

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



招商銀行股份有限公司

CHINA MERCHANTS BANK CO., LTD.

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

(Stock code: 03968)

OVERSEAS REGULATORY ANNOUNCEMENT THIRD QUARTERLY REPORT OF 2013

Pursuant to the regulations of the China Securities Regulatory Commission (“CSRC”), China Merchants Bank Co., Ltd. is required to publish a quarterly report for each of the first and third quarters.

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Listing Rules”).

§1 IMPORTANT NOTICE

- 1.1 The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of China Merchants Bank Co., Ltd. will individually and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents in this report, and confirm that there are no false representations, misleading statements, or material omissions contained herein.
- 1.2 None of the directors, supervisors and senior management has made any statement that he/she is unable to warrant or objects to the truthfulness, accuracy and completeness of the information contained in the quarterly report.
- 1.3 The Seventh meeting of the Ninth Session of the Board of Directors of the Company has approved the third quarterly report of 2013 of the Company through voting by correspondence. 17 out of the 18 directors attended the meeting. Wei Jiafu (Vice Chairman) didn't attend the meeting in person due to his work engagement, and appointed Sun Yueying (Director) as his proxy to vote on his behalf. 18 votes were validly cast.
- 1.4 All financial statements set out in this report are prepared in accordance with the PRC Accounting Standards and are unaudited. Unless otherwise stated, all monetary sums stated in this report are expressed in RMB.
- 1.5 Hereinafter “the Company”, “the Bank” and “China Merchants Bank” mentioned in this report are all referred to China Merchants Bank Co., Ltd.; and “the Group” is referred to China Merchants Bank Co., Ltd. and its subsidiaries.
- 1.6 Mr. FU Yuning, Chairman of the Board of Directors of the Company, Mr. TIAN Huiyu, the President, Mr. LI Hao, the Senior Executive Vice President and Chief Financial Officer, and Mr. ZHOU Song, who is in charge of the Planning and Finance Department, hereby make representations in respect of the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

§2 GENERAL INFORMATION

2.1 Major accounting data and financial indicators

(Unless otherwise stated, amounts expressed in millions of RMB)

	At the end of the reporting period 30 September 2013	At the end of last year 31 December 2012 (after (before adjustment) adjustment)		Increase/ decrease at the end of the reporting period as compared to the end of last year (%)
Total assets	3,885,372	3,408,099	3,408,219	14.00
Equity attributable to shareholders of the Bank	257,127	200,328	200,434	28.35
Net assets per share attributable to shareholders of the Bank <i>(in RMB Yuan)</i>	10.20	9.28	9.29	9.91
	From the beginning of the year to the end of the reporting period January to September 2013	From the beginning of last year to the end of the reporting period of last year January to September 2012		Increase/ decrease as compared to the corresponding period of last year (%)
Net cash flow from operating activities	6,474		10,831	(40.23)
Net cash flow from operating activities per share <i>(in RMB Yuan)</i>	0.26		0.50	(48.00)

	Reporting period July to September 2013	From the beginning of the year to the end of the reporting period January to September 2013	From the beginning of last year to the end of the reporting period of last year January to September 2012		Increase/ decrease as compared to the corresponding period of last year (%)
			(after adjustment)	(before adjustment)	
Operating income	33,474	97,531	85,181	85,181	14.50
Net profit attributable to the Bank's shareholders	13,227	39,498	34,786	34,790	13.55
Net profit attributable to shareholders of the Bank, net of non-recurring gains or losses	13,100	39,254	34,610	34,614	13.42
Basic earnings per share attributable to shareholders of the Bank (<i>in RMB Yuan</i>)	0.61	1.83	1.61	1.61	13.66
Diluted earnings per share attributable to shareholders of the Bank (<i>in RMB Yuan</i>)	0.61	1.83	1.61	1.61	13.66
Basic earnings per share attributable to shareholders of the Bank, net of non-recurring gains or losses (<i>in RMB Yuan</i>)	0.61	1.82	1.60	1.60	13.75
Annualized return on equity attributable to shareholders of the Bank – weighted average (%)	24.28	24.59	26.06	26.06	Decrease of 1.47 percentage points
Annualized return on equity attributable to shareholders of the Bank – weighted average, net of non-recurring gains or losses (%)	24.05	24.44	25.93	25.93	Decrease of 1.49 percentage points

	Reporting period July to September 2013	From the beginning of the year to the end of the reporting period January to September 2013
Non-recurring gains or losses		
Non-operating income	227	405
Non-operating expense	(58)	(81)
Effect of income tax	(42)	(80)
Net non-operating income/expense	127	244

Notes: Such indicators are calculated as required by “Rules on the Preparation and Submission of Information Disclosed by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share” (Revision 2010).

2.2 Our capital adequacy ratios as at the end of the reporting period

The Group continued to enhance capital management and optimize its business structure, and satisfied the minimum capital requirements, the reserve capital requirements and the counter-cyclical capital requirements under the transition arrangements of China Banking Regulatory Commission (“CBRC”) during the reporting period. The capital adequacy ratio remained stable. The Company completed the rights issue of A shares and H shares and received the proceeds therefrom in September 2013, raising the capital adequacy ratio of the Group by 1.28 percentage points.

As at the end of September 2013, the capital adequacy ratio of the Group was 11.32%, representing a decrease of 0.09 percentage point as compared with the beginning of the year, and its tier 1 capital adequacy ratio was 9.38%, representing an increase of 1.04 percentage points as compared with the beginning of the year.

(Expressed in millions of Renminbi unless otherwise stated)

Items	At the end of the reporting period 30 September 2013	The Group		Increase/decrease at the end of the reporting period as compared to the end of last year
		At the end of last year 31 December 2012		
The capital adequacy ratios under the new Requirements				
1. Net core tier 1 capital	246,713	189,555		30.15%
2. Net tier 1 capital	246,713	189,555		30.15%
3. Net capital	297,695	259,377		14.77%
4. Risk-weighted assets	2,629,720	2,274,044		15.64%
5. Core tier 1 capital adequacy ratio	9.38%	8.34%		Increase of 1.04 percentage points
6. Tier 1 capital adequacy ratio	9.38%	8.34%		Increase of 1.04 percentage points
7. Capital adequacy ratio	11.32%	11.41%		Decrease of 0.09 percentage point
The capital adequacy ratios under the previous Requirements				
8. Core capital adequacy ratio	9.24%	8.49%		Increase of 0.75 percentage point
9. Capital adequacy ratio	11.49%	12.14%		Decrease of 0.65 percentage point

Note 1: the “new Requirements” herein refers to the “Measures for the Management of Capital of Commercial Banks (Trial Version)” issued by CBRC on 7 June 2012. Under the new Requirements, the core tier 1 capital adequacy ratio and the tier 1 capital adequacy ratio of the Group and the Company remain consistent at present.

