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

(Incorporated in People's Republic of China)

ANNUAL REPORT 2003 (SUMMARY)

Ended Dec. 31, 2003

1. Important Notes

1.1 The Board of Directors of *CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.* (hereinafter referred to as the Company) and its directors individually and collectively accept full responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there is neither any omission of material facts, untrue presentations, nor any misleading statement contained in the information herein. The 2003annual report summary is abstracted from the annual report; the investors are suggested to read the full text of annual report to understand more details.

1.2 No Directors stated that they couldn't ensure the correctness, accuracy and completeness of the contents of the Annual Report or have objection for this report.

1.3 Eight Directors were expected to attend the Board meeting and actually seven of them were present. Director Mr. Yan Chengxiang was absent from the Board meeting due to some reasons.

1.4 KPMG Certified Public Accountants issued an unqualified Auditors' Report

1.5 Chairman of the Board of the Company Mr. Li Jianhong, President Mr. Mai Boliang and General Manager of Financing & Management Dept. Mr. Jin Jianlong hereby confirm that the Financial Report contained in the Annual Report is authentic and complete.

2. Company Profile

2.1 Basic information

Short form of the stock	CIMC
Stock code	000039、200039
Listed stock exchange	Shenzhen Stock Exchange
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
Internet web site of the Company	www.cimc.com
E-mail of the Company	shareholder@cimc.com

2.2 Liaison person and liaison method

	Secretary of the Board of Directors	**Authorized Representative in Charge of Securities Affairs**
Name	*Yu Yuqun*	*Wang Xinjiu*
Liaison address	R&D Center of CIMC, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong	R&D Center of CIMC, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong
Telephone	(86) 755-2669 1130	(86) 755-2669 1130
Fax	(86) 755-2682 6579	(86) 755-2682 6579
E-mail	shareholder@cimc.com	shareholder@cimc.com

3. Summary of Accounting Data and Financial Indexes

3.1 Three-year financial information summary

Three-year Financial Information Summary *(Prepared under International Financial Reporting Standards [“IFRS”])*

Unit： *RMB’000*

Items	2003	2002	Increase/Decrease in the year (%)	2000
Container sales volume (TEU)	1,173,293	751,578	65.80	697,355
Revenue	13,705,212	9,025,986	51.84	8,851,900
Profit from operations	905,376	512,948	76.50	692,854
Income from associates	8,747	121,677	-92.81	50,541
Profit before tax	888,830	569,622	56.04	614,567
Income tax expense	111,361	58,669	89.81	65,760
Profit after tax	777,469	510,953	52.16	548,807
Minority interests	83,418	87,660	-4.84	84,075
Net profit of the year	694,051	423,293	63.96	464,732
Basic earnings per share* (RMB Yuan)	1.33	0.83	60.24	0.91
Total assets	10,258,356	8,073,894	27.06	6,586,036
Shareholders' equities	5,295,653	2,850,497	85.78	2,101,398
Net assets per share (RMB Yuan)	8.40	5.59	50.27	4.12
Rate of Return on Stockholders’ Equity (ROE)	13.11	14.85	-11.72	22.12
Cash flows from operating activities	615,122	-677,635	190.78	-238,630
Net (decrease)/increase in cash and cash equivalents	324,667	-9,441	3612.75	544,683
Dividend (per share)	Cash dividend of RMB0.38, converting public reserve into share capital at the rate of 0.6 share	Cash dividend RMB0.50, 0.50 share bonus	—	0.20

** The calculation of basic earnings per share is based on profit attributable to shareholders of RMB694,051,000 (2002: RMB423,293,000) and a weighted average number of shares in issue during the year ended 31 December 2003 of 522,137,712 (2002: 510,302,000).*

There were no diluting potential ordinary shares in existence during the years ended 31 December 2002 and 2003.

