)	(3,614,448)	52,478	(3,128,363)
Balance at 1 January 2007		2,218,663	1,677,886	3,497,045	1,210,240	(378,140)	8,225,694
Changes in equity for the year							
1. Net profit for the year		-	-	-	1,236,829	-	1,236,829
2. Gains and losses recognised directly in equity							
- Net changes in fair value of available-for-sale financial assets		-	2,744,945	-	-	-	2,744,945
- Deferred tax effect		-	(602,518)	-	-	-	(602,518)
- Others		-	-	-	-	(596,023)	(596,023)
Sub-total of 1&2		-	2,142,427	-	1,236,829	(596,023)	2,783,233
3 Appropriation of profits	46						
- Distributions to shareholders		-	-	-	(954,025)	-	(954,025)
4. Transfers within equity							
- Share capital increased by capital reserve transfer		443,733	(443,733)	-	-	-	-
Balance at 31 December 2007		2,662,396	3,376,580	3,497,045	1,493,044	(974,163)	10,054,902

These financial statements have been approved by the Board of Directors of the Company on 30 March 2009.

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The notes on pages 83 to 246 form part of these financial statements.

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

Notes to the financial statements

(Expressed in thousands of USD or RMB)

1 COMPANY STATUS

China International Marine Containers (Group) Co., Ltd (the “Company”), formerly “China International Marine Containers Co., Ltd”, was a Sino-foreign joint venture set up by China Merchants Group, the East Asiatic Company (Denmark) and Ocean Containers Inc.(USA). In December 1992, as approved by “Shen Fu Ban Fu [1992] 1736” of the General Office of the People’s Government of Shenzhen and “Shen Ren Yin Fu Zi (1992) 261” of People’s Bank of China Shenzhen Special Economic Zone Branch, the Company was organized and restructured as a stock company set up by directional subscription and was renamed as “China International Marine Containers Co., Ltd” by the original legal representative of the shareholders for the Company.

The Company issued ordinary shares denominated in Renminbi for domestic (A Shares) and for foreign investors (B Shares) and commenced trading on Shenzhen Stock Exchange on 31 December 1993 and 17 January 1994 respectively pursuant to “Shen Fu Ban Fu [1993] 925” of the General Office of the People’s Government of Shenzhen and “Shen Zhen Ban Fu [1994] 22” of Shenzhen Securities Administration Office.

On 1 December 1995, as approved by State Administration for Industry and Commerce, the Company changed its name to “China International Marine Containers (Group) Co., Ltd”. As at 31 December 2008, the capital shares of the Company amounted to 2,662,396,051 shares. Please refer to Note 43 for details of the capital shares.

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) 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 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 offering the client EP+CS (engineering procurement and construction supervision) technical service for the storage and processing of LNG, LPG and other petrochemical gases.

2 BASIS OF PREPARATION

(1) *Statement of compliance*

The financial statements have been prepared in accordance with the requirements of the China Accounting Standards for Business Enterprises (CAS (2006)) issued by the Ministry of Finance (MOF). These financial statements present truly and completely the consolidated financial position and financial position, the consolidated results of operations and results of operations and the consolidated cash flows and cash flows of the Company.

These financial statements also comply with the disclosure requirements of “Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports” as revised by the China Securities Regulatory Commission (CSRC) in 2007.

(2) *Accounting year*

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

(3) *Measurement basis*

The measurement basis used in the preparation of the financial statements is historical cost basis except that the assets and liabilities set out below:

- Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading) (See Note 3(12))
- Available-for-sale financial assets(See Note 3(12))

(4) *Functional currency and presentation currency*

The Company’s functional currency is U.S dollars, while certain domestic subsidiaries’ use Renminbi (“RMB”) and Hong Kong and certain oversea subsidiaries use local currencies as their functional currencies. Foreign currencies are defined as currency other than functional currency. The Group determines its functional currencies based on its major currencies in business transactions. The financial statements are prepared using U.S dollars and presented in both U.S dollars and RMB. For subsidiaries using currencies other than U.S dollars as their functional currencies, the Company translates the financial statements of these subsidiaries into U.S dollars (see Note 3(2)).

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) *Business combination and consolidated financial statements*

(a) Business combination involving entities under common control

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

(b) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The cost of a business combination paid by the acquirer is the aggregate of the fair value at the acquisition date of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree plus any cost directly attributable to the business combination. The difference between the fair value and the carrying amount of the assets given is recognised in profit or loss. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

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

Any excess of the cost of a business combination over the acquirer's interest in the fair value of the acquiree's identifiable net assets is recognised as goodwill (See Note 3(10)).

Any excess of the acquirer's interest in the fair value of the acquiree's identifiable net assets over the cost of a business combination is recognised in profit or loss.

(c) Consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its operating activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(1) *Business combination and consolidated financial statements (continued)*

(c) Consolidated financial statements (continued)

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

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

Where the Company acquired a minority interest from a subsidiary's minority shareholders, the difference between the investment cost for acquiring the minority interest and the corresponding reduction of minority interest in the consolidated financial statements, is adjusted to the capital reserve in the consolidated balance sheet. If the credit balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(1) *Business combination and consolidated financial statements (continued)*

(c) Consolidated financial statements (continued)

Where losses attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' interest in of the equity of the subsidiary, the excess, and any further losses attributable to the minority shareholders, are allocated against the equity attributable to the Company except to the extent that the minority shareholders have a binding obligation under the articles of association or an agreement and are able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the equity attributable to the Company until the minority shareholders' share of losses previously absorbed by the Company has been recovered.

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

(2) *Translation of foreign currencies*

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 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 the average exchange rate at the end of the previous month.

Monetary items denominated in foreign currencies are translated to functional currency at the spot exchange rate at the balance sheet date. The resulting exchange differences are recognised in profit or loss, except those arising from the principals and interests on foreign currency borrowings specifically for the purpose of acquisition, construction or production of qualifying assets (see Note 3(19)). Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to functional currency using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which is recognised in capital reserve.

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(2) *Translation of foreign currencies (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 earning”, 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 spot exchange rates at the transaction dates. The resulting exchange differences are recognised in a separate component of equity. Upon disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

(3) *Cash and Cash equivalents*

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

(4) *Inventories*

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

Cost of inventories comprises all costs of purchase, costs of conversion and other costs. Inventories are initially measured at their actual cost. Borrowing costs directly related to the production of qualifying inventories are also included in the cost of inventories (see Note 3(19)). Cost of inventories is calculated using the weighted average method. 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.

Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories. Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale.

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. Reusable 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.

The Group maintains a perpetual inventory system.

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(5) *Long-term equity investments*

(a) Investments in subsidiaries

In the Group's consolidated financial statements, investment in subsidiaries are accounted for in accordance with the principles described in Note 3(1)(c).

In the Company's financial statements, investments in subsidiaries are accounted for using the cost method. The investments are stated at cost less impairment losses (see Note 3(13)(c)) in the balance sheet. At initial recognition, such investments are measured as follows:

- The initial investment cost of a long-term equity investment obtained through a business combination involving entities under common control is the Company's share of the subsidiary's equity at the combination date. The difference between the initial investment cost and the carrying amounts of the consideration given is adjusted to share premium in capital reserve. If the balance of the share premium is insufficient, any excess is adjusted to retained earnings.
- The initial investment cost of a long-term equity investment obtained through a business combination involving entities not under common control is the cost of acquisition determined at the acquisition date.
- An investment in a subsidiary acquired otherwise than through a business combination is initially recognised at actual payment cost if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities, or at the value stipulated in the investment contract or agreement if an investment is contributed by shareholders.

(b) Investment in jointly controlled enterprises and associates

A jointly controlled enterprise is an enterprise which operates under joint control in accordance with a contractual agreement between the Group and other parties. Joint control is the contractual agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control.

An associate is an enterprise over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not control or joint control over those policies.

An investment in a jointly controlled enterprise or an associate is accounted for using the equity method, unless the investment is classified as held for sale (see Note 3(11)).

At year-end, the Group makes provision for impairment loss of investments in jointly controlled enterprises and associates (see Note 3(13)(c)).

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(5) Long-term equity investments (continued)

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

An investment in a jointly controlled enterprise or an associate is initially recognised at actual payment cost if the Group acquires the investment by cash, at the fair value of the equity securities issued if an investment is acquired by issuing equity securities, or at the value stipulated in the investment contract or agreement if an investment is contributed by an investor.

The Group makes the following accounting treatments when using the equity method:

- Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.
- After the acquisition of the investment, the Group recognises its share of the investee's net profits or losses after deducting the amortisation of the debit balance of equity investment difference, which was recognised by the Group before the first-time adoption of CAS (2006), as investment income or losses, and adjusts the carrying amount of the investment accordingly. The debit balance of the equity investment difference is amortised using the straight-line method over the period which is determined in accordance with previous accounting standards. Once the investee declares any cash dividends or profits distributions, the carrying amount of the investment is reduced by that attributable to the Group.

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(5) *Long-term equity investments (continued)*

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

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

(c) Other long-term equity investments

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

Such investments are initially recognised at the cost determined in accordance with the same principles as those for jointly controlled enterprises and associates, and then accounted for using the cost method. At year-end the Group makes provision for impairment losses on such investments (see Note 3(13)(b)).

(6) *Investment property*

Investment property is a property held either to earn rental income or for capital appreciation or for both. Investment property is accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment loss (see Note 3(13)(c)). Investment property is depreciated or amortised using the straight line method over its estimated useful life, unless the investment property is classified as held for sale (see Note 3(11)).

Depreciation

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

(7) *Fixed assets and construction in progress*

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.

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(7) *Fixed assets and construction in progress (continued)*

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 3(13(c))). Construction in progress is stated in the balance sheet at cost less impairment losses (see Note 3(13)(c)).

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 includes the cost of materials, direct labour, capitalised borrowing costs (see Note 3(19)), and any other costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

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

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

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as unless the fixed asset is classified as held for (see Note 3(11)). The difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Fixed assets are depreciated using the straight-line method over their estimated useful lives, unless the fixed asset is classified as held for sale (see Note 3(11)). The estimated useful lives, residual values and depreciation rates of each class of fixed assets are as follows:

	<i>Estimated useful life</i>	<i>Estimated residual value</i>	<i>Depreciation rate</i>
Plants and buildings	20-30 years	10%	3-4.5%
Machinery and equipment	10-12 years	10%	7.5-9%
Motor vehicles	5 years	10%	18%
Electronic and other equipment	5 years	10%	18%

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

(8) *Leases*

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(8) *Leases (continued)*

(a) Assets leased out under finance leases

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

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

The Group makes provision for impairment losses of finance lease receivables (see Note 3(13)(a))

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

(b) Operating lease charges

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

(c) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment property (see Note 3(6)) are depreciated in accordance with the Group's depreciation policies described in Note 3(7). Impairment losses are provided for in accordance with the accounting policy described in Note 3(13)(c). 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 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(9) *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 3(13)(c)). 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 realized over its estimated useful life, unless the intangible asset is classified as held for sale (see Note 3(11)). The respective amortisation periods for such intangible assets are as follows:

	<i>Estimated useful lives</i>
Land use rights	29 - 50 years
Technological know-how and trademarks	5 - 10 years
Timber concession rights	20 years
Customer base	8 years
Customer contracts	4 years

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

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

Expenditures on research phase are recognised in profit or loss when incurred. Expenditures on development phase are capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete development. Capitalised development costs are stated at cost less impairment losses (see Note 3(13)(c)). Other development expenditures are recognised as expenses in the period in which they are incurred.

(10) *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.

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) *Goodwill (continued)*

Where the Company acquired a minority interest from a subsidiary's minority shareholders before 7 August 2008, goodwill is recognised with reference to the excess of the investment cost for acquiring the minority interest over the Group's interest in the fair value of the identifiable net asset of the minority interest acquired.

Goodwill is not amortised and is stated at cost less accumulated impairment losses (see Note 3(13)(c)). 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.

(11) *Non-current assets held for sale*

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

(12) *Financial instruments*

Financial instruments comprise cash at bank and on hand, investments in debt and equity securities other than long-term equity investments (see Note 3(5)), receivables, payables, loans and borrowings and share capital, etc.

(a) Recognition and measurement of financial assets and financial liabilities

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

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(12) *Financial instruments (continued)*

(a) Recognition and measurement of financial assets and financial liabilities (continued)

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

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

A financial asset or financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is a derivative, unless the derivative is a designated and effective hedging instrument, or a financial guarantee contract.

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

- Receivables

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

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

- Available-for-sale financial assets

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

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(12) *Financial instruments (continued)*

(a) Recognition and measurement of financial assets and financial liabilities (continued)

- Available-for-sale financial assets (continued)

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

- Other financial liabilities

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

Other financial liabilities include the liabilities arising from financial guarantee contracts. Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Where the Group issues a financial guarantee, subsequent to initial recognition, the guarantee is measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles of contingent liabilities (see Note 3(16)).

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

(b) Determination of fair values

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(12) *Financial instruments (continued)*

(b) Determination of fair values (continued)

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

(c) 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 determined to have been highly effective throughout the accounting periods for which the hedging relationship was designated. The Group uses a ratio analysis to assess the subsequent effectiveness of a cash flow hedge.

- 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.

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(12) *Financial instruments (continued)*

(c) Hedge accounting (continued)

- Cash flow hedges (continued)

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.

(d) Derecognition of financial assets and financial liabilities

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(12) *Financial instruments (continued)*

(d) Derecognition of financial assets and financial liabilities (continued)

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

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

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

(e) Equity instrument

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

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

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

(13) *Impairment of financial assets and non-financial long-term assets*

(a) Impairment of financial assets

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

- Receivables

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

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(13) *Impairment of financial assets and non-financial long-term assets (continued)*

(a) Impairment of financial assets (continued)

- Receivables (continued)

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.

- Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis.

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

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

(b) Impairment of other long-term equity investments

Other long-term equity investments (see Note 3(5)(c)) are assessed for impairment on an individual basis.

For other long-term equity investments, the amount of the impairment loss is measured as the difference between the carrying amount of the investment and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(13) *Impairment of financial assets and non-financial long-term assets (continued)*

(c) Impairment of other non-financial long-term assets

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

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

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at no later than each year-end, irrespective of whether there is any indication of impairment or not. Goodwill is tested for impairment together with its related asset groups or set of asset groups.

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(13) *Impairment of financial assets and non-financial long-term assets (continued)*

(c) Impairment of other non-financial long-term assets (continued)

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

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

(14) *Employee benefits*

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

(a) Pension benefits

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

(b) Housing fund and other social insurances

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(4) *Employee benefits (continued)*

(c) Share-based payments

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

- 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. 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.

(d) Termination benefits

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

- The Group has a formal plan for the termination of employment or has made an offer to employees for voluntary redundancy, which will be implemented shortly
- The Group is not allowed to withdraw from termination plan or redundancy offer unilaterally.

(15) *Income tax*

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, and any adjustment to tax payable in respect of previous years.

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(15) *Income tax (continued)*

At the balance sheet date, current tax assets and liabilities are offset if the taxable entity has a legally enforceable right to set off them and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

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

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

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

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

(16) *Provision and contingent liabilities*

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(16) *Provision and contingent liabilities (continued)*

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 can not be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

(17) *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 shareholder's 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:

(a) 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.

(b) Rendering of services

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

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(17) *Revenue recognition (continued)*

(c) Revenue from construction contracts

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

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

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

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

(d) Interest income

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

(18) *Government grants*

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(19) *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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(20) *Dividends appropriated to investors*

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

(21) *Related parties*

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

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

Besides the related parties stated above determined in accordance with the requirements of CAS (2006), 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;

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(21) *Related parties (continued)*

- (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.

(22) *Segment reporting*

Segment information is presented in respect of the Group's business and geographical segments. A business segment is a distinguishable component of the Group that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other component. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments. In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

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

Segment capital expenditure is the total cost incurred during the period to acquire or construct segment fixed assets and intangible assets.

Unallocated items mainly comprise interest income and expenses, dividend income, investment income or loss arising from long-term equity investment, non-operating income and expenses, and income tax expenses.

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(23) *Significant accounting estimates and judgments*

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

Notes 25, 57 and 59 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:

(a) Impairment of receivables

As described in Note 3(13)(a), receivables that are measured at amortisation cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is an indication that there has been a change in the factors used to determine the provision for impairment, the impairment loss recognised in prior years is reversed.

(b) Impairment of non-financial long-term assets

As described in Note 3(13)(c), non-financial long-term assets are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, impairment loss is provided.

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(23) *Significant accounting estimates and judgments (continued)*

(c) Depreciation and amortisation

As described in Note 3(6) and (7), (9) investment property, fixed assets and intangible assets are depreciated and amortised using the straight-line method over their useful lives after taking into account residual value. The useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation is revised.

(d) Warranty provisions

As described in Note 38, the Group makes provisions under the warranties it gives on sale of its products taking into account the group's recent claim experience. Any increase or decrease in the provision will affect profit or loss in future years.

(e) Impairment of inventories

As described in Note 3(4), inventories are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories.

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(22) *Significant accounting estimates and judgments (continued)*

(f) Functional currency

As described in the Note 2(4), the Group determines its functional currencies based on the major currencies in business transactions. Since most revenue of subsidiaries within the container segment is denominated in US dollars, these subsidiaries choose US dollar as their functional currencies. For the same reason, the subsidiaries in the road transportation segment choose RMB. If there is an indication that there has been a change in the factors used to determine the functional currency, the functional currency is changed.

(g) Construction contract

As described in Note 3(17)(c), contract revenue and contract income 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.

(h) Income taxes

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

4 CHANGES IN ACCOUNTING POLICIES

(1) *Changes in accounting policies and their effects*

(a) Description of and reasons for changes in accounting policies

In accordance with CAS Bulletin No.2 and the Notice on preparing 2008 annual reports of enterprises adopting China Accounting Standards (Caikuaihan [2008]No.60), which were newly issued by the Ministry of Finance in 2008, and the Interpretation Guidance of CAS published in December 2008, the Group changed the following significant accounting policies in the current accounting year:

- The acquisition of minority interests

When preparing the consolidated financial statements, if the Company acquired a minority interest from a subsidiary's minority shareholders before 7 August 2008, a goodwill is recognised on the consolidated financial statement, whose amount is the excess of the additional long-term equity investment cost on the minority interest acquisition over the fair value on the transaction date of the subsidiary's identifiable net assets of the newly acquired portion. The difference between (i) and (ii) below, less the aforementioned goodwill is adjusted to the capital surplus in the consolidated balance sheet:

- (i) the additional long-term equity investment cost on the minority interest acquisition;
- (ii) the newly acquired interest in the subsidiary's identifiable net assets recorded from the subsidiary acquisition date (or combination date).

If such an acquisition occurred on or after 7 August 2008, no goodwill is recognised. The total difference between the above (i) and (ii) is adjusted to the capital reserve in the consolidated balance sheet. In both cases if the credit balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

According to CAS Bulletin No.2, no retrospective adjustment has been made by the Group for the above change of accounting policy on acquisition of minority interest. The effect of this change of accounting policy on the current year has been disclosed in Note 4(1)(b).

- Deferred tax assets are offset against deferred tax liabilities

Deferred tax assets and liabilities were presented separately from each other and were not offset. Now they are presented on a net basis on the balance sheet if specific conditions are met (see Note 3(15)).

The relevant comparative items have been adjusted accordingly for the above change on the presentation of deferred tax assets and liabilities. The effects of this change of accounting policy on the prior years have been disclosed in Note 4(2), while this is no effect on the current year.

4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(1) *Changes in accounting policies and their effects (continued)*

(a) Description of and reasons for changes in accounting policies (continued)

- Change on the presentation of tax withheld/deductible

Tax withheld/deductible were presented in the debit side of Taxes Payable. In the current accounting year, in accordance with the Interpretation Guidance of CAS published in December 2008, they are presented in Other Current Assets if specific conditions are met and the relevant comparative items have been adjusted accordingly. The effects of this change of accounting policy on the prior years have been disclosed in Note 4(2), while this is no effect on the current year.

(b) Effect of changes in accounting policies on the current year

The following tables provide estimates of the extent to which each of the line items in the consolidated income statement and income statement, and the consolidated balance sheet and balance sheet for the year ended 31 December 2008 is higher or lower than it would have been had the previous policies still been applied in the year.

- (i) The changes of accounting policies have no effect on the 2008 consolidated income statement and income statement.

- (ii) The effects on each of the line items in the consolidated balance sheet and balance sheet for the year ended 31 December 2008 are analysed as follows:

The Group

	Note	Effect of new policy (increase/decrease) in net assets	
		USD'000	RMB'000
Good will and Net assets		<u>996</u>	<u>6,434</u>
Attributable to:			
- Surplus reserve		<u>996</u>	<u>6,434</u>

4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(2) *Above changes in accounting policies have no effects on the Group's and the Company's net profits and shareholders' equity for 2007.*

Affected assets and liabilities items in the balance sheet as at 31 December 2007

	<i>The Group</i>			<i>The Company</i>		
	<i>Before adjustment</i>	<i>Adjustment</i>	<i>After adjustment</i>	<i>Before adjustment</i>	<i>Adjustment</i>	<i>After adjustment</i>
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Other current assets	9,818	107,212	117,030	-	-	-
Deferred tax assets	41,312	(17,297)	24,015	7,991	(7,991)	-
Taxes payable	49,936	(107,212)	(57,276)	(14,215)	-	(14,215)
Deferred tax liabilities	(168,863)	17,297	(151,566)	(102,272)	7,991	(94,281)
Total	(67,797)	-	(67,797)	(108,496)	-	(108,496)

	<i>The Group</i>			<i>The Company</i>		
	<i>Before adjustment</i>	<i>Adjustment</i>	<i>After adjustment</i>	<i>Before adjustment</i>	<i>Adjustment</i>	<i>After adjustment</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other current assets	71,713	783,095	854,808	-	-	-
Deferred tax assets	301,751	(126,341)	175,410	58,371	(58,371)	-
Taxes payable	364,743	(783,095)	(418,352)	(103,829)	-	(103,829)
Deferred tax liabilities	(1,233,410)	126,341	(1,107,069)	(747,018)	58,371	(688,647)
Total	(495,203)	-	(495,203)	(792,476)	-	(792,476)

5 TAXATION

- (1) The types of taxes applicable to the Group's sale of goods and rendering of services include business tax, value added tax (VAT) and education surcharge. Their tax rates are as follows:

Business tax rate:	3% - 5%
VAT rate:	17%
Education surcharge rate:	3%
The Netherlands / Australia service tax rate	10% - 19%

(2) *Income tax*

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

	2008	2007
The Company	18%	15%
Domestic subsidiaries	0 - 25%	0-33%
Subsidiaries registered in Hong Kong	16.5%	17.5%
Subsidiaries registered in British Virgin Islands	-	-
Subsidiary registered in Suriname	36%	38%
Subsidiary registered in Cambodia	20%	30%
Subsidiary registered in US	15 - 35%	40%
Subsidiary registered in Germany	31.6%	31.6%
Subsidiary registered in Britain	28%	30%
Subsidiary registered in Australia	30%	30%
Subsidiary registered in the Netherlands	20% - 25.5%	20% - 25.5%
Subsidiary registered in Belgium	34%	34%
Subsidiary registered in Denmark	28%	30%
Subsidiary registered in Finland	26%	28%
Subsidiary registered in Poland	19%	28%
Subsidiary registered in Thailand	30%	30%

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

<i>Name of enterprises</i>	<i>Local Statutory tax rate</i>	<i>Preferential rate</i>	<i>Reasons</i>
1 Shenzhen CIMC - Tianda Airport Support Co., Ltd	18%	15%	Recognized as high-tech enterprises, Entitled to 15% preferential rate
2 Qingdao CIMC Special Reefer Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2008 is the fourth profit making year
3 Guangdong Xinhui CIMC Special Transportation Equipments Co., Ltd	25%	12.5%	Entitled to tax holiday of "two-year exemption and three-year reduction", and 2008 is the fifth profit making year

5 TAXATION (CONTINUED)

(2) *Income tax (continued)*

<i>Name of enterprises</i>	<i>Local Statutory tax rate</i>	<i>Preferential rate</i>	<i>Reasons</i>
4 Nantong CIMC Tank Equipments Co., Ltd.	25%	12.5%	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the fifth profit making year
5 Dalian CIMC Container Co., Ltd.	18%	9%	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the fifth profit making year
6 Shenzhen CIMC Special Vehicle Co., Ltd.	18%	9%	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the fourth profit making year
7 Ningbo CIMC Logistics Equipments Co., Ltd.	18%	9%	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the fifth profit making year
8 Shanghai CIMC Yangshan Logistics Equipment Co., Ltd	25%	-	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the first profit making year
9 Shenzhen Southern CIMC Eastern Logistics Equipments Co., Ltd.	18%	9%	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the fifth profit making year
10 Dalian CIMC Logistics Equipments Co., Ltd.	18%	9%	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the fourth profit making year
11 Tianjin CIMC Special Vehicle Co., Ltd	18%	-	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the first profit making year
12 CIMC SHAC (Xi’ An) Special Vehicle Co., Ltd.	25%	-	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the first profit making year
13 Gansu CIMC Huajun Vehicle Co., Ltd.	25%	-	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the second profit making year
14 Yangzhou Runyang Logistics Equipments Co., Ltd.	25%	12.5%	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the fourth profit making year

5 TAXATION (CONTINUED)

(2) *Income tax (continued)*

<i>Name of enterprises</i>	<i>Local Statutory tax rate</i>	<i>Preferential rate</i>	<i>Reasons</i>
15 Jiaxing CIMC Wood Co., Ltd.	25%	12.5%	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the third profit making year
16 Inner Mongolia Holonbuir CIMC Wood Co., Ltd	25%	-	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the first profit making year
17 Tianjin CIMC Logistics Equipments Co., Ltd.	18%	9%	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the third profit making year
18 Tianjin CIMC Containers Co., Ltd	18%	-	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the first profit making year
19 Taicang CIMC Containers Co., Ltd	25%	12.5%	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the third profit making year
20 Shanghai CIMC Yangshan Container Service Co.,Ltd	25%	-	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the first profit making year
21 Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd.	25%	12.5%	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is third profit making year
22 Xinhui CIMC Container Flooring Co., Ltd.	25%	12.5%	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the fifth profit making year
23 Zhumadian CIMC Huajun Vehicle Co., Ltd.	25%	12.5%	Entitled to tax holiday of “two-year exemption and three-year reduction”, and 2008 is the fourth profit making year
24 Yangzhou Tonglee Reefer Equipment Co., Ltd	25%	-	Entitled to tax holidays of “two-year reduction and three-year reduction”, and 2008 is the second profit making year
25 Yangzhou Tonglee Reefer Container Co., Ltd	25%	-	Entitled to tax holidays of reduction and three-year reduction”, “two-year and 2008 is the first profit making year

5 TAXATION (CONTINUED)

(2) *Income tax (continued)*

<i>Name of enterprises</i>	<i>Local Statutory tax rate</i>	<i>Preferential rate</i>	<i>Reasons</i>
26 Yangzhou CIMC Tonghua Tank Equipment Co., Ltd	25%	-	Entitled to tax holidays of “two-year reduction and three-year reduction”, and 2008 is the first profit making year
27 Enric (Bengbu) Compressor Co., Ltd	25%	15%	Recognized as high-tech enterprises entitled to 15% preferential rate
28 Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	12.5%	Entitled to tax holidays of “two-year reduction and three-year reduction”, and 2008 is the fifth profit making year

On 16 March 2007, the Fifth Plenary Session of Tenth National People’s Congress, for the People’s Republic of China promulgated the corporate income tax law of the PRC (“New Tax Law”) which become effective on 1 January 2008. The statutory income tax rate for the Company and its domestic subsidiaries will be 25%. According to the Notice for Transitional Preferential Tax Policies of Enterprise Income Tax (Guo Fa [2007] No. 39) issued by the State Council, the tax rate for the companies which were previously entitled to preferential tax rates will gradually transition to the statutory tax rate of 25% within 5 years. The tax rate for the enterprises which are entitled to preferential tax rate of 15% will be 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012; the tax rate for the enterprises whose applicable tax rates were 24% and above or equal to 25% will be 25% starting from 2008.

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

(3) *Taxes payable*

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	<i>USD'000</i>	<i>RMB'000</i>	<i>USD'000</i>	<i>RMB'000</i>
VAT payable	16,873	115,145	10,325	75,414
Business tax payable	333	2,275	203	1,485
Income tax payable	32,498	221,779	34,332	250,769
Withholding tax	9,553	65,194	9,775	71,401
Others	2,553	17,422	2,641	19,283
Total	61,810	421,815	57,276	418,352

5 TAXATION (CONTINUED)

(3) Taxes payable (continued)

	<i>The Company</i>			
	<u>2008</u>		<u>2007</u>	
	USD'000	RMB'000	USD'000	RMB'000
Income tax payable	12,276	83,780	6,301	46,025
Withholding tax	8,511	58,080	7,914	57,804
Total	<u>20,787</u>	<u>141,860</u>	<u>14,215</u>	<u>103,829</u>

Pursuant to the *Business Accounting Criterion Explains 2008* issued by Ministry of Finance in December 2008, the debit balance of tax payable which fulfils certain criteria is classified as other current assets in current year's financial statements. Certain comparative figures have been classified to conform with presentation adopted in the current year's financial statements.

