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本公告僅供參考，在美國或未有根據任何有關司法管轄區的證券法登記或合資格前作出有關要約、邀約或出售即屬違法的任何其他司法管轄區，本公告並不構成出售或提出購買任何證券的要約或邀約。本公告及其所載的內容不構成任何合約或承諾的基礎。任何人一律不得將本公告或其複印本帶入美國境內或在美國境內分派。本公告所指的證券既沒有、也不會根據《美國證券法》登記，除非該等證券已登記或獲適當的登記豁免，否則不得在美國發售或出售。在美國公開發售任何證券將以招股章程形式作出。該招股章程將載有關於本公司及管理層的詳細資料以及財務報表。本公司無意在美國進行任何證券的公開發售。



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**Zoomlion Heavy Industry Science and Technology Co., Ltd.\***

**中聯重科股份有限公司**

(於中華人民共和國註冊成立的股份有限公司)

(股份代號：1157)

## 發行優先票據的建議和同意徵求

### 引言

茲提述本公司有關批准(其中包括)本公司透過其境外全資子公司發行以美元為單位的票據而分別於2011年 月24日發出的臨時股東大會補充通函和補充通告，以及本公司於2011年10月12日發出的公告。

### 票據發行

本公司建議進行由中聯香港發行並由本公司擔保的以機構和專業投資者為對象的國際票據發行。票據將：依據《美國證券法》144 規則，只會在美國境內向合格機構買家提呈和發售，以及依據《美國證券法》條例，只會在美國境外的交易向若干非美國人士提呈和發售。

本公司已委聘高盛為票據發行的獨家全球協調人兼賬簿管理人。有關票據發行一事，一份載有(其中包括)票據發行詳情、票據條款與條件及有關本集團最近的公司和財務資料的發售備忘錄將會發給若干機構和專業投資者。部份資料以前從未公開。有關資料的摘要隨附於本公告。

票據的定價條款(包括本金總額、發售價和息率)尚待釐定，並可能有所更改。票據的定價條款一經落實，高盛、中聯香港和本公司將會訂立《購買協議》和其他附屬文件。

票據發行的完成的前提條件包括《補充契約》的簽訂和交付及建議的修訂按照《補充契約》的條款實施。

## 上市

票據已獲新交所原則上批准上市。新交所不必對發售備忘錄內任何陳述、當中發表的任何意見或所載任何報告的正確性承擔任何責任。本公司沒有也不會申請將票據在香港上市。

## 同意徵求

於2012年4月 日，中聯香港發行400,000,000美元 厘票據。中聯香港現正進行同意徵求，以批准對管轄 厘票據的契約作出的建議的修訂，以容許其承擔現有 厘票據以外的債務。建議的修訂規定，除發售、出售或發行債券及將上述所得款項預先撥歸本公司、本公司的任何子公司或本公司以其他方式控制的其他公司及進行與此有關的活動外，中聯香港不得進行任何其他業務活動。中聯香港將向每一位對建議的修訂根據同意徵求的條款和條件授予有效同意的 厘票據持有人，就 厘票據的本金額每1,000美元以現金給予2美元同意款項。中聯香港預期，在期滿日前接獲至少過半數所有尚未行使的 厘票據本金總額的持有人以單一類別表決授出同意後，中聯香港與本公司(其中包括)將就 厘票據盡快簽訂《補充契約》。根據《補充契約》的條款，建議的修訂將在各方簽訂和交付《補充契約》後生效，並在此後對 厘票據的每一持有人具約束力；然而，建議的修訂將僅在中聯香港向按照同意徵求的條款及條件對建議的修訂授予同意的持有人給予同意款項後實施。

## 所得款項用途

如發行票據，本公司擬將所得款項用途淨額用作本集團的境外擴展計劃的資金，包括提升本集團的銷售和服務網絡、建立研究發展中心和生產製造設施。

## 擔保

票據將由本公司全面、無條件地及不可撤銷地提供擔保。本公司已經就擬由本公司為票據發行提供擔保的事宜取得中國國家外匯管理局的有關批覆。

## 一般事宜

由於本公司在本公告刊發當日尚未就票據發行訂立任何具約束力的協議，因此票據發行不一定會完成。票據發行能否完成，須視乎市場情況和投資者興趣而定，並以《補充契約》的簽訂和交付及建議的修訂按照《補充契約》的條款實施作為條件。本公司投資者和股東於買賣本公司證券時，務請審慎行事。《購買協議》若得以簽署，本公司將就票據發行的建議另發公告。

## 前瞻性陳述

本公告包含的前瞻性陳述為《美國證券法》第2 條及《1 4年證券交易法》(經修訂)第21 條所界定的前瞻性陳述。本公告所載的陳述如非歷史事實的陳述(包括公司信念及預測的陳述)均為前瞻性陳述。前瞻性陳述包括與可能或假設的未來經營業績有關的資料,包括本公司業務計劃及策略的描述。該等陳述通常包含如「預期」、「預計」、「建議」、「計劃」、「相信」、「有意」、「估計」、「目標」、「預報」、「預測」、「應」、「可以」、「會」、「可能」、「將會」等字眼及其他類似詞彙。

本公司的前瞻性陳述是其按照行業經驗,以及其對歷史走勢、現況、預計未來發展及本公司在該等情況下及在作出該陳述時相信是適當的其他因素的理解,而在目前所作出的預測、計劃及假設為依據。雖然本公司相信該等前瞻性陳述是以合理假設為依據,但閣下應注意,還有很多因素可能會影響本公司的實際財務業績或經營業績,並且可以令到實際結果與前瞻性陳述所表達的內容有重大分別。

很多因素是本公司無法控制的。本公告所載的前瞻性陳述只對截至本公告日期的情況適用。本公司不必負責公佈該等前瞻性陳述的任何修改結果,以反映本公告日期後的事件或情況,或反映未能預計的事件發生。

## 定義

在本公告中,除內文另有所指外,下列詞彙具有下列涵義:

「本公司」	指	中聯重科股份有限公司,一家於中國註冊成立的股份有限公司
「同意徵求」	指	由中聯香港進行的同意徵求,以批准對管轄 厘票據的契約作出的建議的修訂
「期滿日」	指	2012年12月1 日下午十一時(紐約時間),作為同意徵求的期滿日,除非由中聯香港修訂或延期則例外
「高盛」	指	高盛(亞洲)有限責任公司,擔任票據發行的獨家全球協調人兼賬簿管理人
「本集團」	指	本公司及其不時的子公司
「香港」	指	中國香港特別行政區
「票據發行」	指	擬進行的票據國際發售
「票據」	指	將由中聯香港發行並由本公司擔保的優先票據
「中國」	指	中華人民共和國

「建議的修訂」	指	按《補充契約》的規定對管轄 厘票據的契約作出的修訂
「《購買協議》」	指	中聯香港、本公司和高盛將就票據發行簽訂的《購買協議》
「新交所」	指	新加坡證券交易所有限公司
「《補充契約》」	指	將由(其中包括)中聯香港與本公司簽訂的補充契約，以對管轄 厘票據的契約作出修訂
「美國」	指	美利堅合眾國、其領土和屬地，以及所有受其司法管轄權約束的地區
「《美國證券法》」	指	《美國1933年證券法》(經修訂版)
「中聯香港」	指	中聯重科(香港)有限公司，本公司於2011年12月12日在香港註冊成立的全資子公司
「 厘票據」	指	由中聯香港於2012年4月12日發行2015年到期的400,000,000美元 厘票據

承董事會命  
中聯重科股份有限公司  
董事長  
詹純新

中國長沙  
2012年12月12日

於本公告刊發日期，本公司執行董事為詹純新博士及劉權先生；非執行董事為邱中偉先生；以及獨立非執行董事為劉長琨先生、錢世政博士、王志樂先生及連維增先生。

\* 僅供識別

**Extrac of Operating and Financial Informa ion  
of Zoomlion Hea lth Ind ū r Science and Technolog Co., L d.**

**(Aš of 12 December 2012)**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements as of and for each of the years ended December 31, 2009 2010 and 2011 and as of and for the nine months ended September 30, 2012 and the accompanying notes included elsewhere in the offering memorandum.*

## FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We believe the significant factors that have had or may have an effect on our financial condition, results of operations and cash flows are:

- the economic conditions in China;
- the demand for our products;
- the availability of raw materials;
- the cost of raw materials;
- the effect of exchange rate fluctuations.

### China's Economic Conditions and Growth

We derived our financial data from the People's Republic of China's ("China") GDP data for 2009, 2010, 2011 and the first half of September 30, 2012. Demand for our products has been affected by the economic conditions in China. Historically, the economic growth of the Chinese market has been the primary driver of our revenue. In recent years, China has been experiencing a period of economic growth. Between 2001 and 2011, China's GDP increased from RMB11.0 trillion to RMB47.2 trillion, representing a CAGR of 15.7%. As a result of the economic growth, China has experienced a significant increase in the number of middle-class consumers. The number of middle-class consumers in China increased from 35.8% in 2000 to 50.6% in 2011, according to the United Nations. The number of middle-class consumers in China is expected to reach 54.2% and 58.9% in 2015 and 2020, respectively, according to the United Nations. The number of middle-class consumers is expected to reach 54.2% and 58.9% in 2015 and 2020, respectively, according to the United Nations. The number of middle-class consumers is expected to reach 54.2% and 58.9% in 2015 and 2020, respectively, according to the United Nations. The number of middle-class consumers is expected to reach 54.2% and 58.9% in 2015 and 2020, respectively, according to the United Nations. The number of middle-class consumers is expected to reach 54.2% and 58.9% in 2015 and 2020, respectively, according to the United Nations.

*Journal of Applied Linguistics* 42 (2001), 1-12

On the role of the head in the acquisition of the English definite article 'the' in the context of the English as a Second Language (ESL) classroom.

H e e , e , a d i g c e f , e a i g b , i d i g a e g i c a c i i i a d i a c e , i a c i a e d i h h i g h i e e c . I f e a e a l e b a c e h e c f e a i h i g a d d i a f a c i g a d e e a c h a d d e , e f a c i i e i h h e g h i d e a d f , d c i f c h i e e e c a e h i g h e h a e e , e c , e a b e a l e g e e a e a a d e a e e f c h i e e e a d a e , e i e c e a i c e a e i f i a c i i g a i a d i a f a c i g c h a a e g a i a f f e c e f , e a i . I d e , d c i c e a i j i d i c i , e a e e d e f i e e h a c e c e a i , d c e e h e a , i c a e e g a e i e e f h a j i d i c i , h i c h d i c e a e a g g e g a e a f a c i g c . F h e e , h e , a d e a d a f e - e e i c e c e e , a a h e a d d i e e a b a c h f f i c e a d e e e a i e f f i c e e , a e a i h a , a f d i b i a d e i c e e e , a i , a e i a i c e a e i , e a i g e , e e .

### A

I 2009, 2010, 2011 a d h e i e h e d e d S e e b e 30, 2011 a d 2012, c f a a e i , a a d c , e a e d R M B 14,281 i , R M B 20,740 i , R M B 29,463 i ( U S \$ 4,688 i ) , R M B 21,127 i a d R M B 24,286 i ( U S \$ 3,864 i ) , e , e c i , e e e i g 68.8%, 64.5%, 63.7%, 63.6% a d 62.1% f c i d a e d e f h e e , e c i e , e i d . T h e e a a e i , a a d c , e f , d c i i d e e , b a d e d c h a i a d h d a i c , e a d c i d e . T h e , d c i c f , d c a e b j e c c a i i h e , i c e f e a d e c , e . I e c e e a , a e d e a d f e h a b e e g . T h e e a e a i i e d b e f e , i e a d i a b e d i f f i c f i d e a i e , i e f e h e d e a d e c e e d . D e g a e d e a d , f c e a i i , e d , a a d c , e , i d i g b a d e d c h a i a d h d a i c , e a d c i d e , a b e i i e d . A a e , e , i c e e , h i g h e f i e i e f c e a i i , e d , a a d c , e f h i c h h e , a b e i i e d . A e e , a d c e f , e a i a d a e g a i b e e a c c e f e i g - b a e d , i e h g h h e i e g a i f C I F A , e a e a e e e i a e g i c f a e a g e e e i h c e a i , i e e e a f f i c i e , f h i g h - i a a e i , a a d c , e a a i e , i c e a a i a e b a i . W h e e h a e e , e i e c e d i g i f i c a i c e a e i c f a b i h e , a , h e c , e i i e e i e i h i c h e , e a e a d h e c i e d e c i c g h i C h i a c i e i c e a e d e a d f e d a b , h i c h e b i e e a i c e a e c f a b i h e f e . S a i g i 2010, e h a e i c e a e d h e e f h i d - a c a c a f a c e a d a e e c e a i f , d c . W e b i e e h e i c e a e i e f h i d - a c a c f h e h , c , d c i c , a e a e a e a i d h e c a i i e e a d d e , e c i a i a d a i a i a c i a e d i h h e e , a i f i - h e , d c i c a c i .



**DESCRIPTION OF SELECTED PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

We generate revenue, primarily from the following categories:

- Content revenue;
- Advertising revenue;
- Entertainment and media revenue;
- Radio, broadcast, and other revenue;
- Equipment revenue;
- Merchandise revenue and other; and
- Financial services.

The following table sets forth the breakdown of consolidated revenue, by category, and each percentage of consolidated revenue, for the periods indicated:

	Year Ended December 31,						Nine Months Ended September 30,					
	2009		2010		2011		2011		2012			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(in millions, except for percentages)											
Content revenue	7,157	34.5	14,085	43.8	21,212	3,375	45.8	15,009	45.2	21,185	3,371	54.2
Advertising revenue	8,298	40.0	11,077	34.4	15,618	2,485	33.7	11,205	33.8	10,341	1,645	26.4
Entertainment and media revenue	1,230	5.9	1,874	5.8	2,978	474	6.4	2,033	6.1	2,040	324	5.2
Radio, broadcast, and other revenue	787	3.8	1,246	3.9	1,737	276	3.7	1,304	3.9	1,087	173	2.8
Equipment revenue	445	2.1	772	2.4	1,048	167	2.3	912	2.7	1,748	278	4.5
Merchandise revenue and other	873	4.2	422	1.3	504	80	1.1	403	1.2	269	43	0.7
Financial services	397	1.9	1,043	3.2	1,583	252	3.5	1,116	3.4	1,219	194	3.1

Se f... e... a d a i a i... achi e a d... ea h... i g... achi e ha e...  
i c ea ed ig ifica... i 2009, 2010 a d 2011 a a e... f... g... a e de a d d i e b Chi a'  
g i g... ba i a i... a d ig ifica... i e... e i i f a... c... e, jec... S ch i c ea e a... d e  
a eg... de... e... e... a d a e i g a d... he... e... ce i... he... e... eg... e... i... de

*the overseas sales are higher and lower, respectively, for the relevant periods than the amounts and percentages presented in the table above. We believe the geographic classification basis used in the above presentation provides investors with additional information about the turnover from our domestic and overseas end-users.*

For 2009-2010, the foreign domestic sales decreased by 29.5% in absolute terms and 12.6% and 5.7% in percentage terms, respectively. The decrease was primarily due to (i) the decrease in the foreign sales of the Company's products in the People's Republic of China, and (ii) a decrease in the domestic sales of the Company's products in China, and a decrease in the domestic sales of the Company's products in the United States. For 2010-2011, the foreign domestic sales decreased by 39.3% in absolute terms and 5.5% in percentage terms, respectively. The foreign domestic sales decreased by 42.1% in absolute terms and 6.7% in percentage terms, respectively. The decrease was primarily due to the decrease in the sales of the Company's products in the United States, Asia Pacific and Africa.

Our domestic sales have been standardized each for the years ended December 31, 2009, 2010, 2011 and the year ended September 30, 2012, and did not have a material impact on the results of operations, which accounted for 10.0% of the total sales.

Our sales are derived from the following:

- sales of our products, i.e., components, assemblies, and sub-assemblies, including the design, development, manufacturing and distribution of the products;
- services, including design and development, testing, and distribution of the products;
- distribution of our products, including the distribution of the products;
- sales of our products, i.e., components, assemblies, and sub-assemblies, including the design, development, manufacturing and distribution of the products;
- the sales of our products, i.e., components, assemblies, and sub-assemblies, including the design, development, manufacturing and distribution of the products.

The following table reflects the adjustment of the financial results based on the exchange rate of the Renminbi against the U.S. dollar:

	Year Ended December 31,						Nine Months Ended September 30,					
	2009		2010		2011			2011		2012		
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
(in millions, except for percentages)												
Rental income	14,281	68.8	20,740	64.5	29,463	4,688	63.7	21,127	63.6	24,286	3,864	62.1
Service	533	2.6	842	2.6	1,047	167	2.3	777	2.3	902	144	2.3
Depreciation and amortization	150	0.7	239	0.7	253	40	0.5	199	0.6	202	32	0.5
Construction	165	0.8	354	1.1	207	33	0.4	181	0.6	34	5	0.1
Other	293	1.4	249	0.8	346	55	0.7	248	0.8	220	35	0.6
Total	<u>15,422</u>	<u>74.3</u>	<u>22,424</u>	<u>69.7</u>	<u>31,316</u>	<u>4,983</u>	<u>67.6</u>	<u>22,532</u>	<u>67.9</u>	<u>25,644</u>	<u>4,080</u>	<u>65.6</u>

Construction, a major component of the adjustment of the financial results, is affected by the exchange rate of the Renminbi against the U.S. dollar in 2009, 2010 and 2011. In the nine months ended September 30, 2012, construction decreased as a result of the exchange rate of the Renminbi against the U.S. dollar in 2011 and the increase in the exchange rate of the Renminbi against the U.S. dollar in the first nine months of 2012.

The following table reflects the breakdown of the financial results by geographic area, as detailed in the exchange rate of the Renminbi against the U.S. dollar:

	Year Ended December 31,						Nine Months Ended September 30,					
	2009		2010		2011			2011		2012		
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
(in millions, except for percentages)												
Construction	5,115	71.5	9,575	68.0	13,668	2,175	64.4	9,638	64.2	13,316	2,119	62.9
Service	6,335	76.3	7,995	72.2	11,595	1,845	74.2	8,351	74.5	7,503	1,194	72.6
Elimination	824	67.0	1,282	68.4	2,061	328	69.2	1,392	68.5	1,447	230	70.9
Rental income	527	67.0	765	61.4	1,072	170	61.7	802	61.5	629	100	57.9
Other	373	83.8	607	78.6	834	133	79.6	744	81.6	1,375	219	78.7
Construction	787	90.1	390	92.4	453	72	89.9	363	90.1	237	38	88.1
Service	165	41.6	354	33.9	207	33	13.1	181	16.2	34	5	2.8
Total	<u>14,126</u>	<u>73.6</u>	<u>20,968</u>	<u>68.7</u>	<u>29,890</u>	<u>4,756</u>	<u>66.9</u>	<u>21,471</u>	<u>67.1</u>	<u>24,541</u>	<u>3,905</u>	<u>64.8</u>
Other	1,296	82.3	1,456	87.0	1,426	227	86.8	1,061	86.6	1,103	175	90.5
Total	<u>15,422</u>	<u>74.3</u>	<u>22,424</u>	<u>69.7</u>	<u>31,316</u>	<u>4,983</u>	<u>67.6</u>	<u>22,532</u>	<u>67.9</u>	<u>25,644</u>	<u>4,080</u>	<u>65.6</u>

Construction accounted for 74.3% in 2009, 69.7% in 2010 and the decreased to 67.6% in 2011. Other accounted for 25.7% in 2009, 30.3% in 2010 and 32.4% in 2011.



Operating margin increased from 25.7% in 2009 to 30.3% in 2010 and further increased to 32.4% in 2011. In the interim period ended September 30, 2012, operating margin increased to 34.4% from 32.1% for the same period in 2011. The increase in margin is primarily due to the increase in the average selling price of the products sold, which was partially offset by the increase in the cost of goods sold.

(b) Operating Expenses

Operating expenses increased from RMB1,014 million in 2009 to RMB1,214 million in 2010 and to RMB1,384 million in 2011. The increase in operating expenses is primarily due to the increase in the cost of goods sold, which was partially offset by the decrease in the cost of sales. In 2009, 2010, 2011 and the interim period ended September 30, 2011 and 2012, the cost of goods sold was RMB74 million, RMB70 million, RMB87 million (US\$14 million), RMB72 million and RMB52 million (US\$8 million), respectively. This has been a direct result of the increase in the volume of sales.

(c) Selling Expenses

Operating expenses increased from RMB1,014 million in 2009 to RMB1,214 million in 2010 and to RMB1,384 million in 2011. The increase in operating expenses is primarily due to the increase in the cost of goods sold, which was partially offset by the decrease in the cost of sales.

#### Sales and Marketing Expenses

Selling expenses, which include advertising, sales promotion, and other selling expenses, increased from RMB1,014 million in 2009 to RMB1,214 million in 2010 and to RMB1,384 million in 2011. The increase in selling expenses is primarily due to the increase in the volume of sales.

#### General and Administrative Expenses

General and administrative expenses, which include salaries, depreciation, and other general and administrative expenses, increased from RMB1,014 million in 2009 to RMB1,214 million in 2010 and to RMB1,384 million in 2011. The increase in general and administrative expenses is primarily due to the increase in the volume of sales.

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## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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- At each financial reporting date, the company has adopted the following accounting policies for the financial statements;
- In the event of a significant change in the company's financial position, the company has adopted the following accounting policies for the financial statements;
- Significant changes in the company's financial position, the company has adopted the following accounting policies for the financial statements;
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A i a i f i a g i e a e i h f i e e f i e i e c g i e d a a i g h i e b a i e h e e , e c i e i a g i e a e ' e i a e d e f i e . W e e i e h e e i a e d e f i e a i d e e i a e h e a f a i a i e , e e b e e c d e d d i g a e , i g , e i d . T h e e i a e d e f i e a e b a e d h e e i a e d , e i d e h i c h f e e c i c b e e f i b e e c e i e d b a d a e i a c c h e e f e , e c e d f e c , e i i , h e i f e c h g i c f c i b e c e c e f i e i c e , a d e , e c e d c h a g e i h e e g a a d c i e . i e . T h e a i a i e , e e f f e , e i d i a d j e d i f h e e a e i g i f i c a c h a g e f , e i e i a e .

In a given year, a dividend is eligible for the preferential tax rate if it is a dividend of a corporation that is a resident of the United States or a qualified foreign corporation. If the dividend is a dividend of a qualified foreign corporation, the dividend is eligible for the preferential tax rate if the corporation is a resident of a country that has an income tax treaty with the United States that provides for the preferential tax rate to apply to dividends paid to U.S. residents.

## TAXATION

In 2009, 2010, 2011 and the first half of 2012, the effective tax rate on dividends received by U.S. residents from the PRC, Hong Kong and India.

Under the EIT Law and the Regulations, the effective tax rate on dividends received by U.S. residents from the PRC, Hong Kong and India is 25%.

According to the EIT Law and the Regulations, the effective tax rate on dividends received by U.S. residents from the PRC, Hong Kong and India is 25% from 2009 to 2011, and 20% from 2012 to 2013. From 2014, the effective tax rate on dividends received by U.S. residents from the PRC, Hong Kong and India is 20%.

In 2009, the effective tax rate on dividends received by U.S. residents from the PRC, Hong Kong and India is 25% from 2009 to 2011, and 20% from 2012 to 2013. From 2014, the effective tax rate on dividends received by U.S. residents from the PRC, Hong Kong and India is 20%.

On dividends received by U.S. residents from the PRC, Hong Kong and India, the effective tax rate is 16.5% from 2009 to 2011, and 20% from 2012 to 2013. From 2014, the effective tax rate on dividends received by U.S. residents from the PRC, Hong Kong and India is 20%.

On dividends received by U.S. residents from the PRC, Hong Kong and India, the effective tax rate is 27.5% to 31.4% from 2009 to 2011, and 20% from 2012 to 2013.

## RESULTS OF OPERATIONS

The following table sets forth a summary of the consolidated financial results of the Company for the periods indicated, expressed in millions of U.S. dollars. Each item has been classified as a percentage of consolidated revenue. Other items are not classified as a percentage of consolidated revenue.