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

√Applicable ☐Non-applicable

		Profit attributable to shareholders for the year ended 31 December 2003 RMB'000	*Net assets at 31 December 2003 RMB'000*
Prepared under the PRC Accounting Rules and Regulations		682,688	5,290,940
Adjustments to align with IFRS:			
(i)	Adjustment to minority interests	665	8,635
(ii)	Adjustment to deferred tax assets	306	20,202
(iii)	Adjustment to goodwill and negative Goodwill	(9,579)	(51,388)
(iv)	Adjustment to interest capitalization	1,051	12,938
(v)	Others	19,938	14,326
Prepared under IFRS		694,051	5,295,653
		========	========

Profit attributable to shareholders for

4. Changes in Share Capital and Particulars about Shareholders

4.1 Statement of change in share capital

Unit: share

	Before the change	Increase/decrease (+/－)	After the chang	Share ratio (%)
I. Unlisted shares				
1. Sponsor's shares	227,363,133	0	227,363,133	36.07
Including:				
Shares held by domestic legal person	102,313,410	0	102,313,410	16.23
Shares held by foreign legal person	125,049,723	0	125,049,723	19.84
2. Shares held senior executives*	346,332	－109,308	237,024	0.04
Total unlisted shares	227,709,465	－109,308	227,600,157	36.11
II. Listed shares				
1. RMB ordinary shares	68,986,930	120,109,308	189,096,238	30.00
2. Domestically listed foreign shares	213,605,701	0	213,605,701	33.89
Total listed share	282,592,631	0	402,592,631	63.89
III. Total shares	510,302,096	120,000,000	630,302,096	100

Note: Shares held by senior executives refer to the frozen shares held by directors, supervisors and senior executives with totally amounting to 237,024 shares.

4.2 Statement of shares held by the top ten shareholders

4.2.1 the top ten shareholders

Total shareholders at the end of report year	Ended Dec. 31, 2003, the Company has totally 38,370 shareholders, of them, 27,193 shareholders of A-share and 11,177 shareholders of B-share.

Particulars about shares held by the top ten shareholders

Name of Shareholder	**Increase / decrease in the report year**	**Holding shares at the year-end (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) Company	0	102,313,410	16.23%	Non-circulating	0	Domestic legal person
2. CHINA MERCHANTS CONTAINER INDUSTRIAL CO., LTD.	0	102,313,410	16.23%	Non-circulating	0	Foreign legal person
3. FAIR OAKS DEVELOPMENT LIMITED	+1,213,680	38,278,680	6.07%	Circulating	0	Foreign investment shareholder
4. PROFIT CROWN ASSETS LIMITED	0	22,736,313	3.61%	Non-circulating	0	Foreign legal person
5. EMERGING MARKETS GROWTH FUND,INC.	+10,069,645	10,069,645	1.60%	Circulating	Unknown	Foreign investment shareholder
6. GT PRC FUND	+5,639,126	7,639,126	1.21%	Circulating	Unknown	Foreign investment shareholder
7. JPMORGAN FLEMING FUNDS-ASIA EQUITY FUND	+6,907,282	6,907,282	1.10%	Circulating	Unknown	Foreign investment shareholder
8. LONG HONOUR INVESTMENTS LIMITED	0	5,994,817	0.95%	Circulating	Unknown	Foreign investment shareholder
9. HONGYANG SECURITIES INVESTMENT FUNDS	+5,516,269	5,516,269	0.88%	Circulating	Unknown	Social public

10. E FUND STEADY INCREASE SECURITIES INVESTMENT FUNDS	+5,184,245	5,184,245	0.82%	Circulating	Unknown	Social public
Explanation on associated relationship among the top ten shareholders or consistent action	(1) Among the above the top ten shareholders, there exists the associated relationship as well as the consistent action between the No. 1 shareholder and No. 7 shareholder, namely Long Honour Investment Limited is the wholly-owned subsidiary company of China Ocean Shipping (Group) Company (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 Companies with the other shareholders. There existed the associated relationship as well as the consistent action between the No. 2 shareholder and the No. 3 shareholder, namely China Merchants Container Industrial Co., Ltd. and Fair Oaks Development Limited are the wholly-owned subsidiary companies of China Merchant Holdings (International) Co., Ltd. (CMHI). 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 Companies with the other shareholders. The Company is not aware of their associated relationships among other shareholders 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 Companies. (2) On Dec. 22, 2003, CSRC approved to transfer 102,313,410 non-listed foreign shares of the Company held by China Merchants Container Industry Co., Ltd. and 22,736,313 non-listed foreign shares of the Company held by Profit Crown Assets Limited into B shares, which will be listed and circulated in B share market of Shenzhen Exchange after one year since the approval date.					

