CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.

(Incorporated in People's Republic of China)

SEMI-ANNUAL REPORT 2003

Ended June 30, 2003

Important Notice

The Board of Directors of China International Marine Containers (Group) Co., Ltd. (hereinafter referred to as the Company) and its directors individually and collectively accepts responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions nor errors which would render any statement misleading.

Eight Directors were expected to attend the Board meeting and actually five of them attended. Director Mr. Li Jianhong, Mr. Zhao Huxiang and Independent Director Mr. Xiao Zhuoji were absent from the Board meeting due to some reasons.

Chairman of the Board of the Company Mr. Li Jianhong, President of the Company Mr. Mai Boliang and General Manager of Financing & Management Dept. Mr. Jin Jianlong hereby confirm that the Financial Report enclosed in the Semi-annual Report is true and complete.

The semi-annual financial report of the Company has not been audited.

Paraphrase

1. **CIMC** (the Company): China International Marine Containers (Group) Co., Ltd.

2. **the Group**: the Company and its subsidiary companies.

3. **TEU**: Twenty-foot equivalent unit. Conversion container, is also called standard container, namely takes 20-foot container as conversion unit of the container.

4. **Semi-trailer**: It is trailer, which is towed by the semi-tractor, and its partial quality is supported by the tractor.

5. "**CCC**" Certification: China Compulsory Certification. Namely, State Department responsible for this work carries out a compulsory certification in order to safeguard the customer's personal security, protect the environment, ensure that the product is in line with state compulsory standard and technology principle according to the laws and regulations.

6. **SARS**: Severe Acute Respiratory Syndrome

Contents

I. Company Profile

(I) Company information

1. **Name of the Company**:
   In Chinese: 中国国际海运集装箱（集团）股份有限公司
   In English: China International Marine Containers (Group) Co., Ltd.
   Abbr. of English name: CIMC
2. **Stock Exchange Listed with:** Shenzhen Stock Exchange
   Short Form of the Stock: CIMC Stock Code: 000039
   CIMC-B 200039
3. **Registered Address:** 5/F, Financial Center of Shekou Industrial Zone, Shenzhen, Guangdong Province, P.R.C
   Office Address: R&D Center of CIMC, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong Province, P.R.C
   Post Code: 518067
   Company's Internet Website: http://www.cimc.com
4. **Legal Representative**: Mr. Li Jianhong
5. **Secretary of the Board of Directors:** Mr. Wu Fapei
   Contact Address: R&D Center of CIMC, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong Province, P.R.C
   Tel: (86)755-26691130
   Fax: (86)755-26826579
   E-mail: shareholder@cimc.com
6. **Newspapers Chosen by the Company for Disclosing the Information:**
   Securities Times and Ta Kung Pao
   Internet Website Designated by CSRC for Publishing the Semi-annual Report: http://www.cninfo.com.cn
   The Place Where the Semi-annual Report is Prepared and Placed: Finance Affairs Dept. of the Company
7. **Other relevant information**
   Registered date after the latest changing: Dec. 1, 2000
   Registered place after changing: Shenzhen Industry and Commerce Administration Bureau
   Registered code of enterprise's business license of corporation: QGYSZ Zi 101157
   Registered code of Taxation:
   National revenue: 440301618869509
   Local revenue: 440305618869509
   Name and Address of Certified Public Accountants Engaged by the Company:
   Domestic: Shenzhen Pan-China Schinda Certified Public Accountants
   Office Address: 16/F, Special Zone Securities Bldg., No. 5020, Binhe Av., Shenzhen, Guangdong, and PRC.
   Overseas: KPMG Hong Kong Certified Public Accounts
   Office Address:8/F. Prince Bldg., Center of Hong Kong

(II) Major accounting data and financial indexes

RMB'000

Items	At the end of this period	At the end of the last year	Increase/decrease at the end of this report period compared with the year-beginning (%)
Total Current assets	6,347,552	4,910,568	29.26
Total Current liabilities	5,259,378	4,524,772	16.23
Total assets	9,439,850	8,073,894	16.92
Total equity (excluding minority interests)	3,191,200	2,850,497	11.95
Net assets per share (RMB yuan)	6.25	5.59	11.95
Items	**In the report period (Jan. to Jun. 2003)**	**At the same period of last year**	**Increase/decrease in this report period compared with the same period of last year (%)**
Net profit for the period	340,703	246,857	38.02
Earnings per share (RMB yuan)	0.67	0.48	38.02
ROE (Return on equity)	10.68%	8.66%	23.28
Net cash flow from operating activities	(465,995)	---	---

ROE and EPS in the first half of year 2003 calculated under the different profit index:

Profit in the report period	Return on equity (%)	Earnings per share (RMB yuan)
Profit from operations	23.15	1.45
Operating profit	13.96	0.87
Net profit for the period	10.68	0.67

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 30 June 2003	*Net assets at 30 June 2003*
		RMB'000	RMB'000
Prepared under the PRC Accounting Rules and Regulations		335,202	3,190,267
Adjustments to align with IFRS:			
(i)	Adjustment to minority interests	437	8,407
(ii)	Adjustment to deferred tax assets	-	19,896
(iii)	Adjustment to goodwill and negative goodwill	(4,321)	(44,630)
(iv)	Adjustment to interest capitalisation	2,513	11,264
(v)	Adjustment to write back other payable	1,874	538
(vi)	Others	4,998	5,458
Prepared under IFRS (unaudited)		340,703	3,191,200
		========	========

II. Changes in Share Capital and Particulars about Shares Held by Main Shareholders

(I) Statement of change in share capital

Unit: Share

	Before the change	**Changes in this time (+/-)**	**After the change**	**Proportion in total shares (%)**
I. Unlisted shares				
1. Promoters' shares	227,363,133	0	227,363,133	44.55
Including:				
Domestic legal person's share	102,313,410	0	102,313,410	20.05
Foreign legal person's share	125,049,723	0	125,049,723	24.50
2. Shares held by senior executives	346,332	0	346,332	0.07
Total unlisted shares	227,709,465	0	227,709,465	44.62
II. Listed shares				
1. RMB ordinary shares	68,986,930	0	68,986,930	13.52
2. Domestically listed foreign shares	213,605,701	0	213,605,701	41.86
Total listed shares	282,592,631	0	282,592,631	55.38
III. Total shares	510,302,096	0	510,302,096	100

(II) About shareholders

1. The total shareholders at the end of the report period
Ended June 30, 2003, the Company had 45,435 shareholders in total, including 28,557 shareholders of A-share and 16,878 shareholders of B-share.

2. Particulars about shares held by main shareholders (the top ten shareholders of the Company ended June 30, 2003)

Name of Shareholder	Increase / decrease in the report period	Holding shares at the end of the period (share)	Proportion in total shares (%)	Type of shares (Circulating/Non -circulating)	Number of share pledged or frozen	Nature of shareholders
1. CHINA OCEAN SHIPPING (GROUP) CO., LTD.	0	102,313,410	20.05%	Non-circulating	0	Sponsor domestic legal person share
2. CHINA MERCHANTS CONTAINER INDUSTRY CO., LTD.	0	102,313,410	20.05%	Non-circulating	0	Sponsor foreign legal person share
3. FAIR OAKS DEVELOPMENT LIMITED	+1,213,680	38,278,680	7.50%	Circulating	0	Foreign social public share
4. PROFIT CROWN ASSETS LIMITED	0	22,736,313	4.46%	Non-circulating	0	Sponsor foreign legal person share
5. ChinaAMC Growth Fund	+10,006,149	10,899,725	2.14%	Circulating	Unknown	Domestic social public share
6. ENERGING MARKETS GROWTH FUND, INC.	+6,205,545	6,205,545	1.22%	Circulating	Unknown	Foreign social public share
7. LONG HONOUR INVESTMENTS LIMITED	0	5,994,817	1.17%	Circulating	0	Foreign social public share
8. YU YUAN SECURITIES INVESTMENT FUND	+104,664	4,796,825	0.94%	Circulating	Unknown	Domestic social public share
9. GT PRC FUND	+2,599,957	4,599,957	0.90%	Circulating	Unknown	Foreign social public share
10. CITRINE CAPITAL LIMITED	+35,000	4,332,757	0.85%	Circulating	Unknown	Foreign social public share

Notes: Among the above the top ten shareholders, there existed the associated relationship as well as the consistent action between the first shareholder and the seventh shareholder, namely Long Honour Investment Limited is the wholly-owned subsidiary company of COSCO. The said two shareholders didn't belong to the persons acting in concert regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Company with the other shareholders.

There existed the associated relationship as well as the consistent action between the second shareholder and the third shareholder, namely China Merchants Container Industry Co., Ltd. and Fair Oaks Development Limited are the wholly-owned subsidiary companies of China Merchant Holdings (International) Co., Ltd.. The said two shareholders didn't belong to the persons acting in concert regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Company with the other shareholders.

The Company is not aware of their associated relationships among other shareholder of circulation share, whether belongs to the persons acting in concert regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Company.