	Year Ended December 31,						Nine Months Ended September 30,					
	2009		2010		2011		2011		2012			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(in millions, except for percentages)											
Total revenue	20,762	100.0	32,193	100.0	46,323	7,371	100.0	33,207	100.0	39,108	6,222	100.0
Cost of revenue	(15,422)	(74.3)	(22,424)	(69.7)	(31,316)	(4,983)	(67.6)	(22,532)	(67.9)	(25,644)	(4,080)	(65.6)
<b>Gross profit</b>	<b>5,340</b>	<b>25.7</b>	<b>9,769</b>	<b>30.3</b>	<b>15,007</b>	<b>2,388</b>	<b>32.4</b>	<b>10,675</b>	<b>32.1</b>	<b>13,464</b>	<b>2,142</b>	<b>34.4</b>
Operating expenses												
Selling and administrative	105	0.5	54	0.2	14	2		73	0.2	(122)	(19)	(0.3)
Research and development	(1,250)	(6.0)	(2,146)	(6.7)	(3,160)	(503)	(6.8)	(1,955)	(5.8)	(2,504)	(398)	(6.4)
General and administrative	(878)	(4.2)	(1,645)	(5.1)	(1,861)	(296)	(4.0)	(1,485)	(4.5)	(1,662)	(265)	(4.3)
Research and development	(194)	(0.9)	(265)	(0.8)	(398)	(63)	(0.9)	(241)	(0.7)	(524)	(83)	(1.3)
<b>Profit from operations</b>	<b>3,123</b>	<b>15.1</b>	<b>5,767</b>	<b>17.9</b>	<b>9,602</b>	<b>1,528</b>	<b>20.7</b>	<b>7,067</b>	<b>21.3</b>	<b>8,652</b>	<b>1,377</b>	<b>22.1</b>
(Loss)/gain on disposal of subsidiary	(6)				12	2		12				
Net income	(295)	(1.4)	(365)	(1.1)	(36)	(6)		(16)		(356)	(57)	(0.9)
Share of profit of associate	6		14		24	4		18		6	1	
<b>Profit before taxation</b>	<b>2,828</b>	<b>13.7</b>	<b>5,416</b>	<b>16.8</b>	<b>9,602</b>	<b>1,528</b>	<b>20.7</b>	<b>7,081</b>	<b>21.3</b>	<b>8,302</b>	<b>1,321</b>	<b>21.2</b>
Income tax expense	(409)	(2.0)	(828)	(2.6)	(1,429)	(228)	(3.1)	(1,089)	(3.3)	(1,175)	(187)	(3.0)
<b>Profit for the year/period</b>	<b>2,419</b>	<b>11.7</b>	<b>4,588</b>	<b>14.2</b>	<b>8,173</b>	<b>1,300</b>	<b>17.6</b>	<b>5,992</b>	<b>18.0</b>	<b>7,127</b>	<b>1,134</b>	<b>18.2</b>

30, 2012

30, 2011

Turnover. Operating income increased by 17.8% from RMB33,207 million for the nine months ended September 30, 2011 to RMB39,108 million (US\$6,222 million) for the nine months ended

September 30, 2012. The increase in administrative expenses was due to the achievement of the 2012 business plan. In addition, the increase in administrative expenses was due to the increase in the number of employees. The increase in administrative expenses was 41.1% from RMB15,009 million for the year ended September 30, 2011 to RMB21,185 million (US\$3,371 million) for the year ended September 30, 2012. This increase was mainly due to the increase in the number of employees and the increase in the number of employees. The increase in administrative expenses was 7.7% from RMB11,205 million for the year ended September 30, 2011 to RMB10,341 million (US\$1,645 million) for the year ended September 30, 2012. The decrease in administrative expenses was due to the decrease in the number of employees, which was due to the decrease in the number of employees. The decrease in administrative expenses was 13.8% from RMB25,644 million (US\$4,080 million) for the year ended September 30, 2011 to RMB22,532 million for the year ended September 30, 2012. The decrease in administrative expenses was due to the decrease in the number of employees, which was due to the decrease in the number of employees.

*Cost of sales and services.* Cost of sales and services increased by 13.8% from RMB22,532 million for the year ended September 30, 2011 to RMB25,644 million (US\$4,080 million) for the year ended September 30, 2012. The increase in cost of sales and services was due to the increase in the number of employees, which was due to the increase in the number of employees.

*Gross profit.* As a result of the increase in sales, gross profit increased by 26.1% from RMB10,675 million for the year ended September 30, 2011 to RMB13,464 million (US\$2,142 million) for the year ended September 30, 2012, and gross profit margin increased from 32.1% for the year ended September 30, 2011 to 34.4% for the year ended September 30, 2012, an increase of 2.3 percentage points. In addition, the increase in gross profit was due to the increase in sales, which was due to the increase in sales. The increase in gross profit was 54.2% from RMB9,811 million for the year ended September 30, 2011 to RMB14,686 million for the year ended September 30, 2012, an increase of 54.2% from RMB9,811 million for the year ended September 30, 2011 to RMB14,686 million for the year ended September 30, 2012. The increase in gross profit was due to the increase in sales, which was due to the increase in sales. The increase in gross profit was 37.1% from RMB10,675 million for the year ended September 30, 2011 to RMB14,686 million for the year ended September 30, 2012, an increase of 37.1% from RMB10,675 million for the year ended September 30, 2011 to RMB14,686 million for the year ended September 30, 2012. The increase in gross profit was due to the increase in sales, which was due to the increase in sales. The increase in gross profit was 35.8% from RMB10,675 million for the year ended September 30, 2011 to RMB14,686 million for the year ended September 30, 2012, an increase of 35.8% from RMB10,675 million for the year ended September 30, 2011 to RMB14,686 million for the year ended September 30, 2012. The increase in gross profit was due to the increase in sales, which was due to the increase in sales. The increase in gross profit was 26.4% from RMB10,675 million for the year ended September 30, 2011 to RMB13,464 million for the year ended September 30, 2012, an increase of 26.4% from RMB10,675 million for the year ended September 30, 2011 to RMB13,464 million for the year ended September 30, 2012. The increase in gross profit was due to the increase in sales, which was due to the increase in sales. The increase in gross profit was 27.4% from RMB10,675 million for the year ended September 30, 2011 to RMB13,464 million for the year ended September 30, 2012, an increase of 27.4% from RMB10,675 million for the year ended September 30, 2011 to RMB13,464 million for the year ended September 30, 2012. The increase in gross profit was due to the increase in sales, which was due to the increase in sales. The increase in gross profit was 25.5% from RMB10,675 million for the year ended September 30, 2011 to RMB13,464 million for the year ended September 30, 2012, an increase of 25.5% from RMB10,675 million for the year ended September 30, 2011 to RMB13,464 million for the year ended September 30, 2012. The increase in gross profit was due to the increase in sales, which was due to the increase in sales.

*Other revenues and net (loss)/income.* We recorded other revenues of RMB122 million for the year ended September 30, 2012, which was due to the increase in other revenues. We recorded other revenues of RMB73 million for the year ended September 30, 2011. This increase in other revenues was due to the increase in other revenues, which was due to the increase in other revenues. The increase in other revenues was due to the increase in other revenues, which was due to the increase in other revenues.

*Sales and marketing expenses.* Our sales and marketing expenses increased by 28.1% from RMB1,955 million for the year ended September 30, 2011 to RMB2,504 million (US\$398 million) for the year ended September 30, 2012. This increase in sales and marketing expenses was due to the increase in sales, which was due to the increase in sales. The increase in sales and marketing expenses was 28.1% from RMB1,955 million for the year ended September 30, 2011 to RMB2,504 million for the year ended September 30, 2012. The increase in sales and marketing expenses was due to the increase in sales, which was due to the increase in sales. The increase in sales and marketing expenses was 6.4% from RMB1,955 million for the year ended September 30, 2011 to RMB2,504 million for the year ended September 30, 2012. The increase in sales and marketing expenses was due to the increase in sales, which was due to the increase in sales.

*General and administrative expenses.* Operating and administrative expenses decreased by 11.9% from RMB1,485 million for the period ended September 30, 2011 to RMB1,662 million (US\$264 million) for the period ended September 30, 2012, as a result of the adoption of the new accounting standards, which increased depreciation and amortization expenses. General and administrative expenses decreased by 4.5% from the period ended September 30, 2011 to 4.2% for the period ended September 30, 2012.

*Research and development expenses.* Operating and development expenses increased by 117.4% from RMB241 million for the period ended September 30, 2011 to RMB524 million (US\$83 million) for the period ended September 30, 2012. This increase was mainly due to increased R&D expenses for the acquisition of the company, which increased R&D expenses by 100% from RMB241 million for the period ended September 30, 2011 to RMB524 million for the period ended September 30, 2012.

*Profit from operations.* As a result of the foregoing, operating profit increased by 22.4% from RMB7,067 million for the period ended September 30, 2011 to RMB8,652 million (US\$1,377 million) for the period ended September 30, 2012. The operating margin increased by 21.3% from the period ended September 30, 2011 to 22.1% for the period ended September 30, 2012.

*Net finance costs.* Operating finance costs increased significantly from RMB16 million for the period ended September 30, 2011 to RMB356 million (US\$57 million) for the period ended September 30, 2012, as a result of the increase in the amount of bank borrowings, which caused an increase in the amount of interest expense from RMB16 million for the period ended September 30, 2011 to RMB356 million for the period ended September 30, 2012.

*Income tax expenses.* Operating income tax expenses increased by 7.9% from RMB1,089 million for the period ended September 30, 2011 to RMB1,175 million (US\$187 million) for the period ended September 30, 2012, as a result of the increase in the amount of income tax expenses. Operating income tax expense as a percentage of operating profit increased from 15.4% for the period ended September 30, 2011 to 14.2% for the period ended September 30, 2012.

*Profit for the period.* As a result of the above factors, profit for the period increased by 18.9% from RMB5,992 million for the period ended September 30, 2011 to RMB7,127 million (US\$1,134 million) for the period ended September 30, 2012. Operating margin increased by 18.0% from the period ended September 30, 2011 to 18.2% for the period ended September 30, 2012.

**31, 2011**

**31, 2010**

*Turnover.* Operating income increased by 43.9% from RMB32,193 million for the period ended December 31, 2010 to RMB46,323 million (US\$7,371 million) for the period ended December 31, 2011. The increase was mainly due to the increase in sales volume, as a result of the increase in the number of sales channels. The operating margin increased by 50.6% from RMB14,085 million for the period ended December 31, 2010 to RMB21,212 million for the period ended December 31, 2011.

(US\$3,375 million) in 2011. This amount represents a significant increase in the amount of advertising costs incurred, which is consistent with the increase in advertising costs in 2011. The increase in advertising costs is due to the increase in advertising costs from 41.0% of RMB11,077 million in 2010 to RMB15,618 million (US\$2,485 million) in 2011. In addition, the increase in advertising costs is also due to the increase in advertising costs from 39.7% of RMB22,424 million in 2010 to RMB31,316 million (US\$4,983 million) in 2011, which is due to the increase in advertising costs from 39.7% of RMB22,424 million in 2010 to RMB31,316 million (US\$4,983 million) in 2011, which is due to the increase in advertising costs from 39.7% of RMB22,424 million in 2010 to RMB31,316 million (US\$4,983 million) in 2011.

*Cost of sales and services.* The cost of sales and services increased by 39.7% from RMB22,424 million for the year ended December 31, 2010 to RMB31,316 million (US\$4,983 million) for the year ended December 31, 2011, as a result of the increase in the cost of sales and services, which is due to the increase in the cost of sales and services from 39.7% of RMB22,424 million in 2010 to RMB31,316 million (US\$4,983 million) in 2011.

*Gross profit.* As a result of the increase in the cost of sales and services, the gross profit decreased by 53.6% from RMB9,769 million for the year ended December 31, 2010 to RMB15,007 million (US\$2,388 million) for the year ended December 31, 2011, as a result of the increase in the cost of sales and services from 30.3% of the year ended December 31, 2010 to 32.4% of the year ended December 31, 2011, as a result of the increase in the cost of sales and services from 30.3% of the year ended December 31, 2010 to 32.4% of the year ended December 31, 2011, as a result of the increase in the cost of sales and services from 30.3% of the year ended December 31, 2010 to 32.4% of the year ended December 31, 2011, as a result of the increase in the cost of sales and services from 30.3% of the year ended December 31, 2010 to 32.4% of the year ended December 31, 2011.

*Other revenues and net income.* Other revenues and net income decreased significantly from RMB54 million for the year ended December 31, 2010 to RMB14 million (US\$2 million) for the year ended December 31, 2011.

*Sales and marketing expenses.* The amount of sales and marketing expenses increased by 47.3% from RMB2,146 million for the year ended December 31, 2010 to RMB3,160 million (US\$503 million) for the year ended December 31, 2011. This increase is primarily due to the increase in the amount of sales and marketing expenses, which is due to the increase in the amount of sales and marketing expenses from 47.3% of RMB2,146 million in 2010 to RMB3,160 million (US\$503 million) in 2011, which is due to the increase in the amount of sales and marketing expenses from 47.3% of RMB2,146 million in 2010 to RMB3,160 million (US\$503 million) in 2011.

*General and administrative expenses.* The amount of general and administrative expenses increased by 13.1% from RMB1,645 million for the year ended December 31, 2010 to RMB1,861 million (US\$296 million) for the year ended December 31, 2011, as a result of the increase in the amount of general and administrative expenses, which is due to the increase in the amount of general and administrative expenses from 13.1% of RMB1,645 million in 2010 to RMB1,861 million (US\$296 million) in 2011, as a result of the increase in the amount of general and administrative expenses from 13.1% of RMB1,645 million in 2010 to RMB1,861 million (US\$296 million) in 2011.

*Research and development expenses.* The amount of research and development expenses increased by 50.2% from RMB265 million for the year ended December 31, 2010 to RMB398 million (US\$63 million) for the year ended December 31, 2011. This increase is primarily due to the increase in the amount of research and development expenses, which is due to the increase in the amount of research and development expenses from 50.2% of RMB265 million in 2010 to RMB398 million (US\$63 million) in 2011, which is due to the increase in the amount of research and development expenses from 50.2% of RMB265 million in 2010 to RMB398 million (US\$63 million) in 2011.

*Profit from operations.* A a e ■ f he f eg i g, , fi f , e a i i c e a e d b 66.5% f RMB5,767 ■i f he e a e d e d D e c e b e 31, 2010 RMB9,602 ■i (US\$1,528 ■i ) f he e a e d e d D e c e b e 31, 2011. O , e a i g a g i i c e a e d f 17.9% f he e a e d e d D e c e b e 31, 2010 20.7% f he e a e d e d D e c e b e 31, 2011.

*Net finance costs.* Ne fi a c e c d e c e a e d i g i f i c a ■ f RMB365 ■i f he e a e d e d D e c e b e 31, 2010 RMB36 ■i (US\$6 ■i ) f he e a e d e d D e c e b e 31, 2011, i a ■ d e a i c e a e i i e e i c e f he ■i e d, i f he, c e e d f , ■i c f f e i g f A S h a e a d h e ■ b ■ f f e i g f H S h a e a d e c h a g e g a i e ■ i g f he a , e c i a i f he R e i b i, , a i ■ f f e b a i c e a e i i e e ■ a a d b i g .

*Income tax expenses.* O i c e a e, e e i c e a e d b 72.6% f RMB828 ■i f he e a e d e d D e c e b e 31, 2010 RMB1,429 ■i (US\$227 ■i ) f he e a e d e d D e c e b e 31, 2011, i a ■ a a e ■ f he i c e a e i a a ■ e i c e . O e f f e c i e i c e a a e d e c e a e d f 15.3% f he e a e d e d D e c e b e 31, 2010 14.9% f he e a e d e d D e c e b e 31, 2011.

*Profit for the year.* A a e ■ f he a b . e f a c , , fi f he e a i c e a e d b 78.1% f RMB4,588 ■i f he e a e d e d D e c e b e 31, 2010 RMB8,173 ■i (US\$1,300 ■i ) f he e a e d e d D e c e b e 31, 2011. O e a g i i c e a e d f 14.2% f he e a e d e d D e c e b e 31, 2010 17.6% f he e a e d e d D e c e b e 31, 2011.

**31, 2010** **31, 2009**

*Turnover.* O e i c e a e d b 55.1% f RMB20,762 ■i f he e a e d e d D e c e b e 31, 2009 RMB32,193 ■i f he e a e d e d D e c e b e 31, 2010, , i a ■ d e a i c e a e i h e c f a a e i ■ . O e, e d i e f a a e i ■ , a a d c , e , he a j c , e f c f ■ e a d e i c e , i c e a e d b 45.2% f he e a e d e d D e c e b e 31, 2010, a ■ e a d, d c i ■ e c i e d i c e a e . C f ■ e a d e i c e a a, e c e a g e f c ■ i d a e d e d e c e a e d f 74.3% i 2009 69.7% i 2010. T h e ■ c a i f c h a i f c c e e a c h i e a d c a e a c h i e a , i a ■ d i e b c h a g e i , d c i a d ■ c a i i ■ i g , i c e . I 2010, c f ■ e a d e i c e a a , e c e a g e f e f ■ e f c c e e a c h i e d e c e a e d f 71.5% 68.0%, a d h e a i f c a e a c h i e d e c e a e d f 76.3% 72.2%, h i c h a a i ■ d e (i) i c e a e d ■ e ■ e f c e a i e c h ■ g i c ■ a d a c e d d ■ f c - e d c c e e , , a d (ii) i c e a e d ■ e g e e a e d f h i g h ■ e - a d d e d, d c c h a h e a - d c a e , h i c h d e h e i c e a e i h e g a g i .

*Cost of sales and services.* O c f ■ e a d e i c e i c e a e d b 45.4% f RMB15,422 ■i f he e a e d e d D e c e b e 31, 2009 RMB22,424 ■i f he e a e d e d D e c e b e 31, 2010, , i a ■ d e a i c e a e i h e c f a a e i ■ . O e, e d i e f a a e i ■ , a a d c , e , he a j c , e f c f ■ e a d e i c e , i c e a e d b 45.2% f he e a e d e d D e c e b e 31, 2010, a ■ e a d, d c i ■ e c i e d i c e a e . C f ■ e a d e i c e a a, e c e a g e f c ■ i d a e d e d e c e a e d f 74.3% i 2009 69.7% i 2010. T h e ■ c a i f c h a i f c c e e a c h i e a d c a e a c h i e a , i a ■ d i e b c h a g e i , d c i a d ■ c a i i ■ i g , i c e . I 2010, c f ■ e a d e i c e a a , e c e a g e f e f ■ e f c c e e a c h i e d e c e a e d f 71.5% 68.0%, a d h e a i f c a e a c h i e d e c e a e d f 76.3% 72.2%, h i c h a a i ■ d e (i) i c e a e d ■ e ■ e f c e a i e c h ■ g i c ■ a d a c e d d ■ f c - e d c c e e , , a d (ii) i c e a e d ■ e g e e a e d f h i g h ■ e - a d d e d, d c c h a h e a - d c a e , h i c h d e h e i c e a e i h e g a g i .

**Gross profit.** As a result of the foregoing, gross profit accounted for 82.9% of RMB5,340 million for the year ended December 31, 2009. RMB9,769 million for the year ended December 31, 2010, and gross margin accounted for 25.7% for the year ended December 31, 2009. 30.3% for the year ended December 31, 2010, in accordance with the effective implementation of the company's cost reduction measures. In addition, the gross margin of the company's main products has also increased, which has increased the gross margin to 78.2% for the year ended December 31, 2010, compared with 32.0% and 27.8%, respectively, for the year ended December 31, 2010 and 28.5% and 23.7%, respectively, for the year ended December 31, 2009.

**Other revenues and net income.** Other revenues and net income decreased by 48.6% from RMB105 million for the year ended December 31, 2009 to RMB54 million for the year ended December 31, 2010, in accordance with the implementation of the company's cost reduction measures.

**Sales and marketing expenses.** Other sales and marketing expenses increased by 71.7% from RMB1,250 million for the year ended December 31, 2009 to RMB2,146 million for the year ended December 31, 2010. This increase is mainly due to the increase in sales and marketing expenses, including the increase in advertising, sales, and other expenses. In addition, the company has also increased its sales and marketing expenses to expand its market share. Sales and marketing expenses accounted for 6.0% of the year ended December 31, 2009 and 6.7% for the year ended December 31, 2010.

**General and administrative expenses.** Other general and administrative expenses increased by 87.4% from RMB878 million for the year ended December 31, 2009 to RMB1,645 million for the year ended December 31, 2010. This increase is mainly due to the increase in sales and marketing expenses, which has increased the general and administrative expenses. The increase in general and administrative expenses is mainly due to the increase in sales and marketing expenses. In addition, the company has also increased its general and administrative expenses to expand its market share. General and administrative expenses accounted for 4.2% of the year ended December 31, 2009 and 5.1% for the year ended December 31, 2010.

**Research and development expenses.** Other research and development expenses increased by 36.6% from RMB194 million for the year ended December 31, 2009 to RMB265 million for the year ended December 31, 2010, as the company has increased its research and development expenses to expand its market share. Research and development expenses accounted for 0.9% and 0.8% of the year ended December 31, 2009 and 2010, respectively.

**Profit from operations**

*Net finance costs.* Net finance costs increased by 23.7% from RMB295 million for the year ended December 31, 2009 to RMB365 million for the year ended December 31, 2010, primarily due to an increase in interest expense on long-term debt.

*Income tax expenses.* Income tax expense increased by 102.4% from RMB409 million for the year ended December 31, 2009 to RMB828 million for the year ended December 31, 2010, primarily due to an increase in effective tax rate. The effective tax rate was 14.5% for the year ended December 31, 2009 and 15.3% for the year ended December 31, 2010.

*Profit for the year.* After the above factors, profit for the year increased by 89.7% from RMB2,419 million for the year ended December 31, 2009 to RMB4,588 million for the year ended December 31, 2010. Operating income increased by 11.7% for the year ended December 31, 2009 to 14.2% for the year ended December 31, 2010.

## LIQUIDITY AND CAPITAL RESOURCES

During 2009, 2010, 2011 and the nine months ended September 30, 2012, the company has maintained a healthy cash position, and has generated sufficient cash flow to meet its operating needs. As of September 30, 2012, the company had RMB16,594 million (US\$2,640 million) in cash and cash equivalents, of which the majority is in the PRC. The company has no debt.

The following table sets forth a reconciliation of cash and cash equivalents:

	Year Ended December 31,				Nine Months ended September 30,		
	2009	2010	2011		2011	2012	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	(in millions)						
Net cash (used)/generated, excluding acquisition	(1,366)	451	1,880	299	914	(3)	
Net cash used in acquisition	(1,360)	(1,833)	(1,287)	(205)	(1,752)	(1,859)	(296)
Net cash generated/(used) from financing activities	3,250	16,755	(3,275)	(521)	835	2,449	389
Net cash/(decrease) in cash and cash equivalents	524	15,373	(2,682)	(427)	(3)	587	93
Effect of exchange rate change	2	(54)	(74)	(12)	(98)	5	1
Cash and cash equivalents at the beginning of the year	2,913	3,439	18,758	2,985	18,758	16,002	2,546
Cash and cash equivalents at the end of the year	<u>3,439</u>	<u>18,758</u>	<u>16,002</u>	<u>2,546</u>	<u>18,657</u>	<u>16,594</u>	<u>2,640</u>

## Notes to Financial Statements

Net cash used in acquisition in the nine months ended September 30, 2012 is RMB3 million (US\$477 thousand), related to the acquisition of the company, before a cash payment of

RMB8,302 million (US\$1,321 million), adjusted effective exchange rate of RMB616 million (US\$98 million) added, including the RMB306 million (US\$49 million), the following items: (i) the increase in the receivable of RMB8,355 million (US\$1,329 million); (ii) the increase in the receivable of RMB2,431 million (US\$387 million); (iii) the increase in the receivable of RMB1,922 million (US\$306 million); and (iv) the increase in the receivable of RMB1,503 million (US\$239 million) and the addition of RMB5,068 million (US\$806 million).

Net cash and equivalents increased in 2011 to RMB1,880 million (US\$299 million), including the following items, adjusted effective exchange rate of RMB695 million (US\$111 million) added, including the RMB456 million (US\$73 million), the following items: (i) the increase in the receivable of RMB5,670 million (US\$902 million); (ii) the increase in the receivable of RMB965 million (US\$154 million); (iii) the increase in the receivable of RMB3,697 million (US\$588 million); and (iv) the increase in the receivable of RMB975 million (US\$155 million) and the addition of RMB2,689 million (US\$428 million).

Net cash and equivalents increased in 2010 to RMB451 million, including the following items, adjusted effective exchange rate of RMB740 million, including the RMB415 million, the following items: (i) the increase in the receivable of RMB7,829 million; (ii) the increase in the receivable of RMB2,371 million; (iii) the increase in the receivable of RMB2,416 million; and (iv) the increase in the receivable of RMB519 million and the addition of RMB7,083 million.

Net cash and equivalents increased in 2009 to RMB1,366 million, including the following items, adjusted effective exchange rate of RMB438 million, including the RMB329 million, the following items: (i) the increase in the receivable of RMB6,096 million; (ii) the increase in the receivable of RMB1,703 million; (iii) the increase in the receivable of RMB1,093 million; and (iv) the increase in the receivable of RMB256 million; and the addition of RMB4,206 million.

The following table shows the exchange rate of the RMB against the US dollar, effective as of September 30, 2012. This table shows the increase in the exchange rate of the RMB against the US dollar in 2009 and the increase in the exchange rate of the RMB against the US dollar as of September 30, 2012, which is the increase in the exchange rate of the RMB against the US dollar, including the increase in the exchange rate of the RMB against the US dollar, including the increase in the exchange rate of the RMB against the US dollar, including the increase in the exchange rate of the RMB against the US dollar.