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

(1) *As at 31 December 2008, the consolidated financial statements included the following subsidiaries:*

(a) Subsidiaries acquired through business combinations under common control:

(i) Domestic subsidiaries:

Name	Organisation code	Registration place	Business nature	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
				Currency	Amount of original currency		Currency	Amount of original currency	
1 Shenzhen Southern CIMC Containers Manufacture Co., Ltd.(SCIMC)	618908520	Guangdong, China	Sino-foreign joint venture	USD	16,600,000.00	Manufacture, repair and sale of container, processing and manufacture of various mechanical parts, structures and equipments; container stockpiling business	USD	16,600,000.00	100.00%
2 Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd. (SCIMCEL)	769168750	Guangdong, China	Sino-foreign joint venture	USD	16,600,000.00	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipments; design and manufacture of new-style special road and port mechanical equipment; container stockpiling business	USD	16,600,000.00	100.00%
3 Xinhui CIMC Container Co., Ltd.(XHCIMC)	61773847-8	Guangdong, China	Sino-foreign joint venture	USD	24,000,000.00	Manufacture, repair and sale of container, processing and manufacture of various mechanical parts, structures and equipments	USD	16,800,000.00	70.00%
4 Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	60830980-7	Jiangsu, China	Sino-foreign joint venture	USD	7,700,000.00	Manufacture, repair and sale of container, processing and manufacture of various mechanical parts, structures and equipments	USD	5,467,000.00	71.00%
5 Tianjin CIMC Containers Co., Ltd.(TJCIMCn)	77361818-7	Tianjin, China	Sino-foreign joint venture	USD	23,000,000.00	Manufacture and sale of container as well as relevant technical advisory; processing and manufacture of various mechanical parts, structures and equipments; container stockpiling business	USD	23,000,000.00	100.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements included the following subsidiaries: (continued)

(a) Subsidiaries acquired through business combinations under common control: (continued)

(i) Domestic subsidiaries: (continued)

Name	Organisation code	Registration place	Business nature	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
				Currency	Amount of original currency		Currency	Amount of original currency	
6 Dalian CIMC Container Co., Ltd.(DLCIMC)	751584887	Dalian, China	Sino-foreign joint venture	USD	17,400,000.00	Manufacture and sale of container as well as relevant technical advisory; processing and manufacture of various mechanical parts, structures and equipments; container stockpiling business	USD	17,400,000.00	100.00%
7 Ningbo CIMC Logistics Equipment Co., Ltd. (NBCIMC)	753276730	Ningbo, China	Sino-foreign joint venture	USD	15,000,000.00	Manufacture and sale of container as well as relevant technical advisory; processing and manufacture of various mechanical parts, structures and equipments; container stockpiling business	USD	15,000,000.00	100.00%
8 Taicang CIMC Containers Co., Ltd.(TCCIMC)	76150720-1	Jiangsu, China	Sino-foreign joint venture	USD	40,000,000.00	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipments	USD	40,000,000.00	100.00%
9 Yangzhou Runyang Logistics Equipments Co., Ltd.(YZRYL)	77320198-X	Jiangsu, China	Foreign-funded enterprise	USD	5,000,000.00	Manufacture, repair and sale of container, processing and manufacture of various mechanical parts, structures and equipments	USD	5,000,000.00	100.00%
10 Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.(SHYSLE)	77978043-3	Shanghai, China	Sino-foreign joint venture	USD	20,000,000.00	Manufacture and sale of container as well as relevant technical advisory; processing and manufacture of various mechanical parts, structures and equipments; container stockpiling business	USD	20,000,000.00	100.00%
11 Shanghai CIMC Reefer Containers Co., Ltd. (SCRC)	60731217-4	Shanghai, China	Sino-foreign joint venture	USD	31,000,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing relevant technical advisory and maintenance service	USD	28,520,000.00	92.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements included the following subsidiaries: (continued)

(a) Subsidiaries acquired through business combinations under common control: (continued)

(i) Domestic subsidiaries: (continued)

Name	Organisation code	Registration place	Business nature	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
				Currency	Amount of original currency		Currency	Amount of original currency	
12 Yangzhou Tonglee Reefer Equipment Co., Ltd.(TLRC)	785881878	Jiangsu, China	Sole-funded by foreign businessmen	USD	1,000,000.00	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	USD	1,000,000.00	100.00%
13 Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	703728006	Jiangsu, China	Sino-foreign joint venture	USD	10,000,000.00	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	USD	7,100,000.00	71.00%
14 Xinhui CIMC Special Transportation Equipment Co., Ltd.(XHCIMCS)	74629484-2	Guangdong, China	Sino-foreign joint venture	USD	9,000,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts; providing leasing, maintenance and relevant technical advisory service	USD	9,000,000.00	100.00%
15 Nantong CIMC Tank Equipment Co., Ltd. (NTCIMCT)	752015352	Jiangsu, China	Sino-foreign joint venture	USD	25,000,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts; providing maintenance service for relevant equipments	USD	25,000,000.00	100.00%
16 Dalian CIMC Railway Equipment Co., Ltd. (DLCIMCS)	77727911-9	Liaoning, China	Sino-foreign joint venture	USD	20,000,000.00	Design, manufacture and sale of various railway freight equipment products such as railway container flat car, open wagon and hopper wagon	USD	20,000,000.00	100.00%
17 Nantong CIMC Large-Sized Tank Co., Ltd.	70104175	Jiangsu, China	Sole-funded by foreign businessmen	USD	33,000,000.00	Design, production and sale of tank and relevant parts; undertaking tank-related general contracting projects; providing relevant after service	USD	29,370,000.00	89.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) *As at 31 December 2008, the consolidated financial statements included the following subsidiaries: (continued)*

(a) Subsidiaries acquired through business combinations under common control: (continued)

(i) Domestic subsidiaries: (continued)

Name	Organisation code	Registration place	Business nature	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
				Currency	Amount of original currency		Currency	Amount of original currency	
18 Shenzhen CIMC Vehicle Sales Co., Ltd.(SZCVS)	76345702-5	Guangdong, China	Sino-foreign joint venture	RMB	3,000,000.00	Sales of various special vehicles and refitting vehicles such as trailer, box car produced by CIMC and its subsidiary companies; sales of chassis, tractor and relevant components and parts; providing after service	RMB	2,400,000.00	80.00%
19 Shenzhen CIMC Special Vehicle Co., Ltd.(CIMCSV)	75860190X	Guangdong, China	Sino-foreign joint venture	RMB	200,000,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts; providing technical and after service	RMB	160,000,000.00	80.00%
20 Qingdao CIMC Special Vehicles Co., Ltd.(QDSV)	76671523-7	Shandong, China	Sino-foreign joint venture	RMB	35,000,000.00	Development, production and sales of various special-use vehicles, trailer series as well as components and parts; providing advisory and after service	RMB	28,000,000.00	80.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements included the following subsidiaries: (continued)

(a) Subsidiaries acquired through business combinations under common control: (continued)

(i) Domestic subsidiaries: (continued)

Name	Organisation code	Registration place	Business nature	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
				Currency	Amount of original currency		Currency	Amount of original currency	
21 Yangzhou CIMC Tonghua Tank Equipment Co., Ltd. (YZTHT)	76914300-0	Jiangsu, China	Sino-foreign joint venture	USD	17,500,000.00	Development and production of various trailer, special-use vehicles and tank equipment as well as components and parts; providing relevant technical service	USD	14,000,000.00	80.00%
22 Shanghai CIMC Vehicle Logistics Equipments Co., Ltd. (SHL)	770922079	Shanghai, China	Sino-foreign joint venture	RMB	90,204,082.00	Development, construction, operation, leasing, sales of warehousing and auxiliary facilities; property management and relevant service	RMB	72,163,265.60	80.00%
23 Shanghai CIMC Transport Service Co., Ltd.(SHXMK)	781865153	Shanghai, China	Sino-foreign joint venture	RMB	500,000.00	Transport and advisory for routine goods; warehousing	RMB	400,000.00	80.00%
24 Beijing CIMC Vehicle Logistics Equipments Co., Ltd. (BJVL)	78095118-0	Beijing, China	Sino-foreign joint venture	RMB	20,000,000.00	Construction and operation of auxiliary warehousing equipments	RMB	16,000,000.00	80.00%
25 Beijing CIMC Automobile Sales Service Co., Ltd. (BJVS)	78617496-8	Beijing, China	Sino-foreign joint venture	RMB	5,000,000.00	Sales of automobile, automobile fittings, metal material; import and export of goods; repair of mechanical equipment; concurrent insurance agency	RMB	4,000,000.00	80.00%
26 CIMC Vehicle (Liaoning) Co., Ltd. (LNVS)	78162475-5	Liaoning, China	Sino-foreign joint venture	RMB	40,000,000.00	Development and production of various trailer, special-use vehicles as well as components and parts; providing relevant technical service	RMB	32,000,000.00	80.00%
27 Shanghai CIMC Old Motor Vehicle Brokerage Co., Ltd (SHOV)	789512643	Shanghai, China	Sino-foreign joint venture	RMB	1,000,000.00	Relevant advisory about brokerage for old motor vehicle and after services	RMB	800,000.00	80.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements included the following subsidiaries: (continued)

(a) Subsidiaries acquired through business combinations under common control: (continued)

(i) Domestic subsidiaries: (continued)

Name	Organisation code	Registration place	Business nature	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
				Currency	Amount of original currency		Currency	Amount of original currency	
28 Tianjin CIMC Special Vehicles Co., Ltd.(TJXV)	79251125-4	Tianjin, China	Sino-foreign joint venture	RMB	30,000,000.00	Production and sales of box car, mechanical products, metal structure member; relevant advisory and after service	RMB	24,000,000.00	80.00%
29 CIMC -SHAC (Xi'An) Special Vehicle Co., Ltd. (XASV)	79165912-6	Xi'an, China	Sino-foreign joint venture	RMB	50,000,000.00	Development and production of various trailer, special vehicle and the components and parts; providing relevant technical service	RMB	30,000,000.00	60.00%
30 Gansu CIMC Huajun Vehicle Co., Ltd. (GSHJ)	78404613-7	Gansu, China	Sino-foreign joint venture	RMB	25,000,000.00	Refitting of special vehicles, manufacture of trailer and fittings as well as automobile fittings; sales of materials related to automobile, motorcycle, hardware and chemical industry	RMB	15,000,000.00	60.00%
31 Ningbo CIMC Vehicle Sales Services Co., Ltd. (NBVS)	79600392-7	Zhejiang, China	Sino-foreign joint venture	RMB	5,000,000.00	Wholesale and retail of non-passenger car, automobile fittings, metal material, mechanical equipments; routine mechanical maintenance; insurance agency for motor vehicle	RMB	4,000,000.00	80.00%
32 Guangzhou CIMC Vehicle Logistics Equipments Co., Ltd (GZV)	79737362-0	Guangdong, China	Sino-foreign joint venture	RMB	15,000,000.00	Wholesale and retail of automobile, automobile fittings, metal material, hardware, electrical appliances and mechanical equipments; maintenance for mechanical equipment	RMB	12,000,000.00	80.00%
33 Shanghai CIMC Baojian Vehicle Comprehensive Detection Co., Ltd (SHBJ)	797010379	Shanghai, China	Sino-foreign joint venture	RMB	3,300,000.00	Comprehensive performance examination for motor vehicles; vehicle consignment	RMB	1,908,720.00	57.84%
34 Fuyang CIMC Logistics Equipments Co., Ltd. (FYV)	79811738-9	Anhui, China	Domestically-funded	RMB	8,000,000.00	Wholesale and retail of non-passenger car, automobile fittings, metal material, mechanical equipments; routine mechanical maintenance	RMB	6,400,000.00	80.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements included the following subsidiaries: (continued)

(a) Subsidiaries acquired through business combinations under common control: (continued)

(i) Domestic subsidiaries: (continued)

Name	Organisation code	Registration place	Business nature	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
				Currency	Amount of original currency		Currency	Amount of original currency	
35 Xinhui CIMC Composite Material Manufacture CO., LTD (XHCM)	76933495-8	Guangdong, China	Sino-foreign joint venture	USD	16,000,000.00	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	USD	12,800,000.00	80.00%
36 Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)	66128116-1	Shandong, China	Sino-foreign joint venture	RMB	137,930,000.00	Development, manufacture, sales and service for garbage treatment truck and the components and parts	RMB	50,275,440.00	40.80%
37 Hubei CIMC Vehicle Logistics Equipments Co., Ltd (HBVS)	66676694-2	Hubei, China	Sino-foreign joint venture	RMB	5,000,000.00	Sales and relevant services of automobile, sales of automobile fittings, metal material, hardware, electrical appliances and electromechanical equipment, mechanical equipment and chemical products warehousing service.	RMB	4,000,000.00	80.00%
38 Shanxi CIMC Vehicle Logistics Equipments Co., Ltd (SXVS)	66661403-3	Shanxi, China	Sino-foreign joint venture	RMB	5,000,000.00	Sales of automobile, automobile fittings, metal material, hardware, electrical appliances and electromechanical equipment; warehousing service; mechanical products, maintenance of mechanical equipment; tyre leasing, etc.	RMB	4,000,000.00	80.00%
39 Xinjiang CIMC Vehicle Logistics Equipments Co., Ltd (XJVS)	66394910-X	Xinjiang, China	Sino-foreign joint venture	RMB	5,000,000.00	Sales of hardware, electrical appliances, electromechanical equipment and chemical products; maintenance of mechanical equipment; warehousing of logistics equipments; tyre leasing and renovation	RMB	4,000,000.00	80.00%
40 Inner Mongolia CIMC Vehicle Logistics Equipments Co., Ltd (NMGVS)	667304248-8	Inner Mongolia, China	Sino-foreign joint venture	RMB	5,000,000.00	Sales of automobile, automobile fittings, metal material, hardware, electrical appliances and electromechanical equipment; warehousing service; chemical products, maintenance of mechanical equipment; tyre leasing	RMB	4,000,000.00	80.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements included the following subsidiaries: (continued)

(a) Subsidiaries acquired through business combinations under common control: (continued)

(i) Domestic subsidiaries: (continued)

Name	Organisation code	Registration place	Business nature	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
				Currency	Amount of original currency		Currency	Amount of original currency	
41 Shijiazhuang CIMC Vehicle Sales Services Co., Ltd. (SJZVS)	667739364	Hebei, China	Invested by foreign businessmen	RMB	5,000,000.00	Sales of automobile fittings, metal material, hardware, electrical appliances and electromechanical equipment; ; warehousing of logistics equipments; tyre leasing	RMB	4,000,000.00	80.00%
42 Xiamen CIMC Vehicle Logistics Equipments Co., Ltd. (XMVS)	66472628-5	Fujian, China	Sino-foreign joint venture	RMB	5,000,000.00	Sales of automobile, automobile fittings, metal material, hardware, electrical appliances and electromechanical equipment; maintenance of mechanical equipment	RMB	4,000,000.00	80.00%
43 Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	666094445	Shanghai, China	Sino-foreign joint venture	RMB	30,000,000.00	Development and production of box trailer, box car as well as relevant mechanical products and metal structure members; providing relevant advisory and after service	RMB	24,000,000.00	80.00%
44 CIMC Financing and Leasing Co., Ltd. (CIMCVL)	71788051-9	Guangdong, China	Sino-foreign joint venture	USD	10,000,000.00	Financing and leasing business; disposal and maintenance for residual value of leased property; advisory and warranty for leasing transaction	RMB	8,000,000.00	80.00%
45 CIMC Vehicle (Guangxi) Co., Ltd. (GXV)	66971491-0	Guangxi, china	Sole-funded by legal person	RMB	10,000,000.00	Sales of special vehicle and trailer; purchasing and selling agent for automobile fittings, metal material, hardware, electrical appliances and electromechanical equipment; maintenance of mechanical equipment	RMB	8,000,000.00	80.00%
46 Hunan CIMC Vehicle Sales Services Co., Ltd. (HNVS)	66858563-5	Hunan, China	Sino-foreign joint venture	RMB	5,000,000.00	Sales of automobile, automobile fittings, metal material, hardware, electrical appliances and electromechanical equipment; import and export business of goods and technologies	RMB	4,000,000.00	80.00%
47 Liaoning CIMC Vehicle Logistics Equipments Co., Ltd. (SYVS)	66717529-8	Liaoning, China	Sino-foreign joint venture	RMB	7,000,000.00	Sales of automobile, automobile fittings, metal material, mechanical equipment; ; leasing logistics equipments; warehousing service	RMB	5,600,000.00	80.00%
48 Yunnan CIMC Vehicle Logistics Equipments Co., Ltd. (YNVS)	66828683-8	Yunnan, China	Sino-foreign joint venture	RMB	5,000,000.00	Sales of special vehicle and trailer; sales of automobile fittings; import and export of goods and technologies; warehousing service	RMB	4,000,000.00	80.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements included the following subsidiaries: (continued)

(a) Subsidiaries acquired through business combinations under common control: (continued)

(i) Domestic subsidiaries: (continued)

Name	Organisation code	Registration place	Business nature	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
				Currency	Amount of original currency		Currency	Amount of original currency	
49 Chongqing CIMC Vehicle Logistics Equipments Co., Ltd. (CQVS)	66893549-8	Chongqing, China	Sino-foreign joint venture	RMB	5,000,000.00	Sales of automobile, automobile fittings, metal material, hardware, electrical appliances and electromechanical equipment; maintenance and warehousing service for mechanical equipments; import and export of goods	RMB	4,000,000.00	80.00%
50 Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV)	66787432-0	Shandong, China	Sino-foreign joint venture	USD	25,000,000.00	Manufacture and sales of various refrigeration, heat preservation and other transport equipments and spare parts; providing relevant technical and maintenance service	USD	20,000,000.00	80.00%
51 Nantong CIMC Tank Equipment Co., Ltd. (NTCY)	798612590	Jiangsu, China	Sino-foreign joint venture	USD	10,000,000.00	Production of special vehicles, manufacture and repair of large-sized tank, production of various pressurization tank car, special pressurization trough, tank and parts	USD	8,000,000.00	80.00%
52 Shanghai Yulan Real Estate Development Co., Ltd. (SYPL)	70306257-4	Shanghai, China	Sino-foreign joint venture	RMB	5,000,000.00	Real estate development, property management	RMB	5,000,000.00	100.00%
53 Shanghai Meiyang Properties Co., Ltd. (SMYPL)	76942311-7	Shanghai, China	Sino-foreign joint venture	RMB	9,000,000.00	Real estate development, property management, and commercial information advisory	RMB	9,000,000.00	100.00%
54 Shenzhen CIMC – Tianda Airport Support Ltd. (TAS)	61880852-X	Guangdong, China	Sino-foreign joint venture	USD	13,500,000.00	Production and operation of various airport-purpose electromechanical equipment products, processing of metal structure members	USD	9,450,000.00	70.00%
55 Xinhui CIMC Container Flooring Co., Ltd. (XHCIMCF)	71471803-0	Guangdong, China	Sino-foreign joint venture	USD	15,500,000.00	Production of container-purpose wood floor and relevant products of various specifications; providing relevant technical advisory and after service	USD	15,500,000.00	100.00%
56 Shenzhen CIMC Wood Co., Ltd. (CIMCW)	72717262-0	Guangdong, China	Sino-foreign joint venture	RMB	5,000,000.00	Investment in wood industry; import and export business; technical development related to wood industry; operation of timber, equipment and products	RMB	5,000,000.00	100.00%
57 Innermongolia Holonbuir CIMC Wood Co., Ltd. (NMGW)	76447440-9	Inner Mongolia, China	Sino-foreign joint venture	USD	12,000,000.00	Production and sales of various container wood floors and wood products for transport equipments	USD	12,000,000.00	100.00%
58 Jiaxing CIMC Wood Co., Ltd. (JXW)	78442573-5	Zhejiang, China	Sino-foreign joint venture	USD	5,000,000.00	Production and sales of container wood floors, wood products for transport equipments and other wood products	USD	5,000,000.00	100.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements included the following subsidiaries: (continued)

(a) Subsidiaries acquired through business combinations under common control: (continued)

(i) Domestic subsidiaries: (continued)

Name	Organisation code	Registration place	Business nature	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
				Currency	Amount of original currency		Currency	Amount of original currency	
59 Ningguo CIMC Bamboo and Wood Product Co., Ltd. (NGW)	66424260-0	Anhui, China	Sino-foreign joint venture	USD	1,300,000.00	Production and sales of self-produced plywood, floor, decorative board and relevant wood and bamboo products; purchasing bamboo and wood for production purpose	USD	780,000.00	60.00%
60 Manzhouli CIMC Wood Co., Ltd (MZLW)	66408391-0	Inner Mongolia, China	Domestically-funded	RMB	10,000,000.00	Import and export trade	RMB	10,000,000.00	100.00%
61 Xuzhou CIMC Wood Co., Ltd (XZW)	67013281-1	Jiangsu, China	Sino-foreign joint venture	RMB	50,000,000.00	Production and sales of container wood floor; purchasing and sales of timber	RMB	50,000,000.00	100.00%
62 Shenzhen Southern CIMC Containers Service Co., Ltd. (SCIMCL)	76916693-1	Guangdong, China	Sino-foreign joint venture	USD	5,000,000.00	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance; providing relevant technical service	USD	5,000,000.00	100.00%
63 Shenzhen CIMC Yantian Port Container Service Co., Ltd. (SZYTL)	77412123-6	Guangdong, China	Sino-foreign joint venture	RMB	12,000,000.00	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance; providing relevant technical service	RMB	6,600,000.00	55.00%
64 Qingdao CIMC-Dragon Container Services Co., Ltd. (QDYLL)	766745954	Shandong, China	Sino-foreign joint venture	RMB	48,780,000.00	Container transshipment, stockpiling, devanning, vanning, load and unload, sorting, allotment, refitting maintenance; providing relevant technical service	RMB	28,780,200.00	59.00%
65 Ningbo CIMC Container Service Co., Ltd. (NBCIMCL)	778206173	Ningbo, China	Sino-foreign joint venture	RMB	30,000,000.00	Goods traffic; goods package, sorting, examination and logistics advisory service; container stockpiling, customs declaration, repair, storing	RMB	30,000,000.00	100.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)

(a) Subsidiaries acquired through business combinations under common control: (continued)

(i) Domestic subsidiaries: (continued)

Name	Organisation code	Registration place	Business nature	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
				Currency	Amount of original currency		Currency	Amount of original currency	
66 Shanghai CIMC Yangshan Container Service Co., Ltd. (SHYLE)	77977341X	Shanghai, China	Sino-foreign joint venture	USD	7,000,000.00	Container transshipment, stockpiling, devanning, vanning, and warehousing; container maintenance, try-off and technical service	USD	5,600,000.00	80.00%
67 CIMC Shenfa Development Co., Ltd.(CIMCSD)	63167299-7	Shanghai, China	Sino-foreign joint venture	RMB	204,122,966.00	Investment, construction and operation for infrastructure; real estate development and operation; industrial investment; manufacture and sales of container and airport ground equipments	RMB	204,122,966.00	100.00%
68 CIMC Vehicle (Xinjiang) Co., Ltd. (SJ4S)	66667529-0	Xinjiang, China	Sino-foreign joint venture	RMB	80,000,000.00	Production and sales of mechanical equipments as well as relevant technical development	RMB	64,000,000.00	80.00%
69 Sichuan CIMC Vehicle Logistics Equipments Co., Ltd. (SCV)	66957422-5	Sichuan, China	Sino-foreign joint venture	RMB	5,000,000.00	Sales of automobile; wholesale and retail of goods; leasing and warehousing	RMB	4,000,000.00	80.00%
70 CIMC Vehicle (Group) Co., Ltd. (HI)	61891987-9	Guangdong, China	Sino-foreign joint venture	USD	75,000,000.00	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	USD	60,000,000.00	80.00%
71 Guangzhou Tongyang Container Manufacturing Co., Ltd. (GZTY)	79102617-7	Guangdong, China	Sino-foreign joint venture	USD	40,000,000.00	Design, manufacture of container and relevant components and parts; relevant after service	USD	40,000,000.00	100.00%
72 Qingdao CIMC Special Reefer Co., Ltd.(QDCSR)		Shandong, China	Sino-foreign joint venture	USD	11,500,000.00	Manufacture and sale of various container, semi-finished container product and relevant components and parts; providing leasing, maintenance and relevant technical advisory service	USD	11,500,000.00	100.00%
73 Tianjin CIMC Logistics Equipments Co., Ltd. (TJCL)	77730246-2	Tianjin, China	Sino-foreign joint venture	USD	5,000,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	USD	5,000,000.00	100.00%
74 Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	76443524-X	Dalian, China	Sino-foreign joint venture	USD	17,700,000.00	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	USD	17,700,000.00	100.00%
75 Tianjin CIMC Vehicle Logistics Equipments Co., Ltd. (TJVL)	79250966-4	Tianjin, China	Sino-foreign joint venture	RMB	10,000,000.00	Wholesale and retail of automobile, automobile fittings, metal material, hardware, electrical appliances; trade for import and export; maintenance of mechanical equipment	RMB	8,000,000.00	80.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)

(a) Subsidiaries acquired through business combinations under common control: (continued)

(i) Domestic subsidiaries: (continued)

Name	Organisation code	Registration place	Business nature	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
				Currency	Amount of original currency		Currency	Amount of original currency	
76 Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	7842749-X	Chongqing, China	Sino-foreign joint venture	USD	8,000,000.00	Design, manufacture, hire, maintenance of container, special container, other logistic equipment and relevant components and parts; provide leasing and relevant technical advisory service	USD	8,000,000.00	100.00%
77 Dalian CIMC Heavy Equipments Co., Ltd.(DLZH)	67996511-5	Dalian, China	Sino-foreign joint venture	USD	3,700,000.00	international trade, entrepot trade, design, manufacture, sale, and relevant technical advisory of pressure vessel; manufacture and installation, other service of relevant components and parts of pressure vessel	USD	3,700,000.00	100.00%
78 Shenzhen CIMC Intelligent Technology Ltd.(CIMC Tech)	67187468-1	Guangdong, China	Sino-foreign joint venture	RMB	20,000,000.00	Design, development, sale, surrogate of electron production, software and system	RMB	20,000,000.00	100.00%
79 Yangzhou Actaris Refrigeration Equipment Ltd.(YTLRC)	67393527-3	Jiangsu, China	Sino-foreign joint venture	USD	15,000,000.00	Production, sale of mobile home, components, refrigeration equipment, provide after sales service and product maintenance	USD	15,000,000.00	100.00%
80 CIMC Taicang refrigeration equipment Co., Ltd.(TCCRC)	3200761507201	Jiangsu, China	Sino-foreign joint venture	RMB	450,000,000.00	Research and development, production and sale of reefer container and special container	RMB	450,000,000.00	100.00%
81 Hunan CIMC Bamboo Industry Development Ltd.(HNW)	67559916-2	Hunan, China	Sino-foreign joint venture	RMB	50,000,000.00	Cure, manage and sale of bamboo and wood product	RMB	50,000,000.00	100.00%
82 Shanghai CIMC Special Vehicle Co., Ltd.(SHCIMCV)	666094445	Shanghai, China	Sino-foreign joint venture	RMB	30,000,000.00	Development, manufacture van semi-trailer and box car	RMB	30,000,000.00	100.00%
83 Shandong CIMC Vehicles logistics equipment 4S) Ltd.(Shangdong)	67226549-0	Shandong, China	Sole-funded by legal person	RMB	5,000,000.00	Sale of car, components and parts of car, metal material, hardware, mechanical equipment; trade for import and export; maintenance of mechanical equipment	RMB	4,000,000.00	80.00%
84 Zhengzhou CIMC Vehicles Sales Service Ltd.(HNVS)	67411383-7	Henan, China	Sino-foreign joint venture	RMB	5,000,000.00	Business car, components and parts of car, metal material, hardware, electromechanical equipment and chemical products, import and export business of goods and technologies	RMB	4,000,000.00	80.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)

(a) Subsidiaries acquired through business combinations under common control: (continued)

(i) Domestic subsidiaries: (continued)

Name	Organisation code	Registration place	Business nature	Registered capital		Business scope	Actual investment and investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
				Currency	Amount of original currency		Currency	Amount of original currency	
85 Shangxi vehicle sales and service Co., Ltd (SXVS)	67154730-6	Shanxi, China	Sino-foreign joint venture	RMB	5,000,000.00	Sale of car and car components and parts	RMB	4,000,000.00	80.00%
86 Jiangsu vehicle sales and service Co., Ltd.(JSVS)	67244439-2	Jiangsu, China	Invested by foreign businessmen	RMB	5,000,000.00	Sale of car and car components and parts, metal material, hardware, electromechanical equipment and wholesale and retail of chemical products; maintenance of mechanical equipment	RMB	4,000,000.00	80.00%
87 Ningbo Hi-tech Zone Transport Services Co., Ltd.(NBXMK)	Ximake 67472170-1	Zhejiang, China	Sino-foreign joint venture	RMB	5,000,000.00	Goods traffic and warehousing service	RMB	5,000,000.00	100.00%
88 Jiangxi Vehicle Logistics Equipment Co., Ltd.(JXVL)	67244439	Jiangxi, China	Sino-foreign joint venture	RMB	10,000,000.00	Sale of car and car components and parts	RMB	8,000,000.00	80.00%
89 CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd.(QHDV)	67320277-4	Hebei, China	Sino-foreign joint venture	RMB	70,000,000.00	Sale of car and car components and parts	RMB	52,500,000.00	75.00%
90 Tianjing Ximake transportation service Co., Ltd.(TJXMK)	67596675-6	Tianjin, China	Sino-foreign joint venture	RMB	5,000,000.00	Sale of car and car components and parts	RMB	5,000,000.00	100.00%
91 Suining Bamboo Industry Development Co., Ltd. (SNW)	67802545-5	Hunan, China	Sino-foreign joint venture	RMB	8,000,000.00	Cure and sale of Forest product	RMB	8,000,000.00	100.00%
92 Shenzhen CIMC Vehicle Marketing Services Ltd.(4sHO)	68037053-0	Hunan, China	Sino-foreign joint venture	RMB	15,000,000.00	Sale of special vehicle, construction machinery, automobile chassis parts	RMB	12,000,000.00	80.00%
93 Ningbo CIMC Metal Processing Co., Ltd.(NBJS)	07769304-8	Ningbo, China	Sino-foreign joint venture	RMB	5,000,000.00	Shearing and curing metal material, processing and manufacturing components of container and hardware, import and export of goods	RMB	5,000,000.00	100.00%

6 Business combinations and the consolidated financial statements (continued)

(1) As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)

(a) Subsidiaries acquired through business combinations under common control: (continued)

(ii) Overseas Subsidiaries

Name	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
		Currency	Amount of original currency		Currency	Amount of original currency	
94 CIMC Holdings (B.V.I.) Limited (CIMC BVI)	British Virgin Islands	USD	34,001.00	Investment	USD	34,001.00	100.00%
95 CIMC Tank Equipment Investment Holdings Co., Ltd. (NK)	Hong Kong	HKD	4,680,000.00	Investment	HKD	4,680,000.00	100.00%
96 Speedic Enterprise Corp. (SEC)	British Virgin Islands	USD	50,000.00	Investment	USD	50,000.00	100.00%
97 CIMC-SMM Vehicle (Thailand) CO., LTD. (Thailand V)	Thailand	Baht	260,000,000.00	Production and operation of various special vehicles	Baht	213,200,000.00	82.00%
98 Domino Flatracks Limited (CSC)	Britain	GBP	100.00	Production and processing of hinge	GBP	100.00	100.00%
99 CIMC Transportation Equipment Inc. (CTEI)	US	USD	10.00	Trade and investment	USD	10.00	100.00%
100 CIMC USA, INC (CIMC USA)	US	USD	10.00	Investment	USD	10.00	100.00%
101 Vanguard National Trailer Corporation (Vanguard)	US	USD	10.00	Production and sale of various special vehicles	USD	10.00	100.00%
102 Goldbird Holding Inc (GH)	British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%
103 CIMC Vehicle Investment Holding Co., Ltd. (CIMC Vehicle)	Hong Kong	USD	50,000.00	Investment	USD	40,000.00	80.00%
104 CIMC EURpe BVBA (BVBA)	Belgium	EUR	18,550.00	Investment	EUR	18,550.00	100.00%
105 Creation Charter Limited. (CCL)	Hong Kong	HKD	2.00	Investment	HKD	2.00	100.00%
106 China International Marine Containers (Hong Kong) Limited (CIMC HK)	Hong Kong	HKD	2,000,000.00	Investment	HKD	2,000,000.00	100.00%
107 CIMC Burg B.V. (Burg)	Belgium	EUR	60,000,000.00	Investment	EUR	48,000,000.00	80.00%
108 Tacoba Consultant N.V. (Tacoba)	Suriname	SF	3,000,000.00	Sale of wood	USD	3,000,000.00	100.00%
109 Charm Wise Ltd. (Charm Wise)	Hong Kong	USD	1.00	Investment	USD	1.00	100.00%
110 Gold Terrain Assets Limited. (GTA)	British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%
111 Silveroad Wood Products Limited (SR)	Cambodia	USD	8,000.00	Production, development and sale of various wood products	USD	8,000.00	100.00%
112 Polyearn Development Corp. (POLYEAR)	British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%
113 Full Medal Holdings Ltd. (Full Medal)	British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%

6 Business combinations and the consolidated financial statements (continued)

(1) As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)

(a) Subsidiaries acquired through business combinations under common control: (continued)

(ii) Overseas Subsidiaries (continued)

Name	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
		Currency	Amount of original currency		Currency	Amount of original currency	
114 Speedic Enterprise Service Corp. (SESC)	British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%
115 Hing Wah Machinery Ltd.(HWM)	Hong Kong	HKD	10,000.00	Production and operation of various special vehicles	HKD	10,000.00	100.00%
116 Charm Ray Holdings Limited. (Charm Ray)	Hong Kong	HKD	10,000.00	Investment	HKD	10,000.00	100.00%
117 Charm Beat Enterprises Limited. (Charm Beat)	British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%
118 Perfect Vision International Limited (Perfect Vision)	British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%
119 Sharp Vision Holdings Limited. (Sharp Vision)	Hong Kong	HKD	1.00	Investment	HKD	1.00	100.00%
120 Sound Winner Holdings Limited. (Sound Winner)	British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%
121 Grow Rapid Limited. (Grow Rapid)	Hong Kong	USD	1.00	Investment	HKD	1.00	100.00%
122 Win Score Investments Limited. (Win Score)	Hong Kong	HKD	10,000.00	Investment	HKD	10,000.00	100.00%
123 Manner Kind International Limited. (Manner Kind)	British Virgin Islands	USD	1.00	Investment	USD	1.00	100.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)