In the report period, the holding shareholder of the Company remained unchanged.

III. Particulars about Directors, Supervisors and Senior Executives

(I) Change in shares held by Directors, Supervisors and Senior executives of the Company in the report period.

Name	Title	Holding shares at the begin of the period	Holding shares at the end of the period	Increase or decrease	Reason for change
Mai Boliang	Director, President	117,117	117,117	0	-
Li Ruiting	Vice-president	78,078	78,078	0	-
Gu Hongren	Vice-president	41,827	41,827	0	-

(II) Particulars about change of Directors, Supervisors and Senior executives

On June 6, 2003, due to work reason, Directors of the Company, namely Mr. Liu Jie, Mr. Wang Xiaodong and Mr. Du Feng resigned the position as Director of the Company respectively.

IV. Discussion and Analysis of the Management

(I) Discussion and analysis to financial report and significant events

1. Summary

In the first half of 2003, since the global economy continued to recover, the total export of Chinese foreign trade and the handling capacity of container in main ports of China increased by 34% and 32.4% respectively compared with that of the corresponding period of the previous year. So the trade amount of containers increased rapidly and the demand of containers were still powerful. The main business of the Group scored a good achievement: Revenue and net profit for the period of the Company increased largely with the rate of **92.58%** and **38.02%** respectively compared with that of the corresponding period of the previous year. The business of container continued keeping a good situation of last year, price of the products continued recovering and volume of production and sales created a new peak of the same period over the previous years. The accumulated sales of container in the first half of 2003 was **562,283**TEU, which increased by **118.22**% compared with that of the corresponding period of the previous year. The industry position of containers of the Group further consolidated and the manufacture business of modern road transport vehicle also achieved good progress.

In the core business of containers, the average price of container raised over 10% compared with that of the corresponding period of the previous year, meanwhile the average price of armor plate still increased by 20% compared with that of the corresponding period of 2002.

Looking forward to the second half of 2003, the pace of recovery of global economy, especially American economy shall pick up, while *SARS* had only transient influence to the export in China, economic growth of China in the second half of 2003 has a good prospect and the trade of containers will increase continuously. Meanwhile, eliminating amounts of old containers has also risen to a relatively high level. So demand of containers will keep increasing after container industry rising from valley bottom in 2002. On the other hand, price of armor plate will fall to some extent and price of containers will keep on stable level. In the respect of manufacture business of modern road transport vehicles, the Group will invest to the purchased semi-trailer enterprises, expand production scale, strengthen management and improve market competitive power of the products. It is estimated that the manufacture business of modern road transport vehicles would increase by a large range and the purchased semi-trailer enterprises will bring profit to the Company.

2. Analysis to main financial data

(1) Illustration of Revenue, profit and cash flows

Unit: RMB’000

Items	Amount of this period	Amount of the same period of previous year	Rate of increase/decrease (%)
Revenue	6,286,396	3,264,385	92.58
Profit from operations	445,399	341,582	30.39
Net profit for the period	340,703	246,857	38.02
Cash flows from operating activities	(465,995)	---	---

Analysis:

Revenue increased by 92.58% compared with that of corresponding period of previous year, which was mainly due to the continuously prosperous of the industry; sharply increase of sales volume of dry containers and recovery of its price.

The profit from operations and net profit for the period increased by 30.39% and 38.02% respectively compared with that of the corresponding period of previous year, mainly because the sales of container increased largely and the price went up. The increase scale of net profit was less than that of profit from operations, mainly because the increase scale of cost of raw material was higher than that of price.

Net cash flows from operating activities decreased by comparing with that of corresponding period of previous year, mainly because the sales of container increased largely and amount of accounts receivable increased accordingly.

(2) Illustration of assets and shareholders' equity

Unit: RMB'000

Items	Amount at the end of the period	Amount at the beginning of the period	Rate of increase/decrease (%)
Total assets	**9,439,850**	**8,073,894**	**+16.92**
Total equity	**3,191,845**	**2,850,497**	**+11.95**

Analysis:

Capital structure of the Company still remained good situation in the report period and the total assets increased by 16.92% compared with that of the year beginning, which was mainly due to the increase of current assets caused by the large increase of products sales. In current assets: accounts receivable increased by 29.11%, and inventories increased by 32.23%. It is normal that the amount of accounts receivable increased accordingly with the enlargement of scale of business: the production of containers of the Group was carried on according to orders from customers and recovery of payment needed a certain period, while production of containers still was in busy season in the first half of 2003 and the volume of production and sales reached a supreme level of the same period of history. The retrieving records of accounts receivable of the Group was good and there was no any bad debt since the 20 years that the Group devoted to business of container. Due to the high quality of accounts receivable, the Group took a lead in having implementation on ABCP (Asset-Backed Commercial Paper), which accelerated the turnover and reduced the taking up of accounts receivable. The indexes of main assets of the Company in the first half of this year optimized further, turnover of total assets increased from 0.49 in the same period of the previous year to 0.72 and turnover of inventories increased from 3.23 in the same period of the previous year to 4.42. Balance sheet ratio was 60.36%, which increased by 5.70% compared with that of the same period of the previous year due to the large increase of scale of production and operation of the Group in the first half of the year.

Shareholders' equity increased by 11.95% compared with that of the year beginning, mainly because the net profit in the report period increased by RMB 340,703,000.

(II) Operation of the Company

1. Main business scope and operation of the Company

(1) Business segments and Geographical segments of Revenue

Unit: RMB'000

Business segments	*Revenue*
Containers	6,170,987
Modern road vehicles	19,862
Mechanical and electrical equipment	53,973
Timber	34,592
Others	6,982
Total	**6,286,396**

Geographical segments	*Revenue*
USA	1,974,716
Europe	2,468,395
Asia	1,611,438
Other regions	231,847
Total	**6,286,396**

(2) The operation of core business of the Group in the report period is summarized as follow:

The Group are mainly engaged in manufacturing and marketing modern communication and transport equipments, including the design, manufacture, sale and maintenance of containers, modern road transport vehicles and airport facilities etc.. In addition, the Group also operates in the business of timber and real estate. The Company is the first listed company in China's container manufacturing industry. Meanwhile the Group is the largest container manufacturer in the world.

Container is the product of the Group occupying over 10% of total income and profit from core business.

Introduction to sales income and gross profit from main products in Jan.--- Jun. of 2003:

Unit: RMB'000

Product	Revenue	Cost of Sales	Gross profit rate（%）
Dry container	4,987,381	4,508,780	9.60
Reefer container	887,601	695,032	21.70
Special container	296,005	222,806	24.73
Total	**6,170,987**	**5,426,618**	**12.06**

Business of containers remains stable marketing position in progress of increase

According to global market situation of containers and orders of containers obtained by the Group already in 2003, *SARS* did not form assault to market of containers and business of the Group and demand of containers continues being running in track of rising. So the demand was not dull in dull season in the first quarter of 2003 and was more prosperous in peak season in the second quarter. In case of this, the Company finished the new construction and reconstruction plan of factory efficiently in order to satisfy market demand. Meanwhile, the Company insisted on controlling cost, realized large increase in revenue and net profit.

①The volume of production and sales of containers created a new peak in history, scale of business expanded and market position consolidated further.

In the first half of 2003, the volume of accumulated production and sales of containers was 555,550TEU and 562,283TEU respectively, which increased by 118.08% and 118.22% respectively compared with that of the corresponding period of 2002. The realized sales income was RMB 6,170,987,000, which increased by 108.04% compared with that of the corresponding period of 2002, taking 98.16% of total revenue of the Group.

The volume of accumulated sales of standard dry containers in the first half of the year reached 521,231TEU, which increased by 143.73% compared with the corresponding period of previous year. The volume of accumulated sales of reefers in the first half of the year reached 26,997TEU, which decreased by a little compared with that of the corresponding period of previous year. The Group continued to keep the status of the largest provider of reefers in the world. The volume of accumulated sales of special containers in the first half of the year reached 14,289TEU, which keeping un-changed compared with that of the corresponding period of previous year. Otherwise, the volume of tray containers reached 105,887 units, which increased largely compared with that of the corresponding period of previous year.

②The network of customers' service was improved and the ability of creating value for customers and shareholders accelerated continuously.

In Jan. 2003, the Company increased by 5% of equity of Shanghai CIMC Far East Containers Co., Ltd through the whole-owned subsidiary of the Company, namely China International Marine Containers (Hong Kong) Co., Ltd. (hereinafter referred to as CIMC Hong Kong). In Feb. 2003, the Company increased by 8.37% of equity of Qindao CIMC Containers Manufacture Co., Ltd. though CIMC Hong Kong. Ended June 30, 2003, the procedure of share rights' transfer was fulfilled and the Group held 89.56% of equity of Qindao CIMC Containers Manufacture Co., Ltd. On Mar. 18, 2003, Zhangzhou China Merchants Containers Co., Ltd. contracted to run by the Group was put into trial production. This company lies in Zhangzhou city of Fujian province with yearly volume of production of 80,000TEU. In April 2003, the Group completed the investing transform of Shanghai CIMC Baowell Industry Co., Ltd. In June 2003, Nanfang CIMC Subsidiary Factory of the Group listed in east of Shenzhen city was built up. The above-mentioned measures improved the network of customer service in the southeast costal area of the Group further.