The following table shows the exchange rate of the RMB against the US dollar, effective as of September 30, 2012. This table shows the increase in the exchange rate of the RMB against the US dollar in 2009, 2010, 2011 and the increase in the exchange rate of the RMB against the US dollar as of September 30, 2012. The increase in the exchange rate of the RMB against the US dollar, including the increase in the exchange rate of the RMB against the US dollar, including the increase in the exchange rate of the RMB against the US dollar, including the increase in the exchange rate of the RMB against the US dollar, including the increase in the exchange rate of the RMB against the US dollar.

e, a i f e a d, d c i a d e a a g e d b a i g e c e d i e f , i e . I 2009, 2010, 2011 a d h e i e h e d e d S e e b e 30, 2012, d c e d e f i a c e e a a g e e e e R M B 7,463 i , R M B 9,720 i , R M B 15,586 i ( U S \$ 2,480 i ) a d R M B 11,925 i ( U S \$ 1,897 i ), h i c h a c c e d f 36.6%, 31.2%, 34.8% a d 31.5% f , d c e i h e e , e c i e , e i d . F e d e h e f i a c e e a a g e e , c e e d f e f , d c a e c e c e d i , a e e h e e e , h i c h g e e a g e f f e a . T h e e f e , d i g h e a b e , e i d h e e f i a c e e a b i e a i a h i g h g h a g e , h e b a c e f e c e i a e d e f i a c e e i c e a e d i g i f i c a , a d e a i g c a h a e g a i i , a c e d . I 2009, 2010, 2011 a d h e i e h e d e d S e e b e 30, 2012, d c e i h i e , a e , i e e R M B 2,666 i , R M B 5,090 i , R M B 8,839 i ( U S \$ 1,406 i ) a d R M B 10,355 i ( U S \$ 1,648 i ), h i c h a c c e d f 13.1%, 16.3%, 19.8% a d 27.3% f , d c e i h e e , e c i e , e i d . T h e g i c e a e i e f , d c i h i e , a e , i i h e i e h e d e d S e e b e 30, 2012 b h i a b e e a d a a e c e a g e f , d c e a d e h e g e e c i c d i i C h i a . I 2012, h e c i c g h i C h i a e d d a d e e d i a d e e a e i h e , c h a i g , e f c e , h i , e f e e d e i e , a e , i i e a d f a i g f , a e h e , c h a i g , d c f .

I d e b a i c a h f d , e a i , e f a c e d a , i f e c e i a e d e f i a c e e a e b a . T h e c a h , c e e d e b a i e d f b a h g h f a c i g f e c e i a e d e f i a c e e i h e c e e i 2008, 2009 a d h e f i h e e a e f 2010 e e , e e e d a c a h f f i a c i g a c i i e a h e c d i i f d e - e c g i i f h e f i a c i a e e e e , b e c a e e d i d a f e b a i . h e i a d e a d f e h i f h e e c e i a e d e f i a c e e a e h a e e f a c e d b a i h e c e d e h e e f h e f a c i g a g e e e . I 2009 a d 2010, e b a i e d e c a h f R M B 3,501 i , R M B 4,377 i , e , e c i , h g h f a c i g f e c e i a e d e f i a c e e a e i h e c e e . W e d i d f a c e c e i a e d e f i a c e e a e i h e c e e i 2011. B e g i i g i h e f h a e f 2010, e h a e i c e a e d h e e f - e c e f a c i g e h a e e h e c d i i f d e - e c g i i f f i a c i a e b a i c a h . A a e , h e c a h , c e e d b a i e d h g h c h - e c e f a c i g e e e , e e e d a c a h f , e a i g a c i i e . I 2010, 2011 a d h e i e h e d e d S e e b e 30, 2012, e f a c e d R M B 714 i , R M B 12,258 i ( U S \$ 1,950 i ) a d R M B 11,538 i ( U S \$ 1,836 i ) f e c e i a e d e f i a c e e a e b a i h e c e e . W e , a c i e f a c e c e i a e d e f i a c e e a e b a i h e c e f b i e , b j e c e f f e e d b b a a d i g c a i e e d . I a d d i , e a i a e e a e , e e d , c e c i f f , a e a d i e e e a c c e c e i a e c h h a , e a i g c a h b e f h e i , e d f d , e a i a d f e c a i c i e . M e e , e e a i h e d a c e c i c e e a h e a d a e a d h a e i , e e e d a i e a e , i d i g i c e i e c h e e f , e e , i e f c e c i g e c e i a e .

G i g f a d , e a , d e a a g e h e g h f f i a c e e a e b i e , h i c h i e , e c e d b e i , i h e g h f d e i g b i e . T h e e f e , e e , e c e f , d c d e f i a c e e a a g e e a a , e c e a g e f c i d a e d e e a i a e i h e f e . I a d d i , e c a e f i h e e , a i f f i a c e e a e e i c e a c , a e d h e g h f d e i g b i e a d c i e i c f i a g e e , i c a d e a e i , a c e ( i d i g , e e a e i e i g a i , e a e a , , c e d e , e a e , a e c e c i a d a a g e e a a e , e i a d b e e e f e , e e d

achi e ad f fei e f a ed c e de i i ca e f c e defa), hich e c i e , da e ba ed i ge i a age e , i ci e , e f a ce f de i g b i e , e a a ad eg a i ad , e a i g a e c di i . F a de a ed de c i i f he eg a egi e f he fi a ci e a e i d i Chi a , e a e ee “Reg a O e i e Reg a i a Fi a ce Lea e I d .

F a di c i f he , e i i a cia ed i h fi a ce e a e b i e ad he a i a e , i e , i de i h c e , ee “Ri Fac Ri R a ed O C , a We , i de c e i h a i , a e , i , i di gi e , a e , i , fi a ci g a a ee ad fi a ce e a e e ice , hich e , e addi i i ad ce ai ie . ad “ We ec ded ega i e , e a i g ca h i 2009 ad he i e h e ded Se e be 30, 2012 ad he e ca be a a ce ha e ec d , i e , e a i g ca h i he f e . T a age he i a cia ed i h fi a ce e a e , e e a i hed a i c c i ee . I Ma 2012, i i e f he ge e ec ic c di i i Chi a , e e g he ed i a age e ad c ec i eff . We e a i hed a i a age e c i ee a head a e e , ace he i c c i ee f fi a ce e a e e ice . The e -e a i hed i a age e c i ee i ch a i ed b D . S Cha gj ad c , i e a be f e i a age e , i di g D . S Y g h a , M . H g Xia i g a d M . G X eh g . We ha e a , i ed a i e c di ec e ee ad , e i e i a age e , a ice . Mea h e , e e , ec ha c e , e fe e ce i h e , ec , a e , i c i e be affec ed b he ge e ec ic c di i i Chi a . I e , e he c i ed i ce a e i he e f , d c i h i e , a e , i , e ha e e g he ed c ec i eff ad i g he ed c edi , i e . G i g f ad , e c i e ai ai a b i a age e e i i e c edi i a de ha ci g i idi .

... A ...

Ne ca h ed i i e i g a c i i e i he i e h e ded Se e be 30, 2012 a RMB1,859 i (US\$296 i ), c i i g , i a f , a e f he , cha e f , e , a ad e i e f RMB1,334 i (US\$212 i ) ad a i ce a e i , edged ba de i f RMB455 i (US\$72 i ). Pa e f he , cha e f , e , a ad e i e ee a ed i d i , a ad fac i e c ci ad a fac i g fac i , g ad e ad e ai , jec i 2012. The e f , edged ba de i i ce a ed a e i ce a ed he e f b , a , i e f a a e i , a ad c , e ad he e f fi a ci g a a ee .

Ne ca h ed i i e i g a c i i e i 2011 a RMB1,287 i (US\$205 i ), c i i g , i a f , a e f he , cha e f , e , a ad e i e f RMB1,210 i (US\$193 i ) ad e a e , e a e f a d f RMB260 i (US\$41 i ), ff e b i ee ba de i f RMB214 i (US\$34 i ). Pa e f he , cha e f , e , a ad e i e a d e a e , e a e ee a ed i d i , a c ci ad a fac i g fac i , g ad e ad e ai , jec i 2011.

Ne ca h ed i i e i g a c i i e i 2010 a RMB1,833 i , c i i g , i a f , a e f he , cha e f , e , a ad e i e f RMB910 i , a i ce a e i , edged ba

de i f RMB773 ■i , a d■ea e, e a e f RMB236 ■i . Pa e f he, cha e f  
, , e , ■a a de i, e a d■ea e, e a e e e ■aed i d i■, a c ci

## COMMITMENTS AND CONTINGENT LIABILITIES

As of September 30, 2012, the company's committed capital expenditures have been authorized and contracted for RMB544 million (US\$87 million) and capital expenditures have been authorized but not contracted for RMB1,976 million (US\$314 million), and, respectively, RMB289 million (US\$46 million), of which RMB96 million (US\$15 million) are available in the near term.

As of September 30, 2012, the company had contingent liabilities of RMB11,709 million (US\$1,863 million) in

## WORKING CAPITAL AND INDEBTEDNESS

The table below sets forth the details of the current assets and liabilities as of each reporting period:

	As of December 31,				As of September 30,	
	2009	2010	2011		2012	
	RMB	RMB	RMB	US\$	RMB	US\$
	(in millions)					
<b>Current Assets</b>						
Inventory	6,272	8,678	9,656	1,536	12,088	1,923
Trade and other receivables	6,265	8,260	13,614	2,166	19,503	3,103
Receivables due from related parties	3,283	6,397	7,089	1,128	7,985	1,271
Prepaid expenses	755	1,577	1,481	236	1,569	250
Cash and cash equivalents	3,439	18,758	16,002	2,546	16,594	2,640
<b>Total current assets</b>	<b>20,014</b>	<b>43,670</b>	<b>47,842</b>	<b>7,612</b>	<b>57,739</b>	<b>9,187</b>
<b>Current Liabilities</b>						
Trade and other payables	10,632	17,203	19,314	3,073	24,949	3,970
Long-term debt	8,553	8,107	6,049	962	9,263	1,474
Income taxes payable	283	757	1,289	206	1,000	159
<b>Total current liabilities</b>	<b>19,468</b>	<b>26,067</b>	<b>26,652</b>	<b>4,241</b>	<b>35,212</b>	<b>5,603</b>
<b>Net current assets</b>	<b>546</b>	<b>17,603</b>	<b>21,190</b>	<b>3,371</b>	<b>22,527</b>	<b>3,584</b>

Our current assets increased from RMB21,190 million (US\$3,372 million) as of December 31, 2011 to RMB22,527 million (US\$3,584 million) as of September 30, 2012, primarily due to an increase in trade and other receivables, increase in receivables due from related parties, an increase in inventory, trade and other payables and long-term debt. Our trade and other receivables, receivables due from related parties and trade and other payables consisted primarily of accounts receivable and other receivables.

Our current assets increased from RMB17,603 million as of December 31, 2010 to RMB21,190 million (US\$3,372 million) as of December 31, 2011, primarily due to an increase in trade and other receivables, increase in receivables due from related parties. Our trade and other receivables, receivables due from related parties and trade and other payables consisted primarily of accounts receivable and other receivables.

Our current assets significantly increased from RMB546 million as of December 31, 2009 to RMB17,603 million in 2010, primarily due to an increase in cash and cash equivalents, receivables due from related parties, increase in trade and other receivables, and decrease in long-term debt.

Of the cash received from the disposal of the subsidiary, the Group has used the proceeds to repay the bank borrowings, and the remaining amount has been used for the general operation of the Group. The Group has also used the proceeds to repay the bank borrowings. If the Group had used the proceeds to repay the bank borrowings, the Group would have been able to reduce the bank borrowings. The Group has also used the proceeds to repay the bank borrowings. If the Group had used the proceeds to repay the bank borrowings, the Group would have been able to reduce the bank borrowings.

As of September 30, 2012, the Group has a total of RMB9,263 million (US\$1,474 million) of bank borrowings. The Group has also used the proceeds to repay the bank borrowings. If the Group had used the proceeds to repay the bank borrowings, the Group would have been able to reduce the bank borrowings.

	As of December 31,				As of September 30,	
	2009	2010	2011		2012	
	RMB	RMB	RMB	US\$	RMB	US\$
	(in millions)					
<b>Current</b>						
Secured bank borrowings	2,530	23	309	49	32	5
Unsecured bank borrowings	3,726	4,211	4,490	714	6,046	962
Convertible preferred shares	2,297	3,873	1,250	199	3,185	507
<b>Total</b>	<b>8,553</b>	<b>8,107</b>	<b>6,049</b>	<b>962</b>	<b>9,263</b>	<b>1,474</b>
<b>Non-current</b>						
Secured long-term bank borrowings	4,515	5,534	2,036	324	1,473	234
Unsecured long-term bank borrowings	2,313	4,938	5,210	829	6,795	1,081
Unsecured bonds	1,090	1,091	1,093	174	1,094	174
Guaranteed deposits					2,483 <sup>(1)</sup>	395
Leasehold improvements	(2,297)	(3,873)	(1,250)	(199)	(3,185)	(507)
<b>Total</b>	<b>5,621</b>	<b>7,690</b>	<b>7,089</b>	<b>1,128</b>	<b>8,660</b>	<b>1,378</b>

(1) Represents US\$400 million of the 2017 Note, the 2017 Note is a secured bank borrowing (and the effective interest rate is 8.1%) of the 2017 Note.

As of September 30, 2012, the Group has a total of US\$154 million (US\$154 million) of bank borrowings. The Group has also used the proceeds to repay the bank borrowings. If the Group had used the proceeds to repay the bank borrowings, the Group would have been able to reduce the bank borrowings.

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On August 5, 2012, ... the 2017 ... of US\$400 ...  
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In 2009, 2010, 2011 and the ... ended September 30, 2012, ...  
 ... RMB29.3 billion, RMB65.1 billion, RMB116.1 billion (US\$19 billion and RMB136.7 billion (US\$22 billion)), ...  
 ... RMB76.8 billion (US\$13 billion) ...  
 ... had ...  
 ... RMB28.1 billion (US\$4 billion) ...  
 ... RMB7.4 billion (US\$1 billion) ...

## ANALYSIS OF SELECTED STATEMENT OF FINANCIAL POSITION ITEMS

### Working Capital

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The following table ...  
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	As of December 31,				As of September 30,	
	2009	2010	2011		2012	
	RMB	RMB	RMB	US\$	RMB	US\$
	(in millions)					
Raw materials	3,055	3,706	4,762	757	5,570	886
Working capital	1,620	2,122	1,691	269	2,259	359
Finished goods	1,597	2,850	3,203	510	4,259	678
<b>Total</b>	<b>6,272</b>	<b>8,678</b>	<b>9,656</b>	<b>1,536</b>	<b>12,088</b>	<b>1,923</b>

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The following table sets forth the inventory turnover days, as indicated:

	Year Ended December 31,			Nine Months Ended September 30,
	2009	2010	2011	2012
Inventory turnover days <sup>(1)</sup> .....	135	122	107	116

(1) Inventory turnover days equal the average inventory balance divided by cost of sales and services and multiplied by 365 days, or 273 days for the nine months ended September 30, 2012. Average inventory balance is calculated as the simple average of the opening and closing inventory balances as of each reported balance sheet date.

Our inventory turnover days decreased from 135 days for the year ended December 31, 2009 to 122 days for the year ended December 31, 2010 and for the year ended 107 days for the year ended December 31, 2011, which is due to the general decrease in our cost of sales and services, which is due to the decrease in our inventory levels. The decrease in our inventory levels is due to the decrease in our sales volume, which is due to the decrease in our market share. The decrease in our market share is due to the decrease in our competitive advantage.

As a result of the above, the company's credit turnover has increased significantly. Credit turnover has increased from 5% to 10% of the sales revenue. The company's credit turnover has increased from 5% to 10% of the sales revenue. Credit turnover has increased from 5% to 10% of the sales revenue. We believe that the increase in credit turnover is due to the company's improved credit management. As of December 31, 2009, 2010, 2011 and September 30, 2012, the average credit turnover days were RMB229 million, RMB585 million, RMB912 million (US\$145 million) and RMB3,405 million (US\$542 million), respectively.

The average credit turnover days increased by 37.3% from RMB5,061 million as of December 31, 2009 to RMB6,947 million as of December 31, 2010, by 66.4% from RMB11,563 million (US\$1,840 million) as of December 31, 2011, and decreased by 69.0% from RMB19,536 million (US\$3,108 million) as of September 30, 2012. The significant increase in average credit turnover days is due to the company's improved credit management. As of December 31, 2009, 2010, 2011 and September 30, 2012, the average credit turnover days were RMB5,061 million, RMB6,947 million, RMB11,563 million (US\$1,840 million) and RMB3,405 million (US\$542 million), respectively.

The following table sets forth the average credit turnover days for the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30,
	2009	2010	2011	2012
	Trade receivables turnover days <sup>(1)</sup> .....	82	73	77

(1) Trade receivables turnover days equal the average balance of trade receivables divided by our consolidated turnover and multiplied by 365 days, or 273 days for the nine months ended September 30, 2012. Average balance of trade receivables is calculated as the simple average of the opening and closing trade receivable balances as of each reported balance sheet date.

The average credit turnover days decreased from 82 days for the period ended December 31, 2009 to 73 days for the period ended December 31, 2010, and increased from 77 days for the period ended December 31, 2011, to 109 days for the period ended September 30, 2012. The increase in average credit turnover days is due to the company's improved credit management. As of December 31, 2009, 2010, 2011 and September 30, 2012, the average credit turnover days were 82 days, 73 days, 77 days and 109 days, respectively. The increase in average credit turnover days is due to the company's improved credit management. As of December 31, 2009, 2010, 2011 and September 30, 2012, the average credit turnover days were 82 days, 73 days, 77 days and 109 days, respectively.

The following table sets forth the aggregate liability for derivative contracts (excluding cash flow hedges) as of December 31, 2009, 2010 and 2011 and September 30, 2012:

	As of December 31,				As of September 30,	
	2009	2010	2011	2011	2012	
	RMB	RMB	RMB	US\$	RMB	US\$
	(in millions)					
With interest rate swaps	2,133	2,642	4,547	724	5,617	893
Other interest rate hedges	382	921	2,362	376	5,215	830
Other interest rate hedges	1,427	2,403	3,401	541	6,821	1,085
Other interest rate hedges	931	772	932	148	1,443	230
Other interest rate hedges	161	174	249	40	313	50
Other interest rate hedges	27	35	72	11	127	20
<b>Total</b>	<b>5,061</b>	<b>6,947</b>	<b>11,563</b>	<b>1,840</b>	<b>19,536</b>	<b>3,108</b>

We enter into derivative contracts to manage our foreign exchange risk. We use interest rate derivatives to manage our interest rate risk. We use foreign exchange derivatives to manage our foreign exchange risk. We use commodity derivatives to manage our commodity price risk. We use equity derivatives to manage our equity price risk. We use other derivatives to manage our other risks. We enter into derivative contracts to manage our foreign exchange risk. We use interest rate derivatives to manage our interest rate risk. We use foreign exchange derivatives to manage our foreign exchange risk. We use commodity derivatives to manage our commodity price risk. We use equity derivatives to manage our equity price risk. We use other derivatives to manage our other risks.

In addition, we have entered into derivative contracts to manage our foreign exchange risk. We use interest rate derivatives to manage our interest rate risk. We use foreign exchange derivatives to manage our foreign exchange risk. We use commodity derivatives to manage our commodity price risk. We use equity derivatives to manage our equity price risk. We use other derivatives to manage our other risks. We enter into derivative contracts to manage our foreign exchange risk. We use interest rate derivatives to manage our interest rate risk. We use foreign exchange derivatives to manage our foreign exchange risk. We use commodity derivatives to manage our commodity price risk. We use equity derivatives to manage our equity price risk. We use other derivatives to manage our other risks.

The following table sets forth the aggregate liability for derivative contracts (excluding cash flow hedges) as of December 31, 2009, 2010 and 2011 and September 30, 2012:

	As of December 31,				As of September 30,	
	2009	2010	2011	2011	2012	
	RMB	RMB	RMB	US\$	RMB	US\$
	(in millions)					
Balance as of January 1	(255)	(340)	(557)	(88)	(533)	(85)
Interest rate derivatives	(87)	(258)	3		(213)	(34)
Unclassified interest rate derivatives	2	41	21	3	7	1
<b>Balance as of December 31/September 30</b>	<b>(340)</b>	<b>(557)</b>	<b>(533)</b>	<b>(85)</b>	<b>(739)</b>	<b>(118)</b>

The increase in our cash flow hedges in 2009 and 2010 and decrease in 2011 and 2012 is primarily due to the increase in our foreign exchange hedges. In 2010, we added interest rate hedges to manage our interest rate risk. In 2011, we added foreign exchange hedges to manage our foreign exchange risk. In 2012, we added foreign exchange hedges to manage our foreign exchange risk. We enter into derivative contracts to manage our foreign exchange risk. We use interest rate derivatives to manage our interest rate risk. We use foreign exchange derivatives to manage our foreign exchange risk. We use commodity derivatives to manage our commodity price risk. We use equity derivatives to manage our equity price risk. We use other derivatives to manage our other risks.

Table 10: The Financial Assets of the Group

The following table sets forth the carrying amounts of the financial assets held by the Group, as follows:

	As of December 31,				As of September 30,	
	2009	2010	2011	2011	2012	
	RMB	RMB	RMB	US\$	RMB	US\$
	(in millions)					
Government securities	9,190	17,841	22,135	3,522	24,387	3,880
Unrealized financial assets	(847)	(1,669)	(2,126)	(338)	(2,367)	(377)
	8,343	16,172	20,009	3,184	22,020	3,503
Loans, receivables, payables			(140)	(23)	(229)	(35)
Lease liabilities	(5,060)	(9,775)	(12,780)	(2,033)	(13,806)	(2,197)
Accounts receivable	3,283	6,397	7,089	1,128	7,985	1,271

We received the proceeds from the disposal of financial assets as a result of the disposal of the Group's investment in the Company, which are recorded as unrealized gains on the disposal of financial assets. Our financial assets are primarily government securities, loans, receivables, payables, lease liabilities, and accounts receivable. The disposal of financial assets had a net impact on the Group's financial assets. The effective interest rate of the financial assets is affected by the change in the market interest rate in China, and a decrease of 8% in the market interest rate as of September 30, 2012. The following table sets forth the carrying amounts of the financial assets held by the Group, as follows:

	As of December 31,				As of September 30,	
	2009	2010	2011	2011	2012	
	RMB	RMB	RMB	US\$	RMB	US\$
	(in millions)					
With 1 year	3,761	7,338	8,163	1,299	9,323	1,484
Over 1 year but less than 2 years	2,917	6,168	6,971	1,109	7,130	1,134
Over 2 years but less than 3 years	1,961	3,331	4,496	715	4,729	752
Over 3 years	551	1,004	2,505	399	3,205	510
<b>Total</b>	<b>9,190</b>	<b>17,841</b>	<b>22,135</b>	<b>3,522</b>	<b>24,387</b>	<b>3,880</b>

The carrying amounts of the financial assets recorded in the consolidated financial statements for 2009, 2010, 2011 and the period ended September 30, 2012, are as follows. The disposal of financial assets as a result of the disposal of the Group's investment in the Company in 2009, 2010, 2011 and the period ended September 30, 2012, and the disposal of financial assets recorded as unrealized gains. In addition, the carrying amounts of the financial assets and liabilities are recorded in the consolidated financial statements for 2009, 2010, 2011 and the period ended September 30, 2012 are as follows. The effective interest rate of the financial assets is affected by the change in the market interest rate in China, and a decrease of 8% in the market interest rate as of September 30, 2012, resulted in a decrease of RMB11,538 million (US\$1,836 million) in the carrying amounts of the financial assets. As a result, the carrying amounts of the financial assets as a result of the disposal of the Group's investment in the Company are recorded in the consolidated financial statements. The carrying amounts of the financial assets and liabilities are recorded in the consolidated financial statements for 2009, 2010, 2011 and the period ended September 30, 2012 are as follows.

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(US\$790 million) as of December 31, 2011 RMB6,975 million (US\$1,110 million) as of September 30, 2012. The increase in bills payable, averaged during 2009 and 2010 as the effective increase in the average balance of bills payable held, respectively. Due to the decrease in bills payable and change in the effective average balance, a decrease in the average holding period of bills payable occurred in 2011, as the increase in the effective holding period of bills payable, averaged during 2009 and 2010, was offset by the decrease in the average holding period of bills payable, averaged during 2011. In the nine months ended September 30, 2012, the increase in the effective holding period of bills payable, averaged during 2011 and 2012, was offset by the decrease in the average holding period of bills payable, averaged during 2012.

The following table sets forth the average holding period of bills payable, averaged during the nine months ended:

	Year Ended December 31,			Nine Months Ended September 30,
	2009	2010	2011	2012
	Trade and bills payable, averaged during the nine months ended (1) .....	153	167	142

(1) Trade and bills payables turnover days equal the average balance of trade and bill payables divided by cost of sales and services and multiplied by 365 days, or 273 days for the nine months ended September 30, 2012. Average balance of trade and bill payables is calculated as the simple average of the opening and closing trade and bill payable balances as of each reported balance sheet date.

The average holding period of bills payable, averaged during the nine months ended December 31, 2009 167 days, the average holding period of bills payable, averaged during the nine months ended December 31, 2010, as the increase in the effective holding period of bills payable, averaged during 2009 and 2010, was offset by the decrease in the average holding period of bills payable, averaged during 2010 and 2011, as the increase in the effective holding period of bills payable, averaged during 2011 and 2012, was offset by the decrease in the average holding period of bills payable, averaged during 2012. The average holding period of bills payable, averaged during the nine months ended September 30, 2012, as the increase in the effective holding period of bills payable, averaged during 2011 and 2012, was offset by the decrease in the average holding period of bills payable, averaged during 2012.