4.2.2 The top ten shareholders of circulating share

Shareholders' name	Holding shares at the period-end (share)	Proportion	Type of shares
1. FAIR OAKS DEVELOPMENT LIMITED	38,278,680	6.07%	B-share
2. EMERGING MARKETS GROWTH FUND,INC.	10,069,645	1.60%	B-share
3. GT PRC FUND	7,639,126	1.21%	B-share
4. JPMORGAN FLEMING FUNDS-ASIA EQUITY FUND	6,907,282	1.10%	B-share
5. LONG HONOUR INVESTMENTS LIMITED	5,994,817	0.95%	B-share
6. HONG YANG SECURITIES INVESTMETN FUNDS	5,516,269	0.88%	A-share
7. E FUNDS PLACIDNESS INCREASE SECURITIES INVESTMENT FUNDS	5,184,245	0.82%	A-share
8. SOUTERN STEADY GROWING SECURITIES INVESTMENT FUNDS	5,099,396	0.81%	A-share
9. E FUNDS STRATEGY GROWING SECURITIES INVESTMENT FUNDS	4,642,859	0.74%	A-share
10. JING FU SECURITIES INVESTMENT FUNDS	4,484,063	0.71%	A-share

Explanation on associated relationship among the top ten shareholders or consistent action: E FUNDS PLACIDNESS INCREASE SECURITIES INVESTMENT FUNDS and E FUNDS STRATEGY GROWING SECURITIES INVESTMENT FUNDS are both of securities investment funds managed by E FUND MANAGEMENT CO., LTD.

4.3 Particulars about controlling shareholders and actual controller of the Company

4.3.1 Particulars about change in controlling shareholders and actual controller of the Company

☐Applicable √Non-applicable

4.3.2 Introduction of controlling shareholder and other actual controller

There are no shareholders (holding shareholder) who hold over 30% of the Company's total shares.

Shareholder's name	Proportion	Legal representative	Date of foundation	Registered capital	Structure of equity	Business scope
COSCO	16.23%	Wei Jiafu	Apr. 27, 1961	RMB 1.9 billion	(Note 1)	Carry on international passenger and cargo transportation business, receive domestic and foreign business for booking and leasing ships or storehouses, undertake lease, construction, sale and borrowing and repair of ships, containers and spare parts, and dispose undertaking, storing, applying to customers, forwarding, all-type transportation and door-to-door transportation for domestic and foreign import and export cargoes
CHINA MERCHANTS CONTAINER INDUSTRIAL CO., LTD.	16.23%		Jan. 17, 1995	HKD 10,000	(Note 2)	Investment and Shareholding

Note 1: COCSO is one of the 44 mainstay enterprises under the direct control of the central government.

Note 2: China Merchants Container Industrial Co., Ltd. is a wholly-owned subsidiary company of CMHI, which is mainly engaged in investment and shareholding. CMHI is a listed company in the Stock Exchanges of Hong Kong, China Merchants Group (Hong Kong) Co., Ltd. holds 53.146% equity of CMHI.

5. Particulars About Director, Supervisor, Senior Executive

5.1 Particulars about changes in shares held by Directors, Supervisors and Senior executives

Name	Title	Sex	Age	Office term	Holding share at the year-begin	Holding share at the year-end	Increase or decrease	Reason for change
Li Jianhong	Chairman of the Board	Male	47	May 2001 -May 2004	0	0	0	
Zhao Huxiang	Vice Chairman of the Board	Male	48	May 2001 -May 2004	0	0	0	
Mai Boliang	Director President	Male	45	May 2001 -May 2004 May 2001 -May 2004	117,117	117,117	0	
Du Feng	Director	Male	60	May 2001-June 2003	109,308	0	－109,308	resigned from the position of