Note 2: the “previous Requirements” herein refers to the “Guidelines for the Revision of the Regulation Governing Capital Adequacy Ratio of Commercial Banks” issued by CBRC on 28 December 2006.

As at the end of September 2013, the capital adequacy ratio of the Company was 11.05%, which is the same as that at the beginning of the year; and its tier 1 capital adequacy ratio was 9.18%, representing an increase of 1.18 percentage points as compared with the beginning of the year.

(Expressed in millions of Renminbi unless otherwise stated)

Items	The Company		Increase/decrease at the end of the reporting period as compared to the end of last year
	At the end of the reporting period 30 September 2013	At the end of last year 31 December 2012	
The capital adequacy ratios under the new Requirements			
1. Net core tier 1 capital	223,460	168,848	32.34%
2. Net tier 1 capital	223,460	168,848	32.34%
3. Net capital	268,792	233,223	15.25%
4. Risk-weighted assets	2,433,140	2,110,063	15.31%
5. Core tier 1 capital adequacy ratio	9.18%	8.00%	Increase of 1.18 percentage points
6. Tier 1 capital adequacy ratio	9.18%	8.00%	Increase of 1.18 percentage points
7. Capital adequacy ratio	11.05%	11.05%	Unchanged
The capital adequacy ratios under the previous Requirements			
8. Core capital adequacy ratio	9.62%	8.86%	Increase of 0.76 percentage point
9. Capital adequacy ratio	11.17%	11.73%	Decrease of 0.56 percentage point

2.3 Total number of shareholders, the top ten shareholders and the top ten shareholders whose shares are not subject to trading moratorium as at the end of the reporting period

Total number of shareholders

522,499

Top ten shareholders and the top ten shareholders whose shares are not subject to trading moratorium

No.	Name of shareholder	Nature of shareholder	Percentage of shareholding (%)	Number of shares held (Share)	Class of Shares	Number of shares subject to trading moratorium (Share)	Shares pledged or frozen (Share)
1	HKSCC Nominees Limited ^(Note 1)	/	17.97	4,530,879,234	H shares	-	-
2	China Merchants Steam Navigation Company Limited	State-owned legal person	12.54	3,162,424,323	A Shares not subject to trading moratorium	-	-
3	China Ocean Shipping (Group) Company	State-owned legal person	6.24	1,574,729,111	A Shares not subject to trading moratorium	-	-
4	Sino Life Insurance Co., Ltd. – Universal Insurance H	Domestic nonstate-owned legal person	3.98	1,004,787,535	A Shares not subject to trading moratorium	-	-
5	Shenzhen Yan Qing Investment and Development Company Limited	State-owned legal person	2.96	747,589,686	A Shares not subject to trading moratorium	-	-
6	Guangzhou Maritime Transport (Group) Company Limited	State-owned legal person	2.94	741,131,917	A Shares not subject to trading moratorium	-	-
7	An-Bang Insurance Group Co., Ltd. – Conventional insurance products	Domestic nonstate-owned legal person	2.77	698,515,282	A Shares not subject to trading moratorium	-	-
8	Shenzhen Chu Yuan Investment and Development Company Limited	State-owned legal person	2.59	653,135,659	A Shares not subject to trading moratorium	-	-
9	China Communications Construction Company Limited	State-owned legal person	1.78	450,164,945	A Shares not subject to trading moratorium	-	-
10	SAIC Motor Corporation Limited	State-owned legal person	1.71	432,125,895	A Shares not subject to trading moratorium	-	-

Note 1: Shares held by HKSCC Nominees Limited are the total shares in the accounts of holders of H Shares of China Merchants Bank trading on the transaction platform of HKSCC Nominees Limited.

Note 2: Except that China Merchants Steam Navigation Company Limited, Shenzhen Yan Qing Investment and Development Company Limited and Shenzhen Chu Yuan Investment and Development Company Limited are subsidiaries of China Merchants Group Limited, the Company is not aware of any other related relationship among the above top ten shareholders not subject to trading moratorium.

Note 3: The above shareholders do not hold the shares of the Company through margin transaction securities accounts.

2.4 Management discussion and analysis

2.4.1 Analysis of operating status of the Group

As at the end of September 2013, total assets of the Group amounted to RMB3,885.372 billion, representing an increase of 14.00% as compared with the beginning of the year; and its total liabilities amounted to RMB3,628.098 billion, representing an increase of 13.11% as compared with the beginning of the year. Total deposits from customers amounted to RMB2,804.691 billion, representing an increase of 10.75% as compared with the beginning of the year. Total loans and advances amounted to RMB2,173.206 billion, representing an increase of RMB268.743 billion or 14.11% as compared with the beginning of the year.

For the period from January to September 2013, the Group realized a net profit attributable to shareholders of the Bank of RMB39.498 billion, representing an increase of 13.55% as compared with the corresponding period of the previous year, and an operating income of RMB97.531 billion, among which, net interest income increased by 10.31% to RMB72.572 billion from that of the corresponding period of the previous year, accounting for 74.41% of the operating income. For the period from January to September 2013, net interest spread and net interest margin were 2.66% and 2.83% respectively, representing a decrease of 0.23 percentage point and 0.21 percentage point respectively as compared with the corresponding period of the previous year. For the third quarter of 2013, the net interest spread and net interest margin were 2.55% and 2.73% respectively, representing a decrease of 0.13 percentage point and 0.12 percentage point respectively as compared with the second quarter of 2013. Net fee and commission income of the Group increased by 48.14% to RMB21.706 billion from that of the corresponding period of the previous year, and accounted for 22.26% of the operating income. Other net income amounted to RMB3.253 billion, representing a decrease of 31.36% as compared with the corresponding period of the previous year. The cost-to-income ratio (excluding business tax and surcharges) of the Group decreased by 1.64 percentage points to 31.38% from that of the corresponding period of the previous year.