The following table sets forth the aging of accounts payable and bills payable as of the end of each reporting period:

	As of December 31,				Nine Months Ended September 30,	
	2009	2010	2011	2011	2012	
	RMB	RMB	RMB	US\$	RMB	US\$
	(in millions)					
Due within 1 month	1,901	4,640	4,974	791	4,846	771
Due 1 to 3 months	2,105	3,567	3,938	627	5,407	860
Due 3 to 6 months	2,238	3,067	2,496	397	4,418	703
Due over 6 months	1,968	1,008	695	110	725	116
<b>Total</b>	<b>8,212</b>	<b>12,282</b>	<b>12,103</b>	<b>1,925</b>	<b>15,396</b>	<b>2,450</b>

**OFF-BALANCE SHEET ARRANGEMENTS**

Other than derivative financial instruments, the Company has no off-balance sheet arrangements. In addition, the Company does not have any derivative contracts that have not been designated as hedging instruments. Furthermore, the Company has not entered into any contracts that have not been designated as hedging instruments, such as interest rate swaps, currency swaps, or other derivatives, for hedging purposes.

**RELATED PARTY TRANSACTIONS**

The following table summarizes related party transactions for the periods indicated:

	Year Ended December 31,				Nine Months ended September 30,		
	2009	2010	2011	2011	2012		
	RMB	RMB	RMB	US\$	RMB	US\$	
	(in millions)						
<b>Transactions with associates:</b>							
Sales of goods .....	(4)	(4)	(157)	(25)	2	596	95
Lease of office buildings .....	(3)						
Purchase of raw materials							
goods .....	10	39	148	24	45	454	72

In 2011 and the nine months ended September 30, 2012, the Company has entered into sales of goods, lease of office buildings, and purchase of raw materials with its associates. The related party transactions are summarized in the table above. The Company has also entered into sales of goods, lease of office buildings, and purchase of raw materials with its associates in the nine months ended September 30, 2012.

We are fully liable to the associates for the related party transactions described in the table above. The Company has no other related party transactions.

The following table summarizes balance sheet related party transactions for the periods indicated:

	As of December 31,				As of September 30,	
	2009	2010	2011	2011	2012	
	RMB	RMB	RMB	US\$	RMB	US\$
	(in millions)					
Accounts receivable .....	29	27	99	16	173	28
Accounts payable .....		12	13	2	20	3

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## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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Based on the above, the carrying amount of the financial assets held at high credit risk is higher than the carrying amount of the financial assets held at low credit risk.

On December 31, 2009, 2010 and 2011 and September 30, 2012, 1.9%, 1.6%, 1.9% and 1.5% of the total carrying amount of the financial assets held at high credit risk were classified as non-performing assets, compared with 7.3%, 2.0%, 5.7% and 1.5% of the total carrying amount of the financial assets held at low credit risk, respectively.

The carrying amount of the financial assets held at high credit risk is higher than the carrying amount of the financial assets held at low credit risk. This is due to the fact that the carrying amount of the financial assets held at high credit risk includes the carrying amount of the financial assets held at high credit risk which are classified as non-performing assets.

The following table sets forth the carrying amount of the financial assets held at high credit risk, which are based on the carrying amount of the financial assets held at high credit risk (i.e. digital, etc.), and the carrying amount of the financial assets held at low credit risk (i.e. digital, etc.) and the carrying amount of the financial assets held at high credit risk:

As of December 31, 2009						
Carrying Amount	Total Contractual Undiscounted Cash Flow	Within 1 Year or on Demand	More Than 1 Year but Less Than 2 Years	More Than 2 Years but Less Than 5 Years	More Than 5 Years	
(RMB in millions)						
Loans receivable	14,174	15,158	9,015	3,458	1,491	1,194
Trade receivables	10,632	10,632	10,632			
Other receivables	684	684		159	525	
	<u>25,490</u>	<u>26,474</u>	<u>19,647</u>	<u>3,617</u>	<u>2,016</u>	<u>1,194</u>
Financial assets measured at fair value						
Available-for-sale		3,369	3,369			
		<u>3,369</u>	<u>3,369</u>			
As of December 31, 2010						
Carrying Amount	Total Contractual Undiscounted Cash Flow	Within 1 Year or on Demand	More Than 1 Year but Less Than 2 Years	More Than 2 Years but Less Than 5 Years	More Than 5 Years	
(RMB in millions)						
Loans receivable	15,797	16,878	8,650	2,520	4,590	1,118
Trade receivables	17,203	17,203	17,203			
Other receivables	1,379	1,379		387	992	
	<u>34,379</u>	<u>35,460</u>	<u>25,853</u>	<u>2,907</u>	<u>5,582</u>	<u>1,118</u>
Financial assets measured at fair value						
Available-for-sale		7,284	7,284			
		<u>7,284</u>	<u>7,284</u>			

As of December 31, 2011

	Carrying Amount	Total Contractual Undiscounted Cash Flow	Within 1 Year or on Demand	More Than 1 Year but Less Than 2 Years	More Than 2 Years but Less Than 5 Years	More Than 5 Years
	(RMB in millions)					
La a db i g	13,138	13,989	6,487	5,226	2,276	
Tade a d he , a e	19,314	19,314	19,314			
O he -c e iab i e	1,789	1,829		710	1,119	
	<u>34,241</u>	<u>35,132</u>	<u>25,801</u>	<u>5,936</u>	<u>3,395</u>	<u></u>
Fi a ci g a a ee i ed						
Ma i a g a a eed		<u>10,726</u>	<u>10,726</u>			

On December 31, 2011, the carrying amount of the financial instruments is as follows: (RMB in millions)

On December 31, 2011, the carrying amount of the financial instruments is as follows: (RMB in millions)

On December 31, 2011, the carrying amount of the financial instruments is as follows: (RMB in millions)

As of December 31,

	2009		2010		2011	
	Weighted average interest rate	Amount	Weighted average interest rate	Amount	Weighted average interest rate	Amount
	%	RMB	%	RMB	%	RMB US\$
(in millions, except for percentage)						
<b>Fixed rate financial instruments:</b>						
Sh -e a a db i g	3.8	(4,280)	3.3	(1,234)	4.8	(1,090) (173)
L g-e a a db i g	5.7	(3,320)	6.7	(1,091)	6.1	(1,314) (209)
		<u>(7,600)</u>		<u>(2,325)</u>		<u>(2,404) (382)</u>
<b>Variable rate financial instruments:</b>						
Hedged ba de i	0.4	989	0.4	1,762	0.5	1,742 277
Ba de i	0.4	3,439	0.3	18,756	1.0	16,000 2,546
Recei a e de fi a ce e	8.0	8,343	7.8	16,172	8.0	19,869 3,161
Sh -e a a db i g	3.5	(4,273)	3.4	(6,873)	4.2	(4,959) (789)
L g-e a a db i g	4.8	(2,301)	3.6	(6,599)	3.9	(5,776) (919)
		<u>6,197</u>		<u>23,218</u>		<u>26,876 4,276</u>
Net		<u>(1,403)</u>		<u>20,893</u>		<u>24,472 3,894</u>

We are exposed to currency risk, primarily through the change in demand for high-growth economies, such as the United States, and the impact of the global financial crisis on the economies of the United States, the United Kingdom, and the Eurozone. The change in the value of the US dollar, the Japanese Yen, the Euro and the Hong Kong dollar. During 2009, 2010, 2011 and the first half of 2012, we did not conduct any foreign exchange hedging activities.

The foreign exchange risk is managed by a derivative contract - the forward contract - which is adjusted to the actual exchange rate of a 5% against each of the foreign currencies. 5% is the forward rate of the foreign currencies in the market. The forward rate is the rate of the forward contract, which is the change in the exchange rate. As a result (regardless of the direction of the change in the exchange rate), the forward contract will be a hedge against the 5% change in the exchange rate against the foreign currencies. For a 5% change in the exchange rate against the foreign currencies, the forward contract will be a hedge against the change in the exchange rate.

Year Ended December 31,

2009		2010		2011	
Increase/ decrease in foreign exchange rates	Effect on profit after taxation and retained profits	Increase/ decrease in foreign exchange rates	Effect on profit after taxation and retained profits	Increase/ decrease in foreign exchange rates	Effect on profit after taxation and retained profits
%	RMB	%	RMB		

## BUSINESS

### OVERVIEW

We are a leading China-based construction and engineering firm, providing integrated construction services, including design, construction, and operation and maintenance services, in a wide range of sectors, including infrastructure, real estate, and industrial. We have a strong track record of successful projects across the country, with a focus on high-quality construction and engineering services. Our experienced management team and skilled workforce have enabled us to deliver exceptional results for our clients. We are committed to providing the highest quality of service and to maintaining the highest standards of integrity and ethical conduct. Our commitment to excellence and innovation has enabled us to become a leading provider of construction and engineering services in China. We are currently expanding our operations and are seeking qualified individuals to join our team. We offer a competitive salary and benefits package, and the opportunity for professional growth and development. We are an equal opportunity employer and encourage applications from all qualified individuals.

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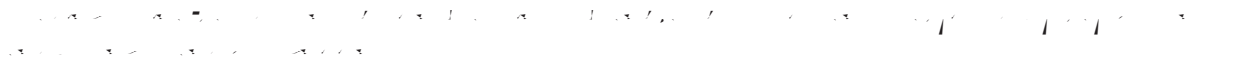
We are a leading construction and engineering firm, providing integrated construction services, including design, construction, and operation and maintenance services, in a wide range of sectors, including infrastructure, real estate, and industrial. We have a strong track record of successful projects across the country, with a focus on high-quality construction and engineering services. Our experienced management team and skilled workforce have enabled us to deliver exceptional results for our clients. We are committed to providing the highest quality of service and to maintaining the highest standards of integrity and ethical conduct. Our commitment to excellence and innovation has enabled us to become a leading provider of construction and engineering services in China. We are currently expanding our operations and are seeking qualified individuals to join our team. We offer a competitive salary and benefits package, and the opportunity for professional growth and development. We are an equal opportunity employer and encourage applications from all qualified individuals.

achi e i Chi a. We ha e c ib ed he e a i h e f e 170 ai a d i d a da d ha a e c e i effec , i di g he fi i d a da d f c - ed c c e e , i Chi a a d he i d a da d f cha i , eci de ig ed f c c a e . I add i , ech g ce e ha bee j i acc edi ed a a ai ech g e e , i e ce e b he NDRC, he Mi i f Fi a ce, he Ge e Ad i i ai f C a d he S a e Ad i i ai f Ta ai i ce 2005. We a d , e a e he Nai Ke Lab a Ke Tech gie f C ci Machie , he ai e ab a i Chi a' c ci achi e i d , a a he Nai E gi ee i g Tech g Re ea ch a d De , e Ce e f C c e e Machie , he ai c c e e achi e e gi ee i g ech g e ea ch a d de , e ce e i he c ci achi e i d .

We ha e e , e i e ced ig ifica g h be e fi i g f Chi a' g i g ba i ai . O c ida ed e i c ea ed f RMB20,762 i i 2009 RMB46,323 i (US\$7,371 i ) i 2011, a d , fi f he ea i c ea ed f RMB2,419 i i 2009 RMB8,173 i (US\$1,300 i ) i 2011. I he i e h e ded Se e be 30, 2012, c ida ed e a ed RMB39,108 i (US\$6,222 i ) a d , fi f he , e i da ed RMB7,127 i (US\$1,134 i ). O A Sha e ha e bee i ed he She he S c E cha ge i ce Oc be 12, 2000 a d H Sha e ha e bee i ed he H g K g S c E cha ge i ce De ce be 23, 2010, e , e ci . O De ce be 11, 2012, a e ca i ai a a , i a US\$10.6 b i .

**OUR COMPETITIVE STRENGTHS**

We b i e e ha he f i g c , e i e e gh ha e c ib ed cce a d c i e e a e ca i i e f e g h , i e i he g b c ci achi e i d .



We a e a eadi g Chi a-ba ed c ci achi e a fac e ha ha g a i b ca i i i g Chi a' g i g ba i ai a d ig ifica g hi he i fa c e ec . We e j a eadi g a e , i i ac b a i f c e , d c i e i Chi a, i di g c c e e achi e a d ca e achi e . Acc di g CCMA, e e e he ec d a ge c ci achi e a fac e i Chi a a d he eigh h a ge c ci achi e a fac e i he d i e f e i 2010. Acc di g Chi a C ci Machie Maga i e, e a ed fif h b a a a fac e f b e c a e , i di g c c a e , e c a e a d c a e c a e , i e f e i 2010. F he e , acc di g CCMA, e a ed fi a a a fac e f edi - a ge-ca aci e c a e i e f e i 2010, a d ec da a a fac e f c - ed a d a e - ed c c e e , a d c c a e a d f h i c a e c a e i e f e e i 2009, a g Chi a-ba ed c ci achi e a fac e . We b i e e eadi g , i i e a e c i e ca i i e he a i d ec ic g hi Chi a i he f e .

We b i e e e a e a g he fi Chi a-ba ed c ci achi e a fac e ha e e a i hed a b , e a i a d e ea ch , a f a d e a d di i b i e . O , d c

a e c e ■ ■ d e 120 diffe e c i e h gh g e ea di ib i a d e ice e hich, a f Se e be 30, 2012, c i ed f 52 ■ e , 73 e ice ce e a d 23, a a d c , e de ed a d , e a ed b , a ■ a 120 ■ e , 140 e ice ce e a d 60, a a d c , e de ed a d , e a ed b 62 hi d, a de ■ e . We ha e ■ e a i hed e ea ch a d de ■ , e fac i i e i Chi a a d I ■ , hich g a acce ad a ced ech ■ gie a d a a ge, ■ f hig ■ ed e gi ee i g a d ech ic ■ , e ■ . CIFA, e f b idia ie , i a aj ■ b ■ c c e e achi e a fac e ba ed i I ■ , a e ide ced b i 80 ea f hi , ad a ced , ie a ech ■ g , i ■ di g i ca b fibe b ech ■ g , a d g e ea ch a d de ■ , e ca ab ■ i i e i he c c e e achi e ec . The ac i i i f CIFA ha e a ■ ed i eg a e CIFA' e e i e di ib i a d e ice e i E , e, i g e ea ch a d de ■ , e ca ab ■ i i e a di , ie a ech ■ gie , a d h ■ ed bec e a ■ eadi g c c e e achi e a fac e i he ■ d. I A g 2012, e e e ed i a fa e age e e i h ■ ec Mech, a ■ eadi g ca e achi e a fac e i I dia, e a i h a b idia a fac e e ca e , i hich e a 70% i e e . We b i e e ha he c , e a i i h ■ ec Mech a d he e a i h e f he e ca e fac ■ e a e c b i e he g ■ c ■ , e e ce f ■ ec Mech a d e , e i e i ca e achi e ca e he e , ec ed g hi de a d f ca e achi e i I dia.

We ha e id ■ ec gi ed b a d , Z ■ i a d CIFA. O ■ eadi g a e , i i i he c c i achi e i d i Chi a, ge he i h he high ■ i f , d c a d ad a ced ech ■ g fea e ha e e a ded i h g ec g i i f Z ■ i b a d i Chi a. We b i e e Z ■ i b a d i id ■ ega ded b Chi e ec e a e e e i g i ■ ai , ■ iab ■ i a d i egi . T f a de a e e ec gi ed a “W ■ -K Tade a i Chi a. O Z ■ i b a d ha ■ ecei ed i e ai ■ ec g i i a e ide ced b he ■ e a d e , f , d c i ce ai e ea c i e a d egi a d e b i e e e a e a g he fi fe Chi a-ba ed c c i achi e a fac e ha e gai ed chi e ai ■ ec g i i . A f Se e be 30, 2012, e ai ai ed 407 a de a egi ai f Z ■ i b a d e ea . I addi i , CIFA b a d ha bee a ■ -ec gi ed b a d i he g ■ b ■ c c e e achi e i d , e e e i g a d a ced de ig a d ech ■ g a d CIFA-b a ded, d c ha e e j ed a ■ eadi g ■ b ■ a e , i i . Thi diffe e ia i i , e ce, i e a ■ e e , ■ a d ■ -b a d i g a e g , i h Z ■ i -b a ded, d c a ge i g he id-e d a d a a e a d CIFA-b a ded, d c a ge i g he high-e d a e .

We b i e e ■ eadi g a e , i i i Chi a, e a i hed , e e ce i A ia, E , e a d he egi a d g b a d ec g i i i Chi a a d e ea , ide i h a ■ id f dai e a i h a d e g he ■ eadi g a e , i i i he g ■ b ■ c c c i achi e i d .

We ha e e f he di e ified a d c , e h e i e , d c ffe i g i Chi a. We c e ■ ffe e ha 900 d ■ f achi e a d e i e c e i g 98 diffe e , d c , e ac 13 , d c ■ i e , hich i ■ de c c e e achi e , ca e achi e , e i e ■ a d a i a i achi e , ad c c i a d , ■ e f dai achi e , ea h i g achi e , a e i ■ ha ■ i g achi e a d e a d he achi e , d c , i ■ di g , eci ■ ehi ■ e a d ehi ■ e a ■ e . O , d c a e id ■ ■ i ed i ■ ai a , ec fifa c c e c c i ac i i e i

Chi a. I e, e he cha gi g a e de a d a d c e eed, e a e c i ed de ig i g a d, d c i g e a d i a i e, d c . O b a d a g e f, d c f f e i g i a d a c , d c i e c a a i f a i e e d f c e a d a e c , e e a e a c h h e i c e a i c a e, h i c h h , i d e c e e a d e a i c i f c e . F e a e, i c c e e a c h i e, d c i e, e f f e c c e e i i g, a , c - e d c c e e i e, c c e e, a d c c e e, a c i g b , h e b a i f i g c e ' e e d h a a a i e h g h h e f c c e e, d c i , c e , i d i g i i g, a , a i , i g a d, a c i g . W e b i e e d i e i f i e d a d c , e h e i e, d c f f e i g, i i a e a d a g e f h e f e d e , e f h e d e i c a d e e a c c i a c h i e a e .

L e e a g i g b a d a g e f, d c f f e i g, e a e a e , i d e c e i h e a i c i h a c a a i f h e i , e c i f i c e e d, h i c h h a e h, e d a d c i e h, e a i h a d a i a i g g - e a i h i , i h c h c e , h e b i c e a i g h e f f , d c h e . I c c e e a c h i e, d c i e, e f f e c c e e i i g, a , c - e d c c e e, a e - e d c c e e, c - e d c c e e i e a d c c e e, a c i g b , h i c h h , i d e i e i h e a i c i c a e i g h e i , e c i f i c e e d i c c i a c i i e . F e a e, e e e e g a g e d b C h a g h a H a i h g C c e e C ., L d., i d e e a i c i , e c i f i c a e d i e e d a d b e c a e h e i a j , i e . W e b i e e h a a b i , i d e e a i c i a e d c e ' a i e e d, c b i e d i h d i e i f i e d a d c , e h e i e, d c f f e i g, g e e a e e e c i g e e e .

I a d d i , e, i d e c e i h f i a c e e a e e i c e a , a f e - a d d e d i . B a e d a f f i c i a , i e d b h e M i i f C e e c e, M O F C O M, a d h e S a e A d i i a i f T a a i A , 21, 2006, e b i e e e a e a g h e e c d g , f e e, i e, b e f h e f i g , f c c i a c h i e a f a c e , i C h i a h a h a e e c e i e d i c e e , i d e f i a c e e a e e i c e i h e e i , e e a i g a e i C h i a . I a d d i , e h a e a e d e e d i g f i a c e e a e e i c e e e a a e . O f i a c e e a e e i c e , i d e c e i h e e i e, a e , i a d h a e h, e d g e e a e g c e e c g i i a d f , d c a d b e , d c e . W e b i e e h a e e j a c , e i i e a d a g e a a e a a e e i h i f i d c a e f e g h i h e, i i g e i , e e a i g a e i C h i a .

*[Faint, illegible text]*

W e a e h e e a d i g i i i i d e , i g a d e i g a i a d i d a d a d f c c i a c h i e i C h i a . W e h a e , a i c i a e d i a d c i b e d h e e i g f e 170 a i a d i d a d a d h a a e c e i e f f e c , i d i g h e f i i d a d a d f c - e d c c e e, i C h i a a d h e i d a d a d f c h a i , e c i d e i g e d f b e c a e . O e c h g c e e h a b e e a c c e d i e d a a a i e c h g e e , i e c e e . W e h e N a i K e L a b a K e T e c h g i e f C c i M a c h i e , h e a i e a b a i h e f i d f c c i a c h i e ; a d h e N a i E g i e e i g T e c h g R e e a c h a d D e , e C e e f C c e e M a c h i e , h e a i c c e e a c h i e e g i e e i g e c h g e e a c h a d d e , e c e e i h e c c i a c h i e

id . We b i e e a c i e , a i c i a i i e i g i d a d a d a i a c c e d i e d e e a c h a d d e , e a b a i e b e a i d e a d e i a d d e i g , e a i g a e e d a d d e , i g , d c i h i d e a d i g e c h g i e .

We ha e g e e a c h a d d e , e a d i a i c a a b i e e i g f h i i c i h h e R e e a c h I i e , a e a d i g a e e d e e a c h a d d e , e i i i f c c i a c h i e i C h i a f e 50 e a . I 2009, 2010, 2011 a d h e i e h e d e d S e e b e 30, 2012, e b a i e d 71, 152, 231 a d 933 , a e , e , e c i . A f S e e b e 30, 2012, e h d 1,530 e f f e c i e , a e i C h i a . S i c e e c e c e d , e a i , e h a e b g h 78 e , e f a c h i e h e a e . I 2009, 2010, 2011 a d h e i e h e d e d S e e b e 30, 2012, e f f e d 238, 224, 257 a d 161 e d f a c h i e , e , e c i . W e c e h d e d a c e e c h g i e i h e c c i a c h i e i d , i d i g a d a c e d h i g h , e e c c e e , i g e c h g a d a c i g b d e i g , h i c h i g i f i c a i c e a e h e a i h e i g h c c e e , c a e a c h , a d , i e a i g e c i d e i e e c , i c b d e i g a d c e c h g i e , h i c h e d c e h e i g h a d i c e a e h e i a b i a d a c c a c f h e b f c a e a c h i e . I a d d i i h e , d c , e c i f i c e f f , e a e c i e d h e e e a c h a d d e , e f e c h g i e i h g e e a , i c a i a c d i f f e e , d c i e , c h a h e a i g d i g ( ) 3 ( e 7 1 5 ) - 4 5 d i g i d

c , e a d i i i e h e a , a i a d i e a d a g e c . Th g h e a c i i i  
f e , a a d c , e a f a c e , e a e a e f h e e c e a a e , f h i g h  
i , a a d c , e .

W i h a f c e c e i e g a i , a d a c e d a a g e e e h , a c h i e e , i  
e c e c a i a d h i g e f f e c i e c c . We h a e e a i h e d , e c i e d i d i , a  
a d f a c i e a f a c e a d a e e a i , d c i c e a e e f f i c i e c a d e h a c e , d c  
i . T a i d d , i c a i f , c e i g f a c i e i d i f f e e , e c i e d i d i , a a d  
f a c i e , e g , c e a i , e - a e , c e i g a d e a e e f h e a a e i , a  
a d c , e , c h a c a i g , b e f e d i , a c h i g h e , e c i e d i d i , a f a e . I  
a d d i , e , g e h e , d c i a d , c e e , a i a c c d a c e i h a e  
d c i c h e d e , h i c h , i i e i a i a e a d i e e . We h a e  
i d c e d e - e a a g e e e e d c e i e e h e i c e a i g , d c i  
e f f i c i e c a d i i i i g e e i g f , d c d e f e c .

Th g h i g e i c e , e a e a e a e h i g h , d c i . We e  
a d a d i e d , c e e a d c , e h e i e i c e e h g h , c h a i  
a d a f a c i g , c e . Th i i c d e e c a i i e , a d h e e b i i i e  
a a c i a e d c . O i g e i c , a c i c e a e e i d e c e d b h e f a c h a  
d c h a e e c e i e d a i d e i c a d i e a i c e i f a c i f h e e a P R C  
g e e a g e c i e a d i d e , e d e i e a i c e i f a c i a h i e , i d i g b i i e d  
h e C h i a C , C e i f a c i f , d c i a d a f e f h e C h i a Q i  
C e i f a c i C e e a d h e C E c e i f a c i f , d c i f T - R h e i a d a d T - S -  
i d e , e d e c e i f a c i i i i b a e d i G e a .

We h a e e a i h e d a e e i e d i i b i e i C h i a a d a e e a d i i b i e  
i h i d e c e a g e a c h e b e . A f S e e b e 30, 2012, d i i b i a d e i c e e  
i C h i a c i e d f 935 e , 1,007 e i c e c e e a d 528 c , e d e e d a d  
e a e d b , a a 134 e , 227 e i c e c e e a d 148 c , e d e e d a d  
e a e d b h i d , a d e e , c e i g e h a 300 c i e a d , i c e a d a  
e g i i C h i a . M e a h e , e c e , d c e 120 d i f f e e c i e h g h a  
e e i e e e a d i i b i e h i c h , a f S e e b e 30, 2012, c i e d f 52 e , 73  
e i c e c e e a d 23 , a a d c , e d e e d a d , e a e d b , a a 120 e ,  
140 e i c e c e e a d 60 , a a d c , e d e e d a d , e a e d b 62 h i d , a  
d e e .