In the respect of reefers, the Group increased by 16.21% of equity of Qindao CIMC Reefer Container Manufacture Co., Ltd in Feb. 2003. Ended June 30, 2003, the procedure of equity's transfer was fulfilled and the Group held 91.44% of equity of Qindao CIMC Reefer Container Manufacture Co., Ltd.

In respect of special containers, the Group established Xinhui CIMC Special Transport Equipment Co., Ltd. with the registered capital of USD 3 million. The Group took 100% of equity. This company will be built and put into production in June 2003.

The Business of modern road transport vehicles has made essential expanding and began to take shape

The business of modern road transport vehicle of the Group mainly included manufacture, sale and maintenance of semi-trailer and special vehicle except for semi-trailer. In order to realize the production distribution's object on business of modern road transport vehicle, establish a solid foundation for scale operation and market expanding in next step, The Group conducted the following series purchases in the first half of the year:

On March 14, 2003, the Company purchased 13.5% of equity of YangZhou Tonghua Special Vehicle Co., Ltd (hereinafter referred to as Yangzhou Tonghua) through the whole-owned subsidiary, CIMC Hong Kong. So far, the Group had held 51.5% equity of Yangzhou Tonghua. On March 17, 2003, the Company increased the investment to Yangzhou Tonghua again through the whole-owned subsidiary. Through the aforesaid purchase and investment increase, the Company respectively held 75.53% equity of Yangzhou Tonghua indirectly and changed the name of Yangzhou Tonghua into YangZhou CIMC Tonghua Special Vehicle Co., Ltd. At present the capacity of production were over 6,000 vehicles. The operational situation of YangZhou

CIMC Tonghua Special Vehicle Co., Ltd. remained good in the first half of the year. The volume of accumulated sales of diversified trailers in the first half of the year reached 2,963 units. Ended June 30, 2003, transfer of equity and investment increase had not been approved by Commercial Department, YangZhou CIMC Tonghua Special Vehicle Co., Ltd. had not been brought into consolidated scope of financial statements of the Company.

On May 21, 2003, the Company purchased 42% and 6% equity of Jinan Kogel Special Automobile Co., Ltd (hereinafter referred to as Kogel) respectively through whole-owned subsidiaries, CIMC Heavy Industry and CIMC Hong Kong. The Company became the first largest shareholder of Kogel indirectly. Jinan Kogel Special Automobile Co., Ltd was a joint-venture enterprise established by Germany Kogel Automobile Co., Ltd and Jinan Automobile Refitting Factory. Its main production included refrigerated warm-keeping automobile, tank automobile, van automobile, quick-conversion container transport vehicle and compressing-typed dustbin. At present the capacity of production was over 2000 vehicles. The operational situation of Kogel remained good in the first half of 2003. In the first half of 2003, the volume of accumulated sales of refrigerated warm-keeping/tank trucks, trailers and dry vans was 632 units. Ended June 30, 2003, relevant procedures of transferring equity had not been completed, so Kogel had not been brought into the consolidated scope of financial statements of the Company.

On May 2, 2003, through the wholly owned subsidiary company, the Company purchased assets related with the production of semi-trailer and the relevant assets of distribution center of USA HPA MONON CORPORATION which locates in Indiana of America, and its principal products are standard and special dry freight vans, chassis, container and other professional products. The Company totally sold 5,718 semi-trailers in 2001, realized sales income USD 60.96 million. Ended June 30, 2003, HPA MONON CORPORATION had not been included in the consolidated scope of the financial statements of the Company yet.

The series purchase actions were the important measures adopted for carrying through of the development tactic goal of “offering equipments and service for modern traffic and transportation”, which is in favor of combining the mature professional technique, experience of management of large-scale production, experience of marketing and service after sale of enterprises of USA with the strategic advantages of low cost and core capacity of the Group, establishing competitive advantage in industry of road transportation vehicle and overcastting the global principal markets with competitive products and service step by step. After these series purchase actions, the Group has already primarily constructed four production bases of road transportation vehicle: Jinan, Yangzhou, Shenzhen and Indiana of America.

In the first half of 2003, the Group achieved new development in the aspect of production of semi-trailer too. In June of 2003, the Group produced van semi-trailer with real American definition in batches, which is the first time in China. At the end of June of 2003, one of the production base of semi-trailer of the Group-Shenzhen CIMC Heavy Machinery Co., Ltd. sold 419 units of trailer, increasing by 264.35% compared with the same period of previous year, and realized profit RMB 19,862,000.

In the first half year of 2003, CIMC Heavy Machinery and Jinan Kogel passed the certification of " CCC" of China's Quality Certification Center, becoming the semi-trailer manufacturing enterprises which passed the compulsory certification earlier in this industry, which symbolized the road transportation vehicles produced by the Group locating the front row at the aspects of products designing, production craftwork and quality guarantee in the same industry.

2. Other businesses continued to develop in a healthy way in the report period.

The wholly owned subsidiaries and share-controlling companies of the Company mostly operate the core business of the Company. Besides of the core making business of container and modern road transportation vehicle, the Company engages in timber industry, airport ground equipments and other mechanical and electrical equipments and real estate through share-controlling and share-holding companies as well.

In the business of airport ground equipments and other electrical and mechanical equipments, Shenzhen CIMC Tianda Airport Support Co., Ltd. (hereinafter refereed to as CIMC Tianda), a wholly owned subsidiary of the Company, whose registered capital is USD 13.5 million, and this company mainly operates the manufacture, sale and maintenance of the ground equipments of airport. It continued its vigorous efforts in the exploitation of air harbor equipment market, and it mainly devoted to the implementation of the supply contract of "the freight disposal facility of freight center of new Baiyun International Airport and the supply contract of the 26 passenger boarding bridges of Guangzhou New Baiyun International Airport. Ended June 30, 2003, it totally realized sales income RMB 50,632,000 increasing by 120.44% compared with the same period of last year and realized net profit RMB 5,281,000..

Shanghai CIMC Generating Set Co., Ltd., of whose 73% of equity was held by the Company, realized sales revenue of RMB 6,320,000, decreasing by 16.44% compared with the same period of previous year.

In the business of real estate, CIMC Shenfa Construction Industrial Co., Ltd. (hereinafter refereed to as "CIMC Shenfa"), which mainly operates the investment, construction and operation of infrastructure, the investment and operation of real estate and industry investment. It has registered capital RMB 150 million, of which the Company has 100% equity. In the report period, the real estate business of the Group continued being devoted to expanding the business in Shanghai, and it totally realized sales income RMB 7,220,000 in the first half of 2003.

In the first half of 2003, the Group realized sales revenue of RMB 204,530,000 from the business of timber industry which increased by 110.32% compared with the same period of previous year. Xinghui CIMC Container Timber Floor Manufacture Co., Ltd., of which the Group has 72% equity, has registered capital USD 11.5 million and it mainly operates deep processing business of timber. In the first half of 2003, it realized sales income RMB87,566,000 which amount to the same level compared with the same period of previous year and realized net profit RMB 9,561,000, which increased by 49.91% compared with the same period of previous year.

(III) Investment of the Company

1.The use of raised capital

The Company has no use of raised capital in the report period.

2.The use of proceeds raised not from share offering

(1) Jan. 3, 2003, the Company and the Company's subsidiary---CIMC Holdings (B.V.I.) Ltd. added

investment of USD 10.08 million and USD 3.42 million to Shanghai CIMC Baowell Industry Co., Ltd. respectively, which expanded the registered capital of Shanghai CIMC Baowell Industry Co., Ltd. from USD 15 million to USD 28.5 million. After subscription and increasing of the investment, the Company and CIMC Holdings (B.V.I.) Ltd. has held 35.37% and 12% equity of Shanghai CIMC Baowell Industry Co., Ltd. respectively.
End June 30, 2003, the Company and CIMC Holdings (B.V.I.) Ltd. had paid above-mentioned USD 5,040,000 and USD 1,710,000 additional investment respectively.

(2) Jan. 24,2003, by the price of USD 0.9 million, the Company's wholly owned subsidiary-CIMC Hong Kong was transferred 5% shares of Shanghai CIMC Far East Container Co., Ltd., which held by Trading Resources Co., Ltd. Thus, the Group has held 52.5% equity of Shanghai CIMC Far East Container Co., Ltd.. On Feb. 25, 2003, CIMC Hong Kong and Korea Hyundai Mobis signed the equity transfer agreement that Korea Hyundai Mobis transferred 16.21% equity of Qingdao CIMC Reefer Containers Manufacture Co., Ltd. and 8.37% equity of Qingdao CIMC Container Manufacture Co., Ltd. held by itself to CIMC Hong Kong. The transfer amounts are USD 4,875,000 and USD 2,125,000 respectively. After the accomplishment of procedure of equity transfer, the Group will hold 91.44% equity of Qingdao CIMC Reefer Containers Manufacture Co., Ltd and 89.56% equity of Qingdao CIMC Container Manufacture Co., Ltd. respectively.
Ended June 30,2003, CIMC Hong Kong had paid equity transfer fund already.