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

(i) Domestic Subsidiaries

Name	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
		Currency	Amount of original currency		Currency	Amount of original currency	
1 Luoyang CIMC Lingyu Automobile CO., LTD. (LYV)	Henan, China	RMB	60,000,000.00	Production and sales of passenger car, tank car; machining; operation of import and export business	RMB	36,000,000.00	60.00%
2 Wuhu CIMC RuiJiang Automobile CO LTD (WHVS)	Anhui, China	RMB	70,000,000.00	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure members; providing relevant advisory and after service	RMB	42,000,000.00	60.00%
3 Yangzhou Tonghua Machinery Co., Ltd (YZTHM)	Jiangsu, China	RMB	15,000,000.00	Manufacture, processing and sales of electromechanical products, special vehicles, components and parts, numerically controlled machine tool, and components and parts of machine tool	RMB	10,800,000.00	72.00%
4 Liangshan Dongyue CIMC Vehicle Co., Ltd. (LSDYV)	Shandong, China	RMB	90,000,000.00	Production and sales of mixing truck, special vehicle and components and parts	RMB	54,000,000.00	60.00%
5 Qingdao CIMC Container Manufacture Co., Ltd.(QDCC)	Shandong, China	USD	27,840,000.00	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipments	USD	27,840,000.00	100.00%
6 Qingdao CIMC Reefer Container Manufacture Co., Ltd.(QDCRC)	Shandong, China	USD	39,060,000.00	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing relevant technical advisory and maintenance service	USD	34,880,580.00	89.30%
7 Shanghai CIMC Far East Container Co., Ltd.(SHEF)	Shanghai, China	USD	9,480,000.00	Manufacture, repair and sales of container, processing and manufacture of various mechanical parts, structures and equipments	USD	9,480,000.00	100.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)

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

(i) Domestic Subsidiaries (continued)

Name	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
		Currency	Amount of original currency		Currency	Amount of original currency	
8 Tianjin CIMC North Ocean Container Co., Ltd.(TJCMC)	Tianjin, China	USD	16,682,000.00	Manufacture and sale of container as well as vehicle, ship, equipment and steel structure specially used for container; warehousing and after service for container	USD	16,682,000.00	100.00%
9 Shanghai CIMC Baowell Industries Co. Ltd (SBWI)	Shanghai, China	USD	28,500,000.00	Manufacture and sale of container as well as relevant technical advisory; processing and manufacture of various mechanical parts, structures and equipments; container stockpiling business	USD	27,000,900.00	94.74%
10 CIMC Vehicle (Shandong) Co. Ltd.(KGR)	Shandong, China	USD	18,930,100.00	Development and manufacture of refrigerator car, tank car, trailer, box car, special vehicles and various series products; providing technical service	USD	15,144,080.00	80.00%
11 Ningbo Zhongze Import and Export Co., Ltd	Zhejiang, China	RMB	5,000,000.00	Self-operation and agency for import and export business of various goods and technologies	RMB	5,000,000.00	100.00%
12 Zhangzhou CIMC Container Co., Ltd. (ZZCIMC)	Fujian, China	USD	23,000,000.00	Manufacture and sale of container as well as relevant technical advisory; processing and manufacture of various mechanical parts, structures and equipments	USD	23,000,000.00	100.00%
13 Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH)	Jiangsu, China	RMB	815,704,000.00	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series as well as relevant components and parts; providing technical and after service	RMB	723,121,596.00	88.65%
14 Yangzhou Xinghua Machinery Co., Ltd.(YZXH)	Jiangsu, China	RMB	9,910,000.00	Machining and production of special steel structure products, and sales of products produced by the company	RMB	7,531,600.00	76.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)

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

(i) Domestic Subsidiaries (continued)

Name	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
		Currency	Amount of original currency		Currency	Amount of original currency	
15 Zhumadian CIMC Huajun Vehicle Co. Ltd., (HJCIMC)	Henan, China	RMB	105,340,000.00	Refitting of special vehicles, sales of trailer and fittings; sales of vehicle-related materials	RMB	84,272,000.00	80.00%
16 Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY)	Jiangsu, China	RMB	144,862,042.01	Development, manufacture and installation of deep freezing unit, petrochemical mechanical equipment, tank container, pressure vessel; providing relevant after service	RMB	115,889,633.61	80.00%
17 Shanghai Dunhua Container Co., Ltd (SHDHCS)	Shanghai, China	RMB	6,000,000.00	Providing container and refrigerator stockpiling, repair, maintenance, devanning, vanning; sales of components and parts; international shipping agent	RMB	4,200,000.00	70.00%
18 Donghua Container Transportation service Co., Ltd. (DHCTS)	Shanghai, China	USD	4,500,000.00	Container cargo devanning, vanning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components and parts	USD	3,150,000.00	70.00%
19 Shanghai CIMC Automobile Examination and Repair Co., Ltd (SHVT)	Shanghai, China	RMB	1,130,000.00	Automobile examination and repair; purchasing and selling agent for automobile fittings, decoration materials, ship fittings, hardware, electrical appliances, rubber products, wires and cables	RMB	904,000.00	80.00%
20 Shanghai CIMC Automobile Sales Service Co., Ltd.(SHVS)	Shanghai, China	RMB	5,000,000.00	Wholesale and retail of automobile fittings; sales of automobile (excluding sedan); processing, assembly and maintenance of car body	RMB	4,000,000.00	80.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)

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

(i) Domestic Subsidiaries (continued)

Name	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
		Currency	Amount of original currency		Currency	Amount of original currency	
21 Yangzhou Tonglee Reefer Container Co., Ltd. (TLC)	Jiangsu, China	USD	8,000,000.00	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	RMB	4,080,000.00	51.00%
22 Qingdao Kooll Logistics Co., Ltd.(QDHFL)	Shandong, China	RMB	20,000,000.00	Container warehousing, stockpiling, devanning, vanning, load and unload, cleaning, maintenance; goods processing and relevant supporting service	RMB	16,000,000.00	80.00%
23 Yangzhou Xincheng Tonghua Automobile Parts Ltd. (XCTH)	Jiangsu, China	RMB	500,000.00	Purchasing and selling agent for automobile fittings, hardware and routine electric appliances	RMB	400,000.00	80.00%
24 Enric (Bengbu) Compressor Co.,Ltd. (Enric Bengbu) (Note 6(1)(c))	Anhui, China	HKD	21,320,000.00	Manufacturing base of NG compressor and related products	HKD	8,858,460.00	41.55%
25 Shijiazhuang Enric Gas Equipment Co., Ltd. (“Shijiazhuang Enric”) (Note 6(1)(c))	Hebei, China	USD	7,000,000.00	Manufacturing pressure vessel	USD	2,908,500.00	41.55%
26 Enric (Langfang)Energy Equipment integration Co.,Ltd. (Langfang Enric) (Note 6(1)(c))	Hebei, China	HKD	50,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	20,775,000.00	41.55%
27 Enric (Beijing)Energy TechnologyCo.,Ltd (Beijing Enric) (Note 6(1)(c))	Beijing, China	HKD	40,000,000.00	Manufacturing and exploiting Energy Equipment integration	HKD	16,620,000.00	41.55%
28 Ningbo runxin container Co.,Ltd (“Ningbo runxin”)	Ningbo, China	RMB	5,000,000.00	Container cleaning, repair, storage, packing, devanning Service	RMB	3,000,000.00	60.00%
29 Shenzhen CIMC Skyspace Real Estate Development Co., Ltd (CIMC Tianyu) (Note 6(1)(c))	Guangdong, Shenzhen	RMB	154,634,066.00	Lawfully obtained in the framework of land use right to engage in real estate development	RMB	77,317,033.00	50%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)

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

(i) Domestic Subsidiaries (continued)

Name	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
		Currency	Amount of original currency		Currency	Amount of original currency	
30 Yangzhou CIMC grand space Real Estate Development Co., Ltd (CIMC Haoyu) (Note 6(1)(c))	Jiangsu, China	RMB	25,000,000.00	Real Estate Development, sales and leasing	RMB	12,500,000.00	50%
31 Yangzhou CIMC Skyspace Property Management Co., Ltd (Yangzhou wuye) (Note 6(1)(c))	Jiangsu, China	RMB	500,000.00	Property management, interior cleaning, water and electricity conservation decorating consultative	RMB	250,000.00	50%
32 Yangzhou CIMC Skyspace Real Estate Co.,Ltd. (Yangzhou Zhiye) (Note 6(1)(c))	Jiangsu, China	RMB	8,000,000.00	Real estate development, real estate sales, leasing, property management, engineering consulting business, building decoration decoration	RMB	4,000,000.00	50%
33 Jiangmen CIMC skyspace Real Estate Co.,Ltd. (“Jiangmen Dichan”) (Note 6(1)(c))	Guangdong, China	RMB	30,000,000.00	Real estate development, engaging in the sale of decoration and building materials	RMB	15,000,000.00	50%
34 Jiangmen CIMC skyspace property management Co., Ltd. (Jiangme Wuye) (Note 6(1)(c))	Guangdong, China	RMB	1,000,000.00	Engage in community property management, real estate agents and home economics service.	RMB	500,000.00	50%
35 TGE Gas Engineering GmbH (“TGE Shanghai”)	Shanghai, China	USD	200,000.00	Provide international trade agent service, entrepot trade between the bonded area enterprise trade and regional trade agent service, area commercial simple processing and trade advisory services	USD	120,000.00	60.00%
36 TGE Engineering Consulting (Shanghai) Co., Ltd (“Joebot Shanghai”)	Shanghai, China	USD	200,000.00	Gas engineering equipment design consulting, project design consulting and corporate management consulting, business consulting	USD	120,000.00	60.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) *As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)*

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

(ii) Overseas Subsidiaries

Name	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
		Currency	Amount of original currency		Currency	Amount of original currency	
37 Mason Technology Limited (MTL)	Hong Kong, China	HKD	10,000.00	Investment holding	HKD	10,000.00	100.00%
38 CIMC Australia Pty Limited (CIMC Aus)	Australia	AUD	50,000.00	Sales of vehicles	AUD	50,000.00	100.00%
39 Enric Energy Equipment Holdings Limited (Enric) (Note 6(1)(c))	Cayman Islands	HKD	4,590,000.00	Investment holding	HKD	41,550.00	41.55%
40 Enric Investment Holdings Limited (Note 6(1)(c))	British Virgin Islands	USD	50,000.00	Investment holding	USD	20,775.00	41.55%
41 Anhui Enric Investment Limited (Note 6(1)(c))	British Virgin Islands	USD	50,000.00	Investment holding	HKD	20,775.00	41.55%
42 Shijiazhuang Enric Investment Limited (Note 6(1)(c))	British Virgin Islands	USD	50,000.00	Investment holding	USD	20,775.00	41.55%
43 Langfang Enric Investment Limited (Note 6(1)(c))	British Virgin Islands	USD	50,000.00	Investment holding	HKD	20,775.00	41.55%
44 Hong Kong Enric Gas Equipment Limited (Note 6(1)(c))	Hong Kong, China	HKD	10,000.00	Investment holding	HKD	4,155.00	41.55%
45 Hong Kong Enric Compressor Limited (Note 6(1)(c))	Hong Kong, China	HKD	10,000.00	Investment holding	HKD	4,155.00	41.55%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)

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

(ii) Overseas Subsidiaries (continued)

Name	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
		Currency	Amount of original currency		Currency	Amount of original currency	
46 Enric Integration (HK) Company Limited (Note 6(1)(c))	Hong Kong, China	HKD	10,000.00	Investment holding	HKD	4,155.00	41.55%
47 Burg Industries B.V.	Holland	EUR	3,403,351.62	Investment	EUR	2,722,681.300	80.00%
48 Holvrieka Holding B.V.	Holland	EUR	12,000,000.00	Investment	EUR	12,000,000.00	100.00%
49 Holvrieka Ido B.V.	Holland	EUR	136,200.00	Sales of tank equipment	EUR	136,200.00	100.00%
50 Holvrieka Nirota B.V.	Holland	EUR	680,670.32	Production, assembly and sale of tank equipment	EUR	680,670.32	100.00%
51 Noordkoel B.V.	Holland	EUR	500,000.00	Sales of tank equipment	EUR	500,000.00	100.00%
52 Beheermaatschappij "Burg" B.V.	Holland	EUR	453,780.22	Investment	EUR	453,780.22	100.00%
53 Burg Fabriek van Wegtransportmiddelen B.V.	Holland	EUR	453,780.22	Production, repair and sale of road transport vehicle and components and parts	EUR	453,780.22	100.00%
54 Burg Carrosserie B.V.	Holland	EUR	90,756.04	Production of road transport vehicle	EUR	60,534.28	66.70%
55 Exploitiatiemaatschappij Intraprogress B.V.	Holland	EUR	79,411.54	Trade, financing and leasing of road transport vehicle	EUR	79,411.54	100.00%
56 Burgers Carrosserie B.V.	Holland	EUR	90,756.04	Production and repair of vehicle and components and parts	EUR	90,756.04	80.00%
57 Hobur Twente B.V.	Holland	EUR	226,890.11	Production and sale of oil and natural gas tank equipment	EUR	226,890.11	80.00%
58 Burg Service B.V.	Holland	EUR	250,000.00	Assembly and repair of road transport vehicle and tank equipment	EUR	250,000.00	80.00%
59 B.V. Trailer Leasing Company	Holland	EUR	907,560.43	Trade, financing and leasing of road transport vehicle	EUR	907,560.43	80.00%
60 LAG Trailers NV	Belgium	BEF	30,000,000.00	Manufacturing trailer	BEF	30,000,000.00	80.00%
61 Holvrieka NV	Belgium	BEF	40,000,000.00	Manufacturing tank equipment	BEF	40,000,000.00	80.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)

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

(ii) Overseas Subsidiaries (continued)

Name	Registration place	Registered capital		Business scope	Actual investment and actual net amount of investment of the company at the end of the year		Percentage of direct/indirect shareholding and voting rights by the company
		Currency	Amount of original currency		Currency	Amount of original currency	
62 Immoburg NV	Belgium	BEF	10,000,000.00	Manufacturing road transport vehicle	BEF	10,000,000.00	80.00%
63 Holvrieka Danmark A/S	Denmark	DKr	1,000,000.00	Manufacturing tank equipment	DKr	1,000,000.00	80.00%
64 Direct Chassis LLC (DCEC)	USA	USD	1,000,000.00	Manufacturing and sales of special vehicles	USD	6,000,000.00	100.00%
65 Maxshine Enterprises Ltd (MAXSHINE)	Hong Kong, China	USD	1.00	Investment holding	USD	1.00	100.00%
66 TGE GAS INVESTMENT SA (TGE SA)	Luxemburg	EUR	50,000.00	Investment holding t	EUR	30,000.00	60.00%
67 TGE Gas Engineering GmbH	Germany	EUR	1,000,000.00	Provide EP+CS(Design, Purchase and Construction Supervision) or other technical project services in LNG/LPG and storage and disposal of other procurement gas	EUR	600,000.00	60.00%
68 Fentalic Limited (Fentalic)	British Virgin Islands	USD	1.00	Investment holding	USD	1.00	100.00%

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(1) *As at 31 December 2008, the consolidated financial statements include the following subsidiaries: (continued)*

(c) Subsidiaries obtained through other means:

Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)

The Company holds 40.80% equity of QDHB. As the Company has more than 50% voting rights of QDHB and the rights to determine the strategy on the finance and operation of QDHB, QDHB was included into consolidated financial statement of the Company.

Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. and its subsidiary (CIMC Tianyu)

The Company's wholly owed subsidiary company, CIMCSD, holds 50% equity of CIMC Tianyu and its subsidiary company. According to CIMC Tianyu's articles of association which was revised on 25 August 2008, CIMCSD is authorised to appoint and dismiss more than half of board of directors of CIMC Tianyu and therefore has more than 50% voting rights of CIMC Tianyu and the rights to determine the strategy on the finance and operation of CIMC Tianyu. Since 25 August 2008, CIMC Tianyu is considered as subsidiary of the Company and is included in the Company's consolidated financial statement of 2008.

Enric Energy Equipment Holdings Limited (Enric)

The company's wholly owed subsidiary company, Charm Wise, holds 41.55% equity of Enric and its subsidiary company. Enric's board of directors was re-elected with more than half of the directors delegated by Charm Wise and thus on 15 October 2007 has more than 50% voting rights Enric, and the rights to determine the strategy on the finance and operation of Enric. Since 15 October 2007, Enric is considered as subsidiary of the Company and is included in the company's consolidated financial statement of 2008.

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(2) *Business combinations involving entities not under common control during the year:*

TGE GAS INVESTMENTS SA. (TGE SA)

At the acquisition date of 19 September 2008, the Company acquired 60% equity of TGE SA by paying EUR 20 millions in cash through its wholly-owned subsidiary company, Grow Rapid.

According to the Agreements, the subsidiary is required to pay additional EUR 5 millions to its former shareholders in 2010 and 2011 respectively, if the operation results of TGE SA in 2009 or 2010 can achieve the agreed targets. It is forecasted that the profit of TGE SA in 2009 is unlikely to achieve the agreed target, which is probable to be met in 2010, so it recognises the EUR 5 millions additional payment which is to be paid in 2011 as the acquisition cost according to its present value at the acquisition date. After the adjustment, the total amount of acquisition cost at the acquisition date is about USD35,605,021 (RMB243,096,841).

The fair value of 60% of TGE SA's equity acquired by the Company was USD22,416,127 (RMB153,048,348) at the acquisition date. USD13,188,894 (RMB90,048,493) in the shortfall of the fair value below acquisition cost is recognised as goodwill.

TGE SA is a company registered in Luxemburg in 2008, with its headquarter located in Bonn, Germany, and is engaged in building liquefied natural gas terminals, offers EP+CS (engineering, procurement and construction supervision) services for storage and processing of LNG, LPG and other petrochemical gases. Its main service areas are large LNG import and export receiving station, medium-size distribution and subordinate stations as storage area; petrochemical gas import and export receiving station and import and export receiving station and storage area, such as large LPG, ethylene, propylene and liquid ammonia; gas handling factories; etc. The parent company of TGE SA was Gasfin Investment S.A. ("Gasfin") before consolidation.

TGE SA's financial information is as follows:

	<i>From 19 September 2008 to 31 December 2008</i>	
	USD'000	RMB'000
Revenue	28,163	195,152
Net profit	1,949	13,508
Net cash flow	1,903	12,936

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(2) *Business combinations involving entities not under common control during the year: (continued)*

TGE GAS INVESTMENTS SA. (“TGE SA”) (continued)

The identifiable assets and liabilities:

	<u>19 September 2008</u>	
	<i>Carrying amount</i> USD'000	<i>Fair value</i> RMB'000
Cash at bank and on hand	15,241	15,241
Accounts and other receivable	12,228	12,228
Inventories	186	186
Fixed assets	1,354	1,354
Intangible assets	895	32,816
Good will	15,197	15,197
Long-term receivables	73	73
Short-term loans	(2,850)	(2,850)
Financial liabilities held for trading	(587)	(587)
Accounts and other payable	(23,528)	(23,528)
Long-term payables	(165)	(165)
Deferred tax liabilities	(2,518)	(12,605)
Identifiable net assets	<u>15,526</u>	37,360
Less: Minority interests		<u>14,944</u>
Attributable to:		
Equity shareholders of the Company		22,416
Less: Acquisition price		<u>35,605</u>
Goodwill		<u>13,189</u>

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(2) Business combinations involving entities not under common control during the year: (continued)

TGE GAS INVESTMENTS SA. (“TGE SA”) (continued)

The identifiable assets and liabilities: (continued)

	<u>19 September 2008</u>	
	<i>Carrying amount</i>	<i>Fair value</i>
	USD'000	RMB'000
Cash at bank and on hand	104,059	104,059
Accounts and other receivable	83,488	83,488
Inventories	1,270	1,270
Fixed assets	9,245	9,245
Intangible assets	6,111	224,055
Good will	103,759	103,759
Long-term receivables	498	498
Short-term loans	(19,459)	(19,459)
Financial liabilities held for trading	(4,008)	(4,008)
Accounts and other payable	(160,630)	(160,630)
Long-term payables	(1,134)	(1,134)
Deferred tax liabilities	(17,192)	(86,062)
Identifiable net assets	<u>106,007</u>	255,081
Less: Minority interests		102,032
Attributable to:		
Equity shareholders of the Company		153,049
Less: Acquisition price		<u>243,097</u>
Goodwill		<u>90,048</u>

For the above identifiable assets which have an active market, the quoted prices in the active market are used to establish their fair value; if there is no active market, their fair value is estimated based on the market price of the same or similar types of assets which have an active market; if there is no active market for even the same asset or similar types of assets, valuation techniques will be used to determine the fair value.

For the above identifiable liability, the payable amount or the present value of the payable amount is its fair value.

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(3) *Minority interests in each major subsidiary*

	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
XHCIMC	7,438	50,761	8,169	65,145
NTCIMC	4,131	28,191	4,095	32,656
SCRC	6,641	45,324	20,084	160,164
NTCIMCS	2,794	19,069	2,855	22,768
TJCMC	-	-	19,548	155,889
TAS	8,604	58,716	1,379	10,997
QDCRC	4,493	30,661	4,559	36,357
SBWI	926	6,320	1,513	12,066
YZTH	-	-	2,439	19,450
KGR	2,052	14,007	2,015	16,069
HJCMC	-	-	11,919	95,050
DHCTS	3,786	25,839	3,094	24,674
WHVS	2,681	18,299	3,619	28,498
LYV	1,714	11,695	1,931	15,205
Burg	17,800	116,648	17,222	135,614
Enric	93,525	638,249	74,570	587,201
QDHB	7,876	53,746	8,583	68,447
SHYEL	1,340	9,147	1,400	11,165
HI	14,184	96,797	7,912	59,298
QHDVS	2,369	16,168	-	-
TGE SA	15,652	106,816	-	-
CIMC Tianyu	13,686	93,401	-	-
Others	8,920	65,693	9,122	71,831
TOTAL	220,612	1,505,547	206,028	1,628,544

In current year, there is no case where a loss attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' interest in of the equity of the subsidiary.

In 2007, the loss attributable to minority shareholders of TLC exceeded the minority interest as at 1 January 2007 by USD 790,737 (RMB 5,987,300). Such loss reduced the interest attributable to equity shareholders of the Company since the articles of association of TLC did not specify that the minority shareholders have a binding obligation to cover the loss.

7 CASH AT BANK AND ON HAND

		<i>The Group</i>								
		2008				2007				
		<i>Original currency</i>	<i>Exchange</i>	<i>USD</i>	<i>RMB</i>	<i>Original currency</i>	<i>Exchange</i>	<i>USD</i>	<i>RMB</i>	
		'000	rate	'000	'000	'000	rate	'000	'000	
Cash on hand	RMB	3,004	6.8244	441	3,004	RMB	2,324	7.3042	318	2,324
	USD	281	1.0000	281	1,921	USD	32	1.0000	32	231
	HKD	12	7.7497	1	10	HKD	6	7.7974	1	6
	JPY	1,312	90.90	14	98	JPY	322	111.39	3	21
	AUD	4	1.4102	2	17	AUD	-	1.1405	-	-
	EUR	26	0.7171	36	245	EUR	77	0.6849	112	818
	Others	-	-	1	2	Others	-	-	-	-
					<u>776</u>	<u>5,297</u>			<u>466</u>	<u>3,400</u>
Deposits with banks	RMB	1,350,514	6.8244	197,896	1,350,514	RMB	1,310,790	7.3042	179,457	1,310,790
	USD	149,638	1.0000	149,638	1,021,189	USD	143,796	1.0000	143,796	1,050,315
	HKD	127,339	7.7497	16,431	112,135	HKD	12,518	7.7974	1,605	11,726
	JPY	199,556	90.90	2,195	14,982	JPY	64,992	111.39	583	4,262
	AUD	1,695	1.4102	1,202	8,200	AUD	2,690	1.1405	2,358	17,226
	EUR	12,670	0.7171	17,670	120,589	EUR	2,358	0.6849	3,443	25,147
	Others	-	-	957	6,531	Others	-	-	2,902	21,191
					<u>385,989</u>	<u>2,634,140</u>			<u>334,144</u>	<u>2,440,657</u>
Other monetary funds	RMB	440,030	6.8244	64,479	440,030	RMB	608,392	7.3042	83,294	608,392
	USD	3,030	1.0000	3,030	20,680	USD	252	1.0000	252	1,842
	HKD	150	7.7497	19	132	HKD	150	7.7974	19	141
	EUR	113	0.7171	157	1,073	EUR	-	0.6849	-	-
	Others	-	-	1	1	Others	-	-	-	-
					<u>67,686</u>	<u>461,916</u>			<u>83,565</u>	<u>610,375</u>
Total				<u><u>454,451</u></u>	<u><u>3,101,353</u></u>			<u><u>418,175</u></u>	<u><u>3,054,432</u></u>	

7 CASH AT BANK AND ON HAND (CONTINUED)

		<i>The Company</i>								
		2008				2007				
	<i>Original currency</i>	<i>Exchange</i>	<i>USD</i>	<i>RMB</i>	<i>Original currency</i>	<i>Exchange</i>	<i>USD</i>	<i>RMB</i>		
	'000	rate	'000	'000	'000	rate	'000	'000		
Deposits with banks	RMB	270,071	6.8244	39,574	270,071	RMB	265,713	7.3042	36,378	265,713
	USD	20,491	1.0000	20,491	139,839	USD	56,055	1.0000	56,055	409,437
	HKD	79	7.7497	10	70	HKD	16	7.7974	2	15
	JPY	199,041	90.90	2,190	14,943	JPY	52,687	111.39	473	3,455
	EUR	12	0.7171	16	111	EUR	526	0.6849	768	5,610
				<u>62,281</u>	<u>425,034</u>				<u>93,676</u>	<u>684,230</u>
Other monetary funds	RMB	5,116	6.8244	750	5,116	RMB	242,901	7.3042	33,255	242,901
				<u>63,031</u>	<u>430,150</u>				<u>126,931</u>	<u>927,131</u>

As at 31 December 2008, restricted cash at bank and on hand of the Group amounted to USD40,908,789 (RMB279,177,938). Refer to note 29 for details.

8 FINANCIAL ASSETS HELD FOR TRADING

	Note	<i>The Group</i>			
		2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Equity securities investments held for trading		9,076	61,937	51,782	378,220
Derivative financial assets					
- forward contract	(1)	47,567	324,616	74,768	546,120
Total		<u>56,643</u>	<u>386,553</u>	<u>126,550</u>	<u>924,340</u>

	<i>The Company</i>				
	2008		2007		
	USD'000	RMB'000	USD'000	RMB'000	
Equity securities investments held for trading		-	-	24,415	178,335

There are no material restrictions on the realisation of the investment in financial assets held for trading.

- (1) As at 31 December 2008, the Group and the Company had certain open forward contracts denominated in U.S. dollars. The nominal value of these contracts amounted to USD404,240,000. Pursuant to these forward contracts, the Group and the Company are required to buy U.S. dollar/sell RMB of contracted nominal value at agreed rates at the contract settlement dates. These forwards contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forwards contracts range from 26 January 2009 to 23 July 2009. As at 31 December 2008, the Group recognised the aforesaid forwards contracts in their fair values of USD47,566,969 (RMB324,616,023) as financial assets held for trading and USD27,606,259 (RMB188,396,154) as financial liabilities held for trading, of which, the financial liabilities held for trading of USD703,765 (RMB4,802,776) related to the Company. Transaction costs on realisation have not been considered when calculating the fair values.

9 BILLS RECEIVABLE

	<i>The Group</i>			
	<u>2008</u>		<u>2007</u>	
	USD'000	RMB'000	USD'000	RMB'000
Bank acceptance bills	<u>125,052</u>	<u>853,406</u>	<u>103,741</u>	<u>757,747</u>

All of the above bills held by the Group are due within one year.

As at 31 December 2008, the Group's outstanding endorsed or discounted bills (with recourse) amounted to USD119,518,404 and RMB815,641,396 (2007: USD67,849,777 and RMB495,588,346), all of which are due before 30 June 2009 (2007: due before 31 December 2008). Refer to Note 29 for details.

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.

10 ACCOUNTS RECEIVABLE

(1) *The Group's accounts receivable by customer type:*

	<u>2008</u>		<u>2007</u>	
	USD'000	RMB'000	USD'000	RMB'000
Amounts due from related parties	5,871	40,679	31,085	227,049
Amounts due from other customers	<u>633,410</u>	<u>4,322,032</u>	<u>1,217,433</u>	<u>8,892,380</u>
Subtotal	639,281	4,362,711	1,248,518	9,119,429
Less: provision for bad and doubtful debts	<u>24,761</u>	<u>168,980</u>	<u>30,073</u>	<u>219,660</u>
Total	<u>614,520</u>	<u>4,193,731</u>	<u>1,218,445</u>	<u>8,899,769</u>

The Group's accounts receivable due from related parties is 0.92% (2007: 2.49%) of the total accounts receivable.

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

10 ACCOUNTS RECEIVABLE (CONTINUED)

(1) *The Group's accounts receivable by customer type: (continued)*

As at 31 December 2008, accounts receivable due from the five biggest debtors of the Group is as follows:

	<i>The Group</i>			<i>Percentage of total accounts receivable</i>
	<i>Amount USD'000</i>	<i>Amount RMB'000</i>		
Goodpack Ltd.	52,521	358,426	Within 1year (inclusive)	8.22%
CMA CGM S.A.	49,686	339,077	Within 1year (inclusive)	7.77%
Capital Intermodal Ltd.	34,056	232,408	Within 1year (inclusive)	5.33%
A.P Moller Maersk	24,932	170,148	Within 1year (inclusive)	3.90%
CRONOS Containers Ltd.	20,254	138,222	Within 1year (inclusive)	3.17%

During 2008, the Group has entered into Account Receivables Factoring Agreements (with recourse) with Bank of Communication Limited and China Development Bank. During 2008, the Group obtained a total amount of USD1,088,487,184 (RMB7,542,454,244) under these agreements. As at 31 December 2008, accounts receivables under such factoring arrangement were nil.

As at 31 December 2008, the accounts receivable of the Group with restriction amounted to USD5,632,709 (RMB38,439,859). Refer to Note 29 for details.

