China International Marine Containers (Group) Co., Ltd.
First Quarterly Report of 2003

1. IMPORTANT NOTES:

1.1 Board of Directors of China International Marine Containers (Group) Co., Ltd. (hereinafter referred to as the Company) and directors individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions or errors which would render any statement misleading.

1.2 The first quarterly financial report of 2003 has not been audited.

1.3 For working reason, Independent Director Mr. Zhang Limin didn’t attend the meeting of the Board.

1.4 Chairman of the Board, Mr. Li Jianhong, President of the Company, Mr. Mai Boliang and General Manager of Financial Management Dept., Mr. Jin Jianlong announce: ensure the correctness and completeness of financial report in this report.

2. COMPANY PROFILE

2.1 Basic Information of the Company

Short form of stock	CIMC, CIMC-B
Stock code	000039, 200039
	Secretary of the Board of Directors
Name	Wu Fapei
Liaison Address	No.2 R&D Center of CIMC, Shenkou Industrial Zone, Shenzhen, Guangdong
Tel.	(0755) 2669 1130
Fax	(0755) 2682 6579
E-mail	shareholder@cimc.com

2.2 Financial Information

2.2.1 Main accounting data and financial indexes

RMB'000

	Mar.31, 2003	Dec.31, 2002	Increase/decrease (%)
Total assets	9,448,721	8,073,894	17.03
Total equity (excluding Minority interest)	2,957,456	2,850,497	3.75
Equity per share	5.80	5.58	3.94
	In the report period	From year-beginning to end of report period	Increase/decrease (%) compared with the same period last year
Net cash outflow from operating activities	−574,692	−574,692	---
Earnings per share	0.2096	0.2096	32.20
Rate of Return on Equity (%)	3.62	3.62	8.58

Reconciliation of the Group's consolidated results and net assets prepared under International Financial Reporting Standards ("IFRS") and the PRC Accounting Rules and Regulations:

		Profit attributable to shareholders for the period ended 31 March 2003	*Net assets at 31 March 2003*
		RMB'000	RMB'000
Prepared under the PRC Accounting Rules and Regulations		104,308	2,957,990
Adjustments to align with IFRS:			
(i)	Adjustment to provision for doubtful debts		
(ii)	Adjustment to minority interests	712	8,682
(iii)	Adjustment to deferred tax assets	-	19,896
(iv)	Adjustment to goodwill and negative goodwill	(1,852)	(42,161)
(v)	Adjustment to interest capitalisation	-	11,887
(vi)	Others	3,791	1,162
Prepared under IFRS		106,959	2,957,456
		========	========

2.2.2 Consolidated income statement for the period ended 31 March 2002

	2003 RMB'000	*2002* RMB'000
Revenue	2,828,975	978,169
Cost of sales	(2,538,402)	(782,420)
Gross profit	290,573	195,749
Other operating income	21,023	5,304
Distribution expenses	(74,944)	(32,648)
Administrative expenses	(65,283)	(43,543)
Other operating expenses	(10,209)	(7,991)
Profit from operations	161,160	116,871
Net financing costs	(20,717)	(21,733)
Income from associates	1,930	10,804
Profit before tax	142,373	105,942
Income tax expense	(9,027)	(7,515)
Profit after tax	133,346	98,427
Minority interests	(26,387)	(17,520)
Net profit for the period	106,959	80,907
	========	========

2.3 By the end of the report period, the total amount of shareholders is 52,456, including 33,913 shareholders holding A share and 18,543 shareholders holding B share.

3. DISCUSSION AND ANALASIS OF THE MANAGEMENT

3.1 Operation of the Company in the report period

In the report period, the Company realized revenue of RMB2, 828,975,000 from main business and net profit of RMB 106,959,000, respectively increasing by 189.21% and 32.20% compared with the same period last year.

In the 1st quarter, the total import and export of foreign trade of China remained strong trend of increasing, the average increasing range under the same ration reached 42.4% and the containers' throughput of the sea-fore main ports. So, the business of container of CIMC in the report period remained the good production trend of the 2nd half of 2002 and the output created the new top in the same period of the historical years. During the 1st quarter, The Group sold containers of 237,628 TEU. In the first quarter, the containers' price was rising a little compared with the average price of the previous year and the price of steels, the main raw material of container has a little rising compared with the end of the previous year.

The manufacture business of modern road transport vehicle on land of the Company continued the progress. In the first quarter, the Company's wholly owned subsidiary-Shenzhen CIMC Heavy Industries Co., Ltd. accumulatively sold 185 CHASSIS and realized RMB 8,952,700 sale income. In Jan.2003, CIMC sold 54 CHASSIS to American customers and realized the first batch export of CHASSIS product to USA and meanwhile, quickened the construction of sale network CHASSIS in the northern districts. Ended the 1st quarter, The Company has kept as custodian 51.5% equity of Yangzhou Tonghua Special Vehicle Co., Ltd., but it was not listed into the consolidation scope of the financial statements of the Company.