(3) Feb. 8, 2003, the Company's subsidiary-Shenzhen CIMC Heavy Industry Co., Ltd. increased registered capital from USD 5 million to USD 30 million, among of which, the Company invested USD 16.5 million, taking by 55% equity fund of Shenzhen CIMC Heavy Industry Co., Ltd.; the Company's subsidiary-CIMC Hong Kong invested USD 13.5 million, taking by 45% equity fund of Shenzhen CIMC Heavy Industry Co., Ltd..
Ended June 30,2003, the additional invested fund of the Company and CIMC Hong Kong had not been finished payment yet.

(4) March 14,2003, the Company signed equity transfer agreement with BOC Group Investment Co., Ltd. (hereinafter referred to as " BOC Investment") through the wholly-holding subsidiary-CIMC Hong Kong, and purchased its wholly-holding subsidiary---Hong Kong Manson Technology Ltd. (hereinafter referred to as "Manson Technology") which holds 13.5% equity of Yangzhou Tonghua and Yangzhou Xinhua. Thus, by totally paying RMB 21.45 million, the Company has purchased 51.5% equity of Yangzhou Tonghua and Yangzhou Xinhua. On March 17,2003, the Company additionally invested RMB 43.59 million and RMB 6.41 million to Yangzhou Tonghua and Yangzhou Xinhua respectively through the wholly-holding subsidiaries---CIMC Hong Kong, Shenzhen CIMC Heavey Industry and Manson Technology. Among of them, the actually gained fund of Yangzhou Tonghua increased from RMB 34 million to RMB 67.39 million, and the actually gained fund of Yangzhou Xinhua increased form USD 0.6 million to RMB 9.91 million. Through aforesaid purchases and additional investment, the Company has already indirectly held 75.53% equity of Yangzhou Tonghua and Yangzhou Xinhua respectively. Ended June 30,2003, the relevant procedures of equity transfer and additional investment was in the process.

(5) On April 9,2003, The People's Government of Pingshan Town, Longgang District, Shenzhen (hereinafter referred to as "Pingshan Government") singed Land Development Contract with the Company's subsidiary-Shenzhen CIMC Heavy Industry Co., Ltd., The Pingshan Government provided 242.5 billion

square meters land for constructing semi-trailer factory to Shenzhen CIMC Heavy Industry Co., Ltd., the total land price in contract is RMB 37.59 million.

Ended as of June 30, 2003, Shenzhen CIMC Heavy Industry Co., Ltd. have paid RMB 5.64 million to Pingshan Government.

(6) On May 2, 2003, through the wholly holding subsidiary-Vanguard National Trailer Corporation, the Company signed assets purchase agreement with Edword Chosnek for buying assets related with production of Semi-trailer and relevant assets of distribution center of spare parts of USA HPA Monon Corporation, and the Company totally paid USD 4.5 million. Ended June 30,2003, the handing procedure of the assets was in the process.

(7) On May 21,2003, through CIMC Heavy Industry and CIMC Hong Kong which are wholly-holding subsidiaries of the Company, the Company signed equity transfer agreement with Shandong Linyi Engineering Machinery Co., Ltd. (hereinafter refereed to as “Shandong Linyi Engineering”) and American Pacific High Science and Technology Co., Ltd. (hereinafter referred to as “American Pacific”) respectively. By paying RMB 33.6 million, purchased 42% and 6% equity of Jinan Kogel Special Automobile Co., Ltd. (hereinafter referred to as “Kogel”) held by Shandong Linyi Engineering and American Pacific respectively, and the Company indirectly became the biggest shareholder of Kogel. Ended June 30,2003, the relevant procedure of transfer of equity was in the process.

(IV) Modification on the plan of operation in the second half of this year

In the report period, the Group pushed every operations in terms of the 2003 annual plan and didn’t conduced modification on the plan of annual operating.

V. Significant Events

(I) Corporate Governance Structure

Being approved in the Company’s Shareholders’ General Meeting 2002, three special Committees of the Board of Directors---- Strategy Committee, Remuneration & Assessment Committee and Auditing Committee has been set up in the first half of 2003. According to the requirements of “Rules of Administration of Listed Company”, the Corporate Governance Structure of the Company accords basically with the relevant regulations. At present, the Corporate Governance Structure of the Company is comparatively good.

(II) The Company had no implementation of profit distribution in the report period.

(III) The preplan of 2003 semi-annual profit distribution.

The Company will neither execute profit assignment nor transfer public reserve to share capital in the first half of 2003.

(IV) In the report period, the Company was not involved in any significant lawsuit or

arbitration.

(Ⅴ) In the report period, the Company had no significant purchase and sales of assets.

(VI) In the report period, the Company had no significant correlative transaction.

(VII) The important contracts and their implementation of the Company.

On June 12,2003, the Company signed Middle-term Loan Contract of Export Bargainer Credit (middle-term line loan) with Import-Export Bank of China and the loan term was 3 years, and the total loan line was not more than RMB 800 million.

(VIII) The Company and shareholders who held over 5% of the total shares of the Company had not disclosed affairs needed to be implemented in the report period.

(IX) The Company engaged Shenzhen Pan-China Schinda Certified Public Accountants as the audit institution of the A shares of the Company in the first half of 2003. The Certificated Public Accountants of this audit were Wei Xiaozhen and Li Weihua. The audit expense was RMB 1.2 million.

（X） Other significant events

The Company proposed issuing additional “A” shares in 2001, and extended the term of validity for one year in 2002. Because of the Proposal of Issuing Additional “A” Shares was expired on May 31, 2003, according to the demands of security supervisory departments, the Company re-submitted the Proposal of Issuing Additional “A” Share to 2002 Annual Shareholder’s General Meeting. The Board of Directors of the Company held the 4th meeting of 2003 on April 29, 2003. The Proposal of Issuing Additional “A” Shares was examined and passed by the Meeting, and submitted to 2002 Annual Shareholders’ General Meeting for examining and approving. The resolution public notice was published on *Securities Times* and Hong Kong *Ta Kung Pao* dated June 7,2003, and the Public Notice No. was 2003-009.

Ⅵ. Financial Report (Un-audited)

China International Marine Containers (Group) Ltd.

中国国际海运集装箱（集团）股份有限公司

30 June 2003

Consolidated income statement
for the six months ended 30 June 2003 (unaudited)

		Six months ended 30 June	
	Note	*2003*	*2002*
		RMB'000	RMB'000
Revenue	1	6,286,396	3,264,385
Cost of sales		(5,547,704)	(2,719,796)
Gross profit		738,692	544,589
Other operating income	3	60,300	24,196
Distribution expenses		(164,225)	(90,477)
Administrative expenses		(145,705)	(95,134)
Other operating expenses	4	(43,663)	(41,592)
Profit from operations		445,399	341,582
Net financing costs	6	(16,025)	(43,149)
Income from associates		3,828	23,867
Profit before tax		433,202	322,300
Income tax expense	7	(40,682)	(33,014)
Profit after tax		392,520	289,286
Minority interests		(51,817)	(42,429)
Net profit for the period		340,703	246,857
Basic earnings per share (RMB Yuan)	9	0.67	0.48

No separate consolidated statement of recognised gains and losses has been prepared as the net profit for the period would be the only component for the current and prior periods.

The consolidated balance sheet at 30 June 2003 (unaudited)

	Note	*At 30 June 2003* RMB'000	*At 31 December 2002* RMB'000 (audited)
Assets			
Property, plant and equipment	10	1,679,954	1,482,419
Lease prepayments – non-current portion	11	196,748	187,189
Construction in progress	12	364,340	226,717
Timber concession rights	13	221,444	228,967
Intangible assets	14	19,864	14,824
Interests in associates	15	70,007	617,584
Investments in equity securities	16	296,736	292,359
Long-term receivables	17	63,450	86,621
Prepayments for investments		159,858	6,749
Deferred tax assets	7	19,897	19,897
Total non-current assets		3,092,298	3,163,326
Lease prepayments – current portion	11	7,955	7,216
Investments in equity securities	16	121,343	16,468
Properties under development	18	216,549	150,382
Completed properties for sale		66,452	72,027
Inventories	19	1,430,072	1,081,516
Trade and other receivables	20	4,132,744	3,201,022
Cash and cash equivalents	21	372,437	381,937
Total current assets		6,347,552	4,910,568
Total assets		9,439,850	8,073,894
Equity			
Share capital	22	510,302	510,302
Reserves	23	2,680,898	2,340,195
Total equity		3,191,200	2,850,497
Minority interests		550,552	617,625

Consolidated balance sheet
at 30 June 2003 (unaudited) (continued)