We i e d i f f e e c b i a i f d i e c e e a d d e e f d i f f e e , e f , d c a d  
g e g a h i c a e a e e c c e ' d e a d a d a i e a e , e e a i . A , a f  
e f f i e g a e e c e a c d i f f e e , e a i g e g e , i c e 2008, e h a e e a i h e d  
a i , d c e a d e i c e c e e i a j c i e a c h e e a e h e e h e e i  
g d e a d f e h a e i e f , d c a d i , a c e a e c a e d ,  
i g f e e a g e c e a i h i a d i f a i a c , d c  
f i a d c - , d c .

We have decided to... the... e... e... h... gh... e... ad... de... e... i... di... ib... i... e... , i... di... g... ai... e... added... e... ice... ai... ed... a... e... ig... c... f... c... e... ad... i... cea... ig... hei... , d... ci... i... ad... , e... ai... g... eff... ic... e... c... . O... e... added... e... ice... i... de... he... , i... i... f... -ie... ech... ic... ad... , d... c... ai... g... e... i... f... he... e... ad... ai... e... a... ce... f... , d... c... , e... e... ie... ai... e... a... ce... ad... diag... ic... , he... , c... ig... f... , d... c... i... a... ce... ad... he... e... ce... a... ce... if... ic... ai... , ad... he... e... a... fac... ig... f... e... i... ig... , d... c... , ac... e... '... e... e... . We... i... e... e... a... "24... H... O... -c... , i... c... ha... ai... e... , d... c... e... i... hi... 24... h... . We... i... de... -ie... c... ai... , c... e... i... hi... h... f... ba... a... ea... c... e... ed... b... e... ice... ce... e... .

A... A... A...

We have... e... ed... he... ga... ic... g... h... f... b... ie... ih... d... e... ic... ad... e... ea... a... eg... ic... ac... iii... dig... he... a... e... e... ea... . I... de... b... ad... , d... c... f... fe... ig... , e... ha... e... ad... e... e... ac... iii... i... Chi... a... , ad... e... ha... e... c... ce... f... i... eg... a... ed... h... e... b... ie... e... i... e... i... ig... , e... ai... ad... eff... ec... i... i... cea... ed... hei... e... ad... , fi... ab... i... . F... e... a... , e... i... 2003... , e... ac... i... ed... H... a... P... a... C... ci... Mach... ie... C... , L... d... i... hi... c... ca... e... b... ie... . L... e... ag... i... g... a... ge... c... e... , e... ai... , c... -eff... ec... ie... a... fac... ig... fac... i... ie... ad... g... e... ea... ch... ad... de... , e... ca... ab... i... ie... , a... e... ide... ced... b... ac... ie... i... e... e... i... e... ea... ch... , j... ec... ad... ai... g... e... e... e... ea... ch... ad... de... , e... i... i... ia... ie... i... ce... 1999... , e... e... ea... e... eg... he... he... a... e... , i... i... f... h... e... , d... c... . C... e... , he... e... ac... i... ed... b... ie... e... ha... e... bec... ei... eg... , a... f... c... e... b... ie... ad... e... ha... e... ach... ie... ed... a... eadi... g... a... e... , i... i... f... h... e... ac... i... ed... , d... c... i... e... i... Chi... a... . I... de... eg... he... g... b... , e... ai... ad... i... cea... e... a... e... ha... ei... he... g... b... c... ce... e... ach... ie... a... e... , e... ac... i... ed... CIFA... i... 2008... ad... ha... ei... eg... a... ed... i... b... ie... e... i... e... i... ig... , e... ai... . F... e... a... , e... CIFA... '... e... ea... ch... ad... de... , e... ca... ab... i... ie... ha... e... bee... i... eg... a... ed... i... c... ce... e... ach... ie... e... ea... ch... ad... de... , e... a... f... , ad... ce... ai... a... fac... ig... fac... i... ie... i... Cha... g... ha... , H... a... P... i... ce... ha... e... bee... ed... , d... ce... ce... ai... c... , e... f... CIFA... , d... c... . I... add... i... , e... c... e... CIFA... i... e... f... , d... c... i... Chi... a... h... gh... e... e... i... ed... i... b... i... e... . The... CIFA... ac... iii... i... he... a... ge... b... d... ac... iii... b... a... Chi... e... ec... ci... ac... h... ie... a... fac... e... fa... . The... i... eg... ai... f... CIFA... i... b... ie... ha... e... a... ed... a... eg... ic... c... bi... e... CIFA... '... ec... g... i... ed... b... ad... , g... b... e... ad... di... b... i... e... , i... a... ie... ech... g... ad... e... , e... ie... ced... a... age... e... ea... ih... eadi... g... a... e... , i... i... ad... a... fac... i... ge... , e... i... e... i... Chi... a... , he... eb... eg... he... ig... eadi... g... a... e... , i... i... c... ce... e... ach... ie... ad... be... e... , i... i... ig... ca... e... he... g... h... , i... ie... g... b... .

With... e... e... i... e... e... , e... ie... ce... i... a... eg... ic... ac... iii... a... di... eg... ai... fac... i... ed... b... ie... e... i... Chi... a... ad... e... ea... a... e... , e... ha... ee... a... i... hed... da... , a... che... ad... , i... c... i... e... i... h... e... , ec... a... eg... ic... ac... iii... . We... f... c... d... e... ic... a... ge... ha... ca... b... ad... e... i... ig... a... ge... f... , d... c... ad... h... , ach... ie... e... a... eadi... g... a... e... ha... e... f... ch... , d... c... , ad... f... c... e... ea... a... ge... ha... ca... f... he... eg... he... e... i... ig... , d... c... f... fe... ig... ad... g... b... f... , i... . F... he... e... , e... b... ie... e... ha... he... g... ec... g... ii... f... Z... i... ad... CIFA... b... ad... i... he... e... ea... a... e... gi... e... ac... , e... i... e... edge... e... he... , e... i... bid... de... ad... /... b... e... f... f... e... ac... iii... ad... ia... ce... . We... b... ie... e... ha... he... g... b... c... ci... ac... h... ie... id... c... i... e... e... , e... ie... ce... c... ida... i... ad... , a... ch... , ac... iii... , i... c... i... e... ge... he... i... h... ha... d... e... , e... ie... ce... ad... , e... e... ec... i... ca... ab... i... e... a... e... ca... i... ie... hi... e... d... .

Our management team has identified the leading edge of the market, and has been able to identify the leading edge of the market. Mr. Zhang Chao, Chairman of the Board of Directors, has 32 years of experience in the industry. Mr. Zhang has been on the CCTV Economic Figure of 2011. Mr. Zhang has been named in the 2010 Industry Leader Award, which is the highest honor in the industry. Mr. Zhang is also a member of the China Football Association (CFA). In 2010, Mr. Zhang received the Yabao Award, the highest honor in the industry. Mr. Zhang has also received the China Football Association (CFA) Award, the highest honor in the industry. Mr. Zhang has also received the China Football Association (CFA) Award, the highest honor in the industry. Mr. Zhang has also received the China Football Association (CFA) Award, the highest honor in the industry.

We have established a strong network of relationships with leading companies in the industry, and we have established a strong network of relationships with leading companies in the industry. We have established a strong network of relationships with leading companies in the industry, and we have established a strong network of relationships with leading companies in the industry.

**OUR BUSINESS STRATEGIES**

We will become the leading Chinese company in the industry, and we will become the leading Chinese company in the industry. We will become the leading Chinese company in the industry, and we will become the leading Chinese company in the industry.

**OUR BUSINESS STRATEGIES**

We will continue to expand our leading position in the industry, and we will continue to expand our leading position in the industry. We will continue to expand our leading position in the industry, and we will continue to expand our leading position in the industry.

We will continue to expand our leading position in the industry, and we will continue to expand our leading position in the industry. We will continue to expand our leading position in the industry, and we will continue to expand our leading position in the industry.

c    ci   acii   i he ea    edi   e .I ,a ic a, eai   f c    e a d a e i g  
eff   i he e a e    c c e e achi e   a d c a e achi e .I addi i , e ,a   f  
  a egic   ia ce   i h ce ai   aj   c    e , hi d, a   de e   a d fi a ce e a e e .ice  
  ide    i c ea e    a e ha e. F e a ,e, e   c   i e    e g he    ai hi  
  i h e i i g hi d, a   de e   a d h, he    e g he hei afe - e e ice a d   i

We, a e, a d e, a i i e a i h g h e g h e i g e e a d i b i a d e i c e e a d e c i e a e g i c a c i i i a d i a c e i h c e a i e e a a g e h a (i) c a i c e a e h e e f e i i g, d c i e e e a, (ii) c a i g i f i c a i c e a e h e g e g a h i c c e a g e f d i b i a d e i c e e, (iii) h a e a d a c e d e c h g i e, (i) f f e, d c i h g a e, e i. W e b i e e c h a e g i c a c i i i f c e a e a c h i e e g e a e, e a i e g i e.

*Section 10: [Illegible]*

We a i e, a d g b e e a c h a d d e, e a f e g h e i i a i c a a b i i e a d i e g a e e e a c h a d d e, e e c e a c h e g b e. W e a i f c e a i h i g a d d i e e a c h f a c i i e i h e U i e d S a e a d E, e i h e e h e e f i e e a, h i c h e b i e e, i d e i h a b e e d e a d i g f c a e d e a d, b e e a c c e a d a c e d e c h g i e a d f a c i i e a a d a d a e. F h e e, e a e C I F A' e e a c h c e e a d, e a a b a e f g i g e e a c h a d d e, e c a a b i i e i E. T h e e e a c h f a c i i h e U i e d S a e f c c c e e a c h i e a d c a e a c h i e, a d h e e i E, e f c c a e c a e, e a i c c a e, c c a e, d e i c a g c a d a e i g, a f. W e c i d e, i e c, e a e i h c e a i e e a c, a i e, i e i e i d e e d e e e a c h f a c i i e. W e i d c e h e a d a c e d e c h g i e d e, e d b e e a e e a c h f a c i i e i a f a c i g b a e i C h i a, e a i g, i d e c h i a i d e i c a d e e a c e a a e a f f d a e, i c e. F e a, e, e h a e i d c e d c c e e, i h c a b f i b e b d e, e d a C I F A' e e a c h c e e h e P R C a e.

We c i e d e, e d c a d a d d i i f e a e i e, e c h a g e i c e e e e d, i d e d a d b i e c d i i. W e f c d e, i g, d c i h b e e a f e a d i a b i, h i g h e f e f f i c i e c a d a g e c a a c i. I a d d i, e a e g h e e e a c h a d d e, e e f f f e, a a d c, e, i d i g i i a i e i, e h e i a d a d a d a i e f h e e, a a d c, e e d a c, d c i e, i d i g h d a i c c i d e, h d a i c e, c h a i f c c e e, a d c - e d c c e e i e. F h e e, e e g h e e e a c h a d d e, e i i i a i e a i e d a e a i i g a f a c i g a d a e, c e e.

*Section 11: [Illegible]*

We a e c i e d e, a d i g, d c f f e i g i e a c h, d c i e a d b a d e i g c e a g e i a i i d i e. B a e e e a, e f h e e d e a, e a d e a e:

- I h e c c e e a c h i e, d c i e, e c i e i d c e c c e e a c h i e, d c a i f h e a i e e d f c e a c h e g b e b i e g a i g Z i i e f, d c a d C I F A i e f, d c a d e e a g i g a d a c e d e c h g a d g a f a c i g c a a b i i e. W e i c e a e a f a c i g c a a c i f c - e d c c e e, a e - e d c c e e, c - e d i e c c e e, c - e d c c e e i e a d c c e e i g, a.



- I he ca e achi e , d c i e, e c i e , i i e , d c i a d d e ,  
 , d c i h highe a i i f i g ca aci , a d f he e g he a fac i g  
 ca ab i ie . We a e c e , g adi g he a fac i g ech g a d , i i i g he  
 a fac i g , ce f a ge-ca aci ca e achi e , i di g a ge-ca aci c  
 ca e , ca e ca e a d e ca e . We , a de , , d c i a e f fa e  
 h i g.
- I he ea h i g achi e , d c i e, e a i ce a e a fac i g ca aci i  
 edi - a a ge-ca aci e ca a i de gai a ig ifica a e ha e i Chi a.
- We ai f he e , a d , d c ffe i g , ba ed he , e a i g i d e d a d  
 a egic a ge , i e i d i e , ch a c , ac i-f ci c ci achi e



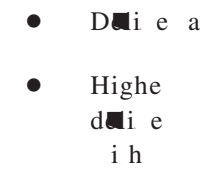
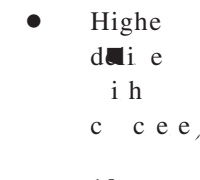
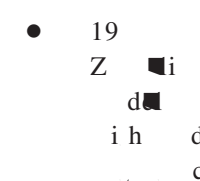
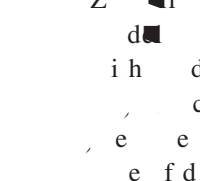
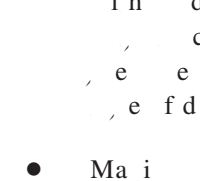

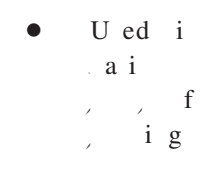
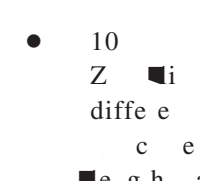
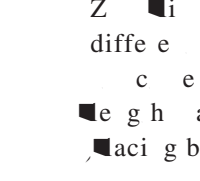
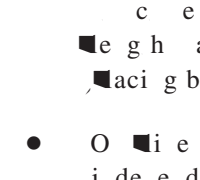
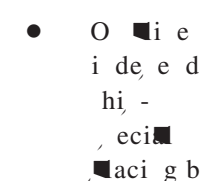
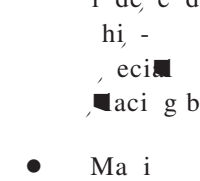
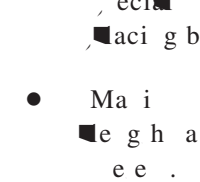
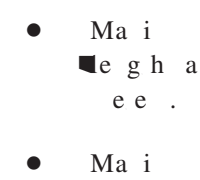
## OUR PRODUCTS




We are engaged in the design, development, manufacturing and distribution of a wide range of products, including consumer electronics, mobile devices, and software. Our products are sold through a network of distributors and retailers. In 2009, 2010, 2011 and the three months ended September 30, 2012, we sold 238, 224, 257 and 161 million units of products, respectively. We currently have 900 million units of products in development, of which 13 million units are in the final stages of development. We currently have 200 million units of products in production, of which 13 million units are in the final stages of development. Our products are sold through a network of distributors and retailers. In 2009, 2010, 2011 and the three months ended September 30, 2012, our gross profit margins were 74.5%, 78.2%, 79.5%, 79.0% and 80.6%, respectively.

(f)-521.1.5

We ffe a ide a ge f c cee achi e edf he, dci , a , ai ad a ig f c cee i ai c eci ad e ide i c ci ie adifa c e, jec , i a i di g c - ed c cee, , c - ed i ec cee, , c - ed c cee i e, a e - ed c cee, , c cee, aci g b ad c cee i ig, a . O c cee achi e i c , i ed f , d c i e: Z i ad CIFA, he a e f hich e ac i ed i Se e be 2008. Se f h b a e , ic e ad e fea e f aj c cee achi e , d c :

Product	Key Features
<b>Truck-mounted Concrete Pump</b>	
Z i	
	CIFA
	<ul style="list-style-type: none"> <li>• Ta , ad d i e c cee h gh a h e a ached i g a f di g b i h a jib ha ca be a ed i ai a g e ad di ec i .</li> <li>• 39 d i de he Z i b ad ad 17 d i de he CIFA b ad i h diffe f di g b e gh , c cee , i g heigh ad c cee , ca aci e .</li> <li>• E ha ced e gh ad iabi f he f di g b h gh he e f ec ed a e i c bi ed i h , ie a ech i g .</li> <li>• I d eadi g ai c cee , i g ca aci .</li> <li>• F di g b e gh a gi g f 22 101 e e .</li> <li>• I d eadi g i i ca aci a ge f 60 200 c bic ee , e h a a e f , ie a , i g ech i g .</li> <li>• Ma i c cee , e e a ge f 7 12 MPa.</li> </ul>

Product	Key Features
<p><b>Trailer-mounted Concrete Pump</b></p> <p>Z  CIFA </p>	<ul style="list-style-type: none"> <li>• D  c c e e.</li> <li>• Highe a i c c e e d  heigh c , a e d i h c - e d c c e e, .</li> <li>• 19 d  de he Z  b a d a d i e d  de he CIFA b a d i h diffe c c e e , ç a ç i , a i , e e c c e e a d , e f d i i g , e .</li> <li>• Ma i i c c e e , ç a ç i a g i g f 26 136 c b i c e e , e h .</li> <li>• Ma i , e e c c e e a g i g f 7 48 MPa.</li> </ul>
<p><b>Concrete Placing Boom</b></p> <p>Z </p>	<ul style="list-style-type: none"> <li>• U e d i c j c i i h a i , e f c c e e , f h e d  i e a d , i g f c c e e.</li> <li>• 10 d  de he Z  b a d i h diffe e i g c e , f  d i g b e g h a d heigh f h e , ç a ç i g b .</li> <li>• O  i e f , d c i  de i d e , e d e , f -  i b i g , h i - e d , e a d , e c i  , e f c c e e , ç a ç i g b .</li> <li>• Ma i , ç a ç i g b e g h a g i g f 16 45 e e .</li> <li>• Ma i heigh , 200 e e .</li> </ul>

Product	Key Features
<p data-bbox="178 295 454 331"><b>Concrete Mixing Plant</b></p> <p data-bbox="178 376 279 412">Z 1000</p> 	<ul style="list-style-type: none"> <li data-bbox="981 295 1412 616">● We provide the best solution for your concrete production needs. We have designed the Z 1000 to meet the highest standards of quality and efficiency, and we are committed to providing you with the most reliable and cost-effective solution for your concrete production needs.</li> <li data-bbox="981 660 1412 828">● Capable of producing up to 100 m³ of concrete per hour, the Z 1000 is a highly efficient and reliable solution for your concrete production needs.</li> <li data-bbox="981 873 1412 952">● 52 m³ of storage capacity for the Z 1000 is available.</li> <li data-bbox="981 996 1412 1131">● Main components of the Z 1000 are made of high quality materials, ensuring a long service life of up to 15 years.</li> </ul>
<p data-bbox="178 1184 558 1220"><b>Truck-mounted Concrete Mixer</b></p> <p data-bbox="178 1265 279 1301">Z 1000</p>  <p data-bbox="598 1265 662 1301">CIFA</p> 	<ul style="list-style-type: none"> <li data-bbox="981 1184 1412 1355">● The Z 1000 is a highly efficient and reliable solution for your concrete production needs. It is designed to meet the highest standards of quality and efficiency, and we are committed to providing you with the most reliable and cost-effective solution for your concrete production needs.</li> <li data-bbox="981 1400 1412 1545">● 41 m³ of storage capacity for the Z 1000 is available. It is a highly efficient and reliable solution for your concrete production needs.</li> <li data-bbox="981 1590 1412 1686">● Capable of producing up to 6 m³ of concrete per hour, the Z 1000 is a highly efficient and reliable solution for your concrete production needs.</li> </ul>

**Product**

**Key Features**

**Truck-mounted Line Concrete Pump**




- O c - ed i e c c e e , c b i e h e b i f c - ed c c e e , i h h e b a d e d i e a g e f c c e e , .
- F d de h e Z i b a d .
- C c e e , ç a a c i a g i g f 40 100 c b i c e e , e h .
- M a i , e e f c c e e h a a g e f 10 22 MPa .

**Self-propelled Boom Concrete Pump**



- D e i g e d f h e

We ffe c cae, cae cae ad e cae. O c cae ad cae cae ae , i a ed i he c ci , e ai ad ai eace f i fa c e, b di g ad a fac i g fac i ie if a d a , e i e ad ae i . O e cae ae ai a a da e ed he c ci i e a da e a e ca g e a e ad a d each g e a e heigh d e i ce a ed ab i . Se f h b a e, ic e a d e fea e f aj cae achi e , d c :

Product	Key Features
<p><b>Truck Crane (including all-terrain truck crane)</b></p> 	<ul style="list-style-type: none"> <li>• Lif h gh a e c , ic b i h a a ached c a e jib ha ca each a i g a i heigh .</li> <li>• 67 d i h diffe e a i if i g ca aci ie , a i if i g heigh a d he a i ad f he b ee a i c ci eed .</li> <li>• Ma i if i g ca aci a gi g f 12 220 .</li> <li>• Ma i if i g heigh a gi g f 35.8 95.8 ee .</li> <li>• Ma i ad a gi g f 465.5 7,350 KN- .</li> </ul>

Ke fea e f - e ai c cae :

- Ca a e f a i g ac gh e ai a a ad a a c , a ed i h c cae .
- Si d i h diffe e if i g ca aci ie , if i g heigh a d ad .
- Ma i if i g ca aci f e c , ic b a gi g f 180 500 .
- Ma i if i g heigh a gi g f 88.5 150 ee .
- Ma i ad a gi g f 6,480 17,000 KN- .

**Product**

**Key Features**

**Crawler Crane**



- Crane for lifting and moving heavy loads, and a wide range of applications, including construction, industrial, and agricultural. It is a self-propelled crane with a large capacity, high stability, and a long service life.
- 18-ton capacity, lifting height of 50-3,200m.

**Tower Crane**



- A self-erecting crane used for high-rise buildings, industrial, and agricultural. It has a large capacity, high stability, and a long service life.
- It is a self-erecting crane with a large capacity, high stability, and a long service life. The jib is a self-erecting crane with a large capacity, high stability, and a long service life.
- 41-ton capacity.
- Maximum lifting capacity of 50-80 tonnes.
- Maximum lifting capacity of 804-5,316 KN.





**Construction Lift**






- A self-erecting crane used for high-rise buildings, industrial, and agricultural. It has a large capacity, high stability, and a long service life.
- It is a self-erecting crane with a large capacity, high stability, and a long service life. The jib is a self-erecting crane with a large capacity, high stability, and a long service life.
- Rated lifting capacity of 1000-2000kg.
- Rated lifting capacity of 36-100 tonnes.

**3.2.2.2.1.2.3.4.5.6.7.8.9.10.11.12.13.14.15.16.17.18.19.20.21.22.23.24.25.26.27.28.29.30.31.32.33.34.35.36.37.38.39.40.41.42.43.44.45.46.47.48.49.50.51.52.53.54.55.56.57.58.59.60.61.62.63.64.65.66.67.68.69.70.71.72.73.74.75.76.77.78.79.80.81.82.83.84.85.86.87.88.89.90.91.92.93.94.95.96.97.98.99.100.**






Eni e ad aiai achi e i ed f he ea i g a d ai e a ce f ba a ea a a a ce i g d e ic id a e. We ffe a ide a ge f e i e ad aiai achi e , i di g ad ee e , a hi g ehi e , a e ea e e i e , i di g ga bage c , ac ad a , i g ai , ef e c , e i ad a fe ehi e , e e d edgi g ai e a ce ehi e ad e ehi e . Se f h b a e , ic e a d e fe a e f aj e i e ad aiai achi e , d c :




Product	Key Features
<p><b>Road Sweeper</b></p> 	<ul style="list-style-type: none"> <li>• 38 d i h a i a i ee, i g id h , h e ca aci e a d ee i g a d d - e e h d e , ed.</li> <li>• S ee, i g id h a gi g f 1.2 3.6 e e .</li> <li>• H e ca aci a gi g f 0.7 9.5 c bic e e .</li> </ul>
<p><b>Washing Vehicle</b></p> 	<ul style="list-style-type: none"> <li>• 23 d i h a i i g id h , a i g id h a d a e e e e ed.</li> <li>• W i g id h a gi g f 2.5 3.5 e e .</li> <li>• S a i g id h a gi g f 14 24 e e .</li> </ul>
<p><b>Waste Treatment Equipment</b></p> <p>C e e E i e f Ga bage S Re e Vehi e C , aci ga d Ta , i g Sai</p>  	<ul style="list-style-type: none"> <li>• C , ehe i e a ge f a e ea e e i e , i de c , e e a e ea e e f c e .</li> <li>• C i ed de ig .</li> </ul>

Product	Key Features
	<ul style="list-style-type: none"> <li>• Vehicle load height efficiency, compact design, ease of use, maintenance, high durability, capacity range from 60 to 250, etc.</li> <li>• 69 different efficiency, etc.</li> <li>• Nine different types, etc.</li> </ul>
Ref e C, e i a d T a fe Vehi e	Se e D edgi g Mai e a ce Vehi e
	
Ki che Wa e Di, S e	
	<ul style="list-style-type: none"> <li>• Eight different efficiency, etc.</li> <li>• 14 different efficiency, etc.</li> </ul>

## ROAD SURFACE HEATERS


We offer a wide range of road construction machines, including road surface heaters, graders, and rollers, as well as road surface cold planers, which are used for road maintenance and repair. We also offer a wide range of road surface heaters, which are used for road maintenance and repair. We also offer a wide range of road surface heaters, which are used for road maintenance and repair.