								Director
Wang Xiaodong	Director	Male	45	May 2001-June 2003	0	0	0	
Yan Chengxiang	Director	Male	35	May 2001 -May 2004	0	0	0	
Wang Zhixian	Director	Male	37	May 2002-May 2005	0	0	0	
Liu Jie	Director	Male	32	May 2002-June 2003	0	0	0	
Xiao Zhuoji	Independent director	Male	70	May 2001 -May 2004	0	0	0	
Han Xiaojing	Independent director	Male	48	May 2001 -May 2004	0	0	0	
Zhang Limin	Independent director	Male	48	Nov. 2002-Nov. 2005	0	0	0	
Zhao Qingsheng	Vice-president	Male	52	Aug. 2003 -Aug. 2004	0	0	0	
Li Yinhui	Vice-president	Male	36	Oct. 2002-Oct. 2003	0	0	0	
Li Ruiting	Vice-president	Male	56	June 2001 -June 2004	78,078	78,078	0	
Tang Guocai	Vice-president	Male	65	June 2001 -June 2004	0	0	0	
Gu Hongren	Vice-president	Male	48	June 2001-June 2004	41,828	41,828	0	
Zhou Bosheng	Vice-president	Male	61	Aug. 2003-Aug. 2004	0	0	0	
Du Yongcheng	Chairman of the Supervisory Committee	Male	54	May 2002 -May 2005	0	0	0	
Shi Lei	Supervisor	Female	46	May 2002 -May 2005	0	0	0	
Feng Wanguang	Supervisor	Male	57	May 2002-May 2005	0	0	0	
Wu Fapei	Secretary of the Board	Male	46	Aug. 2003-Aug. 2004	0	0	0	

5.2 Particulars about directors, supervisors holding the post in Shareholding Company

√Applicable ☐Non-applicable

Name	**Name of Shareholding Company**	**Title in Shareholding Company**	**Office term**	**Whether draw remuneration from shareholding company**
Li Jianhong	COSCO	Vice-president	2000 to	Drawing from Shareholding Company
Zhao Huxiang	China Merchants Group Co., Ltd.	Vice-president	2001.11 to	Drawing from associated company of shareholder
Wang Xiaodong	COSCO Industrial Co.	General Manager	1998.1 to	Drawing from associated company of shareholder
Yan Chengxiang	COSCO Shipyard Engineering Group Co., Ltd.	Manager of Corporate Planning Dept.	2000.7 to	Drawing from associated company of shareholder
Wang Zhixian	CMHI	General Manager of Enterprise Management Dept.	2002.3 to	Drawing from associated company of shareholder
Liu Jie	CMHI	Deputy CFO	2002.5 to	Drawing from associated company of shareholder
Du Yongcheng	CMHI	Director, Deputy General Manager	1998 to	Drawing from associated

				company of shareholder
Shi Lei	COSCO Shipyard Engineering Group Co., Ltd.	Chief Accountant	2001.6 to	Drawing from associated company of shareholder

5.3 Particulars about the annual payment of directors, supervisors and senior executives

Total annual payment	RMB 4,350,000
Total annual payment of the top three Directors drawing the highest payment	RMB 1,260,000
Total annual payment of the top three Senior executives drawing the highest payment	RMB 1,660,000
Allowance of independent Director	RMB 80,000 /per person/ year
Other treatment of Independent Directors	No
Name of Directors and Supervisors received no payment or allowance from the Company	Director: Li Jianhong, Zhao Huxiang, Wang Xiaodong, Yan Chengxiang, Wang Zhixian and Liu Jie Supervisor: Du Yongcheng and Shi Lei
Payment	Number of persons
RMB 500,000 ～ RMB 800,000	2
RMB 300,000 ～ RMB 490,000	7
RMB 50,000 ～ RMB 100,000	3

6. Report of the Board of Directors

6.1 Discussion and analysis of the whole operation in the report period

1. Summary

In 2003 and especially in the second half of the year, the economy in all main areas all over the world took on a trend of strong recovery. The total amount of export in the foreign trade of China increased by 37.1% than that in the same period of last year, jumping to rank in the 4th place all over the world, which was the fastest increase since 1980. The container throughput in main ports of China increased by 31% than that in the same period of last year. Under this background, the global demand of containers climbed up strongly and created the new historical record. The Group realized Revenue and Net profit for the year amounting to RMB13,705,212,000 and RMB694,051,000 respectively, an increase of 51.84% and 63.97% respectively over the same period of last year. The container business continued to keep good condition like last year with product price recovering continuously and the Group sold accumulative containers amounting to 1,173,300TEUs, an increase of 56.11% over the same period of last year, which created the new highest record in the same periods of previous years. The industrial position of the Group's container business was firmer.