	Note	*At 30 June 2003* RMB'000	*At 31 December 2002* RMB'000 (audited)
Liabilities			
Interest-bearing bank loans	24	438,720	81,000
Total non-current liability		438,720	81,000
Interest-bearing bank loans	24	2,318,518	1,996,679
Trade and other payables	25	2,532,912	2,128,517
Provision for warranties	26	374,614	373,434
Taxation	7	33,334	26,142
Total current liabilities		5,259,378	4,524,772
Total liabilities		5,698,098	4,605,772
Total equity, minority interests and liabilities		9,439,850	8,073,894

Consolidated cash flow statement for the six months ended 30 June 2003 (unaudited)

	Note	RMB'000
Cash flows from operating activities	29	(465,995)
Investing activities		
Interest received		8,118
Payment for property, plant and Equipment		(20,414)
Payment for construction in progress		(393,461)
Acquisition of subsidiary, net of cash acquired	2	(7,188)
Payment for acquisition of equity Securities		(203,104)
Payment for acquisition of minority Shareholdings		(84,870)
Payment for acquisition of new associates		(13,500)
Prepayment for investments		(153,109)
Repayment of loans to an associate		108,697
Loan advanced to an associate		(10,000)
Dividend received from an associate		2,832
Proceeds from sales of property, plant and equipment and construction in progress		5,749
Proceeds from dissolution of interest in an associate		463,503
Proceeds from sales of equity securities		104,837
Repayment of advance to minority Shareholders		8,003
Advance to minority shareholders		(8,000)
Cash flows from investing activities		(191,907)

Consolidated cash flow statement
for the six months ended 30 June 2003 (unaudited) (continued)

	Note	RMB'000
Financing activities		
Interest paid		(38,070)
Proceeds from bank loans	29	6,997,517
Repayment of bank loans	29	(6,317,958)
Proceeds from Receivables Framework Agreement		55,943
Dividends paid to minority shareholders		(49,030)
Cash flows from financing activities		648,402
Net decrease in cash and cash Equivalents		(9,500)
Cash and cash equivalents at 1 January		381,937
Cash and cash equivalents at 30 June	21	372,437

Notes to the consolidated financial statements

1 Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses and related payables.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

(a) Business segments

The Group comprises the following main business segments:

(i) Containers

The manufacture and sale of marine containers, dry-freight containers, refrigerated containers and specified types of containers.

(ii) Mechanical and electrical equipment

The manufacture and sale of airport ground facilities and internal combustion power-generating equipment.

(iii) Infrastructure and property development

The construction, operation and management of roads and toll bridges, and the construction and development of properties for sale.

(iv) Trailers

The manufacture and sale of trailers.

(v) Timber logging

The logging and sale of timber.

1 Segment reporting (continued)

(b) Geographical segments

The containers, trailers, mechanical and electrical equipment, infrastructure and property developments and timber logging segments are managed in the PRC. The United States of America (the "USA"), Europe and Asia are major markets for sales of containers. The PRC is a major market for infrastructure and property developments which are included in Asia segment. The manufacturing plants and sales offices are operated principally in the PRC.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

1 Segment reporting (continued)

Business segments

	Containers		*Mechanical and electrical equipment*		*Trailers*		*Infrastructure and property development*		*Timber logging*		*Consolidated*	
	Six months ended 30 June 2003		*Six months ended 30 June 2003*		*Six months ended 30 June 2003*		*Six months ended 30 June 2003*		*Six months ended 30 June 2003*		*Six months ended 30 June 2003*	
	RMB'000		RMB'000		RMB'000		RMB'000		RMB'000		RMB'000	
Revenue	6,170,987		53,973		19,8		6,982		34,592		6,286,396	
Segment result	446,696		4,766		(5,6		(1,701		2,700		446,855	
Unallocated net expenses											(1,456	
Profit from operations											445,399	
Net financing costs											(16,025	
Income from associates	4,175		(124)				(223		-		3,828	
Income tax expense											(40,682	
Minority interests											(51,817	
Net profit for the period											340,703	
Impairment losses	-		-				-		4,306		4,306	
Depreciation and amortisation	72,320		3,574		6		294		6,158		83,021	
	At 30/6/2003	*At 31/12/2002* (audited)	*At 30/6/2003*	*At 31/12/2002* (audited)	*At 30/6/2003*	*At 31/12/2002* (audited)	*At 30/6/2003*	*At 31/12/2002* (audited)	*At 30/6/2003*	*At 31/12/2002* (audited)	*At 30/6/2003*	*At 31/12/2002* (audited)
Segment assets	8,070,610	6,508,654	136,219	156,489	197,7	-	461,699	345,7	503,524	445,430	9,369,843	7,456,310
Interests in associates	28,286	24,512	18,444	20,967		-	23,277	572,1	-	-	70,007	617,584
Total assets											9,439,850	8,073,894
Segment liabilities	(4,981,604)	(4,141,134)	(86,489)	(89,057)	(14,2	-	(334,807	(177,6	(247,663)	(171,756)	(5,664,764	(4,579,630)
Unallocated liabilities											(33,334	(26,142)
Total liabilities											(5,698,098	(4,605,772)

1 Segment reporting (continued)

Business segments

	Containers	*Mechanical and electrical equipment*	*Trailers*	*Infrastructure and property development*	*Timber logging*	*Consolidated*
	Six months ended 30 June 2003	*Six months ended 30 June 2003*	*Six months ended 30 June 2003*	*Six months ended 30 June 2003*	*Six months ended 30 June 2003*	*Six months ended 30 June 2003*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure	390,589	788	6,481	311	15,706	413,875
	========	=======	========	=======	=======	========

Geographical segments

	USA	*Europe*	*Asia*	*Other regions*	*Total*
	Six months ended 30 June 2003	*Six months ended 30 June 2003*	*Six months ended 30 June 2003*	*Six months ended 30 June 2003*	*Six months ended 30 June 2003*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,974,716	2,468,395	1,611,438	231,847	6,286,396
	========	========	========	=======	========

	PRC		*Non PRC*		*Total*	
	At 30 June 2003	*At 31 December 2002*	*At 30 June 2003*	*At 31 December 2002*	*At 30 June 2003*	*At 31 December 2002*
	RMB'000	RMB'000 (audited)	RMB'000	RMB'000 (audited)	RMB'000	RMB'000 (audited)
Segment assets	9,202,832	7,838,845	237,018	235,049	9,439,850	8,073,894
	========	========	=======	=======	=======	========

	PRC	*Non PRC*	*Total*
	Six months ended 30 June 2003	*Six months ended 30 June 2003*	*Six months ended 30 June 2003*
	RMB'000	RMB'000	RMB'000
Capital expenditure	413,875	-	413,875
	========	=======	========

2 Acquisition of subsidiary

On 31 March 2003, the Group acquired the entire shares and the shareholders' loan in Manson Technology Limited at cash consideration of RMB2,519,591 and RMB4,670,204 respectively. The principal activity of Manson Technology Limited is investment holding. This subsidiary did not generate any income to the Group for the period.

Effect of acquisition

The acquisition has the following effect on the Group's assets and liabilities:

	RMB'000
Cash at bank	1
Other receivable	1,957
Other investments	4,628
Other payable	(7)
Net identifiable assets and liabilities	6,579
Goodwill on acquisition	610
Consideration paid, satisfied in cash	7,189
Cash acquired	(1)
Net cash outflow	7,188

3 Other operating income

	Six months ended 30 June 2003 RMB'000
Gain on disposal of PRC listed securities	6,357
Tax refunds from capitalisation of subsidiaries' earnings	1,524
Profit on disposal of scrap materials	34,920
Insurance compensation	7,994
Others	9,505
	60,300
	========

4 Other operating expenses

	Six months ended 30 June 2003 RMB'000
Loss on disposal of property, plant and equipment	6,272
Net amortisation of goodwill/(negative goodwill)	8,805
Amortisation of timber concession rights	3,217
Impairment losses of timber concession rights	4,306
Provision for bad and doubtful debts	11,085
Amortisation of other intangible assets	1,772
Amortisation of negative goodwill in an associate	(127)
Consultancy fees	1,573
Compensation fee	6,248
Others	512
	43,663

5 Staff costs

	Six months ended 30 June 2003 RMB'000
Wages and salaries	353,329
Contributions to defined contribution plans	22,051
	375,380

The number of employees employed by the Group at 30 June 2003 was 21,828.

6 Net financing costs

	Six months ended 30 June 2003 RMB'000
Interest income	14,982
Foreign exchange gains	1,569
Dividend income	9,442
Total financial income	25,993
Interest expense	(38,453)
Foreign exchange losses	(2,082)
Other financial expenses	(4,224)
Total financial expenses	(44,759)
Less: Interest capitalised into construction in progress and properties under development *	2,741
	(42,018)
Net financing costs	(16,025)

* Interest expense has been capitalised at a rate of 3.18% per annum.

7 Taxation

(a) Income tax expense in the consolidated income statement represents:

	Six months ended 30 June 2003 RMB'000
Provision for the PRC income tax for the period	46,963
Overprovision in respect of the prior year	(6,281)
	40,682

7 Taxation (continued)

(a) Income tax expense in the consolidated income statement represents: (continued)

The charge for PRC income tax of the Company is calculated at the rate of 15% on the estimated assessable income of the period determined in accordance with relevant income tax rules and regulations.