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

	2008			2007		
	<i>Original currency '000</i>	<i>Exchange rate</i>	<i>USD '000</i>	<i>Original currency '000</i>	<i>Exchange rate</i>	<i>USD '000</i>
RMB	1,353,861	6.8244	198,385	1,470,385	7.3042	201,306
USD	364,203	1.0000	364,203	977,375	1.0000	977,375
HKD	4,196	7.7497	541	5,890	7.7974	755
JPY	394,609	90.90	4,341	627,888	111.39	5,637
AUD	4,515	1.4102	3,202	5,638	1.1405	4,944
EUR	45,046	0.7171	62,821	40,062	0.6848	58,501
Others	-	-	5,788	-	-	-
			<u>639,281</u>			<u>1,248,518</u>

10 ACCOUNTS RECEIVABLE (CONTINUED)

(3) The ageing analysis of the Group's accounts receivable is as follows:

	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Within 1 year (inclusive)	613,567	4,187,224	1,236,731	9,033,334
1 and 2 years (inclusive)	17,180	117,241	9,403	68,684
2 and 3 years (inclusive)	6,897	47,069	1,679	12,266
Over 3 years	1,637	11,177	705	5,145
Subtotal	639,281	4,362,711	1,248,518	9,119,429
Less: provision for bad and doubtful debts	24,761	168,980	30,073	219,660
Total	614,520	4,193,731	1,218,445	8,899,769

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

(4) An analysis of provision for bad and doubtful debts is as follows:

	The Group							
	2008				2007			
	Amount USD'000	Percentage of total accounts receivable	Bad debts provision USD'000	Rate of provision	Amount USD'000	Percentage of total accounts receivable	Bad debts provision USD'000	Rate of provision
Individually significant	312,249	49%	4,684	1.50%	635,312	51%	9,530	1.50%
Individually insignificant but with a material portfolio credit risk	198,204	31%	15,084	7.61%	178,460	14%	6,668	3.74%
Other immaterial items	128,828	20%	4,993	3.88%	434,746	35%	13,875	3.19%
Total	639,281	100%	24,761	3.87%	1,248,518	100%	30,073	2.41%

	The Group							
	2008				2007			
	Amount RMB'000	Percentage of total accounts receivable	Bad debts provision RMB'000	Rate of provision	Amount RMB'000	Percentage of total accounts receivable	Bad debts provision RMB'000	Rate of provision
Individually significant	2,130,914	49%	31,964	1.50%	4,640,442	51%	69,607	1.50%
Individually insignificant but with a material portfolio credit risk	1,352,625	31%	102,939	7.61%	1,303,510	14%	48,707	3.74%
Other immaterial items	879,172	20%	34,077	3.88%	3,175,477	35%	101,346	3.19%
Total	4,362,711	100%	168,980	3.87%	9,119,429	100%	219,660	2.41%

11 PREPAYMENTS

(1) The prepayments by category:

	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Raw materials	139,870	954,527	214,226	1,564,752
Work in progress	13,910	94,928	8,586	62,714
Others	2,260	15,422	9,196	67,167
Subtotal	156,040	1,064,877	232,008	1,694,633
Less: Provision for bad and doubtful debts	7,398	50,486	96	698
Total	148,642	1,014,391	231,912	1,693,935

(2) The ageing analysis of the Group's prepayments is as follows:

	2008			2007		
	Amount	Amount	Percen-	Amount	Amount	Percen-
	USD'000	RMB'000	tage %	USD'000	RMB'000	tage %
Within 1 year (inclusive)	154,963	1,057,533	99.31%	231,379	1,690,040	99.72%
1 and 2 years (inclusive)	647	4,418	0.41%	524	3,830	0.23%
2 and 3 years (inclusive)	354	2,409	0.23%	58	421	0.03%
Over 3 years	76	517	0.05%	47	342	0.02%
Subtotal	156,040	1,064,877	100.00%	232,008	1,694,633	100.00%
Less: provision for bad and doubtful debts	7,398	50,486	4.74%	96	698	0.04%
Total	148,642	1,014,391	95.26%	231,912	1,693,935	99.96%

The ageing is counted starting from the date prepayments is recognised.

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

As at 31 December 2008, no individual prepayments that are 30% or more of the total amount.

12 INTERESTS RECEIVABLE

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Trusted loan interest	277	1,895	684	4,997
Term deposit interest	76	517	-	-
Total	353	2,412	684	4,997

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

13 DIVIDENDS RECEIVABLE

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Dalian Jinong Logistic Co., Ltd	291	1,985	291	2,125
KYH Steel Holding Ltd	1,290	8,807	-	-
Total	1,581	10,792	291	2,125

	<i>The Company</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
SCIMC	85,039	580,336	76,071	555,642
SCIMCEL	55,157	376,412	47,187	344,663
XHCIMC	1,579	10,776	942	6,880
QDCC	5,213	35,579	5,923	43,268
DLCIMCn	8,401	57,332	8,400	61,363
NBCIMC	11,733	80,071	11,226	81,997
SCRC	5,289	36,093	3,835	28,015
QDCRC	-	-	3,067	22,401
XHCIMCS	27,406	187,029	17,273	126,165
QDCSR	581	3,967	286	2,087
DLL	7,018	47,895	4,709	34,401
CIMC(HK)	464,346	3,168,880	461,821	3,373,220
TCCIMC	3,616	24,679	2,032	14,840
ZZCIMC	3,541	24,164	420	3,066
TJCMC	6,710	45,794	3,073	22,444
SBWI	615	4,196	-	-
TJCMC	31,437	214,538	-	-
CIMCSD	9,485	64,727	-	-
Total	727,166	4,962,468	646,265	4,720,452

13 DIVIDENDS RECEIVABLE (CONTINUED)

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

14 OTHER RECEIVABLES

(1) Other receivables by customer type

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Amounts due from related parties	33,029	225,405	57,120	417,213
Amounts due from other customers	100,427	685,354	101,312	740,006
Subtotal	133,456	910,759	158,432	1,157,219
Less: provision for bad and doubtful debts	3,904	26,643	1,365	9,973
Total	<u>129,552</u>	<u>884,116</u>	<u>157,067</u>	<u>1,147,246</u>

	<i>The Company</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Amounts due from subsidiaries	700,784	4,782,429	421,455	3,078,393
Amounts due from related parties	21,558	147,119	25,348	185,147
Amounts due from other customers	1,485	10,138	-	-
Subtotal	723,827	4,939,686	446,803	3,263,540
Less: provision for bad and doubtful debts	691	4,717	691	5,048
Total	<u>723,136</u>	<u>4,934,969</u>	<u>446,112</u>	<u>3,258,492</u>

The Group's and the Company's other receivables due from related parties amounted to USD33,029,262 and USD722,341,646 (2007: USD57,119,543 and USD446,802,882), 24.75% and 99.79% (2007: 36.05% and 100%) of the total of other receivables.

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

14 OTHER RECEIVABLES (CONTINUED)

(1) Other receivables by customer type (continued)

As at 31 December 2008, other receivables due from the five biggest debtors of the Group and the Company are as follows:

	<i>The Group</i>			<i>Percentage of total accounts receivable</i>
	<i>Amount USD'000</i>	<i>Amount RMB'000</i>		
Shanghai Fengyang Real Estate Development Co., Ltd (Shanghai Fengyang)	21,554	147,096	Within 1year (inclusive)	16.15%
China Merchants Property Development Co., Ltd	10,353	70,570	Within 1year (inclusive)	7.76%
SHYSLE tax draw back	1,811	12,360	Within 1year (inclusive)	1.36%
Rizhao Steel And Iron Co., Ltd	1,465	10,000	Within 1year (inclusive)	1.10%
Dalian Stone Surface Treatment Co., Ltd	1,366	9,321	Within 1year (inclusive)	1.02%

	<i>The Company</i>			<i>Percentage of total accounts receivable</i>
	<i>Amount USD'000</i>	<i>Amount RMB'000</i>		
HI	362,653	2,474,890	Within 1year (inclusive)	50.10%
DLCIMC	75,573	515,742	Within 1year (inclusive)	10.44%
CIMCSV	32,037	218,631	Within 1year (inclusive)	4.43%
XHCIMCF	28,595	195,141	Within 1year (inclusive)	3.95%
Shanghai Fengyang	21,554	147,096	1 and 2 years (inclusive)	2.98%

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

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	<i>USD'000</i>	<i>RMB'000</i>	<i>USD'000</i>	<i>RMB'000</i>
Within 1 year (inclusive)	97,187	663,241	146,827	1,072,460
1 and 2 years (inclusive)	34,013	232,121	7,318	53,449
2 and 3 years (inclusive)	1,487	10,146	3,088	22,553
Over 3 years	769	5,251	1,199	8,757
Subtotal	133,456	910,759	158,432	1,157,219
Less: provision for bad and doubtful debts	3,904	26,643	1,365	9,973
Total	129,552	884,116	157,067	1,147,246

14 OTHER RECEIVABLES (CONTINUED)

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

	<i>The Company</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Within 1 year (inclusive)	702,271	4,792,580	440,135	3,214,837
1 and 2 years (inclusive)	21,556	147,106	6,668	48,703
Subtotal	723,827	4,939,686	446,803	3,263,540
Less: provision for bad and doubtful debts	691	4,717	691	5,048
Total	723,136	4,934,969	446,112	3,258,492

The ageing is counted starting from the date of recognition of other receivables.

(3) An analysis of provision for bad or doubtful debts for the Group's other receivables is as follows:

	<i>The Group</i>							
	<i>2008</i>				<i>2007</i>			
	Amount USD'000	Percentage of total accounts receivable	Bad debts provision USD'000	Rate of provision	Amount USD'000	Percentage of total accounts receivable	Bad debts provision USD'000	Rate of provision
Individually significant	40,157	30.09%	-	-	80,472	50.79%	-	-
Other immaterial items	93,299	69.91%	3,904	4.18%	77,960	49.21%	1,365	1.75%
Total	133,456	100.00%	3,904	2.93%	158,432	100.00%	1,365	0.86%

	<i>The Group</i>							
	<i>2008</i>				<i>2007</i>			
	Amount RMB'000	Percentage of total accounts receivable	Bad debts provision RMB'000	Rate of provision	Amount RMB'000	Percentage of total accounts receivable	Bad debts provision RMB'000	Rate of provision
Individually significant	274,044	30.09%	-	-	587,784	50.79%	-	-
Other immaterial items	636,715	69.91%	26,643	4.18%	569,435	49.21%	9,973	1.75%
Total	910,759	100.00%	26,643	2.93%	1,157,219	100.00%	9,973	0.86%

	<i>The Company</i>							
	<i>2008</i>				<i>2007</i>			
	Amount USD'000	Percentage of total accounts receivable	Bad debts provision USD'000	Rate of provision	Amount USD'000	Percentage of total accounts receivable	Bad debts provision USD'000	Rate of provision
Individually significant	701,433	96.91%	-	-	393,436	88.06%	-	-
Other immaterial items	22,394	3.09%	691	3.09%	53,367	11.94%	691	1.30%
Total	723,827	100.00%	691	0.10%	446,803	100.00%	691	0.15%

14 OTHER RECEIVABLES (CONTINUED)

(3) *An analysis of provision for bad or doubtful debts for the Group's other receivables is as follows: (continued)*

	<i>The Company</i>							
	2008				2007			
	<i>Amount</i> RMB'000	<i>Percentage</i> <i>of total</i> <i>accounts</i> <i>receivable</i>	<i>Bad debts</i> <i>provision</i> RMB'000	<i>Rate of</i> <i>provision</i>	<i>Amount</i> RMB'000	<i>Percentage</i> <i>of total</i> <i>accounts</i> <i>receivable</i>	<i>Bad debts</i> <i>provision</i> RMB'000	<i>Rate of</i> <i>provision</i>
Individually significant	4,786,862	96.91%	-	-	2,873,739	88.06%	-	-
Other immaterial items	152,824	3.09%	4,717	3.09%	389,801	11.94%	5,048	1.30%
Total	4,939,686	100.00%	4,717	0.10%	3,263,540	100.00%	5,048	0.15%

15 INVENTORIES

(1) *An analysis of the movements of the Group's inventories for the year is as follows:*

	<i>Opening</i> <i>balance at the</i> <i>beginning</i> <i>of the year</i> USD'000	<i>Addition</i> <i>during</i> <i>the year</i> USD'000	<i>Reduction</i> <i>during</i> <i>the year</i> USD'000	<i>Effect of</i> <i>foreign</i> <i>exchange</i> <i>rate changes</i> USD'000	<i>Closing</i> <i>balance</i> <i>at the end</i> <i>of the year</i> USD'000
Raw materials	611,072	6,474,017	(6,407,528)	12,952	690,513
Finished goods	149,755	3,055,338	(3,096,537)	3,664	112,220
Work in progress	171,486	5,257,868	(5,261,986)	4,367	171,735
Consignment stocks	38,004	532,333	(512,857)	1,153	58,633
Spare parts	7,018	32,241	(32,333)	127	7,053
Consumables	3,091	19,828	(20,639)	71	2,351
Materials in transit	1,951	11,577	(2,421)	144	11,251
Stocks	80,911	2,691,891	(2,615,218)	5,341	162,925
Completed property held for sale	-	24,282	(13,309)	169	11,142
Property under development for sale	-	47,642	(24,282)	359	23,719
Subtotal	1,063,288	18,147,017	(17,987,110)	28,347	1,251,542
Less: Provision for diminution in value of inventories	6,994	100,859	(4,587)	427	103,693
Total	1,056,294	18,046,158	(17,982,523)	27,920	1,147,849

15 INVENTORIES (CONTINUED)

(1) *An analysis of the movements of the Group's inventories for the year is as follows: (continued)*

	<i>Opening balance at the beginning of the year RMB'000</i>	<i>Addition during the year RMB'000</i>	<i>Reduction during the year RMB'000</i>	<i>Effect of foreign exchange rate changes RMB'000</i>	<i>Closing balance at the end of the year RMB'000</i>
Raw materials	4,463,395	44,860,412	(44,399,680)	(211,775)	4,712,352
Finished goods	1,093,839	21,171,355	(21,456,837)	(42,526)	765,831
Work in progress	1,252,565	36,433,346	(36,461,881)	(52,047)	1,171,983
Consignment stocks	277,591	3,688,695	(3,553,741)	(12,408)	400,137
Spare parts	51,263	223,403	(224,045)	(2,490)	48,131
Consumables	22,575	137,396	(143,012)	(915)	16,044
Materials in transit	14,254	80,218	(16,782)	(907)	76,783
Stocks	590,983	18,652,917	(18,121,627)	(10,416)	1,111,857
Completed property held for sale	-	168,255	(92,224)	-	76,031
Property under development for sale	-	330,125	(168,255)	-	161,870
Subtotal	7,766,465	125,746,122	(124,638,084)	(333,484)	8,541,019
Less: Provision for diminution in value of inventories	51,084	698,881	(31,782)	(10,542)	707,641
Total	7,715,381	125,047,241	(124,606,302)	(322,942)	7,833,378

The Company's closing balance of inventories included a capitalized borrowing cost of USD 145,449, equivalent to RMB 1,007,860 (2007: nil). The interest rate per annum at which the borrowing costs were capitalized for the current year by the Company was 9.07% (2007: nil).

At the year end, the Group's inventories pledged as security amounted to USD25,503,177 (RMB174,043,884). Refer to Note 29 for details.

(2) *An analysis of provision for diminution in value of the Group's inventories is as follows:*

	<i>Opening balance at the beginning of the year USD'000</i>	<i>Provision made for the year USD'000</i>	<i>Written back during the year</i>		<i>Effect of foreign exchange rate changes USD'000</i>	<i>Closing balance at the end of the year USD'000</i>
			<i>Reversal USD'000</i>	<i>Write-off USD'000</i>		
Raw materials	3,038	87,561	(573)	(1,206)	213	89,033
Finished goods	1,276	3,850	(22)	(58)	85	5,131
Work in progress	2,141	2,327	(165)	(2,024)	19	2,298
Consignment stocks	-	240	-	-	4	244
Spare parts	539	-	(441)	(98)	-	-
Stocks	-	6,881	-	-	106	6,987
	6,994	100,859	(1,201)	(3,386)	427	103,693

15 INVENTORIES (CONTINUED)

(2) *An analysis of provision for diminution in value of the Group's inventories is as follows: (continued)*

	<i>Opening</i>	<i>Provision</i>	<i>Written back</i>		<i>Effect of</i>	<i>Closing</i>
	<i>balance at the</i>		<i>made for</i>	<i>during the year</i>		
	<i>beginning</i>	<i>the year</i>	<i>Reversal</i>	<i>Write-off</i>	<i>exchange</i>	<i>at the end</i>
	<i>of the year</i>				<i>rate changes</i>	<i>of the year</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	22,183	606,734	(3,968)	(8,357)	(8,996)	607,596
Finished goods	9,331	26,679	(151)	(406)	(435)	35,018
Work in progress	15,634	16,124	(1,144)	(14,022)	(909)	15,683
Consignment	-	1,664	-	-	-	1,664
Spare parts	3,936	-	(3,057)	(677)	(202)	-
Stock	-	47,680	-	-	-	47,680
	<u>51,084</u>	<u>698,881</u>	<u>(8,320)</u>	<u>(23,462)</u>	<u>(10,542)</u>	<u>707,641</u>

Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories. The reversals during the year were due to the use or sales of the above mentioned inventories.

16 NON-CURRENT ASSETS DUE WITHIN ONE YEAR

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	<i>USD'000</i>	<i>RMB'000</i>	<i>USD'000</i>	<i>RMB'000</i>
Finance leases	8,066	55,046	1,553	11,342
Consignment loan	6,718	45,846	11,222	81,968
Sale of goods by installments	3,963	27,045	-	-
Others	138	939	246	1,799
Subtotal	<u>18,885</u>	<u>128,876</u>	<u>13,021</u>	<u>95,109</u>
Less: Provision for impairment	<u>119</u>	<u>812</u>	<u>-</u>	<u>-</u>
Total	<u>18,766</u>	<u>128,064</u>	<u>13,021</u>	<u>95,109</u>

17 NON-CURRENT ASSETS DUE WITHIN ONE YEAR

<i>Note</i>	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	<i>USD'000</i>	<i>RMB'000</i>	<i>USD'000</i>	<i>RMB'000</i>
Cash flow hedges	8,066	55,044	9,818	71,713
Tax deductible / withheld	52,008	354,926	107,212	783,095
Others	31	213	-	-
Total	60,105	410,183	117,030	854,808

18 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	<i>Amount USD'000</i>	<i>Amount RMB'000</i>	<i>Amount USD'000</i>	<i>Amount RMB'000</i>
Equity instruments	185,308	1,264,613	568,664	4,153,636

	<i>The Company</i>			
	<i>2008</i>		<i>2007</i>	
	<i>Amount USD'000</i>	<i>Amount RMB'000</i>	<i>Amount USD'000</i>	<i>Amount RMB'000</i>
Equity instruments	181,694	1,239,956	568,664	4,153,636

19 LONG-TERM RECEIVABLES

	<i>The Company</i>			
	<i>2008</i>		<i>2007</i>	
	<i>USD'000</i>	<i>RMB'000</i>	<i>USD'000</i>	<i>RMB'000</i>
Finance leases	69,095	471,532	13,677	99,900
Sale of goods by installments	1,469	10,025	42	309
Car / housing loans to staff	4,224	28,829	3,995	29,180
Trusted loans	22	150	6,194	45,242
Others	-	-	3,302	24,114
Subtotal	74,810	510,536	27,210	198,745
Less: Provision for impairment	1,265	8,633	14	102
Total	73,545	501,903	27,196	198,643

19 LONG-TERM RECEIVABLES (CONTINUED)

An analysis of the above finance leases receivable is as follows:

	<u>2008</u>		<u>2007</u>	
	<i>Amount</i> USD'000	<i>Amount</i> RMB'000	<i>Amount</i> USD'000	<i>Amount</i> RMB'000
Amount due from lessees	80,151	546,982	16,636	121,513
Less: Unearned finance income	<u>11,056</u>	<u>75,450</u>	<u>2,959</u>	<u>21,613</u>
Finance leases	<u><u>69,095</u></u>	<u><u>471,532</u></u>	<u><u>13,677</u></u>	<u><u>99,900</u></u>

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:

	<u>2008</u>		<u>2007</u>	
	USD'000	RMB'000	USD'000	RMB'000
Within 1 year (inclusive)	10,200	69,610	2,224	16,241
1 and 2 years (inclusive)	36,568	249,555	4,323	31,576
2 and 3 years (inclusive)	24,247	165,471	4,250	31,043
Over 3 years	<u>19,519</u>	<u>133,205</u>	<u>6,346</u>	<u>46,355</u>
Subtotal	90,534	617,841	17,143	125,215
Less: unrecognised finance income	<u>13,373</u>	<u>91,263</u>	<u>1,913</u>	<u>13,973</u>
Total	<u><u>77,161</u></u>	<u><u>526,578</u></u>	<u><u>15,230</u></u>	<u><u>111,242</u></u>

In above:

Due within 1 year	8,066	55,046	1,553	11,342
Over 1 year	69,095	471,532	13,677	99,900

20 LONG-TERM EQUITY INVESTMENTS

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Investments in associates	1,929	13,164	13,252	96,793
Investments in joint ventures	187,229	1,277,724	85,131	621,821
Other long-term equity investments	46,141	314,884	27,054	197,605
Subtotal	235,299	1,605,772	125,437	916,219
Less: Provision for impairment	465	3,174	465	3,397
Total	234,834	1,602,598	124,972	912,822

	<i>The Company</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Investments in subsidiaries	326,927	2,231,081	291,515	2,129,182
Other long-term equity investments	45,984	313,812	26,817	195,981
Subtotal	372,911	2,544,893	318,332	2,325,163
Less: Provision for impairment	465	3,174	465	3,397
Total	372,446	2,541,719	317,867	2,321,766

(1) *As at 31 December 2008, the Company's investments in subsidiaries were as follows:*

<i>Investee</i>	<i>Initial Balance at the investment cost</i>		<i>Addition/ (disposal) during year</i>	<i>Balance at the end of the year</i>
	<i>beginning of the year</i>	<i>beginning of the year</i>		
	USD'000	USD'000		
SCIMC	12,450	12,450	-	12,450
SCIMCEL	12,450	12,450	-	12,450
XHCIMC	5,539	5,539	-	5,539
SHFE	17,338	17,338	-	17,338
TJCIMC	12,342	12,342	-	12,342
TJCIMCn	11,500	11,500	-	11,500
QDCC	9,139	9,139	-	9,139
DLCIMC	7,400	7,400	-	7,400
NBCIMC	3,750	3,750	-	3,750
SBWI	10,100	10,100	-	10,100

20 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(1) *As at 31 December 2008, the Company's investments in major subsidiaries are as follows: (continued)*

<i>Investee</i>	<i>Initial Balance at the investment cost</i> USD'000	<i>beginning of the year</i> USD'000	<i>Addition/ (disposal) during year</i> USD'000	<i>Balance at the end of the year</i> USD'000
TCCIMC	19,979	12,003	7,976	19,979
ZZCIMC	15,266	15,266	-	15,266
SHYSLE	11,982	11,982	-	11,982
CQVS	5,994	4,795	1,199	5,994
SCRC	32,520	16,120	16,400	32,520
QDCRC	8,229	8,229	-	8,229
XHCIMCS	6,748	6,748	-	6,748
QDCSR	1,931	1,931	-	1,931
TJCMC	2,498	2,498	-	2,498
DLL	8,874	8,218	656	8,874
XHCIMCF	4,258	4,258	-	4,258
CIMC (HK)	256	256	-	256
CIMC USA	25,988	25,986	2	25,988
TAS	-	1,923	(1,923)	-
CIMCSD	24,688	24,688	-	24,688
HI	41,906	41,906	-	41,906
SZCVS	4	4	-	4
CIMC TEI	900	900	-	900
GZTY	1,796	1,796	-	1,796
CIMC SSC	384	-	384	384
TCCRC	9,073	-	9,073	9,073
YTLRC	1,645	-	1,645	1,645
	<u>326,927</u>	<u>291,515</u>	<u>35,412</u>	<u>326,927</u>

<i>Investee</i>	<i>Initial investment cost</i> RMB'000	<i>Balance at the beginning of the year</i> RMB'000	<i>Addition during year</i> RMB'000	<i>Effect of foreign exchange rate changes</i> RMB'000	<i>Balance at the end of the year</i> RMB'000
SCIMC	84,964	90,937	-	(5,973)	84,964
SCIMCEL	84,964	90,937	-	(5,973)	84,964
XHCIMC	37,800	40,458	-	(2,658)	37,800
SHFE	118,319	126,640	-	(8,321)	118,319
TJCMC	84,229	90,148	-	(5,919)	84,229
TJCMCn	78,479	83,998	-	(5,519)	78,479
QDCC	62,370	66,753	-	(4,383)	62,370

20 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(1) *As at 31 December 2008, the Company's investments in major subsidiaries are as follows: (continued)*

<i>Investee</i>	<i>Initial investment cost</i> RMB'000	<i>Balance at the beginning of the year</i> RMB'000	<i>Addition during year</i> RMB'000	<i>Effect of foreign exchange rate changes</i> RMB'000	<i>Balance at the end of the year</i> RMB'000
DLCIMC	50,501	54,051	-	(3,550)	50,501
NBCIMC	25,592	27,391	-	(1,799)	25,592
SBWI	68,929	73,772	-	(4,843)	68,929
TCCIMC	136,343	87,672	55,268	(6,597)	136,343
ZZCIMC	104,180	111,506	-	(7,326)	104,180
SHYSLE	81,767	87,519	-	(5,752)	81,767
CQVS	40,905	35,024	8,308	(2,427)	40,905
SCRC	221,929	117,744	113,640	(9,455)	221,929
QDCRC	56,157	60,106	-	(3,949)	56,157
XHCIMCS	46,049	49,289	-	(3,240)	46,049
QDCSR	13,193	14,101	-	(908)	13,193
TJCMC	17,045	18,246	-	(1,201)	17,045
DLL	60,558	60,029	4,541	(4,012)	60,558
XHCIMCF	29,056	31,101	-	(2,045)	29,056
CIMC (HK)	1,750	1,870	-	(120)	1,750
CIMC USA	177,356	189,807	18	(12,469)	177,356
TAS	-	14,046	(13,325)	(721)	-
CIMCSD	168,480	180,326	-	(11,846)	168,480
HI	285,984	305,990	-	(20,006)	285,984
SZCVS	25	29	-	(4)	25
CIMC TEI	6,142	6,574	-	(432)	6,142
GZTY	12,254	13,118	-	(864)	12,254
CIMC SSC	2,616	-	2,661	(45)	2,616
TCCRC	61,921	-	62,873	(952)	61,921
YTLRC	11,224	-	11,396	(172)	11,224
	<u>2,231,081</u>	<u>2,129,182</u>	<u>245,380</u>	<u>(143,481)</u>	<u>2,231,081</u>

For detailed information of the subsidiaries, please refer to Note 6.

As at 31 December 2008, there was no provision for impairment of investments in subsidiaries.

At 31 December 2008, the Company provides guarantee with an amount of USD27,739,165 (RMB189,303,158) for bank loan of subsidiary.

20 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) *As at 31 December 2008, the Group's and the Company's investments in major joint ventures were as follows:*

The joint ventures of the Company's subsidiaries

<i>Investee</i>	<i>Note</i>	<i>Initial investment cost USD'000</i>	<i>Balance at the beginning of the year of the year USD'000</i>	<i>Increase USD'000</i>	<i>Decrease USD'000</i>	<i>Adjustments under equity method USD'000</i>	<i>Cash dividends received/receivable USD'000</i>	<i>Effect of foreign exchange rate changes USD'000</i>	<i>Balance at the end of the year USD'000</i>
Shenzhen CIMC									
Skyspace Real Estate Development Co., Ltd (CIMC Tianyu)	6(1)	9,937	13,252	-	(12,106)	(1,146)	-	-	-
Yangzhou Maxi-CUBE Tong Composite Co., Ltd (MTC)		1,151	-	1,857	-	357	(208)	(77)	1,929
		<u>11,088</u>	<u>13,252</u>	<u>1,857</u>	<u>(12,106)</u>	<u>(789)</u>	<u>(208)</u>	<u>(77)</u>	<u>1,929</u>

<i>Investee</i>		<i>Initial investment cost RMB'000</i>	<i>Balance at the beginning of the year of the year RMB'000</i>	<i>Increase RMB'000</i>	<i>Decrease RMB'000</i>	<i>Adjustments under equity method RMB'000</i>	<i>Cash dividends received/receivable RMB'000</i>	<i>Effect of foreign exchange rate changes RMB'000</i>	<i>Balance at the end of the year RMB'000</i>
Shenzhen CIMC									
Skyspace Real Estate Development Co., Ltd (CIMC Tianyu)	6(1)	79,872	96,793	-	(88,851)	(7,942)	-	-	-
Yangzhou Maxi-CUBE Tong Composite Co., Ltd (MST)		9,530	-	12,868	-	2,474	(1,441)	(737)	13,164
		<u>89,402</u>	<u>96,793</u>	<u>12,868</u>	<u>(88,851)</u>	<u>(5,468)</u>	<u>(1,441)</u>	<u>(737)</u>	<u>13,164</u>

20 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) *As at 31 December 2008, the Group's and the Company's investments in major joint ventures were as follows:*

(a) The joint ventures of the Company's subsidiaries

Details of the joint ventures of the Company's subsidiaries are as follows:

Name of investee	Organisation code	Regisation place	Business nature	Registered capital RMB'000	The Company's Shareholding percentage / voting rights	At year end		Current year	
						Total assets RMB'000	Total liabilities RMB'000	Total revenue RMB'000	Net profit RMB'000
MST	60872487-5	Yangzhou	Sino foreign joint venture	154,634	50%	33,913	7,579	62,875	4,951

The voting rights held by the Company are the same as its shareholding percentage of the joint ventures.

20 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(3) As at 31 December 2008, the Group's and Company's investments in major associates are as follows:

(a) The associates of the Company's subsidiaries

<i>Investee</i>	<i>Initial investment cost</i> USD'000	<i>Balance at the beginning of the year</i> USD'000	<i>Addition during the year of subsidiaries</i> USD'000	<i>Addition through acquisitions</i> USD'000	<i>Adjustments under equity method</i> USD'000	<i>Dividends receivable/ received</i> USD'000	<i>Effect of foreign exchange rate changes</i> USD'000	<i>Balance at the end of the year</i> USD'000
KYH Steel Holding Ltd	3,336	13,430	-	-	4,225	(1,290)	(183)	16,182
Tianjin Port CIMC Zhenhua Logistic Co., Ltd (TJCMCZL)	2,660	3,806	460	-	1,427	-	-	5,693
Yangzhou Maxi-CUBE Tong Composite Co., Ltd (MST)	1,151	1,403	454	(1,857)	-	-	-	-
Dalian Jinong Logistic Co., Ltd (DLJLL)	3,015	3,075	1,187	-	620	-	-	4,882
Xiamen CIMC Haitou Container Service Co., Ltd (Xiamen Haitou)	1,494	1,549	659	-	582	(659)	-	2,131
Zhenhua Logistic Group Co., Ltd (TJZL)	47,453	54,441	-	-	1,922	(1,624)	-	54,739
Ningbo Beilun Donghua Container Service Co., Ltd (NBBL)	432	457	-	-	95	(65)	(40)	447
New Atlantic Timber (HK) Limited (XYW)	396	196	200	-	-	-	37	433
Shanghai Fengyang	1,643	4,176	-	-	(515)	-	324	3,985
TRS Transportkoeling	1,647	1,647	-	-	379	-	-	2,026
EURTANK OY	951	951	-	-	156	(91)	-	1,016
Fuzhou Haitou Logistics Co., Ltd (Fuzhou Haitou)	709	-	709	-	(238)	-	-	471
Xiamen Haitou Logistics Co., Ltd (XMHLC)	888	-	888	-	-	-	-	888
Yantai Raffles Shipyard Limited (Raffles)	93,288	-	93,288	-	1,199	-	(151)	94,336
	<u>159,063</u>	<u>85,131</u>	<u>97,845</u>	<u>(1,857)</u>	<u>9,852</u>	<u>(3,729)</u>	<u>(13)</u>	<u>187,229</u>

20 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(3) At 31 December 2008, the Group and Company's investments in major associates are as follows: (continued)

(a) The major associates of the Company's subsidiaries: (continued)

<i>Investee</i>	<i>Initial investment cost</i>	<i>Balance at the beginning of the year</i>	<i>Addition during the year of subsidiaries</i>	<i>Addition through acquisitions</i>	<i>Adjustments under equity method</i>	<i>Dividends receivable/ received</i>	<i>Effect of foreign exchange rate changes</i>	<i>Balance at the end of the year</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
KYH Steel Holding Ltd	27,625	95,068	-	-	29,275	(8,939)	(4,972)	110,432
TJCMCZL	21,403	27,800	3,187	-	9,885	-	(2,021)	38,851
MST	9,530	10,247	2,621	(12,868)	-	-	-	-
DLJLL	16,844	22,464	8,225	-	4,293	-	(1,665)	33,317
Xiamen Haitou	11,479	11,311	4,566	-	4,035	(4,566)	(803)	14,543
TJZL	302,144	400,680	-	-	13,315	(11,253)	(29,181)	373,561
NBBL	3,579	3,339	-	-	657	(450)	(495)	3,051
XYW	2,916	1,431	1,386	-	-	-	138	2,955
Shanghai Fengyang	12,000	30,505	-	-	(3,566)	-	256	27,195
TRS Transportkoeling	12,030	12,030	-	-	2,628	-	(832)	13,826
Eurotank Oy	6,946	6,946	-	-	1,084	(631)	(465)	6,934
Fuzhou Haitou	5,179	-	5,179	-	(1,651)	-	(314)	3,214
XMHLC	6,153	-	6,153	-	-	-	(93)	6,060
Raffles	636,635	-	636,635	-	8,312	-	(1,162)	643,785
	<u>1,074,463</u>	<u>621,821</u>	<u>667,952</u>	<u>(12,868)</u>	<u>68,267</u>	<u>(25,839)</u>	<u>(41,609)</u>	<u>1,277,724</u>

As at 31 December 2008, based on the result of the impairment tests comparing the recoverable amount and carrying amount of long term equity investment in jointly ventures and associates, no provision for impairment was considered necessary.