In the manufacturing business of road transport vehicles, the Group also gained piercing progress in such aspects as construction of productive base, acquisition and market expansion. The Group sold 8,991 units of vehicles accumulatively in the whole year and realized sales income amounting to RMB 685 million in the road transport vehicle business. Since the government has not approved the equity acquisition, the sales income amounting to RMB 667 million in it has not been placed into the consolidated scope of the Company's financial statements.

The Company finished the additional issuance of A shares amounting to 120 million shares and enriched share capital amounting to RMB 1,751 million, which has improved the Company's liability structure obviously and has provided strong support of capital for the push of the Group's development strategy; has enhanced the negotiability of A shares and was beneficial for the Company's value to be fully represented in the securities market.

Viewing 2004, the global economy has entered into the rapid recovery phase. The further deepening of upgrading of industrial structure and accelerating of manufacturing industry's transfer to Asia especially to China shall create relatively loose market environment for the rapid and stable growth of international economy and trade in a certain period in the future. The impetus of factors in China to global economy growth boosts up increasingly. Global economy especially territorial trade is hopeful to increase fast and the container trade shall climb up continuously. Thus, the demand for containers shall also continue to keep steady growth.

In the aspect of modern road transport vehicle manufacturing business, in 2004, the Group's semi-trailer business shall receive a broader and more beneficial operating environment. The Group shall expand the productive scale, do the operating management well, continue to push the acquisition and merger and improve the layout of productive base.

2. Analysis to the main financial data

(1) Particulars about Revenue, profit and cash flow

Analysis:

Revenue increased by 51.84% than that in the same period of last year, which was mainly because that the demand for containers in the whole year kept prosperous and the sales volume of containers increased by a big margin with recovering price.

Gross profit increased by 52.89% than that in the same period of last year and net profit for the year increased by 63.97% than that in the same period of last year, which was mainly because that the sales volume of containers increased by a big margin and the price recovered.

Net increase in cash and cash equivalents increase by 3.54 times than that in the same period of last year, which was mainly because that the Company additionally issued 120 million A shares in Nov. 2003 and its productive and operating scale was expanded.

(2) Particulars about assets and shareholders' equity

Analysis

In the report period, the Company's assets structure was still in good status. The total assets increased by27.06% than that at the beginning of the year, which was mainly because that the sales of products still kept prosperous at the end of the year, resulting into the increase in current assets. In the current assets: Cash and cash equivalents increased by 85.01% than that at the beginning of the period and Trade and other receivables increased by 39.09%. In the report year, the Company's main assets indexes kept in good level: The velocity of total assets was 1.495; the velocity of accounts receivable was 3.58; the velocity of inventories was 9.80; the assets-liability rate decreased to 41.95%.

The shareholders' equity increased by 85.78% than that at the beginning of the year, which was

mainly because that the Company finished to additionally issue 120 million A shares in the report period in the report period, from which the raised proceeds was RMB 1,751 million (deducting

6.2 Statement of main business classified according to industry or product

Unit: RMB'000

Product	Revenue	Increase/decrease of revenue compared with the previous year (%)
Containers	13,117,175	49.60

6.3 Particulars about main business classified according to region

Unit: RMB'000

Region	Revenue	Increase/decrease of revenue compared with the previous year (%)
USA	3,591,483	65.16
Europe	6,308,050	55.72
Asia	3,504,819	50.59
Other regions	300,860	−61.03
Total	13,705,212	51.84

6.4 Particulars about the customers of purchase and sales

Unit: RMB'000

Total purchase amount of the top five suppliers	1,490,220	Proportion in the total purchase amount (%)	36.48%
Total sales amount of the top five sales customer	4,567,874	Proportion in the total sales amount (%)	33.10%

6.5 Operation of associates companies (applicable to investment income taking over more than 10% of net profit of the Company)

☐Applicable √Non-applicable

6.6 Explanation of reason of material change of main business and its structure

☐Applicable √Non-applicable

6.7 Explanation of reason of material change of profitability capability of main business (gross margin) compared with the previous year

☐Applicable √Non-applicable

6.8 Analysis of reason of material change of operating results and profit structure compared with the previous year

☐Applicable √Non-applicable

Analysis of reason of material change of the whole financial position compared with the previous year

☐Applicable √Non-applicable

6.9 Explanation of the past, current and future important effects of the material change of production and operation environment, macro-policies and regulations on the Company's financial position and operating results