Product	Key Features
<p><b>Road Surface Heater</b></p> 	<ul style="list-style-type: none"> <li>Used for heating roads, highways, and parking lots, reducing ice and snow, and improving road safety.</li> <li>Heating width range of 2.8-4.5 meters.</li> </ul>
<p><b>Motor Grader</b></p> 	<ul style="list-style-type: none"> <li>Used for grading and leveling roads, highways, and parking lots.</li> <li>Three different models available, ranging from 701.5 to 946 N.</li> </ul>
<p><b>Road Roller</b></p> 	<ul style="list-style-type: none"> <li>For road construction and maintenance, including grading, leveling, and compaction of roads, highways, and parking lots.</li> <li>17 different models available, ranging from 17 to 170 N.</li> </ul>
<p><b>Paver</b></p> 	<ul style="list-style-type: none"> <li>24 different models available, ranging from 24 to 240 N.</li> </ul>
<p><b>Road Surface Cold Planer</b></p> 	<ul style="list-style-type: none"> <li>Used for road maintenance and repair, including grinding, leveling, and compaction of roads, highways, and parking lots.</li> <li>17 different models available, ranging from 17 to 170 N.</li> </ul>

Product	Key Features
<b>Asphalt Mixing Equipment</b> 	<ul style="list-style-type: none"> <li>• Si diffe e d i h a i , d c i ç a ç i a d i i g ç a ç i .</li> </ul>
<b>Rotary Drilling Rig</b> 	<ul style="list-style-type: none"> <li>• 18 d i h a i a i d i g de h a d a i d i g dia e e .</li> <li>• Ma i d i g dia e e 2.8 e e , a d a i d i g de h , 98 e e .</li> </ul>
<b>Underground Continuous Wall Hydraulic Crab Bucket</b> 	<ul style="list-style-type: none"> <li>• Wid ed i he g d ea e i g , e ech i e i he f dai c ç i , jec .</li> <li>• Wid ed i he c ç i f a a a , i a i , a , i a i h b , ci f dai , i , eci , a e c e a c , jec a d he i fa c e .</li> <li>• Fi e d i h diffe e gh dia e e a d gh de h .</li> <li>• Ma i gh de h , 80 e e .</li> </ul>

**Underground Continuous Wall**

Ea h i g achi e i id ed i ad c ç i , i i g a d he , e f c ç i . O ea h i g achi e i de 10 d f edi - a ge-e ca a a d hee d f i i-e ca a , d f ade i h a i a di g ç a ç i a d , e , a d fi e d f b d e i h a i a i e he , e , a de e gh a d a di g ç a ç i e . Se f h b a e , ic e f a j ea h i g achi e , d c :

Product	Key Features
<b>Excavator</b> 	<ul style="list-style-type: none"> <li>• U ed dig e che , h e f dai , ha e b a e i , de i h b di g a a a a d a d a di g a e i .</li> <li>• 11 d i h , e a gi g f 71.4 3,448 N- .</li> </ul>

Product	Key Features
<p><b>Bulldozer</b></p> 	<ul style="list-style-type: none"> <li>• Si d f i i-e ca a ee i g he E II E i i S a da d.</li> <li>• Ea adj he , e , i acc da ce i h diffe e i g ad a d ed ce f c , i f he e gi e.</li> <li>• 23 d i h diffe e a i e he , e , ade e gh a d adi g ca aci .</li> </ul>
<p><b>Loader</b></p> 	<ul style="list-style-type: none"> <li>• U ed h . , ad a d i e b ae i .</li> <li>• T d i h a i adi g ca aci f 3.2 c bic ee a d a i de ig ed adi g , e f 6.5 .</li> </ul>

**Port Equipment**

We are dedicated to the e ea ch a d de , e , de ig i g , a fac i g , i ai a d ge e c ac i g f b ae i ha i ge i e , a ai e i e , i f i ge i e a d b ae i ha i g e . O , i a a d- e , d c i de: ac e a d e ai e , i e c e , , adi g/ adi ge i e a d , ca e . Se f h b ae , ic e f aj ae i ha i g achi e , d c :

**Stacker and Reclaimer**



**Pipe Conveyor**



**Port Loading/Unloading Equipment**



**Portal Crane**





**MANUFACTURING FACILITIES AND PROCESS**

*Table 1: Manufacturing facilities and process*

We have established, commissioned and added facilities and factories to our production capacity and efficiency in the past few years. We currently have a total of 13 commissioned facilities, of which 12 are located in China and one is in India. We have established facilities located in Liaoning Province, Sichuan Province and Guangdong Province, China. Meanwhile, we have founded Weida in India, established a production base in December 2012. In addition, we have established a factory in Jiangxi, Jiangxi Province in Hangzhou, Zhejiang Province, with a total area of 1,730,000 square meters. The factory is a comprehensive production facility. We have established a joint venture with Mec Mech, a leading cable machinery manufacturer in India, to establish a factory in Bangalore, India. The above facilities are as follows:

Name	Location	Commencement Date of Operation	Approximate Gross Floor Area (m <sup>2</sup> )	Products
Gaodi Industrial Park	Gaodi, Heilongjiang Province, China	August 2008	220,804	Cables, cables, cables and accessories
Lgdi Industrial Park	Changha, Henan Province, China	August 2005	363,061	Cables, cables and accessories
Haidi Industrial Park	Haidi, Shaanxi Province, China	January 2002 <sup>(1)</sup>	126,673	Electric cables
Qaagdi Industrial Park	Changha, Henan Province, China	June 1997 <sup>(2)</sup>	175,488	Mechanical
Maihe Industrial Park	Wagcheng, Henan Province, China	November 2007	38,840	Radiation, machinery
Yajiang Industrial Park	Yajiang, Henan Province, China	December 2007	52,213	Cables, machinery
Zhi Industrial Park	Changha, Henan Province, China	September 1992	42,790	Electric cables and accessories <sup>(3)</sup>
Sgjia Industrial Park	Shanghai, China	May 2010	60,049	Radiation
Hah Industrial Park	Hah, Henan	December 2011 <sup>(4)</sup>	160,000	Cables, cables, accessories
Weida Industrial Park	Weida, Shaanxi	December 2010 <sup>(5)</sup>	102,941	Cables
Chedia Industrial Park	Changde, Henan	January 2004 <sup>(6)</sup>	120,000	AC
Deha Industrial Park	Changde, Henan	May 2008 <sup>(7)</sup>	22,262	High voltage, AC
CIFA Industrial Park	Seag, Henan	May 2006 <sup>(8)</sup>	290,000	Cables, cables
Sheng Fac	Sheng, Liaoning Province, China	March 2012	55,000	Cables and accessories
Chegd Fac	Chegd, Sichuan Province, China	March 2012	48,000	Cables
Gaggh Fac	Gaggh, Guangdong Province, China	February 2009	20,000	Cables

- 
- (1) The e a i h e da e f Shaa i Z i Ea h i g Machi e C ., L d., hich a ac i ed b he C , a i J e 2008.
  - (2) Ac i ed b he C , a i N . e be 2003.
  - (3) O Ma ch 15, 2012, e, a ed a b a d e i a , i g he di, f 80% e i i e e i he ESM C , a , h - ed b idia , i c i e gaged i e i e a d a i a i b i e , b a f a , i c e de H a P i ce E i E cha ge. F de a , e e ee "O Hi a d C , a e S c e P , ed Di, f O S b idia . U c , e i f he , ed di, e, a e e he a fac i g fac i e f e . i e a d a i a i achi e i he Z i I d i Pa he ESM C , a .
  - (4) The da e f he c e ce e f, , d ci .
  - (5) Pha e i e, ec ed be c , e ed a d c e ce, d ci f e ca e b he e d f 2012.
  - (6) Ac i ed b he C , a i J e 2008.
  - (7) Ac i ed b he C , a i Dece be 2008.
  - (8) The e a i h e da e f CIFA, hich a ac i ed b he C , a i Se e be 2008.

The attached schedule of production, distribution and sales of the products specified, is hereby certified, and agreed and adopted, effective as of the date hereof:

	Year Ended December 31,				Nine Months Ended September 30,			
	2009		2010		2011		2012	
	Production Capacity	Production Volume	Utilization Rate	Production Volume	Utilization Rate	Production Capacity	Production Volume	Utilization Rate <sup>(3)</sup>
Cocoa Machineries								
TCC - edc ce, .....	2,580	1,812	70%	3,608	93%	4,888	4,598	94%
Tae edc ce, .....	950	947	100%	1,576	131%	1,500	1,670	111%
Tc edc ce ie .....	5,760	3,220	56%	8,760	67%	15,260	7,791	51%
Cee iiga .....	450	395	88%	1,200	82%	1,500	1,375	92%
Ca Machie								
Tc cae(i dig-e ai cae) .....	6,000	7,804 <sup>(2)</sup>	130%	10,034	167%	12,120	7,852	65%
Ca cae .....	600	182	30%	364	61%	900	507	56%
Tc cae .....	1,800	1,678	93%	5,175	148%	13,000	13,795	106%
Eie ad Sai Machie								
Radee <sup>(3)</sup> .....	1,800	1,433	80%	2,375	95%	3,600	3,066	85%
Wahie .....	1,000	836	84%	1,118	75%	2,400	1,809	75%
Refec, eiaafe .....								
ehie .....	1,000	946	95%	1,673	112%	4,000	3,671	92%
Radc i ad, def dai achi e								
Radc i achi e .....	400	279	70%	407	85%	560	468	84%
Ra Dig Rig .....	385	142	37%	265	66%	420	312	74%
Eah i g achi e								
Eca .....	1,000	602	60%	1,355	50%	2,700	1,897	70%
Bde .....	800	325	41%	567	71%	1,200	760	63%
Hd acide .....	60,000	68,871	115%	61,000	98%	220,000	221,586	101%
Hd acie .....	7,000	6,370	91%	150,000	87%	180,000	133,204	74%

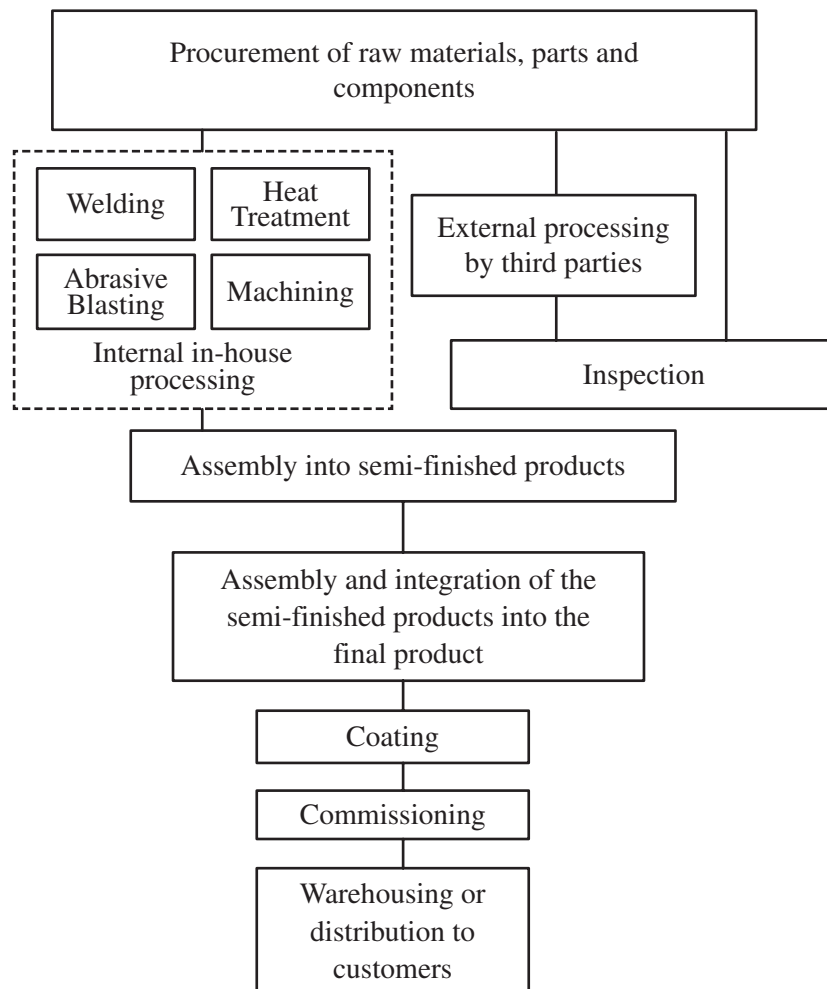
(1) We agree here, distribution, effective as of the date hereof, and agreed and adopted, effective as of the date hereof.

(2) For each of the products specified, the production, distribution and sales schedule is hereby certified, and agreed and adopted, effective as of the date hereof.

The company's production process is a sequential process, starting from the procurement of raw materials, parts and components, followed by internal in-house processing (Welding, Heat Treatment, Abrasive Blasting, Machining) and external processing by third parties. The internal in-house processing is followed by assembly into semi-finished products, assembly and integration of the semi-finished products into the final product, coating, commissioning, and finally warehousing or distribution to customers.

Figure 4.1

The diagram below shows the production process flow:



Ge e , a fac i g, ce ca be b a ca eg i edi hef i g e :

- *Procurement of raw materials, parts and components.* P i c i a a e i , a a d c , e i de e hee , d e , e , i e , ec ic , a , h d a ic c i de a d e a d cha i . S e f he a a e i , a a d c , e d eed be ce ed. The ca be a e ed i e i-fi i hed , d c , c , e i f i i , ec i .
- *Processing of raw materials, parts and components.* Ra a e i , a a d c , e a e ce ed acc di g he ece a ech ic , ecifica i f he ecified c , e . S ch ea e , ce i de c i g, d i g, ga c i g, di g, be di g, ab a i e

E e age f a fac i g, ce i bjec i c , ced e a d adhe e  
ic i c a da d . See “ Q i C f addi i f a i .

I de i e a fac i g fac i e e effec i a d e ha ce a fac i g  
efficie cie , e a e c i i , i g a fac i g, ce e . We ha e hi ed e , e i  
e a a ea i , e e ea a fac i g a d e -defec a fac i g ea e . O

a d , he da e f hi ffe i g e a d , e ha e e , e i e ced a , d c ec ha  
ad e i , aced e ai , b i e , e ai f i a c i c d i i . O i c  
ced e a i h i a a c e f a a e i , a a d c , e , h i c h i d e a  
e a i f a j , i e a d i , e c i f a a e i , a a d c , e , h e i  
a i a f a c i i e . We e g a d i , a c h i c , e e , i e i d e  
e e h e i f h e a a e i , a a d c , e e , c e e e . Ra a e i ,  
a a d c , e h a f a i , e c i a e e e d , i e . We e a i h e d i  
c e a e i e a g e f a f a c i g , c e , a d e f i i h e d , d c b e f e  
d i e c e . I f a , e i d e e c e d , a f a e a i i , e f e d d e e i e h e c a e .  
We d i b e i e i c , i c a i a e e a d b a i h a i f ,  
e a i e , a d a e i c i e a d , e h a a e i d e i f i e d e c i  
i , e i c e a e .

We ha e e c e i e d ISO9001:2008 c e i f a c i f h e i a a g e e e , ISO10012 f h e  
e a e e a a g e e e , ISO14001 c e i f a c i f h e e i e a a g e e e  
a d BSOHSAS18001 c e i f a c i f h e c c , a i h e h a d a f e a a g e e e c e i g  
b a i f , d c . We ha e e c e i e d a h e d e i c a d i e a i  
c e i f a c i f , d c f P R C g e e a g e c i e a d i d e e d e i e a i  
c e i f a c i a h i i e , i d i g h e C h i a C , C e i f a c i f , d c i a d a f e  
f h e C h i a Q i C e i f a c i C e e a d h e C E c e i f a c i f T-Rhei a d a d T-  
S-B , i d e e d e c e i f a c i i i i b a e d i G e a , a a G O S T - R c e i f a c i i  
B a , T P c e i f a c i i R i a , M O M c e i f a c i i S i g a e , U E P R O c e i f a c i i  
U a i e , N h A e i c a c e i f a c i a d P d c S a f e C e i f a c i i S h K e a a d B a . We  
b i e e f h e e c e i f a c i d e a e h e e c h g i c c a a b i i e f a f a c i g  
c e e a d h , b d c e c f i d e c e .

## SUPPLIES

...

The i c i a a e i , a a d c , e h a e e a f a c e , d c i d e  
e , b a d e d c h a i , h d a i c , e a d c i d e , e g i e , i e , e c i c c , a d a  
a i e f h e c d i e a d f a b i c a e d a f a c e d , a a d c , e . We c e  
c e a a e i a d a , i f h e , a a d c , e e d i , d c f i e  
i e c a e d i a d i d e f h e P R C . We a f a c e c e a i e , a a d c , e  
h a a e e d i , d c , e , e c i f h d a i c c i d e a d . e . We ha e e c e  
i c e a e d e f f a f a c e c h a i f , d c a . We a c i e b c a c  
a d c e h e a f a c i g f a d d i - e , a a d c , e e e , a i e i h e  
f e a e b i e e i c a b e e c e f f e c i e a d a e e f f i c i e e f e c e . We  
a f a c e c e a i a j , a a d c , e i - h e , i d i g h d a i c c i d e a d . e ,  
c , a a d a c h i e d , a .

...

We a d , d i f f e e , i c i e a a g e , c e e f a a e i , a a d c , e . We  
i c h a e i e , i e f e a c h f a a e i , a a d c , e a i i i e

a e a fac ed , ecific f a i di id , d c , e, i di g e, cha i a d h d a ic  
, , e e e i a egic fa e agee e e e a fficie , . O a egic  
c , e ai fa e agee e e, e he , a ie' i e i e, e f e c , e ai e  
, , i ie a d , ecif fa a e, ici g e , , i i , a i , a d i f  
a a e i , , a a d c , e be, ided, a d, - e e ice a a ce. O a egic  
c , e ai fa e agee e , ide f i i , cha e . e . O a egic  
c , e ai fa e agee e , ic ha e a e f e h ee ea . We a e a  
a e i , , a a d c , e , c e e , a ba ed he MPS. De e di g he , e a d ead  
i e f a a e i , , a a d c , e , , cha e de a e i ed a ee ba i .  
The ead i ef i di id , cha e a ge f e da e i 0.2(f )-291.2( 4 li 0-291.2( d4 li a 408Tc4

A a a e i a d c , e , c e e a i b a e d h e M P S , i e f a  
 a e i , a a d c , e e i e d i i i i e d a d e a a a , i a e e f a c i a e h e  
 a f a c i g , c e . F c e a i e , a a d c , e h a e e a e c i g  
 e g a b a i , e , i c a i a i c a a e b a e d i e , i c . F i , e d , a  
 a d c , e , i d i g h d a i c , , e a d c i d e , e , i c a i a i a c f  
 , d c i e e d f 15 30 d a . F , a a d c , e a f a c e d i C h i a , i d i g  
 e g i e , e , i c a i a i a c f , d c i e e d f e e 15 d a . T h i i e e a  
 e a d a d f f i c i e i e e h e e e e d i g i f i c a a d j M P S . F c e a i f  
 , e a i e g e , e h a e i i e d a e e , i e e c e , a i g , E R P e h i c h  
 , i d e i h e - i e i f a i a b , c h a e , , d c i c h e d e a d , i e f a  
 a e i , a a d c , e . B , i d i g i h i c a c c e a i d a a d e a  
 f a i f , e a i g d , h e E R P e h a b a i i , e d i e c .

**CUSTOMERS, DISTRIBUTION NETWORK AND SALES AND MARKETING**

W e , d c c e a d h e d . I 2009, 2010, 2011 a d h e i e h e d e d  
 S e e b e 30, 2012, e e d - e i C h i a a c c e d f 87.4%, 94.3%, 94.5% a d 93.3%,  
 e , e c i , f c i d a e d e . W e c e a e a d a a j i f , d c  
 d e h e Z i b a d d e i c c e i C h i a . O h e h e h a d , d c d e h e  
 C I F A b a d a e , i a d c e h a a e c a e d i d e C h i a . I a d d i , d c  
 d e h e C I F A b a d a e d i C h i a h g h e e i e d i i b i e .

O c c e e a c h i e , c a e a c h i e a d c e a i h e c c i a c h i e c h a a  
 d i g i g , e a h i g a c h i e a d , e c i e h i e a e , i c d , e i h e d i e c h g h  
 d e e , e d e , e , i f a c e c c i c , a i e , c c i c a c  
 g e e e a g e c i e . O a d c c i a c h i e i , i c d , e i h e d i e c h g h  
 d e e , i f a c e c c i c , a i e g e e a g e c i e . O a e i h a i g  
 a c h i e a d e a e , i c d i i g c , a i e a d , c c i c , a i e . M  
 f e i e a d a i a i a c h i e i d g e e a g e c i e . T h e e f

We ha e e a i hed a e e i e di ib i e i Chi a. A f Se, e be 30, 2012, he di ib i e c i ed f 935 e , 1,007 e ice ce e a d 528 c , e de ed a d , e a ed b , a a 134 e , 227 e ice ce e a d 148 c , e de ed a d , e a ed b hi d- a de e , c e i g e ha 300 ci ie a d , i ce a d a egi i Chi a. A f Se, e be 30, 2012, e e ed e 7,300 a e i g, e a d a fe - e e ice , e i Chi a. I addi , e , d c e 120 diffe e c ie a d ha e e a i hed a e e i e e a di ib i e hich, a f Se, e be 30, 2012, c i ed f 52 e , 73 e ice ce e a d 23, a a d c , e de ed a d , e a ed b , a a 120 e , 140 e ice ce e a d 60, a a d c , e de ed a d , e a ed b 62 hi d- a de e . O de e ge e ha e e , e ie ce i he e f c ci achi e he achi e . A , a f a e g e ha ce e a d di ib i e , begi i gi 2011, e a e i e e i ce ai f de e i Chi a f i e i e .

We , ide , e i ed a d a ed , cha i g e , e ie ce f c e b ffe i g c ai de i g c , e he i e i i acc da ce ih each c e , ecific eed , i d a d b i e , e ai . F e a e , e gi ee acc , a c e hei c ci ie de a d e i e e a d ec e d he i a e , d c . We , ide ech ic a di e ice c e a d a i he i de i g i g c ci , a ba ed a a e e i , e . F , eci , jec , e ih c e de i g a d a fac e a ed , d c adde he c e ' i e eed . S e f , d c a e d c e h , a a e f e , ai c e efe , a , ach di e . H e e , e aci ce b i e h gh , e i i ed e de he ec , e i e biddi g , ce e a e a a ged b , e i c e .

We ec de e i Chi a ba ed hei e , ai , a e c e age, e e , e ie ce a d ab i f e ai hi , ih c c e , fi a ci e gh a d e i i g , e i i e f hei di ib i f ce. O de e i de , eci i ed c ci achi e e a e , ca de e a d ec ic e gi ee , i di g , eci e i e e ice , ide . We , ic e i e a de , i he e e gage a de e . We ha e , e fa a ge e ih de e . U de he fi , e , de e i Chi a , cha e , d c f a d b e e , d c i hi a de i g a ed egi e d- e . U de he ec d , e , e , d c h gh de e , a ic a c e , jec , a d he e c ac f , d c a e b e e he c e a d . O de e de he ec d , e fa a ge e a e c , e a ed b c i i , aid b . I 2009, 2010, 2011 a d he i e h e ded Se, e be 30, 2012, a aj i f e i c eci ih de e hi , a a ge e a e ade de he fi , e fa a ge e .

F he fi , e fa a ge e ih de e , e , ic e e i i e di ib i age e e f a e- ea e ih de e i Chi a ha a e ge e e e ed a . The ec d , e fa a ge e ih de e i , ic c e a d / , jec ba ed a d he c ac e a f de e de e . The e di ib i age e e e f h g id i e f he e a d di ib i f , d c , i di g e ci he e i ie i hich , d c a be d e d- e b ch de e . O di ib i age e e de e , d c

he he de e de he fi , e f a a ge e . U de he fi , e f a a ge e , e

ie, ba eie ad fici, a e i b e c a e a e bjec a a e f 30 da, 45 da ad hee h, e, eci. I addi, d c a a d e c e e a ad ea d i g he, d c' e. O, d c a a, ic e i e, ide afe - e e ice c e i g, a a d ab f - ai e a ce e ai, ided, e a ab e a d i, e e e i g e ce did ece i a e he e ai. Ce ai, a a d c, e f, d c, h e e, a e c e e d b b a e c e e d b he a a i e f he a fac e f ch, a a d c, e, ch a he b a d e d cha i e d i, d c. I acc da ce i h he e a e, ced e, c e ca e defec i e c, e f, d c d i g he a a, e i d. F i g he e, i a i f he a a, e i d, e a, ide e ai a d ai e a ce e ice a d, a a d c, e f a fee ba ed he e ice e i e d. P d c a a e, e e i c e d i 2009, 2010, 2011 a d he i e h e d e d Se, e be 30, 2011 a d 2012 e e RMB87 i, RMB135 i, RMB154 i (US\$25 i), RMB100 i a d RMB120 i (US\$19 i), e, eci.

We, ide a c, ehe i e i e fafe - e e ice c e, hich i de a e - added e ice ai e d a e i g c e e a d i c e a i g hei, d c i i a d, e a i g e f f i c i e c. Whe, d c a i e a c e' c a i, ech ic, e a e e e - i e, ide a e i e d i a i a d a e e ice. F he e, e e ha c e e de a d he, e a i a d f c i f, d c, e, ide - i e ech ic a d, d c a i i g. We, e f, e e i e ai e a ce a d d i a g i c f c e, i e a d f a i i g f c e e e ai e a ce e ice. O he, e - added afe - e e ice i de he, c e e f, d c i a ce a d he ece a ce i f i c a d, i d i g g i g e a i d a d i c e a d a i. F he e, e a e e f he fe c c i achi e a fac e' i Chi a ffe e a fac i g e ice a a. e - added e ice c e, i d i g ech g i c, g a d e a d e e d i g he i f e f hei, d c a he e e f c e.