20 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(3) At 31 December 2008, the Group and Company's investments in associates are as follows: (continued)

(a) The associates of the Company's subsidiaries: (continued)

Details of the associates of the Company's subsidiaries are as follows:

Name of investee	Organisation code	Registered place	Business nature	Registered /paid-in capital Currency '000	Shareholding percentage	The Company's Subsidiaries' Voting rights	At year end		Current year	
							Total assets RMB'000	Total liabilities RMB'000	Total revenue RMB'000	Net profit / (loss) RMB'000
		The British Virgin Islands	LTD	HKD 72,289	31.83%	31.83%	685,832	387,265	1,419,255	97,873
KYH Steel Holding Ltd	106755	Virgin Islands	LTD	HKD 72,289	31.83%	31.83%	685,832	387,265	1,419,255	97,873
TJCMCZL	78939485	Tianjin	JV	RMB 200,000	36.00%	36.00%	96,512	3,156	17,578	3,159
DLJLL	2102716968340	Dalian	JV	RMB 25,000	30.00%	30.00%	75,434	19,727	66,118	12,033
Xiamen Haitou	776024499	Xianmen	JV	RMB 15,000	45.00%	45.00%	35,858	10,723	24,509	6,088
TJZL	600575801	Tianjin	JV	RMB 322,315	34.00%	34.00%	1,593,904	888,175	5,014,863	80,236
NBBL	14432073-2	Ningbo	JV	RMB 4,000	21.00%	21.00%	18,156	2,255	31,625	2,780
XYW	871052	HongKong	LTD	RMB 12,500	20.00%	20.00%	24,271	22,889	-	(4)
Shanghai Fengyang	74269573-7	Shanghai	JV	RMB 30,000	40.00%	40.00%	533,942	457,679	166,685	24,148
Fuzhou Haitou	78690210-1	Fuqing	JV	RMB 11,180	49.0%	49.00%	9,743	8,891	5,097	(3,611)
XMHLC	77602449-9	Xiamen	JV	RMB 83,151	49.00%	49.00%	12,366	4	-	-
Raffles *	(1) 199401560D	Singapore	LTD	SGD 591,428	17.86%	17.86%	7,531,585	4,875,726	1,676,447	54,633

* Raffles is a listed company. As at the reporting date, Raffles' financial statement for the year 2008 has not been announced. The financial information stated above was sourced from the unaudited interim financial report of Raffles for the period ended 30 June 2008, which is the latest announced financial result.

20 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(3) *As at 31 December 2008, the Group and Company's investments in associates are as follows: (continued)*

(a) The associates of the Company's subsidiaries: (continued)

As at 13 November 2008, the Company acquired 10.00% equity of Yantai Raffles Shipyard Limited ("Raffles") through one of its wholly-owned subsidiary, Sharp Vision Holdings Limited at a cash consideration of Norwegian Krone 444,543,125 (equivalent to USD66,561,326). Moreover, as at 28 November 2008, 19 December 2008 and 30 December 2008, the Company obtained totally 7.86% equity of Raffles at a total cash consideration of Norwegian Krone 186,831,510 (equivalent to USD26,726,789) by acquiring the publicly available shares of Raffles in Norwegian Oslo Stock Exchange. As at 31 December 2008, the Group held 17.86% equity of Raffles and the fair value of the Group's identifiable net assets of Raffles measured at respective acquisition dates amounted to USD54,106,000 (RMB369,316,736). The excess of the investment costs over the aforesaid amount of USD39,182,115 (RMB267,945,268) was recognised as goodwill and included in the Group's long term equity investment in Raffles. Since the Group only had investments in Raffles in late 2008 and there was no material adverse change in Raffles' business since acquisitions dates, the Group considered that no impairment for goodwill is necessary.

Although the Group only has 17.86% equity of Raffles, the Group has significant influences over Raffles in making financial and operational decisions as the Group's President, Mr. Mai Boliang has been appointed as Chairmen and Non-Executive Director of Raffles in 3 November 2008. Raffles becomes an associate company of the Group since 3 November 2008.

Raffles is incorporated in Singapore with its headquarter and manufacturing plants in Singapore and Yantai, Shandong Province, China respectively. Raffles has its shares listed in the Over-The-Counter Market (OTC) in Norwegian Oslo Stock Exchange since May 2006. The issued ordinary shares of Raffles amounted to 273,500,000. Raffles is a leading offshore and marine fabrication specialist and is the biggest and the third manufacturer in China and in the World respectively in terms of semi-submersible oceanographic engineering equipment construction business. Raffles mainly engages in the construction of various marine and offshore projects that include jack-up drilling rigs, semi-submersible drilling rigs, FPSOs, pipe lay vessels, platform supply vessels, other prototype vessels and luxury yachts.

20 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(4) As at 31 December 2008, other long-term equity investments of the Group and Company are as follows:

The Group's other equity investments:

	<i>Jinan Puren polyurethane Co., Ltd</i> USD'000	<i>Shanghai Haifu International Container Transport</i> USD'000	<i>BOCM Schroder Stolt Fund Management</i> USD'000	<i>Donghua Container</i> USD'000	<i>China Railway United Logistics</i> USD'000	<i>Guangdong Samsung</i> USD'000	<i>Beihai Yinjian</i> USD'000	<i>China Merchants Securities</i> USD'000	<i>Total</i> USD'000
Investment costs									
Balance at the beginning									
of the year	84	103	1,233	35	18,127	207	258	7,007	27,054
Add: addition	-	-	-	-	19,167	-	-	-	19,167
Less: disposal	89	-	-	-	-	-	-	-	89
Effect of foreign exchange rate changes	5	15	-	4	(16)	-	-	1	9
Balance at the end of the year	-	118	1,233	39	37,278	207	258	7,008	46,141
Less: Provision for impairment									
Balance at the beginning and the end of the year	-	-	-	-	-	207	258	-	465
Carrying amount									
At the year end	-	118	1,233	39	37,278	-	-	7,008	45,676
At the beginning of the year	84	103	1,233	35	18,127	-	-	7,007	26,589

20 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(4) As at 31 December 2008, other long-term equity investments of the Group and Company are as follows:

The Group's other equity investments: (continued)

	<i>Jinan Puren polyurethane Co., Ltd</i> RMB'000	<i>Shanghai Haifu International Container Transport</i> RMB'000	<i>BOCM Schroder Stolt Fund Management</i> RMB'000	<i>Donghwa Container</i> RMB'000	<i>China Railway United Logistics</i> RMB'000	<i>Guangdong Samsung</i> RMB'000	<i>Beihai Yinjian</i> RMB'000	<i>China Merchants Securities</i> RMB'000	<i>Total</i> RMB'000
Investment costs									
Balance at the beginning of the year	614	753	9,004	257	132,399	1,512	1,885	51,181	197,605
Add: addition	-	-	-	-	132,814	-	-	-	132,814
Less: disposal	614	-	-	-	-	-	-	-	614
Effect of foreign exchange rate changes	-	51	(585)	11	(10,813)	(101)	(122)	(3,362)	(14,921)
Balance at the end of the year	-	804	8,419	268	254,400	1,411	1,763	47,819	314,884
Less: Provision for impairment									
Balance at the beginning of the year	-	-	-	-	-	1,512	1,885	-	3,397
Effect of foreign exchange rate changes	-	-	-	-	-	(101)	(122)	-	(223)
Balance at the end of the year	-	-	-	-	-	1,411	1,763	-	3,174
Carrying amount									
At the end year of the year	-	804	8,419	268	254,400	-	-	47,819	311,710
At the beginning of the year	614	753	9,004	257	132,399	-	-	51,181	194,208

20 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(4) *As at 31 December 2008, other long-term equity investments of the Group and Company are as follows:*

The Company's other equity investments: (continued)

	<i>Guangdong Samsung USD'000</i>	<i>Beihai Yinjian USD'000</i>	<i>BOCM Schroder Stolt Fund Management USD'000</i>	<i>China Merchants Securities USD'000</i>	<i>China Railway United Logistics USD'000</i>	<i>Total USD'000</i>
Investment costs						
Beginning of the year	207	258	1,233	7,008	18,111	26,817
Addition during the year	-	-	-	-	19,167	19,167
End of the year	207	258	1,233	7,008	37,278	45,984
Less: Provision for impairment						
Beginning and the end of the year	207	258	-	-	-	465
Carrying amount						
At the year end	-	-	1,233	7,008	37,278	45,519
At the beginning of the year	-	-	1,233	7,008	18,111	26,352
	<i>Guangdong Samsung RMB'000</i>	<i>Beihai Yinjian RMB'000</i>	<i>BOCM Schroder Stolt Fund Management RMB'000</i>	<i>China Merchants Securities RMB'000</i>	<i>China Railway United Logistics RMB'000</i>	<i>Total RMB'000</i>
Investment costs						
Beginning of the year	1,512	1,885	9,004	51,181	132,399	195,981
Addition during the year	-	-	-	-	132,814	132,814
Effect of foreign exchange rate changes	(101)	(122)	(585)	(3,362)	(10,813)	(14,983)
End of the year	1,411	1,763	8,419	47,819	254,400	313,812
Less: Provision for impairment						
Beginning of the year	1,512	1,885	-	-	-	3,397
Effect of foreign exchange rate changes	(101)	(122)	-	-	-	(223)
End of the year	1,411	1,763	-	-	-	3,174

20 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(4) *As at 31 December 2008, other long-term equity investments of the Group and Company are as follows:*

The Company's other equity investments: (continued)

	<i>Guangdong Samsung</i> RMB'000	<i>Beihai Yinjian</i> RMB'000	<i>BOCM Schroder Stolt Fund Management</i> RMB'000	<i>China Merchants Securities</i> RMB'000	<i>China Railway United Logistics</i> RMB'000	<i>Total</i> RMB'000
Carrying amount						
At the year end	-	-	8,419	47,819	254,400	310,638
At the beginning of the year	-	-	9,004	51,181	132,399	192,584

21 INVESTMENT PROPERTY

	<i>The Group</i>		
	<i>Land use rights</i> USD'000	<i>Buildings</i> USD'000	<i>Total</i> USD'000
Cost:			
Balance at the beginning of the year	7,132	-	7,132
Transfer from intangible assets	2,004	-	2,004
Transfer from fixed assets	-	4,639	4,639
Effect of the foreign exchange rate changes	532	21	553
Balance at the end of the year	9,668	4,660	14,328
Less: Accumulated depreciation or amortisation			
Balance at the beginning of the year	419	-	419
Transfer from intangible assets	131	-	131
Transfer from fixed assets	-	1,975	1,975
Additions during the year	156	-	156
Effect of the foreign exchange rate changes	34	1	35
Balance at the end of the year	740	1,976	2,716
Carrying amounts:			
At the year end	8,928	2,684	11,612
At the beginning of the year	6,713	-	6,713

21 INVESTMENT PROPERTY (CONTINUED)

	<i>The Group</i>		
	<i>Land use rights RMB'000</i>	<i>Buildings RMB'000</i>	<i>Total RMB'000</i>
<i>Cost:</i>			
Balance at the beginning of the year	52,092	-	52,092
Transfer from intangible assets	13,887	-	13,887
Transfer from fixed assets	-	32,142	32,142
Effect of the foreign exchange rate changes	-	(340)	(340)
Balance at the end of the year	<u>65,979</u>	<u>31,802</u>	<u>97,781</u>
<i>Less: Accumulated depreciation or amortisation</i>			
Balance at the beginning of the year	3,061	-	3,061
Transfer from intangible assets	911	-	911
Transfer from fixed assets	-	13,688	13,688
Additions during the year	1080	-	1,080
Effect of the foreign exchange rate changes	-	(203)	(203)
Balance at the end of the year	<u>5,052</u>	<u>13,485</u>	<u>18,537</u>
<i>Carrying amounts:</i>			
At the year end	<u>60,927</u>	<u>18,317</u>	<u>79,244</u>
At the beginning of the year	<u>49,031</u>	<u>-</u>	<u>49,031</u>

22 FIXED ASSETS

The Group

	<i>Plant & buildings</i> USD'000	<i>Machinery & equipment</i> USD'000	<i>Motor vehicles</i> USD'000	<i>Electronic & other equipment</i> USD'000	<i>Total</i> USD'000
Cost:					
Balance at the beginning of the year	538,059	552,043	57,057	71,691	1,218,850
Additions through acquisitions of subsidiaries	964	-	178	4,016	5,158
Additions through associate becoming subsidiaries	1,706	-	-	195	1,901
Purchase	29,673	25,237	4,411	5,433	64,754
Transfer from construction in progress	103,791	80,560	6,006	6,483	196,840
Transfer from investment property	(4,639)	-	-	-	(4,639)
Disposals	(7,781)	(17,567)	(5,239)	(2,105)	(32,692)
Effect of the foreign exchange rate changes	1,831	10,033	1,191	935	13,990
Balance at the end of the year	663,604	650,306	63,604	86,648	1,464,162
Less: Accumulated depreciation:					
Balance at the beginning of the year	89,964	188,318	28,259	34,466	341,007
Additions through acquisitions of subsidiaries	91	-	134	2,935	3,160
Additions through associate becoming subsidiaries	559	-	-	154	713
Charge for the year	28,127	35,284	5,442	6,390	75,243
Transfer from investment property	(1,975)	-	-	-	(1,975)
Written off on disposals	(1,363)	(7,139)	(1,312)	(1,658)	(11,472)
Effect of the foreign exchange rate changes	(3,274)	2,653	559	176	114
Balance at the end of the year	112,129	219,116	33,082	42,463	406,790
Less: Provision for impairment					
As at the beginning of the year	3,745	5,563	2	330	9,640
Written off on disposal	(327)	-	-	(215)	(542)
Effect of the foreign exchange rate changes	-	-	-	9	9
Balance at the end of the year	3,418	5,563	2	124	9,107
Carrying amount:					
Balance at the end of the year	548,057	425,627	30,520	44,061	1,048,265
Balance at the beginning of the year	444,350	358,162	28,796	36,895	868,203

22 FIXED ASSETS (CONTINUED)

The Group (continued)

	<i>Plant & buildings</i> RMB'000	<i>Machinery & equipment</i> RMB'000	<i>Motor vehicles</i> RMB'000	<i>Electronic & other equipment</i> RMB'000	<i>Total</i> RMB'000
Cost:					
Balance at the beginning of the year	3,930,083	4,032,230	416,759	523,644	8,902,716
Additions through acquisitions of subsidiaries	6,678	-	1,235	27,828	35,741
Additions through associate becoming subsidiaries	11,822	-	-	1,353	13,175
Purchase	205,615	174,872	30,568	37,644	448,699
Transfer from construction in progress	719,197	558,225	41,614	44,923	1,363,959
Transfer from investment property	(32,142)	-	-	-	(32,142)
Disposals during the year	(53,920)	(121,726)	(36,305)	(14,589)	(226,540)
Effect of the foreign exchange rate changes	(258,634)	(205,648)	(19,811)	(29,497)	(513,590)
Balance at the end of the year	4,528,699	4,437,953	434,060	591,306	9,992,018
Less: Accumulated depreciation:					
Balance at the beginning of the year	657,104	1,375,511	206,410	251,750	2,490,775
Additions through acquisitions of subsidiaries	630	-	928	20,336	21,894
Additions through associate becoming subsidiaries	3,871	-	-	1,066	4,937
Charge for the year	194,903	244,493	37,711	44,281	521,388
Transfer from investment property	(13,688)	-	-	-	(13,688)
Written off on disposals	(9,445)	(49,471)	(9,094)	(11,486)	(79,496)
Effect of the foreign exchange rate changes	(68,163)	(75,196)	(10,189)	(16,172)	(169,720)
Balance at the end of the year	765,212	1,495,337	225,766	289,775	2,776,090
Less: Provision for impairment					
Balance at the beginning of the year	27,357	40,629	17	2,408	70,411
Written off on disposal	(2,268)	-	-	(1,491)	(3,759)
Effect of the foreign exchange rate changes	(1,758)	(2,666)	(2)	(75)	(4,501)
Balance at the end of the year	23,331	37,963	15	842	62,151
Carrying amount:					
Balance at the end of the year	3,740,156	2,904,653	208,279	300,689	7,153,777
Balance at the beginning of the year	3,245,622	2,616,090	210,332	269,486	6,341,530

22 FIXED ASSETS (CONTINUED)

The Company

	<i>Plant & buildings</i> USD'000	<i>Motor vehicles</i> USD'000	<i>Electronic & other equipment</i> USD'000	<i>Total</i> USD'000
<i>Cost:</i>				
Balance at the beginning of the year	16,732	2,381	11,031	30,144
Purchase	-	180	446	626
Transfer from construction in progress	1,115	-	1,196	2,311
Disposals during the year	-	-	(17)	(17)
Balance at the end of the year	<u>17,847</u>	<u>2,561</u>	<u>12,656</u>	<u>33,064</u>
<i>Less: Accumulated depreciation:</i>				
Balance at the beginning of the year	2,622	923	8,867	12,412
Charge for the year	517	374	574	1,465
Written off on disposals	-	-	(3)	(3)
Balance at the end of the year	<u>3,139</u>	<u>1,297</u>	<u>9,438</u>	<u>13,874</u>
<i>Carrying amount</i>				
Balance at the end of the year	<u>14,708</u>	<u>1,264</u>	<u>3,218</u>	<u>19,190</u>
Balance at the beginning of the year	<u>14,110</u>	<u>1,458</u>	<u>2,164</u>	<u>17,732</u>

22 FIXED ASSETS (CONTINUED)

The Company (continued)

	<i>Plant & buildings</i>	<i>Motor vehicles</i>	<i>Electronic & other equipment</i>	<i>Total</i>
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
Balance at the beginning of the year	122,211	17,391	80,573	220,175
Purchase	-	1,247	3,090	4,337
Transfer from construction in progress	7,726	-	8,288	16,014
Disposals during the year	-	-	(118)	(118)
Effect of the foreign exchange rate changes	(8,142)	(1,161)	(5,463)	(14,766)
Balance at the end of the year	<u>121,795</u>	<u>17,477</u>	<u>86,370</u>	<u>225,642</u>
Less: Accumulated depreciation:				
Balance at the beginning of the year	19,151	6,742	64,767	90,660
Charge for the year	3,582	2,592	3,977	10,151
Written off on disposals	-	-	(21)	(21)
Effect of the foreign exchange rate changes	(1,309)	(482)	(4,314)	(6,105)
Balance at the end of the year	<u>21,424</u>	<u>8,852</u>	<u>64,409</u>	<u>94,685</u>
Carrying amount				
Balance at the end of the year	<u>100,371</u>	<u>8,625</u>	<u>21,961</u>	<u>130,957</u>
Balance at the beginning of the year	<u>103,060</u>	<u>10,649</u>	<u>15,806</u>	<u>129,515</u>

As at 31 December 2008, there was no fixed asset pending for disposal.

As at 31 December 2008, the cost of the Group's fixed assets whose certificates of ownership are pending amounted to USD120,388,837. The group owns the legitimate use rights and disposal rights of the plant and buildings above.

As at 31 December 2008, the carrying amounts of the Group's and the Company's fixed assets leased out under operating leases were:

	<i>Plant & buildings</i>	<i>Machinery & equipment</i>	<i>Motor vehicles</i>	<i>Electronic & other equipment</i>	<i>Total</i>
	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at the beginning of the year	<u>630</u>	<u>379</u>	<u>183</u>	<u>872</u>	<u>2,064</u>

22 FIXED ASSETS (CONTINUED)

As at 31 December 2008, the carrying amounts of the Group's and the Company's fixed assets leased out under operating leases were: (continued)

	<i>Plant & buildings</i> RMB'000	<i>Machinery & equipment</i> RMB'000	<i>Motor vehicles</i> RMB'000	<i>Electronic & other equipment</i> RMB'000	<i>Total</i> RMB'000
Balance at the end of the year	-	-	-	-	-
Balance at the beginning of the year	4,600	2,770	1,339	6,366	15,075

As at 31 December 2008, the fixed assets of the Group have been restricted for USD134,373,911 (RMB917,021,318). Please refer to Note 29 for details.

23 CONSTRUCTION IN PROGRESS

	<i>The Group</i>			
	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Cost:				
Balance at the beginning of the year	94,946	693,507	43,551	339,922
Additions through acquisitions of subsidiaries	-	-	7,691	57,802
Additions during the year	248,093	1,719,109	152,345	1,153,960
Transferred to fixed assets	(196,840)	(1,363,959)	(101,229)	(766,487)
Decrease due to other reasons	(8,900)	(61,680)	(9,534)	(72,193)
Effect of the foreign exchange rate changes	964	(43,417)	2,122	(19,497)
Balance at the end of the year	138,263	943,560	94,946	693,507
Carrying amounts:				
At the end of the year	138,263	943,560	94,946	693,507
At the beginning of the year	94,946	693,507	43,551	339,922
	<i>The Company</i>			
	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Cost:				
Balance at the beginning of the year	2,094	15,294	508	3,963
Additions during the year	6,440	44,625	2,042	14,758
Transferred to fixed assets	(2,311)	(16,014)	(237)	(1,795)
Decrease due to other reasons	(5,247)	(37,243)	(219)	(1,632)
Balance at the end of the year	976	6,662	2,094	15,294
Carrying amounts:				
At the end of the year	976	6,662	2,094	15,294
At the beginning of the year	2,094	15,294	508	3,963

23 Construction in progress (continued)

The carrying amounts at the end of the year included capitalised borrowing cost of USD1,400,535 equivalent to RMB 9,704,727 (2007: USD 940,946, equivalent to RMB 7,124,655). The interest rate per annum at which the borrowing costs were capitalised for the current year by the Group was 5.78% (2007: 5.50%).

As at 31 December 2008, the group's construction in progress with restrictions placed on their ownership are USD525,562 (RMB3,586,645), please refer to Note 29.

As at 31 December 2008, the Group's major construction projects in progress were set out as follows:

<i>Project</i>	<i>Budget</i> USD'000	<i>Beginning balance</i> USD'000	<i>Additions</i> USD'000	<i>Transfer to fixed assets</i> USD'000	<i>Effect of the foreign exchange rate changes</i> USD'000	<i>Closing balance</i> USD'000	<i>Percentage of input to budget</i>	<i>Sources of funds</i>
HJCIIMC Industrial Park	37,439	406	22,091	(6,485)	268	16,280	61%	self-financing
TCCIMC CIP	24,885	1,122	15,078	(544)	303	15,959	65%	self-financing
DLZH pressure container project	54,217	-	10,699	(15)	-	10,684	20%	self-financing
NTCIMC Large-Sized Tank Co., Ltd	14,952	-	6,389	-	-	6,389	43%	self-financing
LNVS 2nd project	5,568	3,292	1,930	-	261	5,483	98%	self-financing
NTCIMCT Cylinders project	6,062	882	4,930	(2,574)	-	3,238	96%	self-financing
Pressure machine	2,134	581	1,093	-	-	1,674	78%	self-financing
NTCIMCS plants	4,558	-	3,140	-	48	3,188	69%	self-financing
QDRV Plants	4,208	-	2,703	-	42	2,745	65%	self-financing
Plants	3,972	-	2,934	-	45	2,979	75%	self-financing
XASV CIP	5,613	-	1,691	-	26	1,717	30%	self-financing
CQVS Plants	18,466	1,179	14,289	(14,200)	-	1,268	84%	self-financing
NTCIMC Plants	3,000	95	2,291	(1,185)	-	1,201	80%	self-financing

23 Construction in progress (continued)

At 31 December 2008, the Group's major construction in progress were set out as follows: (continued)

<i>Project</i>	<i>Budget</i> RMB'000	<i>Beginning</i> <i>balance</i> RMB'000	<i>Additions</i> RMB'000	<i>Transfer to</i> <i>fixed assets</i> RMB'000	<i>Effect of</i> <i>the foreign</i> <i>exchange</i> <i>rate changes</i> RMB'000	<i>Closing</i> <i>balance</i> RMB'000	<i>Percentage</i> <i>of input</i> <i>to budget</i>	<i>Sources of</i> <i>funds</i>
HJCMC								
Industrial Park	255,500	2,966	153,075	(44,940)	-	111,101	61%	self-financing
TCCIMC								
CIP	169,827	8,196	104,483	(3,767)	-	108,912	65%	self-financing
DLZH Pressure Container								
Project	370,000	-	74,133	(103)	(1,120)	72,910	20%	self-financing
NTCIMC Large-Sized								
Tank Co., Ltd	102,039	-	44,270	-	(670)	43,600	43%	self-financing
LNVS 2nd project	38,000	24,044	13,376	-	-	37,420	98%	self-financing
NTCIMCT								
Cylinders project	41,372	6,445	34,161	(17,834)	(670)	22,102	96%	self-financing
Pressure machine	14,564	4,242	7,571	-	(393)	11,420	78%	self-financing
NT CIMCS plants	31,109	-	21,761	-	-	21,761	69%	self-financing
QDRV								
Plants	28,720	-	18,732	-	-	18,732	65%	self-financing
Plants	27,103	-	20,327	-	-	20,327	75%	self-financing
XASV CIP	38,306	-	11,720	-	-	11,720	30%	self-financing
CQVS Plants	126,018	8,615	99,012	(98,393)	(575)	8,659	84%	self-financing
NTCIMC Plants	20,473	697	15,877	(8,210)	(162)	8,202	80%	self-financing

24 INTANGIBLE ASSETS

The Group

	Note	Land use rights USD'000	Technical know-how & trademarks USD'000	Timber concession rights USD'000	Customer relationships USD'000	Customer contracts USD'000	Total USD'000
Cost:							
Balance at the beginning of the year		255,402	79,279	35,854	3,317	1,605	375,457
Additions through acquisitions of subsidiaries (1)		-	10,807	-	13,686	9,568	34,061
Addition for the year		47,697	4,936	-	-	-	52,633
Transfer to investment property		(2,004)	-	-	-	-	(2,004)
Decrease during the year		-	(396)	-	-	-	(396)
Effect of foreign exchange rate changes		5,222	(844)	221	-	-	4,599
Balance at the end of the year		306,317	93,782	36,075	17,003	11,173	464,350
Less: Accumulated amortisation							
Balance at the beginning of the year		17,006	6,075	12,355	416	642	36,494
Additions through acquisitions of subsidiaries		-	1,245	-	-	-	1,245
Charge for the year		5,899	11,871	712	2,174	2,103	22,759
Transfer to investment property		(131)	-	-	-	-	(131)
Written off on disposal		-	(47)	-	-	-	(47)
Effect of foreign exchange rate changes		626	(231)	79	-	-	474
Balance at the end of the year		23,400	18,913	13,146	2,590	2,745	60,794
Less: Provision for impairment							
Balance at the beginning of the year (2)		-	-	15,811	-	-	15,811
Effect of foreign exchange rate changes		-	-	98	-	-	98
Balance at the end of the year		-	-	15,909	-	-	15,909
Carrying amounts:							
At the end of the year		282,917	74,869	7,020	14,413	8,428	387,647
At the beginning of the year		238,396	73,204	7,688	2,901	963	323,152

24 INTANGIBLE ASSETS (CONTINUED)

The Group (continued)

Note	<i>Land use rights</i> RMB'000	<i>Technical know-how & trademarks</i> RMB'000	<i>Timber concession rights</i> RMB'000	<i>Customer Relationships</i> RMB'000	<i>Customers contracts</i> RMB'000	<i>Total</i> RMB'000
Cost:						
Balance at the beginning of the year	1,865,501	579,082	261,875	24,230	11,720	2,742,408
Additions through acquisitions of subsidiaries (1)	-	74,883	-	93,441	65,326	233,650
Addition of the year	330,508	34,204	-	-	-	364,712
Transfer to investment property	(13,887)	-	-	-	-	(13,887)
Decrease during the year	-	(2,745)	-	-	-	(2,745)
Effect of foreign exchange rate changes	(91,695)	(45,414)	(15,682)	(1,636)	(801)	(155,228)
Balance at the end of the year	<u>2,090,427</u>	<u>640,010</u>	<u>246,193</u>	<u>116,035</u>	<u>76,245</u>	<u>3,168,910</u>
Less: Accumulated amortisation						
Balance at the beginning of the year	124,214	44,370	90,243	3,039	4,688	266,554
Additions through acquisitions of subsidiaries	-	9,595	-	-	-	9,595
Charge for the year	40,873	82,260	4,932	15,067	14,575	157,707
Transfer to investment property	(911)	-	-	-	-	(911)
Written off on disposal	-	(324)	-	-	-	(324)
Effect of foreign exchange rate changes	(4,489)	(6,828)	(5,461)	(428)	(529)	(17,735)
Balance at the end of the year	<u>159,687</u>	<u>129,073</u>	<u>89,714</u>	<u>17,678</u>	<u>18,734</u>	<u>414,886</u>
Less: Provision for impairment						
Balance at the beginning of the year (2)	-	-	115,487	-	-	115,487
Effect of foreign exchange rate changes	-	-	(6,920)	-	-	(6,920)
Balance at the end of the year	<u>-</u>	<u>-</u>	<u>108,567</u>	<u>-</u>	<u>-</u>	<u>108,567s</u>
Carrying amounts:						
At the end of the year	<u>1,930,740</u>	<u>510,937</u>	<u>47,912</u>	<u>98,357</u>	<u>57,511</u>	<u>2,645,457</u>
At the beginning of the year	<u>1,741,287</u>	<u>534,712</u>	<u>56,145</u>	<u>21,191</u>	<u>7,032</u>	<u>2,360,367</u>

24 INTANGIBLE ASSETS (CONTINUED)

The Company

	<i>Land use rights</i> USD'000	<i>Technical know-how & trademarks</i> USD'000	<i>Total</i> USD'000
Cost:			
Balance at the beginning of the year	4,736	350	5,086
Less: Accumulated amortisation			
Balance at the beginning of the year	78	64	142
Charge for the year	99	11	110
Balance at the end of the year	177	75	252
Carrying amounts:			
At the end of the year	4,559	275	4,834
At the beginning of the year	4,658	286	4,944
	<i>Land use rights</i> RMB'000	<i>Technical know-how & trademarks</i> RMB'000	<i>Total</i> RMB'000
Cost:			
Balance at the beginning of the year	34,593	2,556	37,149
Effect of foreign exchange rate changes	(2,279)	(167)	(2,446)
Balance at the end of the year	32,314	2,389	34,703
Less: Accumulated amortisation			
Balance at the beginning of the year	574	467	1,041
Effect of foreign exchange rate changes	(52)	(31)	(83)
Balance at the end of the year	1,201	512	1,713
Carrying amounts:			
At the end of the year	31,113	1,877	32,990
At the beginning of the year	34,019	2,089	36,108

24 INTANGIBLE ASSETS (CONTINUED)

- (1) In 2008, the Group acquired TGE SA (see Note 6(2)) whose intangible assets are measured at assessed value in consolidation financial statement, the following are the intangible assets with value in excess of USD 1 million:

	<i>Original value</i>		<i>valuation method</i>
	USD'000	RMB'000	
Technical know-how	8,667	59,177	discounted cash flow
Customer relationship	13,686	93,441	discounted cash flow
Customer contracts	9,568	65,326	discounted cash flow
	<u>31,921</u>	<u>217,944</u>	

TGE SA's intangible assets were valued by Rentrop & Partner KG.

- (2) The timber concession right amounted to USD18,585,711, in respect of the 450,000 acres in Suriname was acquired by Topco Forestry N.V, a wholly owned subsidiary of the Gold Terrain Assets Limited, a subsidiary of the Company.