As at the end of September 2013, the balance of non-performing loans of the Group amounted to RMB17.100 billion, representing an increase of RMB5.406 billion as compared with the beginning of the year; the non-performing loan ratio was 0.79%, representing an increase of 0.18 percentage point as compared with the beginning of the year; and the allowance coverage ratio of our non-performing loans was 280.99%, representing a decrease of 70.80 percentage points as compared with the beginning of the year; the allowance-to-loan ratio was 2.21%, representing an increase of 0.05 percentage point as compared with that at the beginning of the year.

2.4.2 Analysis of operating status of the Company

During the period from January to September 2013, the Company, in face of the complexity and volatility in external economic situation, further promoted its “Second Transformation” and maintained a stable development as a whole:

Both our assets and liabilities grew relatively. As at the end of September 2013, total assets of the Company amounted to RMB3,668.062 billion, representing an increase of 13.29% as compared with the beginning of the year; and its total liabilities amounted to RMB3,409.046 billion, representing an increase of 12.39% as compared with the beginning of the year. Total loans and advances amounted to RMB1,989.899 billion, representing an increase of 13.03% as compared with the beginning of the year, among which corporate loans accounted for 58.46%, while retail loans accounted for 38.68% and discounted bills accounted for 2.86%. Deposits from customers amounted to RMB2,677.788 billion, representing an increase of 10.36% as compared with the beginning of the year, among which, demand deposits accounted for 48.50%, representing a decrease of 4.72 percentage points as compared with the beginning of the year as a result of the trend of deposit switching to time deposit account, and time deposits accounted for 51.50%. Among the demand deposits, corporate deposits accounted for 59.32% while retail deposits accounted for 40.68%; and among the time deposits, corporate deposits accounted for 70.83% and retail deposits accounted for 29.17%.

Our profits continued to grow steadily. During the period from January to September 2013, the Company realized a net profit of RMB37.124 billion, representing an increase of 12.43% as compared with the corresponding period of the previous year. The Company realized an operating income of RMB92.789 billion, among which, net interest income increased by 9.98% from that of the corresponding period of the previous year to RMB69.934 billion, mainly due to the increase in the volume of interest-earning assets. Affected by the tight market liquidity and the growing capital cost, the Company’s net interest spread and net interest margin gradually declined. During the period from January to September 2013, net interest spread and net interest margin of the Company was 2.74% and 2.91% respectively, representing a decrease of 0.23 percentage point and 0.21 percentage point respectively as compared with the corresponding period of the previous year. During the third quarter of 2013, net interest spread and net interest margin of the Company was 2.63% and 2.81% respectively, representing a decrease of 0.13 percentage point and 0.11 percentage point respectively as compared with the second quarter of 2013.

Steady progress in our “Second Transformation”

Proportion of our retail banking business continued to rise. As at the end of the reporting period, balance of our retail loans amounted to RMB769.705 billion, accounting for 38.68% of our total loans to customers, and representing an increase of 0.52 percentage point as compared with the beginning of the year.

Our non-interest income continued a rapid growth momentum. During the period from January to September 2013, the Company realized a net non-interest income of RMB22.855 billion, representing an increase of 28.89% as compared with the corresponding period of the previous year. Among which, net fee and commission income of the Company increased by 48.48% from that of the corresponding period of the previous year to RMB20.352 billion, mainly due to the increase in commissions from custody and other trustee businesses, and bank card fees. Net fee and commission income accounted for 21.93% of the operating income. Other net income amounted to RMB2.503 billion, representing a decrease of RMB1.522 billion as compared with the corresponding period of the previous year, mainly due to the decrease in bills spread income and net loss from fair value changes in financial instruments designated at fair value through profit or loss.

Our small and micro enterprise businesses have developed healthily. The Company continued to adopt the “Small and Micro Enterprises” development strategies, and gradually improved professional operating system. As at 30 September 2013, balance of the Company’s loans to small and micro enterprises totaled RMB590.18 billion, representing an increase of RMB212.63 billion or 56.32% over the beginning of the year (calculated on the same statistical calibres), and accounted for 31.40 % of domestic general loans (excluding discounted bills), representing an increase of 8.81 percentage points over the beginning of the year, of which: balance of the small enterprises loans amounted to RMB293.834 billion, up by 46.62% as compared with the beginning of the year (calculated on the same statistical calibres), and the proportion of small enterprises loans to domestic corporate loans reached 26.47%, representing an increase of 6.42 percentage points as compared with the beginning of the year; balance of micro enterprises loans amounted to RMB296.342 billion, up by 67.29% as compared with the beginning of the year, and the proportion of micro enterprises loans to total retail loans reached 38.50%, representing an increase of 12.14 percentage points as compared with the beginning of the year. The non-performing loan ratios of loans granted to small enterprises and micro enterprises were 1.77% and 0.48% respectively; and the floating ranges of weighted average interest rate of newly granted small enterprises and micro enterprises loans were 22.81% and 32.61% respectively, up by 0.75 percentage point and 3.20 percentage points as compared with the previous year respectively, demonstrating an increasing pricing capability.

Our overall costs grew smoothly. During the period from January to September 2013, operating and administrative expenses of the Company amounted to RMB29.317 billion. Cost-to-income ratio (excluding business tax and surcharges) was 31.60%, representing a decrease of 1.52 percentage points as compared with the corresponding period of the previous year. The Company will strive to keep the cost-to-income ratio for the year below the predetermined level.

Our capability in risk pricing of loans kept improving. The Company continued to optimize the pricing mechanism and system construction, strengthen loan pricing management and fully improved the risk pricing capability to realize higher capital return. As at the end of September 2013, the floating range of weighted average interest rates of newly granted corporate loans in RMB (weighted at actual amounts, same as below) increased by 0.76 percentage point to 12.56% as compared with the previous year. The floating range of weighted average interest rates of newly granted retail loans in RMB increased by 6.99 percentage points to 29.94% as compared with the previous year.