In the respect of the manufacture and service of airport equipment, on Mar.17, 2003, the Company's wholly owned subsidiary---Shenzhen CIMC Tianda Airport Support Ltd. got the order form of 26 passenger boarding bridges in Guangzhou New Baiyun International Airport amounting to USD 6,463,500.

On Jan.24, 2003, the Company's wholly owned subsidiary---CIMC (HK) Ltd. was transferred 5% equity of Shanghai CIMC Far East Container Co., Ltd. held by Trading Resources Co., Ltd. as the price of USD 0.9 million. So far, The Group holds 52.5% equity of Shanghai CIMC Far East Container Co., Ltd..

On Feb.25, 2003, CIMC (HK) Ltd. signed equity assignment agreement with Hyundai Mobis who transferred 16.21% equity of Qingdao CIMC Reefer Container Manufacture Co., Ltd. and 8.37% equity of Qingdao CIMC Container Manufacture Co., Ltd. to CIMC (HK) Ltd. and the transfer amount was respectively USD 4,875,000 and USD 2,125,000. After the procedure of equity transfer was finished, CIMC respectively held 91.44% equity of Qingdao CIMC Reefer Container Manufacture Co., Ltd. and 89.56% equity of Qingdao CIMC Container Manufacture Co., Ltd..

3.1.1 Main business industry or product, which occupied 10% of income from main business lines or total profit from main business

√ Applicable ☐ Inapplicable

Unit: *RMB yuan*

Main industry	Income from main business lines	Expenditure from main business lines	Gross Margin (%)
Containers	2,798,560,878.96	2,506,854,403.75	10.42

3.1.2 Characteristic of periodicity and season period of the Company's operation

√ Applicable ☐ Inapplicable

The periodicity of the international containers' production is very clear, the 1st and 4th quarter every year are low season and the 2nd and 3rd quarter are midseason. In normal condition, the throughput of containers in January and February every year are less. But because of the consistent increasing of the global container trade and Chinese foreign trade in the1st quarter of 2003, the throughput of the customers remained higher level. So, carrying on the hearty need of containers in the market in the 2nd half of 2002, the throughput of containers of the Group in the 1st quarter is still full and the production and sale of containers increased by gemination compared with the same period of the previous year.

3.1.3 Profit composing in the report period

√ Applicable ☐ Inapplicable

RMB'000

Item	1st quarter of 2003		2002		Increase/decrease (%)
	Amount	Proportion in Profit before tax (%)	Amount	Proportion in Profit before tax (%)	
Gross profit	290,573	204.09	1,166,651	204.81	−0.35
Other operating income	21,023	14.77	82,630	14.51	1.79
Distribution expense, Administration expense and Other operating expense	150,436	105.66	733,901	128.84	−17.99
Income from associates	1,930	1.36	121,677	21.36	−93.63
Profit before tax	142,373	100	569,622	100	—

Analysis of Increase/decrease:

The proportion of earnings from investment decreased than that of last year and the main reason was that the factors, which produced a large amount of earnings from investment in 2002 did not exist yet.

3.1.4 Significant change of earning ability (Gross Margin) compared with the previous report period and explanation of reason

☐ Applicable √ Inapplicable

3.2 Explanation of analysis of significant events and their influence and resolve proposal

☐ Applicable √ Inapplicable

3.3 Change of accounting policy, accounting assessment and consolidation scope and material accounting mistake and explanation of reason

□ Applicable √ Inapplicable

3.4 Relevant explanation issued by the Board of Directors and the Supervisory Committee when the Company was audited and issued non-standardized opinion

□ Applicable √ Inapplicable

3.5 Caution of forecasting a possible loss in accumulated net profit from year beginning to the next report period and a large range of change and explanation of reason

3.6 Rolling adjustment of the annual operation plan and budget of the Company

□ Applicable √ Inapplicable

Board of Directors
China International Marine Containers (Group) Co., Ltd.
Apr.23, 2003