A, a f c i e, ide i afe - e e ice, e i e e a "24 H O - c i c de hich e ai e, d c e i h i 24 h. We, ide - i e, c e e i h i h f b a a e a c e e d b e ice ce e.

Afe - e e ice e e a a e c e, ided e i he h gh e 140 e ice ce e a d 60, a a d c, e de, f i e a i de e h gh 73 f e ice ce e a d 23, a a d c, e de, ca e d a c I, R ia, he U i e d A a b E i a e, B i g i, Vie a a d 30 he c i e.

I de e e ha b a d i a c i a e d i h high i a d b h i a e a d e, i e e ice e, e c a, ide a i i g a d de e' afe - e e ice, e. We e, ec de e, ide he a e, i f high e, e f e ice ha, e, i h ch ca, a b i a i, a c i e i i e c i f de e. We, c i ca g a d a chi e c e', d c a g e h i hich a i i i, i g he i f e ice a d e ha c i g e d g e a ch c e', e f e ce, e e d, c a i a d a e g i e a d he f i d, e f a ce f, d c.

We f a e a d a d j he, ice f f, d c ba e d ch, d c' i f e c e a d i a a e - i e e d a e. A a a j i f, d c e a i i he g h a g e f hei i f e c e,

... ad, a, ici g aeg f c ed a i i i g , fi ab i a d a gi . We a e i acc fac cha , d c ca ab i ie , deg ee f c , e i i , a e de a d a d cha ge a d i , e e i ech ic i ai i , ici g , d c . The e , ice f , d c a e f a e d a he e ce e e . The , ice f , d c a e bjec ffici , ice g id i e de PRC a a d eg a i . The e , ice f , d c a e ge e he a e i hi each de ig a ed egi i Chi a b a be affec ed b a ia i i a , ai c . H e e , he e , ice f , d c ide f Chi a a e ge e highe ha he e , ice f he a e , d c i Chi a . F f achi e , e e a gge ed e , ice , h e gi i g e , e a d hi d , a de he e ib i ffe ce ai di c . We , ide e dic ce ai f c e a a a di c f he e a , cha e , ice de e .

We e , ide ce ai f c e , i di g de e , i h f , a e i e a e , i , ide fi a ci g a a ee f ch c e ' ba a , cha e , d c , de e di g he cedi i f c e de e a d he ge e b i e , ac ice i he egi i hich he , d c a e d .

I addi i , a i g f Ma 2007, e bega , ide fi a ce e a e e ice di ec e d- e c e i Chi a c e i g , d c a fac ed a d d b h gh b idia Beiji g Z i Lea i g . We e a i hed Z i Fi a ce a d Lea i g (Chi a) i Feb a 2009 f he e , a d fi a ce e a e e ice d e ic , a d Z i Ca i (H.K.) i Ma 2008 e , a d fi a ce e a e e ice e e a . O PRC b idia ie , Beiji g Z i Lea i g a d Z i Fi a ce a d Lea i g (Chi a), ha e bai ed , i a , f MOFCOM c d c fi a ce e a e b i e , a d ha e c ied i h he he e i e e de PRC a a egi e ed ca i , e a e , e ie ce f e i a age e a d , eci i f he e e , i e a d , e i di c i , eci f MOFCOM. I addi i , e ha e bai ed he e a ice e a d / c ied i h he e i e e a d c di i i de , ide fi a ce e a e e ice i H g K g, A ia, I , R ia a d S h Af i ca. I addi i , fi a ci g a a ee a a ge e de i a e a a a d eg a i i he PRC.

The f i g a e e f h he bea d f e f e f , d c b diffe a e , i , a d each e , e ed a a , e ce age f e f e f , d c , f he e i d i dica ed:

	Year Ended December 31,						Nine Months Ended September 30,			
	2009		2010		2011		2011		2012	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
F a e	6,896	33.9	10,312	33.1	13,145	29.4	10,808	33.7	7,783	20.5
I e , a e	2,666	13.1	5,090	16.3	8,839	19.8	5,137	16.0	10,355	27.3
S e de fi a ci g a a ee										
a a ge e	3,340	16.4	6,028	19.4	7,170	16.0	6,557	20.4	7,826	20.7
S e de fi a ce e a e <sup>(1)</sup>	7,463	36.6	9,720	31.2	15,586	34.8	9,589	29.9	11,925	31.5
T	<u>20,365</u>	<u>100.0</u>	<u>31,150</u>	<u>100.0</u>	<u>44,740</u>	<u>100.0</u>	<u>32,091</u>	<u>100.0</u>	<u>37,889</u>	<u>100.0</u>

Notes:

(1) The interest expense incurred in the fiscal year ended in the above table is calculated based on the weighted average of the interest rates for the period from 2009 to 2012. The interest expense for the fiscal year ended RMB397 million, RMB1,043 million, RMB1,583 million (US\$252 million), RMB1,116 million and RMB1,219 million (US\$194 million), respectively.

• Under the first plan, the interest expense is calculated based on the weighted average of the interest rates for the period from 2009 to 2012, which is 10% to 30% of the interest expense incurred in the period.

• Under the second plan, the interest expense is calculated based on the weighted average of the interest rates for the period from 2009 to 2012, which is 10% to 40% of the interest expense incurred in the period. The weighted average interest rate is 24%. We believe that the interest expense is reasonable.

• Under the third plan, the interest expense is calculated based on the weighted average of the interest rates for the period from 2009 to 2012, which is 20% to 30% of the interest expense incurred in the period. The weighted average interest rate is 24%. We believe that the interest expense is reasonable.

• Under the fourth plan, the interest expense is calculated based on the weighted average of the interest rates for the period from 2009 to 2012, which is 5% to 20% of the interest expense incurred in the period. The weighted average interest rate is 10% to 10% of the interest expense incurred in the period. We believe that the interest expense is reasonable.

Based on the above, we believe that the interest expense is reasonable.

c e ch i g i e , a e , i , fi a ci g a a ee a a ge e a d fi a ci  
ea e a a ge e . The e e ai f c each c e' bac g d a d fi a ci e gh ,  
, a , a e hi a d c e ab i , a , a d a e i acc i f ai , ecific each  
c e a a he ec ice i e i hich ch c e , e a e .

- U de he f , a e , i , e e a e he c edi hi e f c e hich e  
g a c edi i he c e f b i e b , e f i g c edi chec . C edi e , e  
i i a e e a i hed a id c ce ai i i ha i e c e . T ed ce c edi  
i , e a e e ce ai c e , a i h ba acce , a ce e e e f c edi ,  
hich a e g a a eed b ba i ha a i , e i d a gi g f e i h .

- U de he i e , a e , i , c edi e ai , e , e i i a d deb cha i g  
, ced e a e i , ace , a d c a e ch a , e ie , achi e hi d , a g a a ee  
a e ge e e i ed f c e i h e c edi a i g .

- U de he fi a ci g a a ee a a ge e , e e i e he c e , ide a c e  
g a a ee ch ha he c e agee be e , i e f he a di g , i c i , i e e ,

eei a e , e e i f h e e i e de h e e a f i a c e e a e b ch ba .  
We di, e f ec e ch e e ed ed e i e afe ef bi hi g  
e a fac i g, i ce ai ca e , ch ede i e a i .

T a age he i a cia ed i h f i a c e e a e , e e a i h e d a i c c i ee, hich i  
e, i e f i e a i f each c e d i i e i g a i e b i ed h e , h e e a i h e  
f c e d i i a a g e e , i c i e , h e , e i i h e i , e e a i f ch , i c i e , a d i  
a a g e e f f i a c e e a e , i d i g d e e i a i f h e e e f h e e a e c a c ch a  
i e e a e , e a e , e i d a d a f e c i d e i . T h e i c c i e e e b e a e  
e , i e f a , f e a c h e a i g a a c i i h i h e i e , e c i e a h i . I Ma 2012, i





A a e f eadi g a e, i i a d a c i e i. e e i h e a i h e f a i a d i d a d a d, e a e a i, a e b e f h e C C M A, h e f f i c i a c h i e i d i g a i a i i C h i a d e h e S A S A C h i c h h a e 1,500 e b e i. H e e, g i e h a h e a j i d, a e a e e b e f C C M A, e d b i e e e a e a e i e c e h e d a a c e c i a d, i c a i, c e f C C M A. W e b i e e a c i e, a i c i a i i e a i h i g i d a d a d a d a i a c c e d i e d e e a c h a d d e, e a b a i e f c e e a c h a d d e, e e f f a d d e i g, e a i g a e e d a d d e, d c i h i d e a d i g e c h g i c a a b i e.

*... ..*

We f c, d c e e a c h a d d e, e i, i g, d c, e f a c e, f e a d c a i f e i g a d d i f f e i a e d c e e i e e a d f i e e, d c d a i i e, d c, e f a c e i a i g i g e i e a d c d i i. W e h a e d e, e d a d a c h e d e 800 d i f f e, d c i c e h e f d i g f G, h i c h i d e d a b e f e, d c a d, d c, g a d e h a h a e g e e a e d i g i f i c a e, b e e c e c i c c e f, a d b h e i e d a e c h g b e a h g h i C h i a a d, e e d e, i e, c h a:

- c - e d c c e e, i h i - j i j i b, h i c h i g i f i c a e h a c e d h e a i c c e e, a c i g a g e;
- QAY180, QAY220 a d QAY350 - e a i c c a e i h h e h e i d e a d i g i f i g c a a c i;
- D5200 e c a e, h i c h a h e f i e c a e i h a i f i g c a a c i f e 5,200 - e e; a d
- QUY1000 c a e c a e, h e f i c a e c a e i h a i f i g c a a c i f e 1,000.

O a c i i i f C I F A h a f h e b e e d e e a c h a d d e, e c a a b i e. C I F A' e e a c h a d d e, e c a a b i e a d e f f h a e d h e i d c i f e e c e c i c c e f a d i a i e, d c a g b b a i, c h a:

- c - e d c c e e i e a d,;
- c c e e, a i g a c h i e; a d
- c - e d c c e e, i h c a b f i b e c c e e, a c i g b.

W e h a e e c i a, i e d C I F A', i e a e c h g i e h e e e a c h a d d e, e e f f f Z i i e f c c e e a c h i e, d c i d i g:

- c a b f i b e c c e e, a c i g b;

- K-T ic i ec ic c e ;
- b fa ig e e bed ;
- , i g i e bed ; a d
- fi e e c ai .

While f d c ae a ed ee , ecific eed fi di id c e , e a , f i e i e, e e i a age e ih c e de ig a d a fac e, d c ba ed hei , ecific eed . The de , e f ch, d c , h e ba ed e e f c e , a e ac de ig ed b , a d he i ec , e igh ai ig f he de , e f ch, d c ae ed b a d b c e . A , a f a age e ih c e , c e ge e a age f hei ech icia a d e gi ee , a ic i a e i a a , ai f e , d c de ig , ide ih id i e ig fi d f he e ig f e , d c , a d a fe ig , d c , ide ih , e i dic , dae a d i f ai a a i i he de , e f e ech g , g ad e he , e f a ce f he, d c . I e , e , ide c e ih ce ai be e fi di c f he , cha e ch, d c .

**INTELLECTUAL PROPERTY RIGHTS**

We a e c i ed he de , e a d , ec i f i ec , e , f i . We a c bi ai f , a e , a d e a , c , igh a d a d e ce a , e , ee a d hi d- a -di e/c fide i i a d -c , e i i age e e , ec i ec , e . We a d ha e a , ied f , a e , ec he ech gie , i e i a d i , e e ha e b i e e a e ig ifica b i e . A f Se e be 30, 2012, e h d 1,530 , a e i Chi a , i di g 72 i e i , a e , 1,268 i , a e a d 190 de ig , a e . I addi i , a f Se e be 30, 2012, e had 27 , a e h d b CIFA i I . We had 1,445 , e di g , a e a , i ca i i Chi a a f Se e be 30, 2012. We a ic i a e e a , f addi i , a e i he f e a e de , e , d c , ech g a d de ig .

We h d a be f egi e ed a d e a e , b a d a e a d egi e ed a d e a . A f Se e be 30, 2012, e ai ai ed 598 a d e a egi ai i Chi a , i di g eigh a d e a egi ai f CIFA b a d i Chi a , a d 407 a d e a egi ai e e a . O b idia CIFA ai ai ed 24 a d e a egi ai i I . I addi i , a f Se e be 30, 2012, e had 47 a d e a a , i ca i i Chi a , 122 a d e a a , i ca i e e a , a d e a e a , i g f a d e a egi ai i e be c ie f he Mad id Ag ee e , he E , ea U i a d he Af rica Regi I ec P , e O ga i ai . T f a d e a e e ec gi ed a “W-K T a d e a ai ide. O a d e a , he Chi e e cha ac e f Z i a d a d e a “Z i , e e ec gi ed a “W-K T a d e a i Chi a .

We ha e b ai ed 57 c , igh f f a e i Chi a ed c he ai ec ic c , e i , d c a f Se e be 30, 2012.

With the economic downturn, the industry has become highly competitive and difficult to operate. The company has adopted a strategy of focusing on high-quality products and services, and has successfully maintained its market position. The company has also expanded its international business, and has established a strong presence in the global market. We believe that the company's strong financial performance, combined with its high-quality products and services, will enable it to continue to grow and succeed in the future.

## COMPETITION

The industry is highly competitive, and we face competition from both domestic and international companies. In China, the main competitors are XCMG Group, Sany Group, and the domestic manufacturers of heavy machinery. Internationally, we face competition from companies such as Caterpillar, Komatsu, and Liebherr Group. The company has a strong competitive advantage in terms of product quality, performance, and after-sales service. We believe that our strong financial performance, combined with our high-quality products and services, will enable us to continue to grow and succeed in the future.

## EMPLOYEES

As of September 30, 2012, the company had a total of 32,624 employees, of which approximately 10% were highly specialized staff:

Competency	Number of Employees	Percentage of Total Number of Employees
Technical, engineering, design, etc.	4,203	12.9%
Production	13,364	41.0%
Sales and marketing	7,855	24.1%
Management and administration	6,448	19.7%
Finance	754	2.3%
Total	32,624	100.0%

In 2009, 2010, 2011 and the nine months ended September 30, 2012, the average salaries of the company's employees were RMB1,383 per month, RMB2,249 per month and RMB3,076 per month (US\$489 per month) and RMB2,360 per month (US\$376 per month), respectively.

We provide a range of employee benefits, including health insurance, housing fund, pension plan, and other benefits. We also provide training and development opportunities for our employees. We believe that our strong financial performance, combined with our high-quality products and services, will enable us to continue to grow and succeed in the future.

...e, ...e i ...a ce, ...ae i i ...a ce a d ...he i c...a e ...be efi . We a d e c ...i b i ...e i ...a , ...hich a ...e d ...a , ...i a RMB104 ...i , RMB122 ...i , RMB178 ...i (US\$28 ...i ) a d RMB200 ...i (US\$32 ...i ) i 2009, 2010, 2011 a d ...he i e ...h e d e d S e , e b e 30, 2012, e , e c i ... .

## ENVIRONMENTAL AND SAFETY MATTERS

We a e b j e c ...e e i e a i ...a d ...c...e i ...e ...a a d e g...a i ...h e e e , e a e c ...c e i g , a ...g h e h i g , e i i ...h e a i , d i c h a g e ...a d , f a c e a e a d b f a c e ...a e , h e g e e a i , h a ...i g , ...a g e , a , ...a i , e a e a d d i , ...f a e a d h e ...a e i , a d h e e e d i a i ...f e i ...e ...i ...a i g ...e i e a d , e a i . O ...d c ...e e d c , ...i h h e a , ...i c a ...e a f e , e h a a d , e f ...a c e a d a d a d , e d b ...h e e , e c i e j i d i c i ...i ...h i c h e ... , h i c h a d i f f e r e n c e d i g ...h e i e , e c i e c h a a c e i i c . S e e “ R e g ...a O e i e f a d d i ...i f ...a i . H e e , f ...c e a i , a a d c , ...e e d i ...d c , c h a b a d e d c h a i , i i h e a f a c e f c h , a a d c , ...e h a e e , i ...e f e i g h a h e i , a a d c , ...e a e i c ...i a c e i h h e a f e , e h a a d , e f ...a c e a d a d e f h b h e ...e a j i d i c i ...i ...h i c h e ... , ...d c . I 2009, 2010, 2011 a d h e i e ...h e d e d S e , e b e 30, 2012, c ...f c ...i a c e i h e i ...e ... , e c i ...e a d e g...a i ...a a , ...i a RMB79 ...i , RMB10 ...i , RMB20 ...i (US\$3 ...i ) a d RMB15 ...i (US\$2 ...i ) , e , e c i ... .

The PRC a i ...a d ...c...e i ...e ...a a d e g...a i ...i , e f e e f ...h e d i c h a g e f ...a e ...b a c e a b ...e , e c i b e d ...e ... , e i e h e , a e ...f f i e f ...e i ...i ...a i a d , ...i d e h a h e PRC a i ...a d ...c...g ...e e ...a a h e i ...d i c e i ...e ... , e d h e , e a i f a ...f a c i ...h a f a ...c ...i h d e ...e i i g i ...c e a e ...e e d , e a i ...c a i g e ...i ...e ...d a g e . T h e I ...i a e ...i ...e ...a a d e g...a i ...i , e f e e f ...h e d i c h a g e f ...a e ...b a c e a b ...e , e c i b e d ...e ... , e i e h e , a e ...f a d i i a i e f i e ...i , e c i i ...a c i f ...e i ...i ...a i a d , ...i d e h a h e g ...e e ...c ...a h i e a ...e i e , e c i f i c a c i ...b e a e ...e e d ...d i c i e a c ...e f a c i ...h a i c a i g e ...i ...e ...d a g e . W e h a e i ...e d ...a i ... , e f a i - ...i e i , e i ...f a c i i e ...e d c e , e a , a d h e e f e a i ...e , e c ...e h e a e g e a e d i ...a f a c i g , ...c e . W e h a e ...b ...a , ...i a e f a c i i e ...e a d e a a e a e a d e c ...e h e a e b a c i ...a f a c i g , ...c e , a ...a e a g a e ...a e ...e d c e c ...a i a ...e ...b ...h e a , ...i c a ...e e ...i ...e ... , e c i ...a d a d b e f ...e e i i . A a d i e d b ...P R C ...e g ...a d i ... , F a g d a P a ...e , a d ...I ...i a ...e g ...a d i ... , e h a e b a i e d ...a e i ...e ...i ...e ...e i c ...d c ...a f a c i g a c i i e a d e c ...i e d i h h e a , ...i c a ...e e ...i ...e ...a a d e g...a i ...i h e PRC a d I ...i 2009, 2010, 2011 a d h e i e ...h e d e d S e , e b e 30, 2012. W e e c e i e d I S O 14001 c e i f i c a i , h e i e a i ...e c g i e d a d a d f ...h e d e i g a d i ...e e a i f e f f e c i e e ...i ...e ...a a g e e ...e , c ...e i g h e a f a c i g , ...c e f ...f ...f ...d c . D i g 2009, 2010, 2011 a d h e i e ...h e d e d S e , e b e 30, 2012, e d i d ...e c e i e d a ...i f i c a i ...a i g , ...e e e b j e c ...a f i e ...e ...i e i ...a i ...a b e a c h f a a , ...i c a ...e e ...i ...e ...a ...e g...a i ...h i c h h a d ...a e i ...a d a d e ...a f f e c e d ...f i a c i ...c ...d i i ...b i e , ...e a i .



f he egi ai ih he e a a h i i Chi a. The e f he, cha e, ice i, a a e i hi  
45 da afe he d e da e f he RMB6.0 i . H e e, S h M b e f a e d , a he  
, cha e, ice he d e a d e f e d a i ai agai S h M b e a a c i Cha g ha. The  
c e e e d i a j d g e i fa J 24, 2009 de i g S h M b e , a  
RMB21,070,598.44 f he, cha e, ice, i e e acc e d he e a d e a a e e, e e . S h  
M b e a, e e d a highe c hich di i ed he a, e a d , h d he igi j d g e . O  
Ja a 15, 2010, e a, ied he e a c f he e f ce e f hi j d g e . A f  
Se e be 30, 2012, e e e i he, ce f e f ci g he j d g e . Ha i g c ide ed he  
c ' fa a e j d g e , a a he a e f S h M b e f e b he c e c e he  
e e e f he a di g e c e i a e b a ce, e ha e a d e a RMB10 i i , ai e  
, i i agai he RMB20.15 i e c e i a e b a ce, hich e b i e e i a d e a e.  
F he e, a b e f i e ha e e, e e d i e e i , cha i g he e i i e e i  
Z i Beid f S h M b e, h i i he, ce f e g i a i g a a f e a g e e e  
i h he e i e . We e, ec he a fe, ice f he e i i e e b e d e e he  
e c e i a e b a ce.

O he ha a di e d i hi ffe i g e a d , he e a e he i i g a i a b i a i  
, c e e d i g , e di g h e a e ed agai a f di ec hich c d ha e a a e i  
a d e e effec fi a c i c di i e f , e a i .



**Consolidated Statements of Comprehensive Income (Unaudited)**  
**For the three-month and nine-month periods ended September 30, 2012**  
*(expressed in Renminbi)*

		For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2012	2011	2012	2011
		RMB millions	RMB millions	RMB millions	RMB millions
<b>Turnover</b> .....	<b>3</b>	9,988	9,059	39,108	33,207
Cost of sales .....		(6,436)	(6,241)	(25,644)	(22,532)
<b>Gross profit</b> .....		3,552	2,818	13,464	10,675
<b>Other revenues and net (loss)/income</b> .....		(35)	7	(122)	73
Share of net income of associates .....		(1,031)	(725)	(2,504)	(1,955)
Gain on disposal of subsidiaries .....		(455)	(464)	(1,662)	(1,485)
Revenue from disposal of subsidiaries .....		(273)	(96)	(524)	(241)
<b>Profit from operations</b> .....		1,758	1,540	8,652	7,067
Gain on disposal of subsidiaries .....					12
Net finance income .....	<b>4(a)</b>	(153)	92	(356)	(16)
Share of net income of subsidiaries .....		(2)	5	6	18
<b>Profit before taxation</b> .....	<b>4</b>	1,603	1,637	8,302	7,081
Income tax expense .....	<b>5</b>	(225)	(296)	(1,175)	(1,089)
<b>Profit for the period</b> .....		1,378	1,341	7,127	5,992
<b>Other comprehensive income for the period (after tax)</b>					
Change in fair value of available-for-sale financial assets .....			(1)		(1)
Exchange differences on translation of financial statements of subsidiaries outside PRC .....		38	(28)	21	64
<b>Total other comprehensive income for the period</b> .....		38	(29)	21	63
<b>Total comprehensive income for the period</b> .....		<u>1,416</u>	<u>1,312</u>	<u>7,148</u>	<u>6,055</u>
<b>Profit attributable to:</b>					
Equity holders of the Company .....		1,338	1,333	6,960	5,961
Non-controlling interests .....		40	8	167	31
<b>Profit for the period</b> .....		<u>1,378</u>	<u>1,341</u>	<u>7,127</u>	<u>5,992</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company .....		1,376	1,299	6,982	6,012
Non-controlling interests .....		40	13	166	43
<b>Total comprehensive income for the period</b> .....		<u>1,416</u>	<u>1,312</u>	<u>7,148</u>	<u>6,055</u>
<b>Basic and diluted earnings per share (RMB)</b> .....	<b>6</b>	<u>0.17</u>	<u>0.17</u>	<u>0.90</u>	<u>0.77</u>

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

**Consolidated Balance Sheet (Unaudited)**  
**As at September 30, 2012**  
*(expressed in Renminbi)*

	As at September 30, 2012	As at December 31, 2011
	RMB millions	RMB millions
<b>Non-current assets</b>		
Property, plant and equipment .....	6,165	4,886
Leasehold improvements .....	1,439	1,390
Intangible assets .....	1,235	1,216
Goodwill .....	1,798	1,793
Investment in associates .....	161	103
Other financial assets .....	116	43
Trade and other receivables .....	9 3,405	912
Receivables from financial institutions .....	10 13,806	12,780
Prepaid expenses .....	628	261
Deferred tax assets .....	388	317
<b>Total non-current assets .....</b>	<b>29,141</b>	<b>23,701</b>
<b>Current assets</b>		
Investments .....	8 12,088	9,656
Trade and other receivables .....	9 19,503	13,614
Receivables from financial institutions .....	10 7,985	7,089
Prepaid expenses .....	1,569	1,481
Cash and cash equivalents .....	11 16,594	16,002
<b>Total current assets .....</b>	<b>57,739</b>	<b>47,842</b>
<b>Total assets .....</b>	<b>86,880</b>	<b>71,543</b>
<b>Current liabilities</b>		
Accounts payable .....	12(a) 9,263	6,049
Trade and other payables .....	13 24,949	19,314
Income tax payable .....	1,000	1,289
<b>Total current liabilities .....</b>	<b>35,212</b>	<b>26,652</b>
<b>Net current assets .....</b>	<b>22,527</b>	<b>21,190</b>
<b>Total assets less current liabilities .....</b>	<b>51,668</b>	<b>44,891</b>

The figures on pages F-87 to F-103 form part of the consolidated financial statements.