Since around 75,000 acres of the forest was located in a nature reserve, the government of Suriname had taken back the timber concession right in 2003. The Company had negotiated with government to substitute the 75,000 acres with other locations. Since there are clear results of the negotiation, the provision of impairment for USD2,116,985 was made to the timber concession right.

In 1998, Silveroad Wood Products Limited, a fully owned subsidiary of Gold Terrain Assets Limited purchased 315,460 acres of timber concession rights in Cambodia amounting to USD17,488,983. The government of Cambodia has suspended logging activities of all concessionaires, including those of the Group since 2001. In view of this, full impairment loss amounted to USD13,791,719 was made on the carrying value of the related concession rights.

- (3) As at 31 December 2008, there were no intangible assets with indefinite useful lives.

25 GOODWILL

	<i>The Group</i>			
	<u>2008</u>		<u>2007</u>	
	<i>Amount</i> USD'000	<i>Amount</i> RMB'000	<i>Amount</i> USD'000	<i>Amount</i> RMB'00
<i>Cost:</i>				
Balance at the beginning of the year	135,646	991,139	39,384	307,694
Addition for the year	35,757	247,769	96,262	703,115
Effect of foreign exchange exchange rate changes	<u>(1,096)</u>	<u>(76,666)</u>	<u>-</u>	<u>(19,670)</u>
Balance at the end of the year	<u>170,307</u>	<u>1,162,242</u>	<u>135,646</u>	<u>991,139</u>
<i>Less: Provision for impairment</i>				
Balance at the beginning of the year	1,757	13,190	1,757	14,012
Effect of foreign exchange	<u>-</u>	<u>(1,199)</u>	<u>-</u>	<u>(822)</u>
Balance at the end of the year	<u>1,757</u>	<u>11,991</u>	<u>1,757</u>	<u>13,190</u>
<i>Carrying amounts:</i>				
At the end of the year	<u>168,550</u>	<u>1,150,251</u>	<u>133,889</u>	<u>977,949</u>
At the beginning of the year	<u>133,889</u>	<u>977,949</u>	<u>37,627</u>	<u>293,682</u>

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

- (a) The recoverable amount of Enric is determined based on the present value of expected future cash flow. The present value of expected future cash flow was projected based on the most recent ten-year financial budgets approved by management of the Group and a pre tax discount rate of 5.94%. The cash flow beyond the ten-year budget period was assumed to keep stable. As key assumptions on which management has made the future cash projections are subject to change, management believes that any adverse change in the key assumptions would cause the carrying amount to exceed its recoverable amount.

The calculation of present value of expected future cash flows of Enric was based on 23% of gross profit ratio and 20% of operating sales incensement as the assumption, which determined by management on the basis of past performance before the budget period.

25 GOODWILL (CONTINUED)

(b) Goodwill of TGE SA

The Group paid USD35,605,021 (RMB243,096,841) as combination cost for the 60% equity interests in TGE SA in 2008. The excess of combination cost over the Group's interest in the fair value of TGE SA's identifiable assets and liabilities, amounted to USD13,188,894 (RMB90,048,493), was recognized as good will attributable to TGE SA. The good will together with which comes from TGE SA regroup, amounted to USD15,197,477 (RMB103,759,294) are USD28,386,371 (RMB193,807,787). Since the Group only purchased TGE SA's interests in late 2008 and there has been no adverse trend in TGE SA's business, no impairment was considered necessary for the goodwill.

26 LONG-TERM DEFERRED EXPENSES

	<i>The Group</i>			
	<u>2008</u>		<u>2007</u>	
	USD'000	RMB'000	USD'000	RMB'000
Water and electricity capacity expenses	317	2,163	382	2,787
Rent	2,646	18,058	1,728	12,624
Others	2,783	18,989	2,803	20,479
	<u>5,746</u>	<u>39,210</u>	<u>4,913</u>	<u>35,890</u>
	<i>The Company</i>			
	<u>2008</u>		<u>2007</u>	
	USD'000	RMB'000	USD'000	RMB'000
Golf club membership fees and others	<u>1,492</u>	<u>10,184</u>	<u>1,016</u>	<u>7,421</u>

27 DEFERRED TAX ASSETS AND LIABILITIES

The Group

	<i>Deferred tax assets / (liabilities)</i>							<i>Ending balance of temporary differences</i> USD'000
	<i>Opening balance</i> USD'000	<i>Increased due to consolidation of subsidiary</i> USD'000	<i>Increase/decrease charge to profit or loss</i> USD'000	<i>Increase/decrease charge to equity</i> USD'000	<i>Increase/decrease recognized in goodwill</i> USD'000	<i>Effect of exchange rate</i> USD'000	<i>Closing balance</i> USD'000	
Provision for bad and doubtful debts	7,307	-	(714)	-	-	724	7,317	29,492
Provision for diminution in value of inventories	1,145	-	12,800	-	-	-	13,945	74,106
Provision for impairment against fixed assets and construction in progress	1,664	-	155	-	-	-	1,819	9,243
Provisions	12,603	-	(337)	-	-	-	12,266	54,719
Employee benefits payable	14,470	-	(47)	-	-	-	14,423	71,760
Tax loss carry-forward	548	-	1,747	-	-	-	2,295	10,245
Movement for fair value of available for sale financial assets	(100,782)	-	-	69,664	-	-	(31,118)	(155,592)
Movement for fair value of financial assets held for trade	(10,766)	-	21,533	-	-	-	10,767	51,437
Revaluation gain through combination	(55,031)	-	2,211	-	(10,087)	2,510	(60,397)	(216,608)
Movement for fair value of hedge instruments	(1,523)	-	-	716	-	-	(807)	(8,066)
Estimated dividend income earned by non-resident foreign enterprise	-	-	(8,149)	-	-	-	(8,149)	(138,665)
Others	2,814	(2,518)	1,350	-	-	(129)	1,517	9,899
Total	(127,551)	(2,518)	30,549	70,380	(10,087)	3,105	(36,122)	(208,030)

27 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The Group (continued)

	<i>Deferred tax assets / (liabilities)</i>							<i>Ending balance of temporary differences</i> RMB'000
	<i>Opening balance</i> RMB'000	<i>Increased due to consolidation of subsidiary</i> RMB'000	<i>Increase/decrease charge to profit or loss</i> RMB'000	<i>Increase/decrease charge to equity</i> RMB'000	<i>Increase/decrease recognized in goodwill</i> RMB'000	<i>Effect of exchange rate</i> RMB'000	<i>Closing balance</i> RMB'000	
Provision for bad and doubtful debts	53,372	-	(4,950)	-	-	1,511	49,933	201,268
Provision for diminution in value of inventories	8,365	-	88,692	-	-	(1,890)	95,167	505,731
Provision for impairment against fixed assets and construction in progress	12,152	-	1,075	-	-	(816)	12,411	63,077
Provisions	92,055	-	(2,336)	-	-	(6,012)	83,707	373,427
Employee benefits payable	105,692	-	(323)	-	-	(6,939)	98,430	489,718
Tax loss carry-forward	4,005	-	12,104	-	-	(447)	15,662	69,913
Movement for fair value of available for sale financial assets	(736,139)	-	-	482,724	-	41,050	(212,365)	(1,061,825)
Movement for fair value of financial Assets held for trade	(78,637)	-	149,208	-	-	2,906	73,477	351,029
Revaluation gain through combination	(401,962)	-	15,323	-	(68,870)	43,334	(412,175)	(1,478,218)
Movement for fair value of hedge instruments	(11,124)	-	-	4,964	-	656	(5,504)	(55,044)
Estimated dividend income earned by Non-resident foreign enterprise	-	-	(56,468)	-	-	855	(55,613)	(946,309)
others	20,562	(17,192)	9,355	-	-	(2,363)	10,362	67,558
Total	(931,659)	(17,192)	211,680	487,688	(68,870)	71,845	(246,508)	(1,419,675)

27 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The Company

	<i>Deferred tax assets (liabilities)</i>				
	<i>Opening balance</i> USD'000	<i>Current year increase/ decrease charged to profit or loss in equity</i> USD'000	<i>Current year increase/ decrease recognized directly</i> USD'000	<i>Ending balance</i> USD'000	<i>Ending balances of temporary difference</i> USD'000
Employee benefits payable	7,991	(919)	-	7,072	35,360
Financial assets held for trade	(2,068)	2,068	-	-	-
Financial liabilities held for trade	579	5,432	-	6,011	30,055
Available for sale financial assets	(100,783)	-	69,665	(31,118)	(155,592)
Total	(94,281)	6,581	69,665	(18,035)	(90,177)

	<i>Deferred tax assets (liabilities)</i>					
	<i>Opening balance</i> RMB'000	<i>Current year increase/ decrease charged to profit or loss in equity</i> RMB'000	<i>Current year increase/ decrease recognized directly</i> RMB'000	<i>Ending balance</i> RMB'000	<i>Effect of foreign exchange rate changes</i> RMB'000	<i>Ending balances of temporary difference</i> RMB'000
Employee benefits payable	58,371	(6,372)	-	(3,737)	48,262	241,309
Financial assets held for trade	(15,109)	14,336	-	773	-	-
Financial liabilities held for trade	4,230	37,640	-	(848)	41,022	205,109
Available for sale financial assets	(736,139)	-	523,774	-	(212,365)	(1,061,825)
Total	(688,647)	45,604	523,774	(3,812)	(123,081)	(615,407)

At the balance sheet date, the deferred tax assets and liabilities on the balance sheet, after offsetting each other, were as follows:

The Group

	2008		2007	
	<i>Amount</i> USD'000	<i>Amount</i> RMB'000	<i>Amount</i> USD'000	<i>Amount</i> RMB'000
Deferred tax assets, net	52,586	358,871	24,015	175,410
Deferred tax liabilities, net	(88,708)	(605,379)	(151,566)	(1,107,069)
Total	(36,122)	(246,508)	(127,551)	(931,659)

27 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The Company

	2008		2007	
	Amount	Amount	Amount	Amount
	USD'000	RMB'000	USD'000	RMB'000
Deferred tax liabilities, net	18,035	123,081	94,281	688,647

In accordance with the accounting policy set out in Note 3(15), because it is not probable that future taxable profits against which the losses can be utilised will be available in some subsidiaries, the Group has not recognised deferred tax assets as follows:

	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
	Tax loss carry-forwards	27,707	189,083	18,752
Deductible temporary difference				
- Impairment losses of timber concession rights	8,463	57,755	8,463	61,815
- Other	4,081	27,853	516	3,769
Total	40,251	274,691	27,731	202,552

The tax loss carry-forwards will expire before 2013 under current tax law.

At 31 December 2008, the Group had no unrecognized deferred tax liabilities.

28 PROVISIONS FOR IMPAIRMENT

As at 31 December 2008, the provisions for impairment of the Group are set out as follows:

Item	Notes	Balance at the beginning of the year	Charge for the year	Decrease during the year		Addition though acquisitions of subsidiaries	Effect of foreign exchange rate changes	Balance at the end of the year	
		USD'000		USD'000	Reversal				Write off
					USD'000				USD'000
Receivables	10,11,14	31,534	9,197	(8,895)	(157)	-	4,384	36,063	
Current assets									
due within one year	16	-	119	-	-	-	-	119	
Long-term receivables	19	14	1,252	-	-	-	(1)	1,265	
Inventories	15	6,994	100,859	(1,201)	(3,386)	-	427	103,693	
Long-term equity investments	20	465	-	-	-	-	-	465	
Fixed assets	22	9,640	-	-	(542)	-	9	9,107	
Intangible assets	24	15,811	-	-	-	-	98	15,909	
Good will	25	1,757	-	-	-	-	-	1,757	
Total		66,215	111,427	(10,096)	(4,085)	-	4,917	168,378	

28 PROVISIONS FOR IMPAIRMENT (CONTINUED)

Item	Notes	Balance at the beginning of the year RMB'000	Charge for the year RMB'000	Decrease during the year		Addition though acq-uisitions of subsidiaries RMB'000	Effect of foreign exchange rate changes RMB'000	Balance at the end of the year RMB'000
				Reversal	Write off			
				RMB'000	RMB'000			
Receivables	10,11,14	230,331	63,729	(61,633)	(1,096)	-	14,778	246,109
Current assets due within one year	16	-	825	-	-	-	(13)	812
Long-term receivables	19	102	8,669	-	-	-	(138)	8,633
Inventories	15	51,084	698,881	(8,320)	(23,462)	-	(10,542)	707,641
Long-term equity investments	20	3,397	-	-	-	-	(223)	3,174
Fixed assets	22	70,411	-	-	(3,759)	-	(4,501)	62,151
Intangible assets	24	115,487	-	-	-	-	(6,920)	108,567
Good will	25	13,190	-	-	-	-	(1,199)	11,991
Total		484,002	772,104	(69,953)	(28,317)	-	(8,758)	1,149,078

As at 31 December 2008, the provisions for impairment losses of the Company are set out below:

Item	Notes	Balance at the beginning of the year USD'000	Charge for the year USD'000	Decrease during the year		Balance at the end of the year USD'000
				Reversal	Write off	
				USD'000	USD'000	
Receivables	14	691	-	-	-	691
Long-term equity investments	20	465	-	-	-	465
Total		1,156	-	-	-	1,156

Item	Notes	Balance at the beginning of the year RMB'000	Charge for the year RMB'000	Decrease during the year		Effect of foreign exchange rate changes RMB'000	Balance at the end of the year RMB'000
				Reversal	Write off		
				RMB'000	RMB'000		
Receivables	14	5,048	-	-	-	(331)	4,717
Long-term equity investments	20	3,397	-	-	-	(223)	3,174
Total		8,445	-	-	-	(554)	7,891

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

29 RESTRICTED ASSETS

As at 31 December 2008, the Group's assets with restrictions placed on their ownership are as follows:

	Notes	Balance at the beginning of the year USD'000	Charge for the year USD'000	Decrease during the year USD'000	Effect of foreign exchange rate changes USD'000	Balance at the end of the year USD'000
Assets guaranteed						
- Cash at bank						
and on hand	7	5,351	71,057	(30,467)	(5,032)	40,909
- Bills receivable	9	67,850	114,908	(64,936)	1,696	119,518
- Accounts receivable	10	78,046	482,478	(554,891)	-	5,633
- Inventories	15	115,312	25,430	(115,312)	73	25,503
- Fixed assets	22	25,844	108,530	-	-	134,374
- Construction In progress	23	-	526	-	-	526
Total		292,403	802,929	(765,606)	(3,263)	326,463

	Notes	Balance at the beginning of the year RMB'000	Charge for the year RMB'000	Decrease during the year RMB'000	Effect of foreign exchange rate changes RMB'000	Balance at the end of the year RMB'000
Assets guaranteed						
- Cash at bank						
and on hand	7	39,084	492,374	(211,112)	(41,168)	279,178
- Bills receivable	9	495,588	796,232	(449,960)	(26,219)	815,641
- Accounts receivable	10	570,063	3,343,237	(3,845,010)	(29,850)	38,440
- Inventories	15	842,264	176,215	(799,033)	(45,402)	174,044
- Fixed assets	22	188,770	752,037	-	(23,786)	917,021
- Construction In progress	23	-	3,645	-	(58)	3,587
Total		2,135,769	5,563,740	(5,305,115)	(166,483)	2,227,911

The above inventories, fixed assets and construction in progress were secured for bank facilities. Refer to Note 30 and Note 40 for short-term and long term secured loans analysis.

30 SHORT-TERM LOANS

The Group

	Annual interest rate	2008				2007			
		Principal '000	Exchange rate	USD	RMB	Principal '000	Exchange rate	USD	RMB
				'000	'000			'000	'000
Bank loans									
RMB	3.51% ~ 7.47% 3.94% ~ 8.45% LIBOR+0 ~	845,094	6.8244	123,834	845,094	654,857	7.3042	89,655	654,857
USD	120BPs 3.43% ~	54,789	1.0000	54,789	373,902	219,747	1.0000	219,747	1,605,076
JPY	4.00% 5.65%	1,219,390	90.90	13,415	91,547	160,643	111.39	1,442	10,534
EUR	7.6% EURIBOR+ 90~145BPs HIBOR+60 ~	76,781	0.7171	107,078	730,749	39,954	0.6849	58,335	426,092
HKD	150BPs	186,173	7.7497	24,023	163,944	-	7.7974	-	-
AUD	7.56%	300	1.4102	213	1,452	-	1.1405	-	-
				<u>323,352</u>	<u>2,206,688</u>			<u>369,179</u>	<u>2,696,559</u>

The Company

	Annual interest rate	2008				2007			
		Principal '000	Exchange rate	USD	RMB	Principal '000	Exchange rate	USD	RMB
				'000	'000			'000	'000
Bank loans									
RMB	3.51%	100,000	6.8244	<u>14,653</u>	<u>100,000</u>	-	7.3042	-	-

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

	Note	The Group			
		2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Guarantee loans (1)					
- RMB		52,781	360,200	51,808	378,418
- USD		7,451	50,849	27,490	200,791
- JPY		4,713	32,162	-	-
- EUR		6,873	46,901	-	-
Secured loans (2)					
- USD		16,200	110,555	18,165	132,683
- EUR		99,754	680,765	54,070	394,941
Pledge loans					
- RMB		16	110	25,867	188,939
- USD		3,363	22,952	25,185	183,956

30 SHORT-TERM LOANS (CONTINUED)

		<i>The Group</i>			
		<u>2008</u>		<u>2007</u>	
		USD'000	RMB'000	USD'000	RMB'00
Credit loans					
- RMB		47,641	325,123	11,979	87,500
- USD		27,775	189,546	148,907	1,087,647
- JPY		8,702	59,385	1,443	10,533
- EUR		451	3,083	4,265	31,151
- HKD		24,023	163,944	-	-
- AUD		213	1,452	-	-
Other loans	(3)				
- RMB		23,396	159,661	-	-
		<u>323,352</u>	<u>2,206,688</u>	<u>369,179</u>	<u>2,696,559</u>
		<i>The Company</i>			
		<u>2008</u>		<u>2007</u>	
		<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
		USD'000	RMB'000	USD'000	RMB'00
Credit loans					
- RMB		<u>14,653</u>	<u>100,000</u>	<u>-</u>	<u>-</u>

- (1) As at 31 December 2008, guarantee loans of the Group include bank loan amounted to USD27,739,165 guaranteed by the Company for its subsidiary. USD38,078,426 of bank loan guaranteed by HI for its subsidiary and USD6,000,000 guaranteed by CIMC (HK) for CIMC USA.
- (2) As at 31 December 2008, in secured loans of the Group, except for the guarantee from CIMC (HK), Vanguard also obtained loans amounted to USD16,200,000 from Bank of Communications, New York Branch and secured by its real estate; Burg obtained loans amounted to UER71,529,089 (USD99,754,468) secured by its fixed assets and construction in progress.
- (3) As at 31 December 2008, the Group's other short-term loans was secured by the bills receivable of subsidiaries under HI.

31 FINANCIAL LIABILITIES HELD FOR TRADING

	Note	<i>The Group</i>			
		2008		2007	
		Amount USD'000	Amount RMB'000	Amount USD'000	Amount RMB'000
Derivative financial liabilities					
- foreign future contracts	8(1)	27,606	188,396	43,110	314,880
- metal - nickel exchange option	(1)	1,559	10,640	713	5,211
- swap contract for interest rate	(2)	15,027	102,548	-	-
- foreign exchange option	(3)	15,805	107,859	2,504	18,288
Total		59,997	409,443	46,327	338,379

	Note	<i>The Company</i>			
		2008		2007	
		Amount USD'000	Amount RMB'000	Amount USD'000	Amount RMB'000
Derivative financial liabilities					
- foreign future contracts	8(1)	703	4,802	-	-
- metal - nickel exchange option	(1)	-	-	713	5,211
- swap contract for interest rate	(2)	13,547	92,448	-	-
- foreign exchange option	(3)	15,805	107,859	2,504	18,288
Total		30,055	205,109	3,217	23,499

- (1) Nickel-containing stainless steel is the Group's major raw material in its productions and the price of nickel-containing stainless steel fluctuates with reference to the nickel market price. The Group aims to improve its control and management on procurement costs by developing a price-risk management approach for nickel, in which the Group would buy nickel forward contracts through one of its wholly owned subsidiary, CIMC (HK). As at 31 December 2008, the Group had 2 open forwards contract of nickel. According to the terms of these contracts, the Group is entitled to purchase 20 tons and 25 tons of nickel respectively at the agreed prices on the settlement dates. If the average market price of nickel in London Metal Exchange ("the average market price") at the settlement date is lower than the agreed price, the Group is required to purchase 20 tons and 25 tons of nickel respectively at the agreed prices. These forwards contracts will be settled on a net basis by comparing the average market price at the settlement dates and the agreed prices. The settlement dates of the aforesaid forwards contracts are 30 January 2009 and 31 March 2009 respectively and, subject to mutual agreements of the Group and the counter parties, these forward contracts can be settled in periods earlier than the settlement dates. As at 31 December 2008, the Group recognised the aforesaid forwards contracts in their fair values of USD1,559,054 as expenses and financial liabilities held for trading. Transaction costs on realisation have not been considered when calculating the fair values.

31 FINANCIAL LIABILITIES HELD FOR TRADING (CONTINUED)

- (2) As at 31 December 2008, the Group had 9 open interest rate swap contracts (including eight contracts held by the Company) denominated in U.S. dollars. The nominal value of these contracts amounted to USD 390,000,000. The settlement dates of these interest rate swap contracts range from 23 May 2012 to 23 December 2013. As at 31 December 2008, the Group recognised the aforesaid contracts in their fair values of USD15,026,773 (including USD13,546,708 related to the Company) as expenses and financial liabilities held for trading. Transaction costs on realisation have not been considered when calculating the fair values.
- (3) As at 31 December 2008, the Company had 14 open forward contracts denominated in Japanese Yen. The nominal value of these contracts amounted to Japanese Yen 4,300,000,000. Pursuant to these forward contracts, the Company is entitled to buy U.S. dollar at an amount equivalent to contracted nominal value at agreed rates at the contract settlement dates where the market spot rates at the settlement dates are higher than the agreed rates. These forwards contracts are not executed where the market spot rates at the settlement dates are equal to or lower than the agreed rates. The settlement dates of the aforesaid forwards contracts range from 23 September 2009 to 23 October 2010.

Moreover, the Company had 1 open forward contract denominated in Japanese Yen. The nominal value of this contract amounted to Japanese Yen 300,000,000. Pursuant to this forward contract, the Company is entitled to buy U.S. dollar at an amount equivalent to contracted nominal value at agreed rate at the contract settlement date where the market spot rate at the settlement date is higher than the agreed rate. The Company is required to buy U.S. dollar at an amount equivalent to Japanese Yen 600,000,000 at agreed rate at the contract settlement date where the market spot rate at the settlement date is lower than the agreed rate. The settlement date of the aforesaid forward contract is 29 October 2009.

As at 31 December 2008, the Group recognised the aforesaid 15 forwards contracts in their fair values of USD15,804,840 as expenses and financial liabilities held for trading. Transaction costs on realisation haven not been considered when calculating the fair values.

32 BILLS PAYABLE

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Bank acceptance bills	137,541	938,635	338,273	2,470,814
Commercial acceptance bills	10,963	74,813	7,406	54,095
	<u>148,504</u>	<u>1,013,448</u>	<u>345,679</u>	<u>2,524,909</u>

The above bills are due within one year.

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

33 ACCOUNTS PAYABLE

The currency analysis of the Group's accounts payable is as follows:

Currency	2008				2007			
	Original currency '000	Exchange rate	USD '000	RMB '000	Original currency '000	Exchange rate	USD '000	RMB '000
RMB	2,882,473	6.8244	422,377	2,882,473	4,681,119	7.3042	640,881	4,681,119
USD	212,224	1.0000	212,224	1,448,301	271,225	1.0000	271,225	1,981,086
HKD	15,407	7.7497	1,988	13,568	664	7.7974	85	622
JPY	25,797	90.90	284	1,937	280	111.39	2	15
EUR	3,665	0.7171	5,112	34,885	29,702	0.6849	43,368	316,768
AUD	1,637	1.4102	1,162	7,922	-	-	-	-
Others	-	-	319	2,180	-	-	-	-
			<u>643,466</u>	<u>4,391,266</u>			<u>955,561</u>	<u>6,979,610</u>

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

34 ADVANCES FROM CUSTOMERS

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

At 31 December 2008, there was no significant advances more than one year past due.

35 EMPLOYEE BENEFITS PAYABLE

	The Group				
	Balance at the beginning of the year USD'000	Accrued during the year USD'000	Paid during the year USD'000	Effect of foreign exchange rate changes USD'000	Balance at the end of the year USD'000
Salaries, bonuses, and allowances	87,769	351,217	(380,809)	2,745	60,922
Senior management bonus	26,601	-	(1,984)	-	24,617
Social insurances and others	13,871	66,506	(55,276)	330	25,431
Total	<u>128,241</u>	<u>417,723</u>	<u>(438,069)</u>	<u>3,075</u>	<u>110,970</u>

	The Group				
	Balance at the beginning of the year RMB'000	Accrued during the year RMB'000	Paid during the year RMB'000	Effect of foreign exchange rate changes RMB'000	Balance at the end of the year RMB'000
Salaries, bonuses, and allowances	641,082	2,511,771	(2,639,111)	(85,221)	428,521
Senior management bonus	194,298	-	(13,748)	(12,554)	167,996
Social insurances and others	101,308	460,840	(383,024)	(18,334)	160,790
Total	<u>936,688</u>	<u>2,972,611</u>	<u>(3,035,883)</u>	<u>(116,109)</u>	<u>757,307</u>

35 EMPLOYEE BENEFITS PAYABLE (CONTINUED)

	<i>The Company</i>			
	<i>Balance at the beginning of the year</i> USD'000	<i>Accrued during the year</i> USD'000	<i>Paid during the year</i> USD'000	<i>Balance at the end of the year</i> USD'000
Salaries, bonuses, and allowances	18,165	1,089	(8,509)	10,745
Senior management bonus	26,601	-	(1,984)	24,617
Social insurances and others	59	1,170	(1,231)	(2)
	<u>44,825</u>	<u>2,259</u>	<u>(11,724)</u>	<u>35,360</u>

	<i>The Company</i>				
	<i>Balance at the beginning of the year</i> RMB'000	<i>Accrued during the year</i> RMB'000	<i>Paid during the year</i> RMB'000	<i>Effect of foreign exchange rate changes</i> RMB'000	<i>Balance at the end of the year</i> RMB'000
Salaries, bonuses, and allowances	132,683	7,546	(58,961)	(7,941)	73,327
Senior management bonus	194,298	-	(13,748)	(12,554)	167,996
Social insurances and others	431	8,107	(8,239)	(313)	(14)
	<u>327,412</u>	<u>15,653</u>	<u>(80,948)</u>	<u>(20,808)</u>	<u>241,309</u>

36 DIVIDENDS PAYABLE

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Minority shareholders of subsidiaries	<u>4,756</u>	<u>32,456</u>	<u>1,408</u>	<u>10,285</u>

37 OTHER PAYABLES

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

	<i>The Group</i>			
	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Quality guarantees	18,918	129,105	9,090	66,398
Deposits	22,531	153,761	5,125	37,437
Advance received	28,610	195,246	6,774	49,480
Transportation	25,833	176,296	30,395	222,013
Equipment or land use rights	32,522	221,941	20,709	151,264
Accruals	35,665	243,391	38,922	284,293
Housing maintenance fees	2,056	14,029	1,806	13,194
Current account with subsidiary's minority shareholder and consideration for equity investment payable	35,378	241,436	4,473	32,669
Professional and training fees	1,888	12,885	10,546	77,029
Others	28,633	195,387	63,233	461,874
Total	232,034	1,583,477	191,073	1,395,651

	<i>The Company</i>			
	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Consideration for equity investment payable	16,400	111,920	-	-
Others	4,269	29,128	11,063	80,806
	20,669	141,048	11,063	80,806

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

(2) *The currency analysis of the Group's other payables is as follows:*

	<i>The Group</i>							
	2008				2007			
	<i>Original currency</i> '000	<i>Exchange rate</i>	<i>USD</i> '000	<i>RMB</i> '000	<i>Original currency</i> '000	<i>Exchange rate</i>	<i>USD</i> '000	<i>RMB</i> '000
RMB	667,824	6.8244	97,860	667,824	1,028,688	7.3042	140,834	1,028,688
USD	51,237	1.0000	92,477	631,100	28,392	1.0000	28,392	207,394
HKD	19,097	7.7497	2,464	16,817	28,630	7.7974	3,672	26,819
JPY	460	90.90	5	34	280	111.39	3	18
EUR	25,583	0.7171	35,679	243,486	12,446	0.6849	18,172	132,732
AUD	4,967	1.4102	3,522	24,038	-	-	-	-
Others			27	178	-	-	-	-
			232,034	1,583,477			191,073	1,395,651

37 OTHER PAYABLES (CONTINUED)

(2) *The currency analysis of the Group's other payables is as follows:*

	<i>The Company</i>							
	2008				2007			
	<i>Original currency '000</i>	<i>Exchange rate</i>	<i>USD '000</i>	<i>RMB '000</i>	<i>Original currency '000</i>	<i>Exchange rate</i>	<i>USD '000</i>	<i>RMB '000</i>
RMB	23,851	6.8244	3,496	23,851	75,160	7.3042	10,290	75,160
USD	17,154	1.0000	17,154	117,065	758	1.0000	758	5,537
HKD	144	7.7497	19	132	117	7.7974	15	109
			<u>20,669</u>	<u>141,048</u>			<u>11,063</u>	<u>80,806</u>

38 PROVISIONS

The Group

	<i>Notes</i>	<i>Balance at the beginning of the year USD'000</i>	<i>Charges for the year USD'000</i>	<i>Payments during the year USD'000</i>	<i>Reversal during the year USD'000</i>	<i>Effect of foreign exchange rate changes USD'000</i>	<i>Balance at the end of the year USD'000</i>
Current							
Warranties for product quality(1)		84,265	34,311	(5,150)	(32,579)	543	81,390
Guarantees for - third parties (2)		1,484	-	-	-	-	1,484
Others		-	2,888	(1,711)	-	(81)	1,096
Subtotal		<u>85,749</u>	<u>37,199</u>	<u>(6,861)</u>	<u>(32,579)</u>	<u>462</u>	<u>83,970</u>
Non-current (3)		-	6,034	-	(32,579)	30	6,064
Total		<u>85,749</u>	<u>43,233</u>	<u>(6,861)</u>	<u>(32,579)</u>	<u>492</u>	<u>90,034</u>
Current							
Warranties for product quality(1)		615,491	237,750	(35,686)	(255,749)	(36,365)	555,441
Guarantees for - third parties (2)		10,836	-	-	-	(709)	10,127
Others		-	20,012	(11,856)	-	(678)	7,478
Subtotal		<u>626,327</u>	<u>257,762</u>	<u>(47,542)</u>	<u>(225,749)</u>	<u>(37,752)</u>	<u>573,046</u>
Non-current (3)		-	41,811	-	-	(428)	41,383
Total		<u>626,327</u>	<u>299,573</u>	<u>(47,542)</u>	<u>(225,749)</u>	<u>(38,180)</u>	<u>614,429</u>

38 PROVISIONS (CONTINUED)

- (1) The Group provides after-sales repair warranty to the customers, ranging from two to seven years for containers, one year for trailers, one to seven years for tank equipments and one to two years for airport ground facilities. The Group will provide repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems. The balance of “Provisions - Warranties for product quality” represents the Group’s estimated obligation for such warranty.
- (2) The amount represents the possible loss for a bank guarantee letter issued by the Company’s subsidiary - Shenzhen CIMC Tianda Airport Equipment Co., Ltd.
- (3) Sharp Vision Holdings Limited, the wholly owned subsidiary of the Company, makes a provision for contingent consideration in respect of its acquisition of TGE SA (see Note 6(2)).