The income tax rates applicable to the Company's principal subsidiaries in the PRC range from 10% to 33%, and some subsidiaries have been granted a tax holiday for not more than five years.

No provision for Hong Kong Profits Tax for a Hong Kong incorporated subsidiary has been made in the financial statements as the tax losses brought forward from the previous years exceed the estimated assessable profit for the period.

No provision for overseas tax for overseas subsidiaries has been made in the financial statements as the subsidiaries sustained losses for taxation purposes during the period.

(b) Reconciliation of income taxes calculated at the applicable tax rate with actual tax expenses:

	Six months ended 30 June 2003 RMB'000
Accounting profit before tax	433,202
	=======
Computed tax using the PRC income tax rate applicable to foreign investment enterprises in Special Economic Zone	64,980
Effect of tax rates differential in respect of subsidiaries and associates	(9,739)
Non-taxable income	(18,812)
Non-deductible expenses	4,253
Income tax expense	40,682
	=======

7 Taxation (continued)

(c) Taxation in the consolidated balance sheet represents:

	2003	*2002*
	RMB'000	RMB'000 (audited)
Provision for the PRC income tax at 1 January	26,142	19,874
Charge for the period/year	46,963	62,255
Overprovision in respect of the prior year	(6,281)	(1,232)
Income tax paid	(33,490)	(54,755)
Provision for the PRC income tax at 30 June/31 December	33,334	26,142
	=======	=======

(d) Deferred taxation

The movements during the period/year are as follows:

	2003	*2002*
	RMB'000	RMB'000 (audited)
Balance as at 1 January	19,897	15,566
Recognised for the period/year	-	4,331
Balance as at 30 June/31 December	19,897	19,897
	=======	=======

At 30 June 2003, a deferred tax asset of RMB20 million (At 31 December 2002: RMB20 million) representing unutilised tax losses has been recognised. While the remaining balance of RMB73 million (At 31 December 2002: RMB85 million) has not been recognised as it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

8 Dividends

No final dividend in respect of the financial year 2002 was approved during the period (financial year 2001: Cash dividend of RMB0.5 per share totalling RMB170,101,000; Scrip dividend in the ratio of 5 shares for 10 existing issued shares totalling RMB170,101,000).

The Board of Directors does not recommend the payment of any interim dividend for the period ended 30 June 2003 (2002: RMB Nil per share).

9 Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of RMB340,703,000 (2002: RMB246,857,000) and 510,302,000 shares (2002: 510,302,000 shares after adjusting for the scrip dividend issued in 2002) in issue during the period.

There were no diluting potential ordinary shares in existence during the period from 1 January 2002 to 30 June 2003.

10 Property, plant and equipment

(a)

	Land and buildings RMB'000	*Machinery and equipment* RMB'000	*Motor vehicles* RMB'000	*Office furniture and other assets* RMB'000	*Total* RMB'000
Cost or valuation:					
Balance at 1 January 2003	852,633	1,195,489	128,735	110,266	2,287,123
Additions during the period	882	9,444	6,827	3,261	20,414
Transfer from construction in progress (note 12)	184,516	64,332	6,949	2,699	258,496
Disposals	(11,696)	(11,380)	(3,703)	(1,726)	(28,505)
Balance at 30 June 2003	1,026,335	1,257,885	138,808	114,500	2,537,528
Representing:					
Cost	910,832	1,135,415	129,816	107,149	2,283,212
Valuation	115,503	122,470	8,992	7,351	254,316
	1,026,335	1,257,885	138,808	114,500	2,537,528
Depreciation and impairment losses:					
Balance at 1 January 2003	155,247	486,755	91,433	71,269	804,704
Charge for the period	13,742	42,709	4,778	8,125	69,354
Reversal of impairment losses	(1,911)	-	-	-	(1,911)
Disposals	(2,339)	(8,220)	(2,406)	(1,608)	(14,573)
Balance at 30 June 2003	164,739	521,244	93,805	77,786	857,574
Carrying amount:					
At 31 December 2002	697,386	708,734	37,302	38,997	1,482,419
At 30 June 2003	861,596	736,641	45,003	36,714	1,679,954

10 Property, plant and equipment (continued)

(b) All of the Group's buildings are located in the PRC.

(c) Pursuant to an approval document issued by the Shenzhen Municipal People's Government office on 31 December 1993, property, plant and equipment as at 31 August 1993 were revalued, as required by the relevant PRC rules and regulations, by a registered PRC valuer on a depreciated replacement cost method for the purpose of conversion of the Company into a joint stock company limited by shares. The revaluation surplus was incorporated in the financial statements for the year ended 31 December 1994.

(d) The Group revalues its property, plant and equipment on a rolling basis so that within a seven-year period all the assets are revalued once. Based on a revaluation performed as of 31 December 2002 on 14% of its property, plant and equipment, the carrying value of which did not differ materially from their fair value. The directors have reviewed remaining property, plant and equipment to ensure that they are not materially different from their fair value.

As at 30 June 2003, the directors have also reviewed all the property, plant and equipment to ensure that they are not materially different from their fair value.

11 Lease prepayments

Lease prepayments represent the land use rights of the Group in respect of land located in the PRC for a period of 11 to 50 years from the respective dates of grant. The remaining lease periods of these land use rights range from 6.5 to 49.5years.

12 Construction in progress

	2003 RMB'000	*2002* RMB'000 (audited)
At 1 January	226,717	97,594
Additions	393,461	268,225
Transfer to property, plant and equipment (note 10)	(258,496)	(138,088)
Interest capitalised	2,658	2,732
Disposal	-	(3,746)
At 30 June/31 December	364,340	226,717
	=======	=======

12 Construction in progress (continued)

Construction in progress at 30 June 2003 is analysed as follows:

	At 30 June 2003 RMB'000	*At 31 December 2002* RMB'000 (audited)
Projects		
Machinery and equipment	130,209	56,341
Office building	224,729	162,529
Network facilities	9,402	7,498
Transformation of plant	-	349
	364,340	226,717

13 Timber concession rights

	2003 RMB'000	*2002* RMB'000 (audited)
At 1 January	228,967	270,373
Amortisation for the period/year	(3,217)	(6,410)
Impairment losses for the period/year	(4,306)	(34,996)
At 30 June/31 December	221,444	228,967

These rights represent the cost of acquisition of timber concession rights in respect of designated areas of land in the Republic of Suriname ("Suriname") and Kingdom of Cambodia ("Cambodia") with terms expiring between 2016 to 2023.

The timber concession right in respect of designated areas of land in Cambodia is amortised using the straight-line method over 23 years.

No amortisation of timber concession right has been made in respect of designated areas of land in Suriname as the relevant commercial logging operations have not yet been started.

14 Intangible assets

	Goodwill RMB'000	*Negative goodwill* RMB'000	*Technological know-how* RMB'000	*Total* RMB'000
At 1 January 2003	20,775	(15,158)	9,207	14,824
Acquisition through additional interests in subsidiaries	15,617	-	-	15,617
Amortisation for the period	(10,781)	1,976	(1,772)	(10,577)
At 30 June 2003	25,611	(13,182)	7,435	19,864

15 Interests in associates

	At 30 June 2003 RMB'000	*At 31 December 2002* RMB'000 (audited)
Unlisted associates		
Share of net assets	60,007	508,887
Loans to an associate	10,000	108,697
	70,007	617,584

Loans to an associate are unsecured, interest-free and have no fixed repayment terms.

Details of the associates are as follows:

Name of company	*Place of establishment and operation*	*Percentage of equity held by the Group*	*Principal activities*
KYH Steel Holdings Limited	The British Virgin Islands	31.83%	Investment holding with subsidiaries principally engaged in trading of steel products
Beijing Bowei Airport Support Limited	PRC	40%	Provision of repair and maintenance services for airport ground facilities
Jiangmen CIMC Skyspace Real Estate Co., Ltd	PRC	45%	Business not yet commenced

16 Investments in equity securities

	At 30 June 2003 RMB'000	*At 31 December 2002* RMB'000 (audited)
Investments available-for-sale		
Unlisted equity securities, at cost	296,736	292,359
Investments held for trading		
Listed equity securities, at fair value	121,343	16,468

Listed equity securities are listed on the PRC Stock Exchanges.

17 Long-term receivables

	At 30 June 2003 RMB'000	*At 31 December 2002* RMB'000 (audited)
Trade and other receivables	113,307	144,559
Amounts due within one year included in trade and other receivables	(49,857)	(57,938)
	63,450	86,621
	=======	=======

Long-term receivables include the following:

(a) RMB51.7 million receivable (At 31 December 2002: RMB69 million) bearing interest at London Inter Bank Offered Rate plus 4% per annum to be received by installments up to 2005;

(b) RMB2.5 million receivable (At 31 December 2002: RMB3 million) bearing interest at 10% per annum to be received by installments up to 2005; and

(c) RMB9.2 million interest free car loan (At 31 December 2002: RMB7.3 million) to be received by installments up to 2008; and

(d) RMB7.3 million receivable in 2002 bearing interest at 6.435% per annum to be received by instalments up to 2004.