√Applicable ☐Non-applicable

In 2003, the global economy rapidly increased, the increase of the global container trade was more rapid and the growing speed of foreign trade of China created a new record. Meanwhile, because the economy of China continuously increased in temperature, industry structure rapidly developed toward the type under the leading of heavy and chemical industry, the internal need of raw material thrived, the price of steel products could keep in top place in longer time. On Oct. 13, 2003, Ministry of Finance and State Administration of Taxation promulgated Notification on Adjusting Export Rebate Rate that made structure adjustment of the present tax reimbursement rate of VAT of export goods since Jan. 1, 2004. Among of it, the rebate rate of export goods for containers, the main product of the Group, drops from 17% to 13%. In 2003, the national and provincial governments started to adjust policy and regulations on road transportation. For example, some provinces reformed collection way and standard of transit charge of road transportation from collecting as marked rated dead weight tonnage to collecting transit charge as the actual weight of goods; from Dec. 1, 2003, the transportation management departments of five provinces and cities in North of China cooperated and carried on action of Administrating Over-weight and Over-limit of Road Transportation. The above events show that the danger of road transportation under over-weight and over-limit has aroused the high emphasis of the government. Its influence on the Group's business development mainly shows in the following aspects: 1. The need of containers in the whole year keeps bloom, the price of container also gets rise to the top level in recent years and the order and sale amount increases in a large scope. The dropping of export tax reimbursement rate of partial commodities perhaps has a structure influence on the decrease and increase of some products' export of China. The export tax reimbursement rate of container drops from 17% to 13% and it is estimated to make product's cost increase slightly in 2004. The Group took such measures as increasing and rebuilding production base, enlarging production ability, improving service of container delivery and so on to meet the market need. Aiming at the pressure of production cost of dry van container of the Group caused by the undulation of price of raw material in high place, the Group improved purchase management, controlled the range of cost's rise and maintained the stability of level of gross ratio. Concerning falling of export rebate rate, since Jan. 1, 2004, the Group will appropriately adjust the sale stratagem, so it is estimated that the influence caused by falling of export rebate rate can be basically counteracted. 2. The national and local governments' starting to adjust and amend policy and regulations on road transportation is in favor of the business development of road transportation vehicle of the Group.

6.10 Completion of the profit estimation

☐Applicable √Non-applicable

6.11 Completion of the business plan

☐Applicable √Non-applicable

6.12 Application of the raised funds proceeds

√Applicable ☐Non-applicable

On Nov. 20, 2003, the Company has raised capital of RMB 1.751 billion by the accomplishment of additional issuance of 120,000,000 A shares (issuance costs deducted)

Unit: RMB'000

Committed projects	Planned investment	Changes of investment	Planned amount of investment in the period	Actual amount of investment of the period	Progress of project contrast with the plan	Profit of project
Transform of dry container plant	329,060	No	329,060	329,060	Yes	16,450
Improvement of the productivity of container for district purpose and container for special purpose	413,500	No	181,730	181,730	Yes	17,000
Remolding for improving the productivity of the refer container	221,060	No	182,060	182,060	Yes	21,100
Tank Container	145,390	No	110,000	110,000	Yes	8,720
Compartmental semi-Trailer	231,560	No	231,560	231,560	Yes	Not accrued yet
Container chassis	190,210	No	0	0	No	Not accrued yet
Compartmental semi-Trailer for the processing of overseas raw materials	240,120	No	213,880	213,880	Yes	Not accrued yet
Total	1,770,900	—	1,248,290	1,248,290	—	63,270

Note: Some investment of projects have not accrued revenue yet in 2003; The investment of Container chassis project has been postponed contrast with the plan.

Ended the end of the report period, the raised capital amounting to RMB 502.814 million, which hasn't been put into use, would supplement the current fund temporarily.