Consolidated income statement
for the period ended 31 March 2002

	2003	*2002*
	RMB'000	RMB'000
Revenue	2,828,975	978,169
Cost of sales	(2,538,402)	(782,420)
Gross profit	290,573	195,749
Other operating income	21,023	5,304
Distribution expenses	(74,944)	(32,648)
Administrative expenses	(65,283)	(43,543)
Other operating expenses	(10,209)	(7,991)
Profit from operations	161,160	116,871
Net financing costs	(20,717)	(21,733)
Income from associates	1,930	10,804
Profit before tax	142,373	105,942
Income tax expense	(9,027)	(7,515)
Profit after tax	133,346	98,427
Minority interests	(26,387)	(17,520)
Net profit for the period	106,959	80,907
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Consolidated balance sheet
as at 31 March 2003 and 31 December 2002

	31 Mar 2003	*31 Dec 2002*
	RMB'000	RMB'000
Assets		
Property, plant and equipment	1,467,940	1,482,419
Lease prepayments – non-current portion	192,736	187,189
Construction in progress	321,636	226,717
Timber concession rights	227,364	228,967
Intangible assets	15,239	14,824
Interests in associates	619,578	617,584
Investments in equity securities	292,108	292,359
Long-term receivables	79,015	86,621
Deferred tax assets	19,897	19,897
Total non-current assets	3,235,513	3,156,577
Lease prepayments – current portion	7,572	7,216
Investments in equity securities	16,468	16,468
Properties under development	190,636	150,382
Completed properties for sale	68,420	72,027
Inventories	1,284,207	1,081,516
Trade and other receivables	3,939,678	3,207,771
Cash and cash equivalents	706,227	381,937
Total current assets	6,213,208	4,917,317
Total assets	9,448,721	8,073,894
Equity		
Share capital	510,302	510,302
Reserves	2,447,154	2,340,195
Total equity	2,957,456	2,850,497
Minority interests	585,294	617,625

Consolidated balance sheet
as at 31 March 2003 and 31 December 2002 (continued)

	31 Mar 2003	*31 Dec 2002*
	RMB'000	RMB'000
Liabilities		
Non-current liability		
Interest-bearing bank loans	64,000	81,000
Current liabilities		
Interest-bearing bank loans	3,099,853	1,996,679
Trade and other payables	2,334,294	2,128,517
Provision	382,262	373,434
Taxation	25,562	26,142
Total current liabilities	5,841,971	4,524,772
Total liabilities	5,905,971	4,605,772
Total equity, minority interests and liabilities	9,448,721	8,073,894

Consolidated cash flow statement
for the period ended 31 March 2002

	Note	*2003* RMB'000
Net cash outflow from operating activities	(a)	(574,692)
Investing activities		
Interest received		4,809
Payment for property, plant and equipment		(12,512)
Payment for construction in progress		(109,040)
Payment for acquisition of minority shareholdings		(26,910)
Proceeds from sales of property, plant and equipment and construction in progress		5,946
Advance from minority shareholders		2,951
Cash outflow from investing activities		(134,756)

Consolidated cash flow statement
for the period ended 31 March 2003 (continued)

		2003
		RMB'000
Financing activities		
Interest paid		(22,656)
Proceeds from bank loans	(b)	2,839,691
Repayment of bank loans	(b)	(1,753,517)
Proceeds from Receivables Framework Agreement		9,530
Advance from minority shareholders		-
Dividends paid to minority shareholders		(39,310)
Cash flows from financing activities		1,033,738
Net increase in cash and cash equivalents		324,290
Cash and cash equivalents at 1 January		381,937
Cash and cash equivalents at 31 March		706,227

Notes to the consolidated cash flow statement

(a) Reconciliation of operating profit to net cash outflow from operating activities:

	2003
	RMB'000
Net profit for the year	106,959
Depreciation	33,362
Impairment losses	251
Amortisation of goodwill	4,078
Amortisation of other intangible assets	58
Amortisation of negative goodwill of associates	(64)
Loss on sale of property, plant and equipment	1,804
Interest income	(4,809)
Interest expenses	23,910
Amortisation of timber concession rights	1,603
Impairment losses on timber concession rights	-
Income from associates	(1,930)
Income tax expenses	9,027
Minority interests	26,387
Operating profit before changes in working capital	200,637
Increase in lease prepayments	(5,903)
Decrease in long-term receivables	7,606
Increase in trade and other receivables	(741,437)
Increase in inventories	(202,691)
Increase in trade and other payables	204,523
Increase in provision	8,828
Increase in properties under development	(40,254)
Decrease in completed properties for sale	3,607
Cash used in operations	(565,085)
PRC income tax paid	(9,607)
Net cash outflow from operating activities	(574,692)
	========

Notes to the consolidated cash flow statement (continued)

(b) Analysis of changes in financing activities during the period:

	2003
	RMB'000
Bank loans	
Balance at 1 January	2,077,679
Proceeds from bank loans	2,839,691
Repayment of bank loans	(1,753,517)
Balance at 31 March	3,163,853
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