18 Properties under development

	2003 RMB'000	*2002* RMB'000 (audited)
At 1 January	150,382	105,250
Additions	66,084	118,962
Interest capitalised	83	621
Transfer to completed properties for sale	-	(74,451)
At 30 June/31 December	216,549	150,382
	=======	=======

19 Inventories

	At 30 June 2003 RMB'000	*At 31 December 2002* RMB'000 (audited)
Raw materials	1,037,404	645,050
Work in progress	76,966	117,632
Finished goods	274,718	271,479
Spare parts and consumables	40,984	47,355
	1,430,072	1,081,516
Inventories stated at net realisable value	310,789	147,179

20 Trade and other receivables

	At 30 June 2003 RMB'000	*At 31 December 2002* RMB'000 (audited)
Trade receivables	3,223,659	2,498,490
Deposits, prepayments and other receivables	909,085	702,532
	4,132,744	3,201,022

On 28 December 1999, the Group entered into a "Receivables Framework Agreement" with Oasis Funding Limited ("Oasis"). Pursuant to the agreement, the Group will sell, assign and transfer certain accounts receivable to Oasis. Oasis will accept the assignment of accounts receivable offered by the Group without recourse and provide funds to the Group in this regard. As at 30 June 2003, the Group has outstanding trade receivables of RMB1,644 million (At 31 December 2002: RMB974 million) assigned to Oasis and received advances of RMB414 million (At 31 December 2002: RMB358 million) from Oasis.

21 Cash and cash equivalents

	At 30 June 2003 RMB'000	*At 31 December 2002* RMB'000 (audited)
Cash in hand	1,237	267
Bank balances	371,200	381,670
	372,437	381,937

22 Share capital

	At 30 June 2003 RMB'000	*At 31 December 2002* RMB'000 (audited)
Registered, issued and paid up capital		
227,363,133 legal person shares (2002: 227,363,133 shares) of RMB1 each	227,363	227,363
69,333,262 'A' shares (2002: 69,333,262 shares) of RMB1 each	69,333	69,333
213,605,701 'B' shares (2002: 213,605,701 shares) of RMB1 each	213,606	213,606
	510,302	510,302

All the legal person, 'A' and 'B' shares rank pari passu in all material respects.

23 Reserves

	Share premium RMB'000	*Property revaluation reserve* RMB'000	*Exchange reserve* RMB'000	*Surplus reserve* RMB'000	*Statutory public welfare fund* RMB'000	*Retained profits* RMB'000	*Total* RMB'000
Balance at 1 January 2002	613,637	18,521	3,003	914,961	172,349	534,633	2,257,104
Net profit for the year	-	-	-	-	-	423,293	423,293
Dividends	-	-	-	-	-	(340,202)	(340,202)
Transfer from statutory public Welfare fund	-	-	-	4,934	(4,934)	-	-
Transfer from retained earnings	-	-	-	55,909	19,846	(75,755)	-
Balance at 31 December 2002	613,637	18,521	3,003	975,804	187,261	541,969	2,340,195
	=======	======	======	=======	=======	=======	========
Balance at 1 January 2003	613,637	18,521	3,003	975,804	187,261	541,969	2,340,195
Net profit for the period	-	-	-	-	-	340,703	340,703
Transfer from retained earnings	-	-	-	668	334	(1,002)	-
Balance at 30 June 2003	613,637	18,521	3,003	976,472	187,595	881,670	2,680,898
	=======	======	======	=======	=======	=======	========

Notes:

(a) Surplus reserve comprises a statutory surplus reserve of RMB261,537,000 (At 31 December 2002: RMB260,869,000) and a discretionary surplus reserve of RMB714,935,000 (At 31 December 2002: RMB714,935,000).

According to the current PRC Company Law and the Company's articles of association, the Company is required to transfer not less than 10% of its profit after taxation to the statutory surplus reserve until the surplus reaches 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined under PRC accounting regulations. The transfer to this reserve must be made before distribution of dividend to shareholders.

Statutory surplus reserve can be used to make good previous years' losses, if any, and for capitalisation issue provided that the balance after such issue is not less than 25% of the registered capital.

The transfer to discretionary surplus reserve from the retained earnings is subject to the approval of shareholders at general meetings. Its usage is similar to that of statutory surplus reserve.

(b) According to the current PRC Company Law and the Company's articles of association, the Company is required to transfer 5% to 10% of its profit after taxation to the statutory public welfare fund. The statutory public welfare fund can only be used on capital expenditure for the collective benefits of the Company's employees such as the construction of dormitories, canteens and other staff welfare facilities. The fund forms part of the shareholders' equity as individual employees can only use these facilities, the titles of which will remain with the Company. The transfer to this fund must be made before distribution of dividends to shareholders.

23 Reserves (continued)

Notes: (continued)

(c) According to the Company's articles of association, the amount of retained profits available for distribution to shareholders of the Company is the lower of the amount determined in accordance with the PRC accounting rules and regulations and the amount determined in accordance with IFRS. At 30 June 2003, the amount of retained profits available for distribution, which was the amount determined in accordance with the PRC accounting rules and regulations, was RMB876,345,000 (At 31 December 2002: RMB532,691,000).

24 Interest-bearing bank loans

	At 30 June 2003 RMB'000	*At 31 December 2002* RMB'000 (audited)
Unsecured		
Due within 3 months	1,408,061	680,049
Due after 3 months but within 1 year	910,457	1,316,630
Due after 1 year but within 2 years	34,000	34,000
Due after 2 years but within 5 years	404,720	47,000
	2,757,238	2,077,679
Amounts due within 1 year	(2,318,518)	(1,996,679)
Amounts due after 1 year	438,720	81,000

Interest rates are within the range of 1.48% to 5.31% per annum (Year ended 31 December 2002: 1.9% to 6.435% per annum).

Bank loans of RMB2,298 million (At 31 December 2002: RMB1,167 million) are denominated in United States dollars and the remaining balances are denominated in Renminbi Yuan.

25 Trade and other payables

	At 30 June 2003 RMB'000	*At 31 December 2002* RMB'000 (audited)
Trade payables	1,363,998	1,259,708
Other payables and accruals	474,927	381,741
Staff bonus	196,629	249,147
Deposits received	326,550	156,915
Bills payable	170,808	81,006
	2,532,912	2,128,517

26 Provision for warranties

	RMB'000
Balance at 1 January 2003	373,434
Net provisions made during the period	4,595
Provisions used during the period	(3,415)
Balance at 30 June 2003	374,614

The provision for warranties mainly relates to containers sold during the last three years. The provision is based on estimates made from historical warranty data associated with similar products.

27 Capital and lease commitments

(a) At 30 June 2003, the Group had capital commitments outstanding as follows:

	At 30 June 2003 RMB'000	*At 31 December 2002* RMB'000 (audited)
Authorised and contracted for	557,902	552,375
Authorised but not contracted for	91,752	291,924
	649,654	844,299

27 Capital and lease commitments (continued)

(b) At 30 June 2003, the Group had commitments under non-cancellable operating leases, not provided for as follows:

	At 30 June 2003 RMB'000	*At 31 December 2002* RMB'000 (audited)
Operating lease charges payable:		
Within l year	22,236	28,573
After 1 year but within 5 years	42,859	51,482
After 5 years	94,815	88,767
	159,910	168,822

The Group leases a number of offices and a factory under operating leases. The leases of offices and factory run for an initial period of one to two years and 30 years respectively, with an option to renew the lease after the expiry date. Lease payments of factory are increased every three years to reflect market rentals. None of the leases includes contingent rentals.

28 Contingencies

At 30 June 2003, the Group had provided guarantees to banks for mortgages amounting to RMB69 million (At 31 December 2002: RMB59 million) granted by those banks to the customers of the Group.

29 Notes to the consolidated cash flow statement

(a) Reconciliation of net profit for the period to cash flows from operating activities:

	2003
	RMB'000
Net profit for the period	340,703
Depreciation	69,354
Reversal of impairment losses	(1,911)
Net amortisation of goodwill/(negative goodwill)	8,805
Amortisation of other intangible assets	1,772
Amortisation of negative goodwill of associates	(127)
Loss on sale of property, plant and equipment and construction in progress	8,183
Interest income	(14,982)
Interest expense	35,712
Gain on disposal of equity securities	(6,357)
Amortisation of timber concession rights	3,217
Impairment losses of timber concession rights	4,306
Income from associates	(3,828)
Income tax expenses	40,682
Minority interests	51,817
Operating profit before changes in working capital	537,346
Increase in lease prepayments	(10,298)
Decrease in long-term receivables	23,171
Increase in trade and other receivables	(978,844)
Increase in inventories	(348,556)
Increase in trade and other payables	404,005
Increase in provision for warranties	1,180
Increase in properties under development	(66,084)
Decrease in completed properties for sale	5,575
Cash used in from operations	(432,505)
PRC income tax paid	(33,490)
Cash flows from operating activities	(465,995)
	=======

30 Related parties transactions

(i) The Group had undertaken transactions with the following related parties for the period ended 30 June 2003:

	Relationship with the Company	RMB'000
Sale of containers to Florens Container Services Company Limited ("Florens")	Subsidiary of shareholder	363,261
Purchase of raw materials from Hempel-Hai Hong Coating Company Limited ("Hempel")	Subsidiary of shareholder	170,966
Purchase of steel products from KYH Steel Holdings Limited	Associate	22,842
Payment of consultancy fee to COSCO Pacific Management Company Limited ("COSCO")	Subsidiary of shareholder	1,573
		=======

The directors are of the opinion that these transactions were concluded based on normal commercial terms in the ordinary course of business of the Group and were entered into in accordance with the relevant agreements.