Our high-net-worth customers increased steadily. As at the end of September 2013, the number of sunflower-level and above customers (retail customers of the Company with minimum total daily average assets of RMB500,000 per month) increased by 12.83% as compared with the beginning of the year; and the number of private banking customers (retail customers of the Company with minimum total daily average assets of RMB10 million and above per month) increased by 23.13% as compared with the beginning of the year.

Our non-performing loans increased relatively. The Company proactively responded to the risks arising from economic downturn to prevent deterioration in asset quality by consistently revising credit policies, building a counter-cyclical asset structure, launching an overall investigation regarding credit risks and accelerating the disposal and solution in relation to the non-performing assets. As at the end of September 2013, the balance of our non-performing loans amounted to RMB16.918 billion, representing an increase of RMB5.530 billion as compared with the beginning of the year, and the non-performing loan ratio was 0.85%, representing an increase of 0.20 percentage point as compared with the beginning of the year.

Our allowance coverage ratio remained stable. The Company continued to adopt a stable and prudent policy in respect of making provisions. As at the end of September 2013, the balance of allowances for impairment losses on loans amounted to RMB46.753 billion, representing an increase of RMB6.614 billion as compared with that at the beginning of the year. The non-performing loan allowance coverage ratio was 276.35%, representing a decrease of 76.12 percentage points as compared with the beginning of the year; the allowance-to-loan ratio was 2.35%, representing an increase of 0.07 percentage point as compared with the beginning of the year. The annualized credit cost was 0.56%, which was 0.25 percentage point higher as compared with the previous year.

Our wealth management business maintained a stable development. During the period from January to September 2013, the Company developed 2,502 wealth management products in aggregate and launched wealth management products of RMB3,628.148 billion. At the end of the reporting period, the balance of the working capital for the wealth management products of the Company was RMB643.664 billion, among which, the balance of working capital for off-balance sheet wealth management products was RMB509.646 billion, the balance of our wealth management investments in “non-standard debt assets” was RMB135.628 billion, which met the relevant regulatory requirements of CBRC. Meanwhile, in compliance with the regulatory requirements, the Company focused on the gradual development of net-value products and further strengthened the management on the equivalence and matching between the assets and liabilities in respect of wealth management business, issued and operated the wealth management products under the novel and single asset portfolio, and achieved the separate management, bookbuilding and accounting regarding wealth management products. Also, the Company continued to increase the transparency of the disclosure of information on wealth management products.

We steadily progressed on establishment of branches. During the reporting period, China (Shanghai) Pilot Free Trade Zone Branch and Jinzhou Branch have obtained approvals and commenced operations. Our Jiaxing Sub-branch and Jiujiang Sub-branch obtained the approvals to upgrade to Jiaxing Branch and Jiujiang Branch. The Company received approvals for setting up another four branches, namely Liaocheng Branch, Tangshan Branch, Lianyungang Branch and Liupanshui Branch.

2.4.3 Major financial indicators of WL Group (calculated based on Hong Kong Accounting Standards)

For the period from January to September 2013, Wing Lung Bank Limited and its subsidiaries (hereinafter referred to as “WL Group”) recorded an unaudited consolidated profit attributable to its shareholders of HK\$1,920 million, representing an increase of 26.79% as compared with the restated consolidated profit attributable to its shareholders for the corresponding period of the previous year.

As at 30 September 2013, WL Group had total assets of HK\$218.192 billion, representing an increase of 22.04% as compared with the restated total assets at the end of 2012; the equity attributable to its shareholders amounted to HK\$18.925 billion, representing an increase of 11.26% as compared with the restated equity attributable to its shareholders at the end of 2012; total loans (including trade bills) rose by 26.86% to HK\$126.002 billion as compared with the end of 2012; total deposits increased by 22.11% to HK\$161.303 billion as compared with the end of 2012.

As at the end of September 2013, the tier 1 capital ratio and total capital ratio of WL Group under Basel III were 9.52% and 14.21% respectively, while core capital adequacy ratio and capital adequacy ratio under Basel II were 9.97% and 14.92% as at the end of 2012 respectively. The average liquidity ratio for the period from January to September 2013 was 41.68%. All were above statutory requirements. As at the end of September 2013, the balance of non-performing loans (including trade bills) was HK\$159 million, and the non-performing loan ratio decreased by 0.16 percentage point to 0.13% as compared with the beginning of the year due to the decrease in non-performing loans. Its overall loan quality remained satisfactory.

§3 SIGNIFICANT EVENTS

3.1 Disclosure as to, and reason for, material changes in major accounting items and financial indicators of the Group

Applicable Not applicable

The table below sets out the major accounting items with change rate over 30% and their reasons:

(Unless otherwise stated, amounts expressed in millions of RMB)

Major items	As at 30 September 2013	Increase/ decrease as compared to the end of last year	Major reasons
Precious metals	5,351	23,165.22%	Increase in scale of leasing physical gold
Placements with banks and other financial institutions	40,454	(85.60%)	Decrease in scale of placements with banks
Financial assets purchased under agreements to resell	308,901	188.79%	Increase in scale of trust beneficial rights purchased under agreements to resell
Derivative financial assets	5,039	155.14%	Increase in unrealized gains from swap transactions
Investment receivables	165,387	413.29%	Increase in investments in trust beneficial rights
Other assets	19,997	103.49%	Increase in amounts to be settled arising from sales of bonds
Deposits from other banks and financial institutions	443,807	71.56%	Increase in placements with other banks
Financial assets sold under agreements to repurchase	76,945	(51.29%)	Decrease in bonds sold under repurchase agreement
Financial liabilities at fair value through profit or loss	33,568	389.76%	Increase in paper precious metals from other banks designated at fair value through profit or loss
Other liabilities	36,070	36.26%	Increase in amounts to be settled arising from purchases of bonds
Capital reserve	65,390	74.16%	Share premium arising from rights issue
Investment revaluation reserve	(2,091)	(5,751.35%)	Changes in fair value of available-for-sale financial assets
Hedging reserve	(555)	(112.64%)	Decrease in the value of hedge instruments
Retained profits	110,624	30.27%	Increase in profits for the year
Minority interests	147	101.37%	Increase in non-wholly-owned subsidiaries to our subsidiaries