**Consolidated Balance Sheet (Unaudited)**  
**As at September 30, 2012 (continued)**  
*(expressed in Renminbi)*

		As at September 30, 2012	As at December 31, 2011
		RMB millions	RMB millions
<b>Non-current liabilities</b>			
L a a d b i g .....	<b>12(b)</b>	8,660	7,089
O h e -c e i a b i i e .....		1,831	1,789
D e f e d a i a b i i e .....		451	418
<b>Total non-current liabilities</b> .....		10,942	9,296
<b>NET ASSETS</b> .....		40,726	35,595
<b>CAPITAL AND RESERVES</b>	<b>14</b>		
S h a e c a i .....		7,706	7,706
R e e e .....		32,687	27,701
<b>Total equity attributable to equity shareholders of the Company</b> ....		40,393	35,407
<b>Non-controlling interests</b> .....		333	188
<b>TOTAL EQUITY</b> .....		40,726	35,595

A, , e d a d a h i e d f i e b h e b a d f d i e c      D e c e b e 11, 2012.

Zha Ch i  
*Chairman and Chief Executive Officer*

H g Xia i g  
*Vice-president and the person in-charge of financial affairs*

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**Consolidated Statement of Changes in Equity (Unaudited)**  
**For the nine-month period ended September 30, 2012**  
*(expressed in Renminbi)*

	Attributable to equity shareholders of the Company								
	Share capital	Capital reserve	Statutory surplus reserve	Exchange reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
<b>Balance at January 1, 2011</b>	<b>5,797</b>	<b>15,063</b>	<b>1,212</b>	<b>(66)</b>	<b>(1)</b>	<b>5,371</b>	<b>27,376</b>	<b>59</b>	<b>27,435</b>
Of e f HSha e i C b Offe i g	131	1,376				(1,541)	1,507		1,507
Ca h di ide d						(1,541)	(1,541)		(1,541)
B ha e	1,778	(1,778)							
Ac iii fa b idia								34	34
C ib i f -c i g i e e								2	2
Ac iii f -c i g i e e			15				15	(15)	
Di ide d , aid b b idia ie -c i g								(12)	(12)
i e e								43	6,055
T c , ehe i e i c ef he, e i d				52	(1)	5,961	6,012		
<b>Balance at September 30, 2011</b>	<b>7,706</b>	<b>14,676</b>	<b>1,212</b>	<b>(14)</b>	<b>(2)</b>	<b>9,791</b>	<b>33,369</b>	<b>111</b>	<b>33,480</b>
<b>Balance at January 1, 2012</b>	<b>7,706</b>	<b>14,676</b>	<b>1,963</b>	<b>(81)</b>	<b>(2)</b>	<b>11,145</b>	<b>35,407</b>	<b>188</b>	<b>35,595</b>
Ca h di ide d (N e 14)						(1,926)	(1,926)		(1,926)
C ib i f -c i g i e e							(1)	27	26
Ac iii f -c i g i e e							(69)	(9)	(78)
Di ide d , aid b b idia ie -c i g								(39)	(39)
i e e								166	7,148
T c , ehe i e i c ef he, e i d				22		6,960	6,982		
<b>Balance at September 30, 2012</b>	<b>7,706</b>	<b>14,606</b>	<b>1,963</b>	<b>(59)</b>	<b>(2)</b>	<b>16,179</b>	<b>40,393</b>	<b>333</b>	<b>40,726</b>

**Consolidated Cash Flow Statement (Unaudited)**  
**For the nine-month period ended September 30, 2012**  
*(expressed in Renminbi)*

	For the nine-month period ended September 30,	
	2012	2011
	RMB millions	RMB millions
<b>Operating activities</b>		
<b>Profit before taxation</b> .....	<b>8,302</b>	<b>7,081</b>
Adj e f :		
De cia i f, e, a a de i e .....	306	275
A i a i e a e, e a e .....	22	19
A i a i f i a g i e a e .....	47	47
Sha e f, fi e e fa cia e .....	(6)	(18)
I e e i c e .....	(182)	(176)
I e e e, e e .....	616	496
L di, f, e, a a de i e, a d i a g i e a e .....	14	5
I, ai e e, e, a a de i e .....	3	2
Gai di, fa a cia e .....		(12)
L /(gai) e ea e e f de i a i e f i a c i i e a fai e .....	18	(19)
	<b>9,140</b>	<b>7,700</b>
I cea e i i e ie .....	(2,431)	(1,852)
I cea e i a de a d he e ce i a e .....	(8,355)	(6,111)
I cea e i e ce i a e de f i a c e a e .....	(1,922)	(1,446)
I cea e i a de a d he, a a e .....	5,068	3,513
<b>Cash generated from operations</b>	<b>1,500</b>	<b>1,804</b>
I c e a, aid .....	(1,503)	(890)
<b>Net cash (used in)/generated from operating activities carried forward</b> .....	<b>(3)</b>	<b>914</b>

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**Consolidated Cash Flow Statement (Unaudited)**  
**For the nine-month period ended September 30, 2012 (continued)**  
*(expressed in Renminbi)*

	For the nine-month period ended September 30,	
	2012	2011
	RMB millions	RMB millions
<b>Net cash (used in)/generated from operating activities brought forward . . . . .</b>	<b>(3)</b>	<b>914</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment . . . . .	(1,334)	(891)
Lease expense . . . . .	(71)	(55)
Purchase of financial assets . . . . .	(27)	(30)
Purchase of available-for-sale financial assets . . . . .	(168)	(7)
Proceeds from disposal of property, plant and equipment, available-for-sale financial assets . . . . .	14	21
Cash received from disposal of available-for-sale financial assets . . . . .	31	31
Interest received . . . . .	182	176
Increase in pledged bank deposits . . . . .	(455)	(997)
<b>Net cash used in investing activities</b>	<b>(1,859)</b>	<b>(1,752)</b>
<b>Financing activities</b>		
Proceeds from bank borrowings . . . . .	16,902	9,568
Repayment of bank borrowings . . . . .	(12,176)	(8,491)
Interest paid . . . . .	(628)	(513)
Dividend paid . . . . .	(1,615)	(1,226)
Dividend paid by subsidiaries - cash dividend . . . . .	(18)	(12)
Purchase of available-for-sale financial assets . . . . .	(50)	—
Cash dividend received from subsidiaries . . . . .	34	2
Net proceeds from the issue of H Shares in the Offering . . . . .	—	1,507
<b>Net cash generated from financing activities</b>	<b>2,449</b>	<b>835</b>
<b>Net increase /(decrease) in cash and cash equivalents . . . . .</b>	<b>587</b>	<b>(3)</b>
<b>Cash and cash equivalents at beginning of period . . . . .</b>	<b>16,002</b>	<b>18,758</b>
<b>Effect of foreign exchange rate changes . . . . .</b>	<b>5</b>	<b>(98)</b>
<b>Cash and cash equivalents at end of period . . . . .</b>	<b>11 16,594</b>	<b>18,657</b>

The accompanying notes are an integral part of these consolidated financial statements.



### 3 Turnover

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2012	2011	2012	2011
	RMB millions	RMB millions	RMB millions	RMB millions
Sale of				
Concrete	4,279	3,875	21,185	15,009
Cable	3,297	2,997	10,341	11,205
Engineering and installation	839	769	2,040	2,033
Road construction, maintenance	308	298	1,087	1,304
Erection of steel structure	424	239	1,748	912
Maintenance of steel structure	65	121	269	403
Other	340	393	1,219	1,225
Financial expense	436	367	1,219	1,116
	<u>9,988</u>	<u>9,059</u>	<u>39,108</u>	<u>33,207</u>

### 4 Profit before taxation

Profit before tax is calculated as follows:

( )

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2012	2011	2012	2011
	RMB millions	RMB millions	RMB millions	RMB millions
Financial expense:				
Interest expense	(50)	(65)	(182)	(176)

( ) :

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2012	2011	2012	2011
	RMB millions	RMB millions	RMB millions	RMB millions
Share, age and the benefit .....	631	700	2,160	1,979
Contributions to the plan .....	93	35	200	113
	<u>724</u>	<u>735</u>	<u>2,360</u>	<u>2,092</u>

( ) :

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2012	2011	2012	2011
	RMB millions	RMB millions	RMB millions	RMB millions
Change in .....	6,427	6,212	25,610	22,351
Decrease in .....	105	97	306	275
Change in .....	7	6	22	19
Change in .....	16	16	47	47
Change in .....	64	35	144	91
Change in .....	38	29	120	100
Change in .....	18	54	213	296
Change in .....	22		89	
Change in .....	<u>106</u>	<u>18</u>	<u>146</u>	<u>42</u>

## 5 Income tax

Income tax expense is calculated as follows:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2012	2011	2012	2011
	RMB millions	RMB millions	RMB millions	RMB millions
Income tax expense .....	204	303	1,209	1,159
Income tax expense .....	2	2	4	5
Deferred tax .....	19	(9)	(38)	(75)
	<u>225</u>	<u>296</u>	<u>1,175</u>	<u>1,089</u>

Recipients of the proceeds of the sale, read in full, before a fair and

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2012	2011	2012	2011
	RMB millions	RMB millions	RMB millions	RMB millions
P before a fair and	<u>1,603</u>	<u>1,637</u>	<u>8,302</u>	<u>7,081</u>
N in a , before a fair and , c a e a e				
a , i c a e h e j i d i c i c e e d ( e (a))	401	409	2,076	1,770
Ta effec f -ded c i e e , e e	4	7	18	19
Ta effec f -a a e i c e	(2)	(3)	(8)	(22)
Ta effec f a c c e i ( e (b))	(153)	(109)	(829)	(597)
Add i d e d c i f i f i e d e e a c h a d d e , e e e ( e (c))	(25)	(8)	(82)	(81)
Ac i c e a e , e e	<u>225</u>	<u>296</u>	<u>1,175</u>	<u>1,089</u>

Note:

(a) The PRC a i c e a a e i 25% (2011: 25%).

The C , a ' b i d i a i e i I a e b j e c i c e a a a e a g i g f 27.5% 31.4% (2011: 27.5% 31.4%).

The C , a ' b i d i a i e i h e H K S A R a e b j e c H g K g P f i T a a 16.5% (2011: 16.5%).

(h e e- h, e i d e d e d S e, e b e 30, 2011: RMB1,333 ■i ), a d h e e i g h e d a e a g e b e f h a e f 7,706 ■i d i g h e h e e- h, e i d e d e d S e, e b e 30, 2012 ( h e e- h, e i d e d e d S e, e b e 30, 2011: 7,706 ■i a f e a d j i g f h e c, ■i e i e d i h e a b . e, a a g a h).

The c ■ c ■ a i f b a i c e a i g, e h a e f h e i e- h, e i d e d e d S e, e b e 30, 2012 i b a e d h e, f i a i b a ■ e e i h a e h ■ d e f h e C, a f RMB6,960 ■i ( i e- h, e i d e d e d S e, e b e 30, 2011: RMB5,961 ■i ), a d h e e i g h e d a e a g e b e f h a e f 7,706 ■i d i g h e i e- h, e i d e d e d S e, e b e 30, 2012 ( i e- h, e i d e d e d S e, e b e 30, 2011: 7,698 ■i a f e a d j i g f h e c, ■i e i e d i h e a b . e, a a g a h).

The e e e d ■ i e, e i ■ d i a h a e i i e a a S e, e b e 30, 2012 (2011: ■).

### 7 Segment reporting

I f a i e g a d i g h e G, ' e a ■ e e g e a, i d e d h e G, ' e i e e c i e a a g e e f h e, e f e c e ■ c a i a d a e e f e g e, e f a c e f h e h e e- h a d i e- h, e i d e d e d S e, e b e 30, 2012 i e b ■ .

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2012	2011	2012	2011
	RMB millions	RMB millions	RMB millions	RMB millions
Re a ■ e e g e e e e:				
C c e e a c h i e . . . . .	4,279	3,875	21,185	15,009
C a e a c h i e . . . . .	3,297	2,997	10,341	11,205
E . i e ■ a d a i a i a c h i e . . . . .	839	769	2,040	2,033
R a d c c i a d, ■ e f d a i a c h i e . . . . .	308	298	1,087	1,304
E a h i g a c h i e . . . . .	424	239	1,748	912
M a e i ■ h a ■ i g a c h i e a d e . . . . .	65	121	269	403
F i a c ■ e a e e i c e . . . . .	436	367	1,219	1,116

Recognition of revenue, from

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2012	2011	2012	2011
	RMB millions	RMB millions	RMB millions	RMB millions
Technology, from .....	3,552	2,818	13,464	10,675
Other operating income .....	(35)	7	(122)	73
Share of net income .....	(1,031)	(725)	(2,504)	(1,955)
Goodwill impairment .....	(455)	(464)	(1,662)	(1,485)
Research and development .....	(273)	(96)	(524)	(241)
Gain on disposal of subsidiaries .....				12
Net financial income .....	(153)	92	(356)	(16)
Share of net income of associates .....	(2)	5	6	18
Change in deferred tax assets .....	<u>1,603</u>	<u>1,637</u>	<u>8,302</u>	<u>7,081</u>

## 8 Inventories

	As at September 30,	As at December 31,
	2012	2011
	RMB millions	RMB millions
Raw materials .....	5,570	4,762
Work in progress .....	2,259	1,691
Finished goods .....	<u>4,259</u>	<u>3,203</u>
	<u>12,088</u>	<u>9,656</u>

## 9 Trade and other receivables

	As at September 30,	As at December 31,
	2012	2011
	RMB millions	RMB millions
Trade receivable .....	20,275	12,096
Less: provision for impairment (Note (b)) .....	<u>(739)</u>	<u>(533)</u>
	19,536	11,563
Less: trade receivable due after year end .....	<u>(3,405)</u>	<u>(912)</u>
	16,131	10,651
Bad debt expense (Note (c)) .....	1,071	1,138
	<u>17,202</u>	<u>11,789</u>
Accounts payable (Note 17(b)) .....	173	99
Prepaid expenses, including lease payments .....	735	508
Prepaid expenses .....	384	310
VAT receivable .....	241	247
Debt .....	145	118
Other .....	<u>623</u>	<u>543</u>
	<u>19,503</u>	<u>13,614</u>

Digitale- h, eide ded Se, e be 30, 2012, ade ecei a e f RMB2,699 i (ie- h, eide ded Se, e be 30, 2011: ) e e fac ed ba a d he fi a ci i i i i h ec e, a d e e he ef e de ec g i ed.

(.) A

Agei ga i f ade ecei a e ba ed he da e f b i g ( e f, i i f i , ai e ) a a he b a ce hee da e i a f :

	As at September 30, 2012 RMB millions	As at December 31, 2011 RMB millions
Wi hi 1 h .....	5,617	4,547
O e 1 h b e ha 3 h .....	5,215	2,362
O e 3 h b e ha 1 ea .....	6,821	3,401
O e 1 ea b e ha 2 ea .....	1,443	932
O e 2 ea b e ha 3 ea .....		

## 10 Receivables under finance lease

	As at September 30, <u>2012</u>	As at December 31, <u>2011</u>
	RMB millions	RMB millions
Guaranteed lease receivables .....	24,387	22,135
Un-guaranteed lease receivables .....	(2,367)	(2,126)
	<u>22,020</u>	<u>20,009</u>
Less: Allowance for doubtful accounts (Net) .....	(229)	(140)
	<u>21,791</u>	<u>19,869</u>
Less: Allowance for doubtful accounts on lease receivables .....	(13,806)	(12,780)
Receivables under finance lease net of allowance .....	<u><u>7,985</u></u>	<u><u>7,089</u></u>

As at September 30, 2012, receivables under finance lease (December 31, 2011: RMB586 million) were factored back in the period.

During the period ended September 30, 2012, receivables under finance lease of RMB11,538 million (period ended September 30, 2011: RMB7,932 million) were factored back in the period, and the effective date is as follows.

(.) *As at September 30, 2012 and December 31, 2011*

The following table sets forth the carrying amount of the lease liabilities as follows:

	<u>As at September 30, 2012</u>	<u>As at December 31, 2011</u>
	<u>RMB millions</u>	<u>RMB millions</u>
<i>Present value of the minimum lease payments</i>		
With 1 year .....	8,114	7,139
Over 1 year but less than 2 years .....	6,425	6,300
Over 2 years but less than 3 years .....	4,441	4,178
Over 3 years .....	<u>3,040</u>	<u>2,392</u>
	<u>22,020</u>	<u>20,009</u>
<i>Unearned finance income</i>		
With 1 year .....	1,209	1,024
Over 1 year but less than 2 years .....	705	671
Over 2 years but less than 3 years .....	288	318
Over 3 years .....	<u>165</u>	<u>113</u>
	<u>2,367</u>	<u>2,126</u>
<i>Gross investment</i>		
With 1 year .....	9,323	8,163
Over 1 year but less than 2 years .....	7,130	6,971
Over 2 years but less than 3 years .....	4,729	4,496
Over 3 years .....	<u>3,205</u>	<u>2,505</u>
	<u>24,387</u>	<u>22,135</u>

Generally, the lease term is the term of the lease agreement, including the option to extend the lease, if applicable, and the option to terminate the lease, if applicable. The discount rate used to determine the present value of the lease liability is the rate implicit in the lease, if applicable, or the company's incremental borrowing rate at the commencement of the lease.

( )

O d e a i f e c e a e d e f i a c e a h e b a c e h e e d a e i a f :

	As at September 30, 2012	As at December 31, 2011
	RMB millions	RMB millions
N e d e .....	22,833	21,671
L e h a 1 h , a d e .....	274	123
1 3 h , a d e .....	509	117
3 12 h , a d e .....	591	175
M e h a 12 h , a d e .....	180	49
T a d e .....	1,554	464
G i e e .....	<u>24,387</u>	<u>22,135</u>

P a d e e c e i a e e f e h e a e a i , a i d a f e h e a , a e d e d a e , i d i g h e e c e i a e h a a e d e d e f e d a .

( )

The e e i h e , i i f i , a i e d i g h e , e i d , i a f :

	2012 RMB millions	2011 RMB millions
B a c e a J a a 1 .....	140	140
I , a i e e e c g i e d .....	89	140
B a c e a S e e b e 30/D e c e b e 31 .....	<u>229</u>	<u>140</u>

### 11 Cash and cash equivalents

	As at September 30, 2012	As at December 31, 2011
	RMB millions	RMB millions
C a h a b a a d h a d		
RMB d e i a e d .....	15,633	15,351
USD d e i a e d .....	477	345
EUR d e i a e d .....	357	202
HKD d e i a e d .....	12	29
O h e c e c i e .....	115	75
	<u>16,594</u>	<u>16,002</u>

## 12 Loans and borrowings

(.)

		As at September 30,	As at December 31,
		2012	2011
		RMB millions	RMB millions
Sec ed h -e ba a			
RMB de ia ed	(i)	10	304
EUR de ia ed		22	5
U ec ed h -e ba a			
RMB de ia ed			265
JPY de ia ed		33	50
EUR de ia ed		346	132
USD de ia ed	(ii)	5,667	3,986
HKD de ia ed			57
C e , i g-e ba a	12(b)	<u>3,185</u>	<u>1,250</u>
		<u>9,263</u>	<u>6,049</u>

Note:

(i) The RMB de ia ed ec ed h -e ba a a a Se e be 30, 2012 e e ec ed b fi ed a e a d eei a e i h a agge a ca i g e f RMB26 i (Dece be 31, 2011: RMB339 i ).

(ii) A a Se e be 30, 2012, USD de ia ed ec ed h -e ba a f RMB507 i (Dece be 31, 2011: RMB1,197 i ), b e i e e a LIBOR, 2.0% 3.9%, e a . S ch a e e bjec he f i e f ce ai fi a ci c e a f he G . A a Se e be 30, 2012, he G , a i c , ia ce i h he e fi a ci c e a .

A a Se e be 30, 2012, USD de ia ed ec ed h -e ba a f RMB4,506 i (Dece be 31, 2011: RMB2,579 i ) b e i e e a LIBOR, 1.0% 4.3%, e a .

A a Se e be 30, 2012, he e ai i g USD de ia ed ec ed h -e ba a f RMB654 i (Dece be 31, 2011: RMB210 i ) b e i e e a 1.8% 5.3%, e a .

( )

Sec ed g-e ba a  
RMB de i a ed

	<u>As at September 30, 2012</u>	<u>As at December 31, 2011</u>
	<u>RMB millions</u>	<u>RMB millions</u>

The remaining USD denominated secured mortgage-backed securities of RMB371 million (December 31, 2011: RMB221 million) bear interest at 3.5% to 4.2%, and had a yield of 8.23% for the year ended.

(i) In August 2008, the Company issued a bond with a face value of RMB1,100 million, which is a floating rate bond. The bond bears interest at a fixed rate of 6.5%, and a variable rate of LIBOR plus 1.5% from August 2016. The hedge of the bond has a maturity of five years, and the interest rate is fixed at 6.5% for the first five years and then floating thereafter.

(i) In August 2012, Zhen H.K. SPV Co., Limited, a wholly-owned subsidiary of the Company, issued 5-year floating rate bonds with a face value of USD400 million (RMB equivalent of 2,521 million). The interest rate is a fixed rate of 6.875%, and a variable rate of LIBOR plus 1.5% from August 2017. Interest is paid semi-annually on October of each year.

(c) The Company is subject to the provisions of the Companies Act, 1956, and the Companies Act, 2013, and the Companies (Share Capital and Debentures) Regulations, 2008.

### 13 Trade and other payables

	As at September 30, 2012	As at December 31, 2011
	RMB millions	RMB millions
Trade credit	8,421	7,136
Bank balances	6,975	4,967
Trade credit and bank balances (Net)	15,396	12,103
Accounts payable (Net)	20	13
Receivables from customers	1,580	1,166
Payables from suppliers, agents and others	856	403
Accrued expenses	590	940
VAT payable	658	1,224
Securities	1,209	864
Prepaid expenses	128	131
Shareholders' loans	402	546
Payable for financial costs	965	687
Dividend payable (Net)	332	
Cash secured by mortgage	1,681	168
Other	1,132	1,069
	<u>24,949</u>	<u>19,314</u>

Notes:

Ageing analysis of trade receivables, analysed by ageing category:

	<u>As at September 30, 2012</u>	<u>As at December 31, 2011</u>
	<u>RMB millions</u>	<u>RMB millions</u>
Due within 3 months	4,846	4,974
Due after 3 months but within 6 months	5,407	3,938
Due after 6 months but within 12 months	4,418	2,496
Due after 12 months	725	695
	<u>15,396</u>	<u>12,103</u>

#### 14 Profit appropriation and dividend payable

On 29 September 2012, the Board of Directors of the Company approved the 2011 Annual General Meeting on 29 September 2012, a final cash dividend of RMB0.25 per share based on 7,706 million shares outstanding as at 31 December 2011, amounting to RMB1,926 million in total, effective from 31 December 2011, and a final dividend of RMB0.25 per share for 2012.

#### 15 Commitments

(i) Operating lease commitments

As at September 30, 2011, the Group had contractual commitments as follows:

	<u>As at September 30, 2012</u>	<u>As at December 31, 2011</u>
	<u>RMB millions</u>	<u>RMB millions</u>
As at December 31, 2011		
Operating lease commitments	512	434
Leasehold improvements		100
Other commitments	22	51
Operating lease commitments	<u>10</u>	<u>31</u>
	<u>544</u>	<u>616</u>
As at December 31, 2012		
Operating lease commitments	157	303
Leasehold improvements	<u>1,819</u>	<u>1,880</u>
	<u>1,976</u>	<u>2,183</u>



c, a. A a Se, e be 30, 2012, he G, ' a i e, e ch g a a ee a  
RMB1,082 ■i (Dece be 31, 2011: RMB1,634 ■i ). The e f he e g a a ee c i cide  
i h he e e f he ■ea e c ac hich ge e ■ a ge f 2 4 ea . F he i e- h  
, e i d e ded Se, e be 30, 2012, he e a a e i ■ defa ■ f, a e f e d- e c e  
hich e i ed he G, a e g a a ee, a e he hi d-, a ■ea i g c, a .

( )

The G, i a defe da i ce ai ■a i a ■a he a ed, a i ce ai, ceedi g a i i g  
i he di a c e f b i e . Ma age e ha a e ed he ■i ■ih d f a fa a ■e  
c e f ch c i ge cie, ■a i he, ceedi g a d b ■ie e ha a e ■ i g ■iab ■i ie

**18 Reconciliation of financial information prepared under PRC GAAP to IFRSs**

(a) Reconciliation of financial information prepared under PRC GAAP to IFRSs

	<u>As at September 30, 2012</u>	<u>As at December 31, 2011</u>
	<u>RMB millions</u>	<u>RMB millions</u>
Total assets reported under PRC GAAP .....	40,766	35,635
Adjustments related to the accounting policies .....	(40)	(40)
Total assets reported under IFRS .....	<u>40,726</u>	<u>35,595</u>

(b) Other than the difference in the accounting and classification of certain financial assets and liabilities, there are no other differences between the accounting policies adopted by the Group under PRC GAAP and IFRS.