The balance with associate is disclosed in note 15. Details of the balances with other related parties were as follows:

	At 30 June 2003 RMB'000	*At 31 December 2002* RMB'000 (audited)
Amount due from Florens	226,524	62,445
Amount due to Hempel	165,555	197,800
Amount due to COSCO	5,216	3,643
	=======	=======

30 Related parties transactions (continued)

(ii) ***The movements of the housing loans, car loans and other loans during the period were as follows:***

	Balance as at 1 January 2003	*Repayment during the period*	*Balance as at 30 June 2003*
	RMB'000	RMB'000	RMB'000
Directors	2,582	(2,282)	300
Executive officers	1,713	(1,293)	420
	4,295	(3,575)	720

The outstanding loans are unsecured, interest-free and are to be settled within 5 years from the date of the advance.

31 Financial instruments

Financial assets of the Group include cash, securities, and trade and other receivables. Financial liabilities of the Group include loans, and trade and other payables.

(a) Interest rate risk

The interest rates and terms of repayment of bank loans of the Group are disclosed in note 24.

(b) Foreign exchange risk

Foreign exchange risk is defined as transaction risk, i.e. the risk of the Group's commercial cash flows being adversely affected by a change in exchange rates for foreign currencies against Renminbi Yuan, and balance sheet risk, i.e. the risk of net monetary assets in foreign currencies acquiring a lower value when translated into Renminbi Yuan as a result of currency movements. The Group strives to minimise the risk by achieving a balance between monetary assets and monetary liabilities in the respective currencies.

31 Financial instruments (continued)

(c) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted. Concentrations of credit risk (whether on or off balance sheet) that arise from financial instruments exist for groups of customers or counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. To reduce exposure to credit risk, the Group performs ongoing credit evaluations of the financial condition of its counterparties.

Substantially all the Group's cash and cash equivalents are deposited with PRC financial instituations with high credit ratings.

The Group generally does not require collateral from its customers and is exposed to credit-related losses in the event of non-performance by customers. However, the Group does not have significant unwarranted concentration of exposure to individual customers. The ten largest trade debtors accounted for 23% (At 31 December 2002: 26%) of the Group's total assets at 30 June 2003.

(d) Liquidity risk

Liquidity risk is defined as the risk that the Group will be unable to meet its cash flow obligations as they fall due. To manage liquidity risk, the Group closely monitors its liquidity to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding needs.

(e) Fair value

The fair value of unlisted equity securities could not reasonably be estimated without incurring excessive costs as there is no quoted market price for such securities in the PRC.

The fair values of trade and other receivables, and trade and other payables are not materially different from their carrying amounts.

As at 30 June 2003, the fair value of the long-term receivables as estimated by applying a discounted cash flow using current market interest rates for similar financial instruments was RMB67,903,000 (At 31 December 2002: RMB83,442,000).

As at 30 June 2003, the fair value of the interest-bearing bank loans, including the current portion, as estimated by applying a discounted cash flow using current market interest rates for similar financial instruments was RMB2,756,904,000 (At 31 December 2002: RMB2,077,793,000).

Fair value estimates are made at a specific point in time and based on relevant market information and information about the relevant financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

32 Subsidiaries

Details of the Company's principal subsidiaries at 30 June 2003, all of which are unlisted, are as follows:

Name of company	*Issued and fully Paid capital*	*Percentage of equity held by the Group*	*Place of establishment and operation*	*Principal activities*
CIMC (Shanghai) Development Limited	RMB150,000,000	100%	PRC	Investment holding
Shenzhen Southern Zhongji Containers Manufacture Co., Ltd.	US$15,500,000	100%	PRC	Manufacture of containers
Shenzhen CIMC Real Estate Co., Ltd.	RMB20,000,000	100%	PRC	Property development
Nanjing Zhongji Real Estate Development Co., Ltd.	US$2,000,000	100%	PRC	Property development
China International Marine Containers (Hong Kong) Limited	HK$2,000,000	100%	Hong Kong	Trading of containers and wagons and investment holding
National King Development Ltd.	HK$4,680,000	85%	Hong Kong	Investment holding
CIMC Holdings (B.V.I.) Limited	US$34,001	100%	The British Virgin Islands	Investment holding
Silveroad Woodproducts Limited	US$8,000	100%	Kingdom of Cambodia	Timber logging and trading
Tacoba Consultant N.V.	SF3,000,000	100%	Republic of Suriname	Timber logging and trading

32 Subsidiaries (continued)

Name of company	*Issued and fully paid capital*	*Percentage of equity held by the Group*	*Place of establishment and operation*	*Principal activities*
Xinhui CIMC Container Flooring Co., Ltd.	US$11,500,000	77%	PRC	Further processing of timber
Qingdao CIMC Container Manufacture Co., Ltd.	US$20,300,000	89.56%	PRC	Manufacture of containers
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	US$24,060,000	91.44%	PRC	Manufacture of containers
Shanghai CIMC Generating Set Co., Ltd.	US$3,918,700	73%	PRC	Manufacture of internal combustion engine generators and related services
Shanghai CIMC Reefer Containers Co., Ltd.	US$31,000,000	72%	PRC	Manufacture of containers
Tianjin CIMC North Ocean Container Co., Ltd.	US$16,682,000	71.39%	PRC	Manufacture of containers
Nantong CIMC - Smooth Sail Container Co., Ltd.	US$7,700,000	56.1%	PRC	Manufacture of containers
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	US$10,000,000	63.7%	PRC	Manufacture of containers
Dalian CIMC Container Manufacturing Co., Ltd.	US$8,855,000	51.17%	PRC	Manufacture of containers

32 Subsidiaries (continued)

Name of company	*Issued and fully paid capital*	*Percentage of equity held by the Group*	*Place of establishment and operation*	*Principal activities*
Shenzhen CIMC - Tianda Airport Support Ltd.	US$13,500,000	100%	PRC	Manufacture of airport ground facilities
Shenzhen CIMC Heavy Industries Co., Ltd.	US$5,000,000	100%	PRC	Manufacture of containers
Shanghai CIMC Far East Container Co., Ltd. (note)	US$9,480,000	52.5%	PRC	Manufacture of containers
Shanghai Yulan Property Development Co., Ltd.	RMB5,000,000	60%	PRC	Property development
Shanghai Fengyang Property Development Co., Ltd.	RMB30,000,000	92%	PRC	Property development
Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd	US$3,000,000	100%	PRC	Manufacture of containers
Xinhui CIMC Container Co., Ltd. (note)	US$24,000,000	40%	PRC	Manufacture of containers
Manson Technology Limited	HK$10,000	100%	Hong Kong	Investment holding
Creation Charter Limited	HK$2	100%	Hong Kong	Property investment
CIMC USA Inc.	US$10	100%	The United States	Investment holding

Note: The financial statements of Xinhui CIMC Container Co., Ltd and Shanghai CIMC Far East Container Co., Ltd. are consolidated in the consolidated financial statements as the Group has the power to govern these companies' financial and operating policies in accordance with the terms of the relevant profit guarantee agreements. The directors are of the opinion that these profit guarantee agreements are extendable upon expiry.

33 Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

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 30 June 2003 RMB'000	*Net assets at 30 June 2003* RMB'000
Prepared under the PRC Accounting Rules and Regulations		335,202	3,190,267
Adjustments to align with IFRS:			
(i)	Adjustment to minority interests	437	8,407
(ii)	Adjustment to deferred tax assets	-	19,896
(iii)	Adjustment to goodwill and negative goodwill	(4,321)	(44,630)
(iv)	Adjustment to interest capitalisation	2,513	11,264
(v)	Adjustment to write back other payable	1,874	538
(vi)	Others	4,998	5,458
Prepared under IFRS (unaudited)		340,703	3,191,200

Ⅶ. Documents Available for Reference

(I) The text of Semi-annual Report carried with the signature of Chairman of the Board;

(II) The text of Financial Report carried with the signatures and seals of the principal of the Company, principal in charge of the accounting work and principal in charge of Accounting institutes;

(III) All texts of documents ever disclosed in public in the report period in the newspapers designated by CSRC;

(IV) The text of Articles of Association of the Company;

(V) Other documents available for reference;

Board of Directors of
China International Marine Containers (Group) Co., Ltd.
Aug. 16, 2003