Major items	January to September 2013	Increase/ decrease as compared to the corresponding period of last year	Major reasons
Fee and commission income	23,211	47.97%	Increase in commissions from custody and other trustee businesses
Fee and commission expense	(1,505)	45.55%	Increase in commission expense from clearing and credit card businesses
Net gain arising from changes in fair value	(240)	(258.94%)	Increase in unrealized losses from the value of investments in trading bonds
Net gain arising from foreign exchanges	486	(60.74%)	Impact of RMB appreciation and increase in losses from foreign exchange
Impairment losses on assets	(8,162)	49.00%	Increase in allowances provided for impairment losses on loans
Non-operating income	405	40.63%	Increase in non-specific incentives granted by the government
Non-operating expense	(81)	44.64%	Increase in donations and expense designated by the government

3.2 Performance of undertakings given by the Company, shareholders and de facto controllers

Applicable Not applicable

In the course of the rights issue of A shares and H shares (hereinafter referred to as the “Rights Issue”) in 2013, the Company had made undertakings to the underwriters of its H shares. For details of the undertakings, please refer to the H Share Rights Issue prospectus published on the websites of The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) (www.hkex.com.hk) and the Company (www.cmbchina.com) dated 5 September 2013. As at the date of the report, the Company did not violate the aforesaid undertakings.

In the course of the rights issue of A shares, China Merchants Group Limited, China Merchants Steam Navigation Co., Ltd. and China Ocean Shipping (Group) Company had individually undertaken that, they will not seek for related-party transactions on terms more favourable than those given to other shareholders; they will repay the principal and interest thereon to the Company when falling due; they will not intervene the ordinary operations of the Company; if they participate in the subscription of the rights shares, they will neither transfer or entrust others to manage the allocated shares within five years from the transfer of such shares, nor will they seek for a repurchase by the Company of the allocated shares held by them; upon expiration of the lock-up period of the allocated shares, they will not transfer their allocated shares until they obtain approval from the regulatory authorities on the share transfer and the shareholder qualification of transferees; they will continue to supplement the reasonable capital demand of the Company if an approval is granted by the Board of Directors and the shareholders’ general meeting; they will not impose improper performance indicators on the Company. In the course of the rights issue of H shares, China Merchants Group Limited had also made a number of undertakings to the Company and joint global coordinators. For details of the aforesaid undertakings, please refer to the A Share Rights Issue prospectus dated 22 August 2013 and the H Share Rights Issue prospectus dated 5 September 2013 on the website of the Company (www.cmbchina.com). As far as the Company is aware, as at the date of the report, the above shareholders did not violate the aforesaid undertakings.

3.3 Warning in respect of forecast of a probable loss or a significant change in the accumulated net profit from the beginning of the financial year to the end of the next reporting period or as compared with that of the corresponding period of last year and the reasons therefor

Applicable Not applicable

3.4 Implementation of the cash-based dividends policy during the reporting period

Applicable Not applicable

The Board of Directors of the Company has implemented the 2012 dividend distribution plan. For details of the implementation, please refer to the Company's announcement published on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company on 3 June 2013.

3.5 Progress of the acquisition of CIGNA & CMC Life Insurance

The Company and Shenzhen Dingzun Investment Advisory Company Ltd. ("Dingzun") entered into a share transfer agreement on 5 May 2008, pursuant to which the Company agreed to acquire from Dingzun its 50% equity interest in CIGNA & CMC Life Insurance Co., Ltd. ("CIGNA & CMC Life Insurance").

The Company has obtained all necessary regulatory approvals for the acquisition, and completed the closing of the acquisition and changes of industrial and commercial registration. Upon completion of the acquisition, the Chinese name of CIGNA & CMC Life Insurance will remain unchanged, while its English name will be changed from "CIGNA & CMC Life Insurance Company Limited" to "CIGNA & CMB Life Insurance Company Limited".

As at the date of the report, the Company and Life Insurance Company of North America (信諾北美人壽保險公司) hold 50% equity interest in CIGNA & CMB Life Insurance, respectively.

For further details, please refer to the relevant announcements published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company on 5 May 2008, 27 June 2008, 3 June 2011, 28 March 2013 and 24 October 2013.

3.6 Progress of the acquisition of China Merchants Fund

The Company and ING Asset Management B.V. executed an Equity Transfer Agreement on 24 October 2012, pursuant to which the Company proposed to acquire a 21.6% equity interest in China Merchants Fund from ING Asset Management B.V. at a consideration of €63,567,567.57. After the acquisition, the Company's equity interest in China Merchants Fund will be increased from 33.4% to 55%.

The Company has obtained approval from CBRC and CSRC in respect of the acquisition, and has completed the relevant procedures of changes of industrial and commercial registration for increasing its equity interest in China Merchants Fund.

As at the date of the report, the Company and China Merchants Securities Co., Ltd. hold 55% and 45% equity interest in China Merchants Fund, respectively.

For further details, please refer to the relevant announcements published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company on 8 October 2012, 4 June 2013, 20 August 2013 and 11 October 2013.

3.7 Completion on A+H Rights Issue in 2013

In 2011, the relevant resolution in respect of the Rights Issue was considered and approved at the 17th Meeting of the Eighth Session of the Board of Directors, the 2011 First Extraordinary General Meeting, the 2011 First A Shareholders Class Meeting and the 2011 First H Shareholders Class Meeting of the Company to raise total proceeds of not more than RMB35 billion. In 2012, the “Proposal regarding the Extension of the Validity Period of the Resolutions in respect of the A Share Rights Issue and H Share Rights Issue of China Merchants Bank Co., Ltd.” was considered and approved at the 33rd Meeting of the Eighth Session of the Board of Directors, the 2012 First Extraordinary General Meeting, the 2012 First A Shareholders Class Meeting and the 2012 First H Shareholders Class Meeting of the Company to extend the validity period of the resolutions in respect of the Rights Issue for another 12 months immediately after its expiry date. In 2013, the Company obtained approval from CSRC in respect of the Rights Issue, implemented the A Share Rights Issue and H Share Rights Issue and completed the A Share Rights Issue and H Share Rights Issue in September and October 2013, respectively. The Company implemented both of the A Share Rights Issue and H Share Rights Issue on the basis of 1.74 rights shares for every 10 existing shares held. The subscription price of A rights shares and H rights shares is RMB9.29 for each A rights share and HK\$11.68 for each H rights share respectively, which are the same after exchange rate adjustment. The Company issued 2,962,813,544 A shares and 680,423,172 H shares in respect of the Rights Issue, raising the proceeds of RMB27,524,537,823.76 and HK\$7,947,342,648.96 (equivalent to approximately RMB6,301,130,092.65), respectively, or total proceeds of approximately RMB33,825,667,916.41. After deducting the expense of the Rights Issue, the net proceeds from the Rights Issue is approximately RMB33,656,439,570.95, which was all used to improve the share capital base of the Company.