39 NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

	<i>The Group</i>			
	<u>2008</u>		<u>2007</u>	
	USD’000	RMB’000	USD’000	RMB’000
Long-term loans				
- Credit loans	28,186	192,358	184,839	1,350,100
- Guarantee loans	11,430	78,000	2,464	18,000
Total	<u>39,616</u>	<u>270,358</u>	<u>187,303</u>	<u>1,368,100</u>

	<i>The Company</i>			
	<u>2008</u>		<u>2007</u>	
	USD’000	RMB’000	USD’000	RMB’000
Long-term loans				
- Credit loans	<u>25,578</u>	<u>174,557</u>	<u>173,339</u>	<u>1,266,100</u>

The analysis of loans due within one year is set out as follows:

The Group

	<i>Annual interest rate</i>	<u>2008</u>			<u>2007</u>		
		<i>Original currency</i>	<i>Exchange rate</i>	<i>USD</i>	<i>Original currency</i>	<i>Exchange rate</i>	<i>USD</i>
		’000		’000	’000		’000
Bank loans							
- RMB	6.24% ~ 6.72%	78,000	6.8244	11,430	1,350,100	7.3042	184,839
- USD	LIBOR+30 ~ 90BPs	20,028	1.0000	20,028	2,464	1.0000	2,464
- EUR	EURIBOR+65BPs	4,000	0.7171	5,578	-	-	-
- HKD	HIBOR+33BPs	20,000	7.7497	2,580	-	-	-
				<u>39,616</u>			<u>187,303</u>

39 NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

The Company

	Annual interest rate	2008			2007		
		Original currency '000	Exchange rate	USD '000	Original currency '000	Exchange rate	USD '000
Bank loans							
- RMB	-	-	-	-	1,266,100	7.3042	173,339
- USD	LIBOR+90BPs	20,000	1.0000	20,000	-	-	-
- EUR	EURIBOR+65BPs	4,000	0.7171	5,578	-	-	-
				<u>25,578</u>			<u>173,339</u>

40 LONG-TERM LOANS

	Note	The Group			
		2008		2007	
		USD'000	RMB'000	USD'000	RMB'000
Bank loans					
- Credit loans		956,599	6,528,215	530,773	3,876,871
- Guarantee loans		-	-	12,869	94,000
- Secured loans	(1)	2,931	20,000	67,282	491,438
Total		<u>959,530</u>	<u>6,548,215</u>	<u>610,924</u>	<u>4,462,309</u>

	The Company				
	2008		2007		
	USD'000	RMB'000	USD'000	RMB'000	
Bank loans					
- Credit loans		879,629	6,002,938	435,042	3,177,637

(1) As at 31 December 2008, CIMC Tianyu obtained bank loan amounted to RMB20,000,000 (USD2,930,661) from ICBC Jiangmen branch, which was secured by its own land use rights, the mature date is 2 September 2011.

The Group

	Annual interest rate	2008			2007		
		Original currency '000	Exchange rate	USD '000	Original currency '000	Exchange rate	USD '000
Bank loans							
- RMB	3.51%~9.07%	1,192,000	6.8244	174,668	94,491	7.3042	12,937
- USD	LIBOR+30~170BPs	686,000	1.0000	686,000	400,000	1.0000	400,000
- HKD	HIBOR~33BPs	550,000	7.7497	70,970	745,924	7.7974	95,663
- EUR	EURIBOR+65BPs	20,000	0.7171	27,892	70,082	0.6849	102,324
				<u>959,530</u>			<u>610,924</u>

40 LONG-TERM LOANS (CONTINUED)

The Company

	Annual interest rate	2008			2007		
		Original currency '000	Exchange rate	USD '000	Original currency '000	Exchange rate	USD '000
Bank loans							
- RMB	3.51%~ 4.23%	1,172,000	6.8244	171,737	-	-	-
- USD	LIBOR+30~90BPs	680,000	1.0000	680,000	400,000	1.0000	400,000
- EUR	EURIBOR+65BPs	20,000	0.7171	27,892	24,000	0.6849	35,042
				<u>879,629</u>			<u>435,042</u>

The maturity analysis of the Group's and the Company's long-term loans, 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), is set out below:

	The Group			
	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Due after 1 year but within 2 years (inclusive)	163,319	1,114,555	131,245	958,642
Due after 2 years but within 3 years (inclusive)	461,356	3,148,478	183,367	1,339,352
Due after 3 years	606,341	4,137,912	372,013	2,717,258
Contractual undiscounted cash flows	<u>1,231,016</u>	<u>8,400,945</u>	<u>686,625</u>	<u>5,015,252</u>
Carrying amounts	<u>959,530</u>	<u>6,548,215</u>	<u>610,924</u>	<u>4,462,309</u>

	The Company			
	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Due after 1 year but within 2 years (inclusive)	148,020	1,010,146	27,191	198,612
Due after 2 years but within 3 years (inclusive)	360,939	2,463,194	145,298	1,061,284
Due after 3 years	418,394	2,855,285	320,947	2,344,260
Contractual undiscounted cash flow	<u>927,353</u>	<u>6,328,625</u>	<u>493,436</u>	<u>3,604,156</u>
Carrying amount	<u>879,629</u>	<u>6,002,938</u>	<u>435,042</u>	<u>3,177,637</u>

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

41 DEFERRED INCOME

The Group

	<i>Balance at the beginning of the year</i> USD'000	<i>Additions during the year</i> USD'000	<i>Settlements during the year</i> USD'000	<i>Effect of foreign exchange rate changes</i> USD'000	<i>Balance at the end of the year</i> USD'000
Government grants	1,586	4,257	(2,875)	63	3,031

	<i>Balance at the beginning of the year</i> RMB'000	<i>Additions during the year</i> RMB'000	<i>Settlements during the year</i> RMB'000	<i>Effect of foreign exchange rate changes</i> RMB'000	<i>Balance at the end of the year</i> RMB'000
Government grants	11,587	29,497	(20,196)	(203)	20,685

The Company

	<i>Balance at the beginning of the year</i> USD'000	<i>Additions during the year</i> USD'000	<i>Settlements during the year</i> USD'000	<i>Effect of foreign exchange rate changes</i> USD'000	<i>Balance at the end of the year</i> USD'000
Government grants	725	-	(725)	-	-

	<i>Balance at the beginning of the year</i> RMB'000	<i>Additions during the year</i> RMB'000	<i>Settlements during the year</i> RMB'000	<i>Effect of foreign exchange rate changes</i> RMB'000	<i>Balance at the end of the year</i> RMB'000
Government grants	5,295	-	(5,473)	178	-

42 SPECIAL PAYABLES

The Group

	<i>Balance at the beginning of the year</i> USD'000	<i>Additions during the year</i> USD'000	<i>Settlements during the year</i> USD'000	<i>Effect of foreign exchange rate changes</i> USD'000	<i>Balance at the end of the year</i> USD'000
Project funds	1,003	262	-	-	1,265

	<i>Balance at the beginning of the year</i> RMB'000	<i>Additions during the year</i> RMB'000	<i>Settlements during the year</i> RMB'000	<i>Effect of foreign exchange rate changes</i> RMB'000	<i>Balance at the end of the year</i> RMB'000
Project funds	7,327	1,815	-	(509)	8,633

43 SHARE CAPITAL

The Company's share capital status at 31 December is as follows:

	<i>Balance at the beginning of the year</i>		<i>Additions during the year</i>		<i>Changes of shares subject to selling restrictions</i>		<i>Balance at the end of the year</i>	
	<i>Original currency</i>	<i>USD</i>	<i>Original currency</i>	<i>USD</i>	<i>Original currency</i>	<i>USD</i>	<i>Original currency</i>	<i>USD</i>
	<i>RMB'000</i>	<i>'000</i>	<i>RMB'000</i>	<i>'000</i>	<i>RMB'000</i>	<i>'000</i>	<i>RMB'000</i>	<i>'000</i>
Shares subject to selling restrictions								
- Shares held by overseas legal persons	299,052	37,133	-	-	(133,120)	(16,251)	165,932	20,882
- Shares held by domestic natural persons	620	77	-	-	-	-	620	77
Shares not subject to selling restrictions								
- RMB-denominated ordinary shares	932,245	114,962	-	-	133,120	16,251	1,065,365	131,213
- Domestically listed foreign shares	1,430,479	176,700	-	-	-	-	1,430,479	176,700
	<u>2,662,396</u>	<u>328,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,662,396</u>	<u>328,872</u>

44 CAPITAL RESERVE

	<i>The Group</i>			
	<i>Balance at the beginning of the year</i>	<i>Additions during the year</i>	<i>Settlements during the year</i>	<i>Balance at the end of the year</i>
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
Share premiums	21,245	-	-	21,245
Other capital reserves				
- Property revaluation reserve	6,640	-	-	6,640
- Exchange reserve on foreign currency capital	105	-	-	105
- Donated non-cash assets reserve	39	-	-	39
- Net changes in fair value of available-for-sale financial assets	503,913	-	(356,838)	147,075
- Effective portion of changes in fair value of cash flow hedges	9,818	-	(1,752)	8,066
- Deferred tax effect	(109,715)	77,790	-	(31,925)
- Equity settled share-based payment	2,399	-	-	2,399
- Capital reserves due to minority shareholders' contribution	11,992	-	-	11,992
- Capital reserves due to acquirement of minority shareholders' equity	-	8,449	-	8,449
- Government grants	9,167	3,134	-	12,301
	<u>455,603</u>	<u>89,373</u>	<u>(358,590)</u>	<u>186,386</u>

44 CAPITAL RESERVE (CONTINUED)

	<i>The Group</i>			
	<i>Balance at the beginning of the year RMB'000</i>	<i>Additions during the year RMB'000</i>	<i>Settlements during the year RMB'000</i>	<i>Balance at the end of the year RMB'000</i>
Share premiums	201,222	-	-	201,222
Other capital reserves				
- Property revaluation reserve	54,979	-	-	54,979
- Exchange reserve on foreign currency capital	866	-	-	866
- Donated non-cash assets reserve	324	-	-	324
- Net changes in fair value of available-for-sale financial assets	3,872,424	-	(2,868,727)	1,003,697
- Effective portion of changes in fair value of cash flow hedges	71,713	-	(16,669)	55,044
- Deferred tax effect	(823,240)	605,371	-	(217,869)
- Equity settled share-based payment	17,520	-	-	17,520
- Capital reserves due to minority Shareholders' contribution	88,251	-	-	88,251
- Capital reserves due to acquirement of minority shareholders' equity	-	57,656	-	57,656
- Government grants	69,414	21,668	-	91,082
	<u>3,553,473</u>	<u>684,695</u>	<u>(2,885,396)</u>	<u>1,352,772</u>

	<i>The Company</i>			
	<i>Balance at the beginning of the year USD'000</i>	<i>Additions during the year USD'000</i>	<i>Settlements during the year USD'000</i>	<i>Balance at the end of the year USD'000</i>
Share premiums	21,245	-	-	21,245
Other capital reserves				
- Property revaluation reserve	6,640	-	-	6,640
- Exchange reserve on foreign currency capital	104	-	-	104
- Donated non-cash assets reserve	13	-	-	13
- Net changes in fair value of available-for-sale financial assets	503,913	-	(348,321)	155,592
- Deferred tax effect	(100,782)	69,664	-	(31,118)
	<u>431,133</u>	<u>69,664</u>	<u>(348,321)</u>	<u>152,476</u>

44 CAPITAL RESERVE (CONTINUED)

	<i>The Company</i>			
	<i>Balance at the beginning of the year RMB'000</i>	<i>Additions during the year RMB'000</i>	<i>Settlements during the year RMB'000</i>	<i>Balance at the end of the year RMB'000</i>
Share premiums	212,656	-	-	212,656
Other capital reserves				
- Property revaluation reserve	54,979	-	-	54,979
- Exchange reserve on foreign currency capital	861	-	-	861
- Donated non-cash assets reserve	108	-	-	108
- Net changes in fair value of available-for-sale financial assets	3,876,025	-	(2,814,200)	1,061,825
- Deferred tax effect	(768,049)	555,684	-	(212,365)
	<u>3,376,580</u>	<u>555,684</u>	<u>(2,814,200)</u>	<u>1,118,064</u>

45 Surplus reserve

		<i>Statutory surplus reserve USD'000</i>	<i>Discretionary surplus reserve USD'000</i>	<i>Total USD'000</i>
		Balance at the beginning of the year		151,045
Profit appropriation	46(1)	<u>11,475</u>	<u>-</u>	<u>11,475</u>
Balance at the end of the year		<u>162,520</u>	<u>271,650</u>	<u>434,170</u>

		<i>Statutory surplus reserve RMB'000</i>	<i>Discretionary surplus reserve RMB'000</i>	<i>Total RMB'000</i>
		Balance at the beginning of the year		1,250,655
Profit appropriation	46(1)	<u>80,543</u>	<u>-</u>	<u>80,543</u>
Balance at the end of the year		<u>1,331,198</u>	<u>2,246,390</u>	<u>3,577,588</u>

46 APPROPRIATION OF PROFITS AND RETAINED EARNINGS AT THE END OF YEAR

(1) *Appropriation to surplus reserve*

In accordance with the Shareholders' Meeting resolution on 28 April 2008, the Company made appropriations USD11,474,991.04 (RMB80,542,962.12) from the retained earnings to the statutory surplus reserve.

(2) *Dividends of ordinary shares*

(a) Dividends of ordinary shares declared during the year

Pursuant to the shareholders' approval at the shareholders' Meeting on 28 April 2008, a cash dividend of RMB0.50 per share (2007: RMB0.43 per share) totalling RMB1,331,198,025.50 for USD191,724,111.81 (2007: RMB954,025,251.68 for USD123,590,139.03) was declared and paid to the Company's ordinary shareholders on 28 April 2008.

(b) Dividends of ordinary shares proposed after the balance sheet date

The Board of Directors proposed on 30 March 2009 the appropriation of a cash dividend of RMB0.15 per share (2007: RMB0.50 per share) to the Company's ordinary shareholders, totalling RMB399,359,407.65 (2007: RMB1,331,198,025.50). The proposal is subject to the approval by the Shareholders' Meeting. Such cash dividend has not been recognised as a liability at the balance sheet date

(3) *Retained earnings at the end of the year*

As at 31 December 2008, the consolidated retained earnings attributable to the Company included an appropriation of USD74,147,383 to surplus reserve made by the subsidiaries (2007: USD66,674,131).

47 OPERATING INCOME

	<i>The Group</i>			
	<u>2008</u>		<u>2007</u>	
	USD'000	RMB'000	USD'000	RMB'000
Operating income from				
- Sales of goods	6,629,615	45,938,596	6,244,532	47,282,349
- Rendering of services	40,197	278,532	31,838	241,066
- construction contract	24,757	171,547	-	-
- Others	4,128	28,607	21,300	161,507
Subtotal	<u>6,698,697</u>	<u>46,417,282</u>	<u>6,297,700</u>	<u>47,684,922</u>
Other operating income:				
- Sales of materials and spare parts	77,652	538,074	104,066	787,970
- Materials processing	32,091	222,368	18,352	138,955
- Others	21,583	149,557	19,675	148,979
Subtotal	<u>131,326</u>	<u>909,999</u>	<u>142,093</u>	<u>1,075,904</u>
	<u>6,830,023</u>	<u>47,327,281</u>	<u>6,439,793</u>	<u>48,760,826</u>

The information of revenue, expenses and profit about major business have been provided in Note 58.

The Group's and the Company's sales to the top five customers for the year amount to USD1,717,120,893 (RMB11,898,445,802), or 26% of the total sales.

47 OPERATING INCOME

The construction contracts are as follows:

<i>Contracts</i>	<i>Total amount of contract revenue USD'000</i>	<i>Accumulated incurred cost USD'000</i>	<i>Accumulated recognized gross profit / (loss) USD'000</i>	<i>Billed amount USD'000</i>
Fixed price contracts	<u>64,985</u>	<u>23,013</u>	<u>1,744</u>	<u>24,757</u>
<i>Contracts</i>	<i>Total amount of contract revenue RMB'000</i>	<i>Accumulated incurred cost RMB'000</i>	<i>Accumulated recognized gross profit / (loss) RMB'000</i>	<i>Billed amount RMB'000</i>
Fixed price contracts	<u>450,300</u>	<u>159,464</u>	<u>12,083</u>	<u>171,547</u>

48 BUSINESS TAXES AND SURCHARGES

The Group

	<i>Taxation basis and rates</i>	<i>2008</i>		<i>2007</i>	
		<i>USD'000</i>	<i>RMB'000</i>	<i>USD'000</i>	<i>RMB'000</i>
		Business tax	3% ~ 5% of operating income	2,305	15,972
City maintenance and construction tax	7% of VAT and business tax paid	742	5,138	500	3,784
Education surcharge	3% of VAT and business tax paid	349	2,421	175	1,325
Land appreciation tax	Appreciation amount in transferring property and applicable tax rate	596	4,128	4,334	32,818
Others		47	330	134	1,012
		<u>4,039</u>	<u>27,989</u>	<u>7,346</u>	<u>55,621</u>

49 FINANCIAL EXPENSES / (NET FINANCIAL INCOME)

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	<i>USD'000</i>	<i>RMB'000</i>	<i>USD'000</i>	<i>RMB'000</i>
Interest expenses from loans and payables	89,752	621,925	50,767	384,396
Less: Borrowing costs capitalised	1,401	9,708	941	7,125
Net interest expenses	88,351	612,217	49,826	377,271
Interest income from deposits and receivables	(12,654)	(87,684)	(6,683)	(50,602)
Net exchange (gains) / losses	(51,270)	(355,268)	3,852	29,170
Other financial expenses	3,820	26,469	2,096	15,865
Total	<u>28,247</u>	<u>195,734</u>	<u>49,091</u>	<u>371,704</u>

49 FINANCIAL EXPENSES / (NET FINANCIAL INCOME) (CONTINUED)

	<i>The Company</i>			
	<i>2008</i>		<i>2007</i>	
	<i>USD'000</i>	<i>RMB'000</i>	<i>USD'000</i>	<i>RMB'000</i>
Interest expenses from loans and payables & net interest expenses	38,961	269,981	11,399	86,312
Interest income from deposits and receivables	(60,909)	(422,060)	(13,809)	(104,562)
Net exchange (gains) / losses	(20,161)	(139,705)	1,460	11,062
Other financial expenses	284	1,966	1,070	8,096
Total	<u>(41,825)</u>	<u>(289,818)</u>	<u>120</u>	<u>908</u>

50 IMPAIRMENT LOSSES / (REVERSAL)

	<i>The Group</i>			
	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Receivables	421	2,921	9,530	72,157
Long-term receivables	1,252	8,669	14	104
Inventories	99,658	690,561	(1,282)	(9,705)
Total	101,331	702,151	8,262	62,556

51 GAINS / LOSSES FROM CHANGES IN FAIR VALUE

	<i>The Group</i>			
	2008		2007	
	<i>Amount</i> USD'000	<i>Amount</i> RMB'000	<i>Amount</i> USD'000	<i>Amount</i> RMB'000
<i>Financial assets held for trading:</i>				
Changes in fair value during the year				
- equity securities investments held for trading investment	(37,284)	(258,349)	10,672	80,810
- derivative financial instrument	(27,201)	(188,483)	73,266	542,348
	<u>(64,485)</u>	<u>(446,832)</u>	<u>83,938</u>	<u>623,158</u>

51 GAINS / LOSSES FROM CHANGES IN FAIR VALUE (CONTINUED)

	<i>The Group</i>			
	<u>2008</u>		<u>2007</u>	
	<i>Amount</i> USD'000	<i>Amount</i> RMB'000	<i>Amount</i> USD'000	<i>Amount</i> RMB'000
<i>Financial assets held for trading (continued)</i>				
Transfer to investment				
- losses / (income) for derecognized financial assets held for trading	14,984	103,828	(1,333)	(10,095)
<i>Financial liabilities held for trading</i>				
Changes in fair value during the year	<u>(13,670)</u>	<u>(94,725)</u>	<u>(46,327)</u>	<u>(338,379)</u>
Total	<u>(63,171)</u>	<u>(437,729)</u>	<u>36,278</u>	<u>274,684</u>

	<i>The Group</i>			
	<u>2008</u>		<u>2007</u>	
	<i>Amount</i> USD'000	<i>Amount</i> RMB'000	<i>Amount</i> USD'000	<i>Amount</i> RMB'000
Financial assets held for trading				
- changes in fair value during the year	(26,478)	(183,470)	15,006	113,625
- transfer to investment losses / (income) for derecognized financial assets held for trading	14,984	103,828	(1,333)	(10,095)
Financial liabilities held for trading				
- changes in fair value during the year	<u>(26,838)</u>	<u>(185,970)</u>	<u>(3,481)</u>	<u>(26,362)</u>
Total	<u>(38,332)</u>	<u>(265,612)</u>	<u>10,192</u>	<u>77,168</u>

52 INVESTMENT INCOME

	<i>The Group</i>			
	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Long-term equity investments	12,074	83,667	21,974	166,382
Available-for-sale financial assets				
- Dividends received	10,229	70,881	-	-
- Gains on sale of financial assets	51,226	354,958	58,715	444,578
Sale of equity instrument held for trading	(13,236)	(91,720)	68,473	518,461
(Loss) / Gains on disposal of subsidiaries	(1,494)	(10,352)	44,487	336,847
Others	1,562	10,822	-	-
Total	60,361	418,256	193,649	1,466,268

	<i>The Company</i>			
	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Long-term equity investments	93,680	649,137	80,752	611,436
Available-for-sale financial assets				
- Dividends received	10,229	70,881	-	-
- Gains on sale of financial assets	51,226	354,958	58,715	444,578
Sale of equity instrument held for trading	(10,202)	(70,694)	62,053	469,852
Loss on disposal of subsidiaries	(937)	(6,492)	-	-
Total	143,996	997,790	201,520	1,525,866

52 INVESTMENT INCOME (CONTINUED)

The analysis of the Group's long-term equity investment income from major investees is as follows:

	<i>The Group</i>			
	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Jointly controlled entities				
- CIMC Tianyu	(1,146)	(7,942)	3,056	23,139
- MST	357	2,474	179	1,355
Subtotal	(789)	(5,468)	3,235	24,494
Associates				
- KYH Steel Holding Ltd	4,225	29,275	4,226	31,998
- TJCIMCZL	1,427	9,885	333	2,521
- DLJLL	620	4,293	888	6,724
- XCIMCHC	582	4,035	450	3,407
- TJZL	1,922	13,315	6,988	53,912
- NBBL	95	657	122	924
- Shanghai Fengyang	(515)	(3,566)	-	-
- TRS Transportkoeling	379	2,628	275	2,082
- EURTANK OY	156	1,084	121	916
- Fuzhou Haitou	(238)	(1,651)	-	-
- Raffles	1,199	8,312	-	-
Subtotal	9,852	68,267	13,403	102,484
Gain on investment of jointly controlled entities and associates	9,063	62,799	16,638	126,978
Other enterprises	3,011	20,868	5,336	39,404
Total	12,074	83,667	21,974	166,382

52 INVESTMENT INCOME (CONTINUED)

Except to the CIMC Tianyu's investment income's reduction was due to the CIMC Tianyu become merged subsidiary company in consolidation of corporation financial statement, the movement of the Group's other long-term investment income were due to the changes of invested company's profit and loss.

There was no restriction on the investee's ability to transfer investment income to the investor.

The analysis of the Company's long-term equity investment income from major investees is as follows:

	<i>The Company</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Subsidiaries				
SCIMC	8,967	62,134	18,189	137,721
TJCMC	31,437	217,836	-	-
SBWI	1,170	8,109	-	-
SCIMCEL	7,970	55,230	23,315	176,537
XHCMC	637	4,414	334	2,529
QDCC	3,240	22,453	5,257	39,805
DLCIMC _n	-	-	2,012	15,234
NBCIMC	507	3,513	4,349	32,930
TCCIMC	1,585	10,980	2,032	15,386
ZZCIMC	3,121	21,626	6,370	48,232
SCRC	5,289	36,648	3,835	29,038
QDCRC	886	6,140	886	6,709
XHCMCS	10,133	70,214	3,456	26,168
QDCSR	296	2,048	159	1,204
TJCMCLE	3,638	25,206	3,073	23,268
DLL	2,308	15,996	2,464	18,657
CIMCSD	9,485	65,722	-	-
Other enterprises	3,011	20,868	5,021	38,018
Total	<u>93,680</u>	<u>649,137</u>	<u>80,752</u>	<u>611,436</u>

The movements of the Group's investment income were due to the changes of invested companies' profit and loss.

There was no restriction on the investee's ability to transfer investment income to the investor.

53 NON-OPERATING INCOME

<i>The Group</i>					
		<u>2008</u>		<u>2007</u>	
		USD'000	RMB'000	USD'000	RMB'000
Gains on disposal of fixed assets		738	5,114	441	3,339
Compensation income		84	578	65	493
Penalty income		589	4,081	285	2,157
Gains on fixed assets inventory surplus		5	35	-	3
Government grants	(1)	20,003	138,612	2,191	16,587
Amounts no longer payable		469	3,243	312	2,359
Gains on recognition of negative goodwill		-	-	3,234	24,490
Gain on debt restructuring	(2)	5,441	37,703	-	-
Others		2,288	15,858	1,368	10,358
		<u>29,617</u>	<u>205,224</u>	<u>7,896</u>	<u>59,786</u>

<i>The Company</i>					
		<u>2008</u>		<u>2007</u>	
		USD'000	RMB'000	USD'000	RMB'000
Gains on disposal of fixed assets		-	-	15	114
Penalty income		1	7	-	-
Government grants	(1)	15,643	108,395	700	5,311
Others		30	208	72	533
		<u>15,674</u>	<u>108,610</u>	<u>787</u>	<u>5,958</u>

(1) *Government grants*

<i>The Group</i>					
		<u>2008</u>		<u>2007</u>	
		USD'000	RMB'000	USD'000	RMB'000
Financial grants		19,817	137,325	2,098	15,882
Tax refund		186	1,287	93	705
		<u>20,003</u>	<u>138,612</u>	<u>2,191</u>	<u>16,587</u>

<i>The Company</i>					
		<u>2008</u>		<u>2007</u>	
		USD'000	RMB'000	USD'000	RMB'000
Financial grants		<u>15,643</u>	<u>108,395</u>	<u>700</u>	<u>5,311</u>

53 NON-OPERATING INCOME (CONTINUED)

- (2) Ruihua Investment Holding Limited (Ruihua) was a creditor of TLC (the Group's subsidiary) with amount of RMB 99,702,322 (USD 14,388,706). As at 3 February 2007, the Group's three investment holding subsidiaries YZRYL, SCIMC, CIMC (BVI) were prosecuted by Ruihua. The indictment declared that the above defendants had infringed Ruihua's rights in the process of mortgage loan, leasing management, the stockholder's rights transfer and bankruptcy related with YZTY which led to the loss of Ruihua.

After negotiation, all parties have reached an agreement in 2008 and Ruihua withdrew the indictment. According to the agreement, the Group acquires all the creditor's right held by Ruihua in respect of TLC at a consideration of RMB 62,000,000 (USD 8,947,513) through YZRYL, and this transaction has been completed as at 31 December 2008. The Group completed the debt restructure payable to Ruihua through purchasing the creditor's right mentioned above. The difference between TLC amount payable to Ruihua and the transaction consideration was recognised as gain on debt restructure amounted to RMB 37,703,322 (USD 5,441,243).

54 NON-OPERATING EXPENSES

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Losses on disposal of fixed assets	3,484	24,141	724	5,482
Donation expenses	2,082	14,430	219	1,656
Penalty expenses	302	2,093	125	950
Compensation expenses	92	637	36	271
Others	559	3,873	1,124	8,510
	<u>6,519</u>	<u>45,174</u>	<u>2,228</u>	<u>16,869</u>

	<i>The Company</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Donation expenses	1,822	12,631	104	784
Losses on disposal of fixed assets	7	46	-	-
Others	-	-	5	38
	<u>1,829</u>	<u>12,677</u>	<u>109</u>	<u>822</u>

55 INCOME TAX

(1) *Income tax expenses for the year represents*

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Current tax expenses for the year	65,448	453,504	37,141	281,224
Deferred taxation	(30,549)	(211,680)	(14,068)	(106,526)
Total	34,899	241,824	23,073	174,698

	<i>The Company</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Current tax expenses for the year	13,320	92,299	5,965	43,431
Deferred taxation	(6,581)	(45,604)	(6,502)	(47,492)
Total	6,739	46,695	(537)	(4,061)

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

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Profits before taxation	278,099	1,927,029	462,283	3,500,304
Expected income tax expenses at applicable tax rates of subsidiaries	60,717	420,729	75,678	573,022
Effect of tax incentive	(18,450)	(127,845)	(29,707)	(224,937)
Tax effect of non-deductible expenses	6,935	48,055	2,921	22,117
Tax effect of non-taxable income	(33,904)	(234,923)	(19,182)	(145,243)
Tax effect of utilization of tax losses not recognized in prior years	(1,245)	(8,625)	(12,344)	(93,467)
Tax effect of unused tax losses not recognized	13,280	92,019	7,432	56,273
Temporary differences of deductible unrecognized deferred tax assets	6,742	46,714	-	-
Effect of tax rate change on deferred tax	4,505	31,214	-	-
Tax refund	(759)	(5,261)	(1,100)	(8,325)
Domestic equipment tax refund	(2,922)	(20,253)	(625)	(4,742)
Income tax expenses	34,899	241,824	23,073	174,698

55 INCOME TAX (CONTINUED)

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

	<i>The Company</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Profits before taxation	148,645	1,030,005	162,810	1,232,768
Expected income tax expenses at applicable tax rate	26,756	185,401	24,422	184,915
Tax effect of non-deductible expense	386	2,674	-	-
Tax effect of unused tax losses not recognized in prior years	-	-	(11,217)	(84,924)
Effect of tax rate change on deferred tax	(1,308)	(9,066)	-	-
Tax effect of other non-taxable income	(19,095)	(132,314)	(13,742)	(104,052)
Income tax expenses	<u>6,739</u>	<u>46,695</u>	<u>(537)</u>	<u>(4,061)</u>

56 SUPPLEMENT TO CASH FLOW STATEMENT

(1) Reconciliation of net profit to cash flows from operating activities

	<i>The Group</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Net profit	243,200	1,685,205	439,210	3,325,606
Add: Impairment for assets	101,331	702,151	8,262	62,556
Depreciation of fixed assets	75,243	521,388	61,736	467,452
Amortisation of intangible assets	22,759	157,707	10,056	76,143
Amortisation of investment property and long-term deferred expenses	2,550	17,670	4,382	33,176
Losses on disposal of fixed assets, intangible assets, and other long-term assets	2,746	19,027	283	2,143
Losses / (Gains) on changes in fair value	63,171	437,729	(36,278)	(274,684)
Financial expense	77,098	534,241	44,084	333,794
Gains arising from investments	(60,361)	(418,256)	(193,649)	(1,466,268)
Increase in deferred tax assets	(14,954)	(103,621)	(26,606)	(186,971)
(Decrease) / Increase in deferred tax liabilities	(15,595)	(108,062)	11,526	84,185
Increase in gross inventories	(160,607)	(1,112,894)	(369,783)	(2,799,923)
Decrease / (Increase) in operating receivables	546,780	3,788,789	(598,561)	(4,532,184)
(Decrease) / Increase in operating payables	(397,466)	(2,754,161)	501,972	3,800,832
Effect of foreign exchange rate changes	-	(375)	-	(11,406)
Net cash inflow / (outflow) from operating activities	<u>485,895</u>	<u>3,366,538</u>	<u>(143,366)</u>	<u>(1,085,549)</u>

56 SUPPLEMENT TO CASH FLOW STATEMENT (CONTINUED)

(1) Reconciliation of net profit to cash flows from operating activities (continued)

	<i>The Company</i>			
	<u>2008</u>		<u>2007</u>	
	USD'000	RMB'000	USD'000	RMB'000
Net profit	141,906	983,310	163,347	1,236,829
Add: Depreciation of fixed assets	1,465	10,151	2,429	18,392
Amortisation of intangible assets	110	755	69	522
Amortisation of long-term deferred expenses	544	3,770	474	3,589
Losses / (gains) on disposal of fixed assets	7	46	(15)	(114)
Gains on changes in fair value	38,332	265,612	(10,192)	(77,168)
Financial income	(21,948)	(152,079)	(2,410)	(18,250)
Gains arising from investments	(143,996)	(997,790)	(201,520)	(1,525,866)
Increase in deferred tax assets	(4,513)	(26,683)	(7,991)	(58,371)
(Decrease) / Increase in deferred tax liabilities	(2,068)	(15,109)	1,489	10,879
Increase in operating receivables	(282,609)	(1,958,276)	(118,024)	(893,655)
Decrease in operating payables	(10,807)	(74,890)	(260,083)	(1,969,296)
Effect of foreign exchange rate changes	-	(3,528)	-	(1,748)
Net cash outflow from operating activities	<u>(283,577)</u>	<u>(1,964,711)</u>	<u>(432,427)</u>	<u>(3,274,257)</u>

(2) In 2008 the Group's all major investing and financing activities required the use of cash or cash equivalents.