By order of the Board of Directors of
China Merchants Bank Co., Ltd.

29 October 2013

As at the date of this announcement, the executive directors of the Company are Tian Huiyu, Zhang Guanghua and Li Hao; the non-executive directors of the Company are Fu Yuning, Wei Jiafu, Li Yinquan, Fu Gangfeng, Hong Xiaoyuan, Xiong Xianliang, Sun Yueying, Wang Daxiong and Fu Junyuan; and the independent non-executive directors of the Company are Yi Xiqun, Wong Kwai Lam, Yan Lan, Pan Chengwei, Pan Yingli and Guo Xuemeng.

UNAUDITED CONSOLIDATED BALANCE SHEET

(Expressed in millions of Renminbi unless otherwise stated)

	30 September 2013	31 December 2012 (restated)
Assets		
Cash	12,964	12,719
Precious metals	5,351	23
Balances with central bank	502,774	458,673
Balances with banks and other financial institutions	40,454	280,870
Placements with banks	103,895	103,420
Financial assets purchased under agreements to resell	308,901	106,965
Loans and advances	2,125,156	1,863,325
Interest receivables	16,668	13,009
Financial assets at fair value through profit or loss	20,918	25,489
Derivative financial assets	5,039	1,975
Available-for-sale financial assets	311,023	284,696
Long term equity investments	1,120	1,103
Held-to-maturity investments	203,664	175,417
Investment receivables	165,387	32,221
Fixed assets	21,877	19,287
Investment properties	1,584	1,638
Intangible assets	2,924	2,851
Goodwill	9,598	9,598
Deferred income tax assets	6,078	4,993
Other assets	19,997	9,827
Total assets	3,885,372	3,408,099
Liabilities		
Deposits from banks and other financial institutions	443,807	258,692
Placements from banks	116,323	109,815
Financial assets sold under agreements to repurchase	76,945	157,953
Deposits from customers	2,804,691	2,532,444
Interests payable	30,481	24,065
Financial liabilities as at fair value through profit or loss	33,568	6,854
Derivative financial liabilities	5,021	2,745
Bonds payable	67,470	77,111
Salaries and welfare payable	4,755	4,056
Taxes payable	8,188	6,679
Deferred income tax liabilities	779	813
Other liabilities	36,070	26,471
Total liabilities	3,628,098	3,207,698

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)*(Expressed in millions of Renminbi unless otherwise stated)*

	30 September 2013	31 December 2012 (restated)
Shareholders' equity		
Share capital	25,220	21,577
Capital reserve	65,390	37,545
Among which: investment revaluation reserve	(2,091)	37
Hedge reserve	(555)	(261)
Surplus reserve	18,618	18,618
Statutory general reserve	39,395	39,195
Retained profits	110,624	84,919
Among which: proposed dividend appropriations	–	13,593
Foreign currency translation reserve	(1,565)	(1,265)
	<hr/>	<hr/>
Total equity attributable to the Bank's shareholders	257,127	200,328
Minority interests	147	73
	<hr/>	<hr/>
Total shareholders' equity	257,274	200,401
	<hr/> <hr/>	<hr/> <hr/>
Total shareholders' equity and liabilities	3,885,372	3,408,099
	<hr/> <hr/>	<hr/> <hr/>

This financial statement was approved by the Board of Directors on 29 October 2013.

UNAUDITED BALANCE SHEET

(Expressed in millions of Renminbi unless otherwise stated)

30 September 2013 31 December 2012

Assets

Cash	12,407	12,122
Precious metals	5,351	23
Balances with central bank	499,648	454,498
Balances with banks and other financial institutions	30,724	274,614
Placements with banks	89,109	85,981
Financial assets purchased under agreements to resell	308,901	106,965
Loans and advances	1,943,146	1,720,403
Interest receivables	15,798	12,346
Financial assets as at fair value through profit or loss	17,438	22,058
Derivative financial assets	4,618	1,866
Available-for-sale financial assets	295,800	274,370
Long term equity investments	35,294	35,292
Held-to-maturity investments	198,673	172,994
Investment receivables	166,572	33,426
Fixed assets	18,446	15,592
Investment properties	366	325
Intangible assets	1,884	1,760
Deferred income tax assets	5,925	4,838
Other assets	17,962	8,171
Total assets	3,668,062	3,237,644

Liabilities

Deposits from banks and other financial institutions	439,242	253,134
Placements from banks	62,295	66,431
Financial assets sold under repurchase agreement	76,945	157,753
Deposits from customers	2,677,788	2,426,474
Interests payable	29,345	23,281
Financial liabilities at fair value through profit or loss	32,955	6,355
Derivative financial liabilities	4,801	2,673
Bonds payable	47,306	69,083
Salaries and welfare payable	4,468	3,766
Taxes payable	7,716	6,401
Other liabilities	26,185	18,009
Total liabilities	3,409,046	3,033,360

UNAUDITED BALANCE SHEET (CONTINUED)
(Expressed in millions of Renminbi unless otherwise stated)

30 September 2013 31 December 2012

Shareholders' equity

Share capital	25,220	21,577
Capital reserve	74,472	46,620
Among which: investment revaluation reserve	(2,165)	(46)
Hedge reserve	(555)	(261)
Surplus reserve	18,618	18,618
Statutory general reserve	38,849	38,849
Retained profits	102,412	78,881
Among which: proposed dividend appropriations	–	13,593
	<hr/>	<hr/>
Total shareholders' equity	259,016	204,284
	<hr/> <hr/>	<hr/> <hr/>
Total shareholders' equity and liabilities	3,668,062	3,237,644
	<hr/> <hr/>	<hr/> <hr/>

This financial statement was approved by the Board of Directors on 29 October 2013.

UNAUDITED CONSOLIDATED INCOME STATEMENTS

(Expressed in millions of Renminbi unless otherwise stated)

	For the period from January to September ended 30 September		For the period from July to September ended 30 September	
	2013	2012 (restated)	2013	2012 (restated)
Operating income	97,531	85,181	33,474	28,062
Interest income	125,679	112,054	45,296	38,235
Interest expense	(53,107)	(46,264)	(20,165)	(16,086)
Net interest income	72,572	65,790	25,131	22,149
Fee and commission income	23,211	15,686	8,128	5,275
Fee and commission expense	(1,505)	(1,034)	(586)	(355)
Net fee and commission income	21,706	14,652	7,542	4,920
Net gain arising from change in fair value	(240)	151	189	(114)
Net gain arising from investments	2,560	2,959	803	564
Net gain arising from foreign exchange	486	1,238	(228)	402
Other operating income	447	391	37	141
Other net income	3,253	4,739	801	993
Operating expense				
Business tax and surcharges	(6,416)	(5,637)	(2,300)	(1,888)
Operating and administrative expense	(30,607)	(28,125)	(10,485)	(9,728)
Impairment losses on assets	(8,162)	(5,478)	(3,203)	(1,334)
Provision for insurance claims	(256)	(233)	(89)	(83)
	(45,441)	(39,473)	(16,077)	(13,033)
Operating profit	52,090	45,708	17,397	15,029
Add: non-operating income	405	288	227	121
Less: non-operating expense	(81)	(56)	(58)	(31)

UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTINUED)*(Expressed in millions of Renminbi unless otherwise stated)*

	For the period from January to September ended 30 September		For the period from July to September ended 30 September	
	2013	2012 (restated)	2013	2012 (restated)
Total profit	52,414	45,940	17,566	15,119
Less: income tax expense	<u>(12,923)</u>	<u>(11,155)</u>	<u>(4,341)</u>	<u>(3,707)</u>
Net profit	<u>39,491</u>	<u>34,785</u>	<u>13,225</u>	<u>11,412</u>
Net profit attributable to the Bank's shareholders	39,498	34,786	13,227	11,412
Minority interests	<u>(7)</u>	<u>(1)</u>	<u>(2)</u>	<u>–</u>
Earnings per share				
Basic earnings per share	1.83	1.61	0.61	0.53
Diluted earnings per share	<u>1.83</u>	<u>1.61</u>	<u>0.61</u>	<u>0.53</u>

This financial statement was approved by the Board of Directors on 29 October 2013.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in millions of Renminbi unless otherwise stated)

	For the period from January to September ended 30 September		For the period from July to September ended 30 September	
	2013	2012 (restated)	2013	2012 (restated)
Net profit for the period	39,491	34,785	13,225	11,412
Other comprehensive income for the period (after tax and reclassification adjustments)				
Exchange differences	(300)	3	(38)	(158)
Net movement in revaluation reserve of available-for-sale financial assets	(2,128)	(73)	(1,764)	(1,991)
Cash flow hedge	(294)	226	(257)	273
Remeasurement of defined benefit scheme	—	23	—	8
Total other comprehensive income for the period	(2,722)	179	(2,059)	(1,868)
Total comprehensive income for the period	36,769	34,964	11,166	9,544
Total comprehensive income attributable to the Bank's shareholders	36,776	34,965	11,168	9,544
Total comprehensive income attributable to the minority shareholders	(7)	(1)	(2)	—

This financial statement was approved by the Board of Directors on 29 October 2013.

UNAUDITED INCOME STATEMENTS

(Expressed in millions of Renminbi unless otherwise stated)

	For the period from January to September ended 30 September		For the period from July to September ended 30 September	
	2013	2012	2013	2012
Operating income	92,789	81,321	31,975	26,731
Interest income	119,991	107,173	43,274	36,520
Interest expense	(50,057)	(43,584)	(19,064)	(15,122)
Net interest income	69,934	63,589	24,210	21,398
Fee and commission income	21,782	14,688	7,672	4,928
Fee and commission expense	(1,430)	(981)	(559)	(337)
Net fee and commission income	20,352	13,707	7,113	4,591
Net gain arising from change in fair value	(259)	131	184	(116)
Net gain arising from investments	2,475	2,842	755	511
Net gain arising from foreign exchange	287	1,052	(287)	347
Other net income	2,503	4,025	652	742
Operating expense				
Business tax and surcharges	(6,305)	(5,520)	(2,261)	(1,845)
Operating and administrative expense	(29,317)	(26,932)	(10,045)	(9,306)
Impairment losses on assets	(7,875)	(5,239)	(3,151)	(1,283)
	(43,497)	(37,691)	(15,457)	(12,434)

UNAUDITED INCOME STATEMENTS (CONTINUED)*(Expressed in millions of Renminbi unless otherwise stated)*

	For the period from January to September ended 30 September		For the period from July to September ended 30 September	
	2013	2012	2013	2012
Operating profit	49,292	43,630	16,518	14,297
Add: non-operating income	172	121	62	53
Less: non-operating expense	(80)	(55)	(57)	(31)
Total profit	49,384	43,696	16,523	14,319
Less: income tax expense	(12,260)	(10,676)	(4,120)	(3,533)
Net profit	<u>37,124</u>	<u>33,020</u>	<u>12,403</u>	<u>10,786</u>

This financial statement was approved by the Board of Directors on 29 October 2013.