(3) Cash and cash equivalents held by the Group and company are as follows:

The Group		<u>2008</u>		<u>2007</u>	
		USD'000	RMB'000	USD'000	RMB'000
(a)	Cash at bank and on hand				
	- Cash on hand	776	5,297	466	3,400
	- Bank deposits available on demand	385,989	2,634,140	334,144	2,440,657
	- Other monetary fund available on demand	26,777	182,738	78,214	571,291
	- Cash with restricted usage	40,909	279,178	5,351	39,084
(b)	Closing balance of cash and cash equivalents	454,451	3,101,353	418,175	3,054,432
	Less: cash with restricted usage	40,909	279,178	5,351	39,084
(c)	Closing balance of cash and cash equivalents available on demand	<u>413,542</u>	<u>2,822,175</u>	<u>412,824</u>	<u>3,015,348</u>

56 SUPPLEMENT TO CASH FLOW STATEMENT (CONTINUED)

(3) Cash and cash equivalents held by the Group and company are as follows: (continued)

The Company

	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
(a) Cash at bank and on hand				
- Bank deposits available on demand	62,281	425,034	93,676	684,230
- Other monetary fund available on demand	750	5,116	33,255	242,901
(b) Closing balance of cash and cash equivalents available on demand	63,031	430,150	126,931	927,131

Cash held by the Group and the Company are cash on hand or bank deposits available on demand. Refer to Note 7 for details.

(4) Information on acquisition or disposal of subsidiaries and other business units during the current year:

(a) Information on acquisition of subsidiaries and other business units:

	<i>The Group</i>	
	USD'000	RMB'000
Consideration of acquisition	42,042	287,046
Cash and cash equivalents paid for acquiring subsidiaries and other business units	35,978	245,663
Less: cash and cash equivalents held by subsidiaries and other business units	16,163	110,354
Net cash paid for the acquisition	19,815	135,309
	<i>The Group</i>	
	USD'000	RMB'000
Non-cash assets and liabilities held by the acquired subsidiaries and other business units		
Current assets	14,965	102,176
Non-current assets	68,439	467,274
Current liabilities	(29,811)	(203,538)
Non-current liabilities	(27,714)	(189,220)

57 SHARE-BASED PAYMENTS

Expenses recognised for the year arising from share-based payments are as follows:

The Group

	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Equity-settled share-based payments	-	-	2,998,275	21,900,000

- (i) CIMC Vehicle (Group) Co., Ltd., (HI) a subsidiary of the Company, carried out a share trust plan (the "Plan") in 2007, which was approved by the shareholders' meeting on 17 October 2007. According to the Plan, the senior executives of the Company and HI, and key personnel related to the trailer business, purchased 20% equity interest of HI by injecting RMB 220,700,000.00 with distributed senior management bonuses into HI via Shenzhen International Trust and Investment Co., Ltd.

The Group determined the amount of employee services received based on the fair value of the equity interest of HI on 29 December 2007 using the income approach. A valuation report was issued by Pan-China Schinda Certified Public Accounts (XDZPBZ 2008(004) Assets Assessment Report of CIMC Vehicle (Group) Co., Ltd) in this respect.

- (ii) The Fifth session of 2008 of the Fifth board of directors was held by the Company on 28 April 2008, and had approved the stock option incentive plan (draft) of China International Marine Containers (Group) Co., Ltd.

In view of the tremendous change of economic and stock market within and outside China, this plan is no longer feasible and cannot meet the incentive purpose if the plan was implemented base on the approved draft. Therefore, as approved by the fourteenth session of 2008 of the Fifth board of directors on 17 October 2008, the Board agreed to terminate the above plan and will introduce stock option incentive plan when the condition is appropriate.

58 SEGMENT REPORTING

In accordance with the Group's internal financial reporting process, business segment information is chosen as the primary reporting format, and geographical segment information as the secondary reporting format. The Group comprises four business segments, namely, containers, trailers, tank equipments and airport ground facilities.

Reportable information on each of the Group's business segment is set out as follows:

Item	Primary segment reporting (business segments)															
	Containers		Trailers		Tank equipments		Airport ground facilities		Others		Elimination		Unallocated items		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Operating income	4,199,353	4,496,804	1,450,428	1,284,246	1,121,451	599,105	70,432	62,499	114,136	81,683	(125,777)	(84,544)	-	-	6,830,023	6,439,793
Including:																
External transaction	4,183,685	4,482,349	1,435,700	1,276,352	1,119,188	596,483	70,432	62,499	21,018	22,110	-	-	-	-	6,830,023	6,439,793
Inter-segment transaction	15,668	14,455	14,728	7,894	2,263	2,622	-	-	93,118	59,573	(125,777)	(84,544)	-	-	-	-
Operating expenses / (gains)	4,181,367	4,215,209	1,468,754	1,231,111	1,047,171	542,931	61,575	50,089	53,954	29,636	(115,923)	(25,452)	(121,876)	(60,346)	6,575,022	5,983,178
Operating profit / (loss)	17,986	281,595	(18,326)	53,135	74,280	56,174	8,857	12,410	60,182	52,047	(9,854)	(59,092)	121,876	60,346	255,001	456,615
Total assets	1,885,789	2,504,239	1,181,791	1,003,585	1,047,265	924,116	60,769	45,623	1,152,292	371,019	(754,109)	-	490,073	771,291	5,063,870	5,619,873
Total liabilities	950,904	1,029,733	750,832	394,785	281,252	169,412	30,193	28,595	160,345	125,105	(754,109)	(646)	1,456,064	1,471,215	2,875,481	3,128,199
Supplementary information:																
1. Depreciation and amortisation expenses	41,682	43,306	17,398	11,377	35,571	12,915	331	353	804	674	-	-	2,372	3,304	98,158	71,929
2. Non-cash expenses / (gains) other than depreciation and amortisation	180,633	(60,220)	10,057	(6,884)	11,720	59	291	(114)	(573)	-	-	-	(25,738)	40,666	176,390	(26,493)
Including: impairment loss / (reversal) for the year	83,077	5,099	9,684	1,674	8,407	1,387	41	102	122	-	-	-	-	-	101,331	8,262
3. Capital expenditure	117,524	137,531	159,108	104,785	78,666	29,387	531	434	9,651	15,458	-	-	-	-	365,480	287,595
Item	Secondary segment reporting (geographical segments)															
	America		Europe		Asia		Other		Total							
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007						
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000						
Revenue from external customers	1,253,880	1,342,015	2,540,964	2,363,436	2,925,758	2,684,187	109,421	50,155	6,830,023	6,439,793						
Total assets	79,435	33,750	346,138	347,527	4,629,182	5,232,381	9,115	6,215	5,063,870	5,619,873						

59 RISK ANALYSIS, SENSITIVITY ANALYSIS, AND DETERMINATION OF FAIR VALUES FOR FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks, etc.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit of the Group undertakes both regular and ad hoc reviews of risk management controls and procedures.

(1) *Credit risk*

The Group's credit risk is primarily attributable to receivables, debt investments and derivative financial instruments entered into for hedging purposes. Exposure to these credit risks are monitored by management on an ongoing basis.

In respect of receivables, the risk management committee of the Group has established a credit policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the external ratings of the customers and their bank credit records where available and previous payment records (if available). Receivables are due within from 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers, but earnest or prepayment money is requested sometimes due to the customer's situation.

Most of the Group's and the Company's customers have been transacting with the Group or the Company for a long time, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date. This group has calculated the provision for the significant overdue receivables at 31 December 2008.

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 insure the return ability of the fund.

59 RISK ANALYSIS, SENSITIVITY ANALYSIS, AND DETERMINATION OF FAIR VALUES FOR FINANCIAL INSTRUMENTS (CONTINUED)

(1) *Credit risk (continued)*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, 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 23% (2007: 20%) of the total accounts receivable and other receivables were due from the five largest customers of the Group.

Investments are normally 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 and Company as set out in Note 61, 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 61.

(2) *Liquidity risk*

The Company is responsible for the cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, for individual subsidiaries subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The maturity analysis of the held-to-maturity investments, long-term receivables and long term debts are disclosed in Note 19 and 40.

59 RISK ANALYSIS, SENSITIVITY ANALYSIS, AND DETERMINATION OF FAIR VALUES FOR FINANCIAL INSTRUMENTS (CONTINUED)

(3) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group adopts an interest rate policy of ensuring that interest rate risk is reasonable. The Group has entered into interest rate swaps denominated in the currency of the loan, to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy.

The interest rates of short term loan and long term loan are respectively disclosed in Note 30 and 40.

(a) As at 31 December, the Group held the following interest-bearing financial instruments:

	<i>The Group</i>		<i>The Company</i>	
	2008	2007	2008	2007
	USD'000	USD'000	USD'000	USD'000
Fixed rate instruments				
Financial assets				
- Cash at bank and on hand	-	263,069	-	69,633
- Long-term receivables				
due within one year	18,766	13,021	-	-
- Long-term receivables	73,545	27,196	-	-
Financial liabilities				
- Short-term loans	(14,653)	(89,655)	(14,653)	-
- Long-term loans				
due within one year		(187,303)	-	(173,339)
- Long-term loans	-	(12,937)	-	-
	<u>77,658</u>	<u>13,391</u>	<u>(14,653)</u>	<u>(103,706)</u>
Variable rate instruments				
Financial assets				
- Cash at bank and on hand	454,451	155,106	63,031	57,298
Financial liabilities				
- Short-term loans	(308,699)	(279,524)	-	-
- Long-term loans				
within one year	(39,616)	-	(25,578)	-
- Long-term loans	(959,530)	(597,987)	(879,629)	(435,042)
	<u>(853,394)</u>	<u>(722,405)</u>	<u>(842,176)</u>	<u>(377,744)</u>

(b) Sensitivity analysis

As at 31 December 2008, it is estimated that a general increase / decrease of 54 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by USD3,456,000 (2007: USD2,425,000), and equity by USD3,729,000 (2007: USD1,156,000).

59 RISK ANALYSIS, SENSITIVITY ANALYSIS, AND DETERMINATION OF FAIR VALUES FOR FINANCIAL INSTRUMENTS (CONTINUED)

(3) Interest rate risk (continued)

(b) Sensitivity analysis (continued)

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 or the Company which expose the Group or the Company 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 or the Company 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 is performed on the same basis for 2007.

(4) Foreign currency risk

The major currency received by the Group is USD and the main currency paid out is RMB. In order to avoid the risks resulting from the fluctuation of the exchange rate of RMB, in respect of accounts receivables and payables denominated in foreign currencies other than RMB, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) Besides the exposure to currency risk arising from financial assets and financial liabilities disclosed in Note 8 and 31, the Group's and the Company's exposure as at 31 December to currency risk arising from recognised assets or liabilities denominated in foreign currencies is as 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.

Expressed in RMB'000

The group

	2008			
	USD	EUR	HKD	JPY
Cash at bank				
and on hand	1,043,790	121,907	112,277	15,080
Accounts receivable	2,485,467	428,716	3,692	29,625
Short-term loans	(373,902)	(730,749)	(163,944)	(91,547)
Long-term loans	(4,681,538)	(190,349)	(484,328)	-
Accounts payable	(2,079,401)	(278,371)	(30,385)	(1,971)
Contingent liabilities	(572,315)	(41,062)	-	-
Non-current liabilities				
Due within one year	(136,679)	(38,067)	(17,607)	-
Gross balance				
sheet exposure	(4,314,578)	(727,975)	(580,295)	(48,813)

59 RISK ANALYSIS, SENSITIVITY ANALYSIS, AND DETERMINATION OF FAIR VALUES FOR FINANCIAL INSTRUMENTS (CONTINUED)

(4) Foreign currency risk

	<i>2007</i>			
	USD	EUR	HKD	JPY
Cash at bank				
and on hand	1,052,388	25,965	11,873	4,283
Accounts receivable	7,138,942	427,303	5,515	41,174
Short-term loans	(1,605,076)	(426,092)	-	(10,534)
Long-term loans	(2,921,680)	(747,395)	(698,742)	-
Accounts payable	(2,188,480)	(449,500)	(27,441)	(33)
Contingent liabilities	(545,463)	(37,624)	-	-
Non-current liabilities				
Due within one year	(17,998)	-	-	-
Gross balance sheet exposure	<u>912,633</u>	<u>(1,207,343)</u>	<u>(708,795)</u>	<u>34,890</u>
 The company				
	<i>2008</i>			
	USD	EUR	HKD	JPY
Cash at bank				
and on hand	139,839	111	70	14,943
Long-term loans due within one year	(136,488)	(38,067)	-	-
Long-term loans	<u>(4,640,592)</u>	<u>(190,346)</u>	<u>-</u>	<u>-</u>
Gross balance sheet exposure	<u>(4,637,241)</u>	<u>(228,302)</u>	<u>70</u>	<u>14,943</u>
	<i>2007</i>			
	USD'000	EUR'000	HKD'000	JPY'000
Cash at bank				
and on hand	409,437	5,610	15	3,455
Long-term loans	<u>(2,921,680)</u>	<u>(255,954)</u>	<u>-</u>	<u>-</u>
Gross balance sheet exposure	<u>(2,512,243)</u>	<u>(250,344)</u>	<u>15</u>	<u>3,455</u>

(b) The following are the significant exchange rates applied by the Group:

	<u>Average rate</u>		<u>Reporting date mid-spot rate</u>	
	2008	2007	2008	2007
USD	6.9293	7.5718	6.8244	7.3042
EUR	10.3780	10.4667	9.5167	10.6669
HKD	0.8897	0.9697	0.8806	0.9346
JPY	6.5511	6.4847	7.5076	6.4064

59 RISK ANALYSIS, SENSITIVITY ANALYSIS, AND DETERMINATION OF FAIR VALUES FOR FINANCIAL INSTRUMENTS (CONTINUED)

(4) Foreign currency risk (continued)

(c) Sensitivity analysis

Assuming all other risk variables remained constant, 1%, 12%, 2% and 5% strengthening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2008 (6%, 4%, 6% and 2% strengthening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2007) would have increased (decreased) equity and net profit or loss by the amount shown below; whose effect is in RMB and translated using the spot rate at the balance sheet date:

	<i>Equity</i>		<i>Profit or loss</i>	
	<i>The Group</i>	<i>The Company</i>	<i>The Group</i>	<i>The Company</i>
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2008				
USD	32,359	38,025	32,359	38,025
EUR	65,518	22,465	65,518	22,465
HKD	8,704	(1)	8,704	(1)
JPY	1,830	(613)	1,830	(613)
	<u>108,411</u>	<u>59,876</u>	<u>108,411</u>	<u>59,876</u>

	<i>Equity</i>		<i>Profit or loss</i>	
	<i>The Group</i>	<i>The Company</i>	<i>The Group</i>	<i>The Company</i>
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2007				
USD	(163,298)	120,872	(163,298)	120,872
EUR	71,143	8,186	71,143	8,186
HKD	36,158	(1)	36,158	(1)
JPY	(798)	(56)	(798)	(56)
	<u>(56,795)</u>	<u>129,001</u>	<u>(56,795)</u>	<u>129,001</u>

1%, 12%, 2% and 5% weakening of the RMB against USD, EUR, HK dollar and Japanese Yen respectively at 31 December 2008 (6%, 4%, 6% and 2% weakening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2007) would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group or the Company which expose the Group or the Company 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 2007.

59 RISK ANALYSIS, SENSITIVITY ANALYSIS, AND DETERMINATION OF FAIR VALUES FOR FINANCIAL INSTRUMENTS (CONTINUED)

(4) *Foreign currency risk (continued)*

(c) Sensitivity analysis (continued)

The above sensitive analysis does not include exposure to currency risk arising from foreign future contracts, Japanese Yen exchange option, swap contract for interest rate and metal-nickel exchange option disclosed in Note 8 and 31 about financial assets and financial liabilities, but the change in exchange rate may have effect on shareholder's equity and net profit.

(5) *Fair values*

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2008 and 2007.

(6) *Estimation of fair values*

The following summarises the major methods and assumptions used in estimating the fair values of financial assets and liabilities held for trading, available-for-sale financial assets, and items set out in Note 59(5) above that measured at fair value on the balance sheet date.

(a) Equity investments

Fair value is based on quoted market prices at the balance sheet date for financial assets and liabilities held for trading (excluding derivatives), available-for-sale financial assets, and held-to-maturity investments if there is an active market, if an active market does not exist for the financial asset, the fair value is determined using valuation techniques.

(b) Receivables

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

(c) Loans and long-term payables

The fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

(d) Derivatives

The fair value of forward exchange contracts is either based on their listed market prices or by discounting the contractual forward price and deducting the current spot rate. The fair value of interest rate swaps is based on broker quotes. The quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar interest rate instrument at the measurement date.

59 RISK ANALYSIS, SENSITIVITY ANALYSIS, AND DETERMINATION OF FAIR VALUES FOR FINANCIAL INSTRUMENTS (CONTINUED)

(6) Estimation of fair values (continued)

(e) Financial guarantees

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

(f) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows are based on same term loans' rates announced by People Bank of China at the balance sheet date plus an adequate credit spread and are as follows:

	2008	2007
Long term loans	3.51% - 7.56%	3.78% - 5.80 %
Receivables	4.85% - 6.56%	6.57% - 7.56 %

60 COMMITMENTS

(1) Capital commitments

As at 31 December, the capital commitments of the Group and the Company are summarised as follows:

	<u>2008</u>		<u>2007</u>	
	USD'000	RMB'000	USD'000	RMB'000
Contracts entered into but not recognised				
- Assets acquisition contracts	98,504	672,230	97,698	713,600
- Investment contracts	5,628	38,405	234	1,718
	<u>104,132</u>	<u>710,635</u>	<u>97,932</u>	<u>715,318</u>

60 COMMITMENTS (continued)

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of properties, fixed assets and so on were payable as follows:

	2008		2007	
	USD'000	RMB'000	USD'000	RMB'000
Within 1 year (inclusive)	15,256	104,113	9,405	68,696
After 1 year but within 2 years (inclusive)	10,466	71,426	7,876	57,530
After 2 years but within 3 years (inclusive)	6,555	44,734	6,837	49,938
After 3 years (inclusive)	25,279	172,513	16,631	121,477
Total	57,556	392,786	40,749	297,641

61 CONTINGENCIES

(1) Contingent liabilities

As at 31 December 2008, the contingent liabilities of the Group are summarised as follows:

(a) Guarantees provided for other entities

During the year, CIMC Vehicle provided guarantees in respect of banking facilities granted to customers who drew down loans under banking facilities to settle outstanding payables arising from purchase of trailers from the Group. As at 31 December 2008, the Group has the above outstanding guarantees totalling RMB461,161,591 equivalent to USD67,575,405 (2007: RMB 210,727,266 equivalent to USD 27,617,982).

(b) Bills payable

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

At 31 December 2008, the Group had bills issued to suppliers but not recorded on the books totalling USD58,477,932 (RMB399,076,799). At 31 December 2007, the balance was USD142,599,850 (RMB1,041,578,116).

62 Non-adjusting post balance sheet events

The Group's subsidiary- CIMC Vehicle (Group) Co., Ltd. (HI), Wuhu Terry investment Co., Ltd. (Terry investment) and Shenzhen Jiushi investment Co., Ltd. (Jiushi investment) is planning to establish Jirui Joint Truck Company Limited (Joint truck) on 9 January 2009.

The registered capital is RMB 4 hundred millions and the proportion of CIMC vehicles is 45%, Terry investment is 45%, Jiushi investment is 10%. This investment have already approved by the first conference of the fifth board of directors by the Group of 2009, and this investment doesn't have to submit to the Group's general meeting of shareholders but have to approve by the Chinese government Department.

63 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) *For the information on the subsidiaries of the Company, refer to Note 6.*

(2) *Transactions with its key management personnel*

	<i>The group</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Remuneration of key management personnel	2,517	17,178	2,288	16,709

	<i>The company</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
Remuneration of key management personnel	2,517	17,178	2,288	16,709

(3) *Transactions other than its key management personnel*

(a) Transaction amounts with related parties:

(i) sales / purchase goods

	<i>The group</i>			
	<i>2008</i>		<i>2007</i>	
	<i>Amount</i> USD'000	<i>Percentage</i> <i>on similar</i> <i>deals</i>	<i>Amount</i> USD'000	<i>Percentage</i> <i>on similar</i> <i>deals</i>
Sales	51,292	0.75%	223,574	3.39%
Purchase	29,859	0.49%	100,994	1.67%

63 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(3) Transactions other than its key management personnel (continued)

(a) Transaction amounts with related parties (continued):

(i) sales / purchase goods

	<i>The group</i>			
	<u>2008</u>		<u>2007</u>	
	<i>Amount</i> RMB'000	<i>Percentage</i> <i>on similar</i> <i>deals</i>	<i>Amount</i> RMB'000	<i>Percentage</i> <i>on similar</i> <i>deals</i>
Sales	355,416	0.75%	1,633,031	3.39%
Purchase	206,902	0.49%	737,681	1.67%

(ii) Funding

Lendings

	<i>The Group</i>				
	<i>Opening</i> <i>balance</i> USD'000	<i>Additions</i> <i>during</i> <i>the year</i> USD'000	<i>Settlement</i> <i>during</i> <i>the year</i> USD'000	<i>Effect of</i> <i>foreign</i> <i>exchange</i> <i>rate changes</i> USD'000	<i>Closing</i> <i>balance</i> USD'000
Shanghai Fengyang XYW	51,265 626	6,338 -	(39,148) -	3,099 3	21,554 629
Total	51,891	6,338	(39,148)	3,102	22,183

	<i>The Group</i>				
	<i>Opening</i> <i>balance</i> RMB'000	<i>Additions</i> <i>during</i> <i>the year</i> RMB'000	<i>Settlement</i> <i>during</i> <i>the year</i> RMB'000	<i>Effect of</i> <i>foreign</i> <i>exchange</i> <i>rate changes</i> RMB'000	<i>Closing</i> <i>balance</i> RMB'000
Shanghai Fengyang XYW	385,702 4,565	55,309 -	(293,915) -	- (272)	147,096 4,293
Total	390,267	55,309	(293,915)	(272)	151,389

63 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(3) Transactions other than its key management personnel (continued)

(a) Transactions amounts with related parties: (continued)

(ii) Funding (continued)

Borrowings

	<i>The Group</i>				<i>Closing balance USD'000</i>
	<i>Opening balance USD'000</i>	<i>Additions during the year USD'000</i>	<i>Settlement during the year USD'000</i>	<i>Effect of foreign exchange rate changes USD'000</i>	
Shenzhen Dongfang Tianyu Investment Development Co., Ltd. ("Dongfang Tianyu")	6,571	-	-	462	7,033
Gasfin	-	11,218	-	(772)	10,446
Total	6,571	11,218	-	(310)	17,479

	<i>The Group</i>				<i>Closing balance RMB'000</i>
	<i>Opening balance RMB'000</i>	<i>Additions during the year RMB'000</i>	<i>Settlement during the year RMB'000</i>	<i>Effect of foreign exchange rate changes RMB'000</i>	
Dongfang Tianyu	47,996	-	-	-	47,996
Gasfin	-	77,733	-	(6,505)	71,228
Total	47,996	77,733	-	(6,505)	119,224

(iii) Sale of a subsidiary

In 2007, CIMC Shenfa Development Co., Ltd. ("CIMCSD"), a subsidiary of the Group and Shenzhen China Merchants Real Estate Co., Ltd. and, entered into a share transfer agreement, in which CIMCSD will transfer 60% of the equity of Shanghai Fengyang to Shenzhen China Merchants Real Estate Co., Ltd for a price of USD48,362,586 (RMB353,250,000) in total. As at 31 December 2008, USD10,352,559 (RMB70,650,000) of the total price had not been paid.

63 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(3) *Transactions other than its key management personnel (continued)*

(a) Transactions amounts with related parties: (continued)

(iv) Acquisition of equity investments

In 2008, the Company entered into a share transfer agreement with COSCO Pacific Management Co., Ltd. (“COSCO Pacific Management”), in which the Company acquired 20% equity of SCRC from COSCO at a consideration of USD 16,400,000 (RMB 111,920,160). The amount was not yet settled as at 31 December 2008.

In 2008, a subsidiary of the Company- CIMC Holdings (B.V.I.) Limited and Topview Investment Limited (Subsidiary of COSCO Pacific Management Co., Ltd) entered a share transfer agreement in which it acquired all the equity and liabilities of its subsidiary Fentalic. Fentalic holds 22.5% equity of Tianjin CIMC North Ocean Container Co., Ltd. (TJ CIMC), at a consideration of USD 14,000,000 (RMB 95,541,600). As at 31 December 2008, it had already been paid off

(v) Finance lease

As at 30 September 2008, the Group’s subsidiary- CIMC Financing and Leasing Co., Ltd. (CIMCVL) and subsidiary of the Group’s joint venture- Yangtai Raffles Ocean Construction Co., Ltd. entered into a finance lease contract and it is guaranteed by the Group’s joint venture’s subsidiary- Raffles Shipping Co., Ltd. According to the contract, CIMCVL acquires a barge from Raffles Ocean at a consideration of RMB 38,000,000, and leases back to Raffles Ocean at RMB 45,987,179 under finance lease. The leasing period is from 10 December 2008 to 10 December 2013 with a floating rate and it will be adjusted by benchmark lending rate of People’s bank of China yearly, the rate on contract award date and at 31 December 2008 is 7.56%. As at 31 December 2008, receivable under finance lease is RMB 38,000,000 (USD 5,568,255).

The above transactions with related parties were conducted under normal commercial terms or relevant agreements.

63 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(3) Transactions other than its key management personnel (continued)

- (b) The balances of transactions with related parties as at 31 December are set out as follows:

	<i>The Group</i>			
	2008 USD'000	2008 RMB'000	2007 USD'000	2007 RMB'000
Accounts receivable	5,871	40,679	31,085	227,049
Other Receivables	33,029	225,405	57,120	417,213
Long-term receivables	5,568	38,000	-	-
Accounts payable	27,909	193,386	53,348	389,667
Other payable	40,929	279,316	-	-

Refer to Note 20 for information about the Group's associates and joint ventures.

- (c) Relationships with related parties under the transactions stated in 3(a)(b)

<i>Organisation name</i>	<i>Relationship with the Group</i>
MST	Associate
KYH Steel Holding Ltd	Joint venture
Dalian Jinong	Joint venture
XYW	Joint venture
Shanghai Fengyang	Joint venture
Yangtai Raffles	Subsidiary of joint venture
Xiamen Haitou Logistics Co., Ltd	Joint venture
Hemple-HaiHong Coatings Limited	Subsidiary of shareholder
Hempel-HaiHong (Kunshan) Co., Ltd	Subsidiary of shareholder
Florens Container Services Limited	Subsidiary of shareholder
Florens Maritime Limited	Subsidiary of shareholder
Florens Container Corporation S.A.	Subsidiary of shareholder
COSCO North America, Inc.	Subsidiary of shareholder
COSCO Pacific Management Company Ltd.	Subsidiary of shareholder
Topview Investmetn Limited	Subsidiary of shareholder
Shenzhen China Merchants Real Estate Co., Ltd	Subsidiary of shareholder
CIMC Tianyu	Minority shareholder of subsidiary
Gasfin	Minority shareholder of subsidiary
Liangshan Dongyue Trailer Manufacturing Co., Ltd	Minority shareholder of subsidiary
Wuhu Ruijiang Automobile Co., Ltd	Ultimate controlling party of minority shareholder of subsidiary

66 EARNINGS PER SHARE AND RETURN ON NET ASSETS

The Group's earnings per share

	<i>Basic and diluted earnings per share</i>			
	<i>2008</i>		<i>2007</i>	
	USD'000	RMB'000	USD'000	RMB'000
(a) Earnings per share inclusive of extraordinary gain and loss	0.08	0.53	0.16	1.19
- Profit attributable to the Company's ordinary equity shareholders ('000)	203,038	1,406,908	418,048	3,165,373
- Weighted average number of the Company's ordinary shares ('000)	2,662,396	2,662,396	2,662,396	2,662,396
(b) Earnings per share net of extraordinary gain and loss	0.05	0.37	0.09	0.69
- Profit deducted extraordinary gains and loss attributable to the Company's ordinary equity shareholders ('000)	142,986	990,797	243,377	1,842,802
- Weighted average number of the Company's ordinary shares ('000)	2,662,396	2,662,396	2,662,396	2,662,396

On net assets of the Group:

	<i>2008</i>		<i>2007</i>	
	<i>Fully diluted</i>	<i>Weighted average</i>	<i>Fully diluted</i>	<i>Weighted average</i>
(a) Return on net assets inclusive of extraordinary gain and loss	10%	10%	19%	24%
- Net profit attributable to the Company's ordinary equity shareholders(USD'000)	203,038	203,038	418,048	418,048
- Year-end equity attributable to the Company's ordinary equity shareholders(USD'000)	1,967,777	-	2,195,646	-
- Weighted average of equity attributable to the Company's ordinary equity shareholders (USD'000)	-	2,049,051	-	1,709,183
(b) Return on net assets net of extraordinary gain and loss	7%	7%	11%	14%
- Net profit deducted extraordinary gain and loss attributable to the Company's ordinary equity shareholders(USD'000)	142,986	142,986	243,377	243,377
- Year-end equity attributable to the Company's ordinary equity shareholders(USD'000)	1,967,777	-	2,195,646	-
- Weighted average of equity attributable to the Company's ordinary equity shareholders (USD'000)	-	2,049,051	-	1,709,183

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

Supplementary information to the financial statements

1 Reconciliation statements of differences in financial statements prepared under different GAAPs

- (1) The effect of the difference between PRC GAAP and IFRS on profit attributable to shareholders of the Company is analysed as follows:

	2008 USD'000	2007 USD'000
Amounts under PRC GAAP	203,038	418,048
Adjustments:		
Others	361	(2,438)
Amounts under IFRS	<u>203,399</u>	<u>415,610</u>

	2008 RMB'000	2007 RMB'000
Amounts under PRC GAAP	1,406,908	3,165,373
Adjustments:		
Others	2,505	(18,455)
Amounts under IFRS	<u>1,409,413</u>	<u>3,146,918</u>

- (2) The effect of the difference between PRC GAAP and IFRS on equity attributable to shareholders of the Company is analysed as follows:

	2008 USD'000	2007 USD'000
Amounts under PRC GAAP	1,967,777	2,195,646
Adjustments:		
Others	(1,566)	(1,927)
Amounts under IFRS	<u>1,966,211</u>	<u>2,193,719</u>

Amounts under PRC GAAP	13,428,901	15,913,757
Adjustments:		
Others	(11,572)	(14,077)
Amounts under IFRS	<u>13,417,329</u>	<u>15,899,680</u>

Section 12. Content of Documents Available for Reference

- I. The text of annual report with signature of Chairman of the Board.
- II. Accounting statements carrying signatures and seal of Legal Representative, Chief Officer in charge of accounting and person in charge of accounting firms (Chief Accountant).
- III. Original of the Audit Report carrying official seal of accounting firm, signatures and seals of certified public accountants.
- IV. Originals of documents and public notice disclosed on the newspaper designated by China Securities Regulatory Commission during the reporting period.
- V. Full text of Articles of Association;