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in millions of Renminbi unless otherwise stated)

	For the period from January to September ended 30 September		For the period from July to September ended 30 September	
	2013	2012	2013	2012
Net profit for the period	37,124	33,020	12,403	10,786
Other comprehensive income for the period (after tax and reclassification adjustments)				
Net movement in revaluation reserve of available-for-sale financial assets	(2,119)	(100)	(1,796)	(1,973)
Cash flow hedge	(294)	226	(257)	273
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other comprehensive income for the period	<u>(2,413)</u>	<u>126</u>	<u>(2,053)</u>	<u>(1,700)</u>
Total comprehensive income for the period	<u>34,711</u>	<u>33,146</u>	<u>10,350</u>	<u>9,086</u>

This financial statement was approved by the Board of Directors on 29 October 2013.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT*(Expressed in millions of Renminbi unless otherwise stated)*

	For the period from January to September ended 30 September	
	2013	2012
Cash flow from operating activities		
Net increase in deposits from customers	272,247	192,672
Net increase in deposits from banks and other financial institutions	185,115	–
Net increase in placements from banks and financial assets sold under agreements to repurchase	–	116,820
Net decrease in placements with banks and other financial institutions	6,302	–
Net recoveries of loans and advances previously written off	45	51
Cash received from interest, fee and commission	141,055	111,107
Cash received from other operating activities	9,562	7,040
Sub-total of cash inflow from operating activities	614,326	427,690
Net increase in loans and advances	(268,743)	(194,970)
Net increase in balances with central bank	(32,073)	(21,320)
Net decrease in deposits from banks and other financial institutions	–	(27,796)
Net increase in placements with banks and financial assets purchased under agreements to resell	(151,591)	(77,959)
Net decrease in placements from banks and financial assets sold under agreements to repurchase	(74,500)	–
Net increase in balances with banks and other financial institutions	–	(12,012)
Cash paid for interest, fee and commission	(43,379)	(40,640)
Cash payments to and for employees	(17,968)	(14,884)
Income taxes and other taxes and fees paid	(15,474)	(17,184)
Other cash payments relating to operating activities	(4,124)	(10,094)
Sub-total of cash outflow from operating activities	(607,852)	(416,859)
Net cash flow from operating activities	6,474	10,831
Cash flow from investing activities		
Cash received from recovery of investments	601,804	710,264
Cash received from return on investments	12,472	11,847
Cash received from disposal of fixed assets and other assets	31	455
Repayment of loans from joint ventures	2	19
Sub-total of cash inflow from investing activities	614,309	722,585

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)*(Expressed in millions of Renminbi unless otherwise stated)*

	For the period from January to September ended 30 September	
	2013	2012
Cash paid for investments	(787,543)	(765,694)
Cash paid for purchase and construction of fixed assets and other assets	(2,973)	(2,138)
Cash paid for acquisition of minority interests	–	(57)
Sub-total of cash outflow from investing activities	(790,516)	(767,889)
Net cash flow from investing activities	(176,207)	(45,304)
Cash flow from financing activities		
Issuance of certificates of deposits	23,765	14,432
Issuance of long term bonds	4,000	20,000
Cash received from minority interests	88	3
Share issuance	33,826	–
Sub-total of cash inflow from financing activities	61,679	34,435
Cash paid for repayment of debt due	(33,366)	(15,351)
Interest paid for issuance of debt securities	(2,748)	(1,903)
Expenses paid for issuance of long term bonds	–	(31)
Cash paid for dividends or profit distribution	(13,593)	(9,062)
Sub-total of cash outflow from financing activities	(49,707)	(26,347)
Net cash flow from financing activities	11,972	8,088
Effect of exchange differences on cash	(994)	(183)
Net increase/(decrease) in cash and cash equivalents	(158,755)	(26,568)
Add: balance of cash and cash equivalents at the beginning of the period	452,855	219,151
Balance of cash and cash equivalents at the end of the period	294,100	192,583

This financial statement was approved by the Board of Directors on 29 October 2013.

UNAUDITED CASH FLOW STATEMENT

(Expressed in millions of Renminbi unless otherwise stated)

	For the period from January to September ended 30 September	
	2013	2012
Cash flow from operating activities		
Net increase in deposits from customers	251,314	185,663
Net increase in deposits from banks and other financial institutions	186,108	–
Net increase in placements from banks and financial assets sold under agreements to repurchase	–	103,830
Net decrease in placements with banks and other financial institutions	6,555	–
Net recoveries of loans and advances previously written off	34	50
Cash received from interest, fee and commission	137,757	108,185
Cash received from other operating activities	6,176	3,551
Sub-total of cash inflow from operating activities	587,944	401,279
Net increase in loans and advances	(230,614)	(168,067)
Net increase in balances with central bank	(31,690)	(21,034)
Net increases in placements with banks and financial assets purchased under agreements to resell	(157,621)	(74,302)
Net decrease in balances with banks and other financial institutions	–	(29,691)
Net decrease in placements from banks and financial assets sold under agreements to repurchase	(84,944)	–
Net increase in deposits from banks and other financial institutions	–	(10,210)
Cash paid for interest, fee and commission	(42,113)	(38,023)
Cash payments to and for employees	(17,398)	(14,345)
Income tax and other taxes and fees paid	(14,763)	(16,589)
Other cash payments relating to operating activities	(2,769)	(8,029)
Sub-total of cash outflow from operating activities	(581,912)	(380,290)
Net cash flow from operating activities	6,032	20,989
Cash flow from investing activities		
Cash received from recovery of investments	593,949	693,383
Cash received from return on investments	12,192	11,552
Cash received from disposal of fixed assets and other assets	31	4
Sub-total of cash inflow from investing activities	606,172	704,939

UNAUDITED CASH FLOW STATEMENT (CONTINUED)*(Expressed in millions of Renminbi unless otherwise stated)*

	For the period from January to September ended 30 September	
	2013	2012
Cash paid for investments	(774,215)	(758,978)
Cash paid for purchase and construction of fixed assets and other assets	(2,949)	(1,198)
Cash paid for additional investment in subsidiaries	—	(2,000)
Sub-total of cash outflow from investing activities	(777,164)	(762,176)
Net cash flow from investing activities	(170,992)	(57,237)
Cash flow from financing activities		
Issuance of long term bonds	—	20,000
Issuance of certificates of deposits	8,708	4,074
Share issuance	33,826	—
Sub-total of cash inflow from financing activities	42,534	24,074
Cash paid for repayment of debt due	(26,542)	(3,455)
Interest paid for issuance of debt securities	(2,608)	(1,783)
Expenses paid for issuance of long term bonds	—	(31)
Cash paid for dividends or profit distribution	(13,593)	(9,062)
Sub-total of cash outflow from financing activities	(42,743)	(14,331)
Net cash flow from financing activities	(209)	9,743
Effect of exchange differences on cash	(1,136)	(135)
Net increase/(decrease) in cash and cash equivalents	(166,305)	(26,640)
Add: balance of cash and cash equivalents at the beginning of the period	436,259	200,941
Balance of cash and cash equivalents at the end of the period	269,954	174,301

This financial statement was approved by the Board of Directors on 29 October 2013.