6.13 Application of the proceeds not raised by issuing share

√Applicable ☐Non-applicable

Unit: RMB'000

Name of item	Amount of item	Progress of project	Profit of project
Additional investment to Shanghai CIMC Baowell Industrial Co., Ltd.	111,780	Completed	Not accrued yet
Additional holding of 5% share capital of Shanghai CIMC Far East Container Co., Ltd	7,452	Completed	2,000
Additional holding of 16.21% equity of Qingdao CIMC Reefer Co., Ltd	40,365	Completed	14,500
Additional holding of 8.37% equity of Qingdao CIMC Container Manufacture Co., Ltd.	80,026	Uncompleted	Not accrued yet
Setting up Ningbo CIMC Logistics Equipment Co., Ltd	12,420	Uncompleted	Not accrued yet
Total	252,043	—	—

6.14 Explanation of the "Non-standardized Opinion" of Certified Public Accountants by the Board of Directors

□Applicable √Non-applicable

6.15 Business plan as of the new year of the Board of Directors

√Applicable □Non-applicable

1. Development background and operation goal of the Company's business in 2004

(1) Development background of business

If expecting 2004, the increase speed of the world economy will be accelerated, the progress of the global manufacture industry's diverting to China will continue, the global shipping industry will be a continuous prosperity, the international trade and container trade will stably increase and China will still keep higher increase speed of import and export of foreign trade. It is estimated that the market need of container in the whole 2004 will has some rise compared with that in 2003 and meanwhile, the price of container will has an up creep in some range.

Seeing from the background of industry development of modern road transportation vehicle, at present, the advantage of China as the global manufacture base appears, the civil consumption structure further upgrades, the internal need further enlarges, the development of modern logistics industry inside the country is rapid, the new-style logistics enterprises are growing and grandness and the need of late-model efficient transportation tool in market of road transportation. On the other hand, the state has established the transportation layout and industry policy of pushing industry development of new-style efficient road transportation vehicle. In 2004, the state will enhance construction of the principal line of the state-owned road, layout the state's freeway network and continue to strengthen administration of road transportation under over-weight and over limit. In Feb. 2004, National Development and Reform Commission promulgated notification and started to administrate vehicles products with the type of carrying goods of Large Tonnage and Small Standard (note: namely the dead weight tonnage stated in vehicle driving certification is

less than the actual designed parameter) and it shows nonstandard road transportation’s negative influence on such aspects as transportation efficiency, cost and security has already aroused the high emphasis of the government and modern road transportation vehicles’ taking place of traditional common carrying trunks has stared in the face.
The step of economy resuscitation of USA clearly quickens, it will enter increasing period and the level of need of road transportation vehicle improves. It will be beneficial to the extension of manufacture business of road transportation of the Group in foreign market.

(2) Business operation goal

The Company will make efforts to hanker higher product quality, wider product line, more normative enterprise’s administration structure and operation, customer service with better quality and more added-value business for the consumers and try our best to make the Company become the industry’s leader with mission sense and responsibilities.

The whole operation goal is: ① in aspect of container business, the Company will strengthen technology innovation and management innovation, consummate layout of production base, improve products quality and extend service fields; ② in aspect of business of road transportation vehicle, the Company will further consummate distribution of production and sale network, reorganize production elements of the industry, improve rapidly the sale scale and strengthen the benign communication of domestic and foreign businesses; ③ strengthen the group management and fully realize the effect of cooperation; ④ in aspects of other businesses, the Company will continue to maintain the guideline of controlling risk and self-discipline operation, roll and develop by itself.

2. Operation measure of the Company’s business in 2004

(1) In aspect of business of container, the Group will continue to optimize the network distribution of industry base; take effective measures to realize the promise that the Company provides more convenient and rapid added-value service for the customers; further establish and consummate the system of technology innovation, consummate management of basic technology and management and service of product’s research and development and make the R&D system of products and technology of the Group support the continuous development of businesses in order to ascend the position in the industry; carve out and innovate and extend the service fields of business.

(2) In aspect of business of modern road transportation vehicle, the Group will increase resource’s input and rapidly form the industry’s scale; ensure the business development of the purchased companies and smooth process of operation and management of the newly-established factories, push the work of purchase and merge of semi-trailer enterprises in a stable step, preliminary complete distribution of production base; strengthen construction of frame and system of marketing service and cooperation system of fitting purchase.

(3) In aspect of other businesses, the Group will continue to exploit manufacture business of airport floor equipments. In 2004, CIMC Tianda will complete the obtained full orders of the domestic main airports and will continue to exploit the real estate market in Shanghai and Guangdong.

Profit estimation of the New Year

☐Applicable √Non-applicable

6.16 The preplan of profit distribution and capital public reserve

Audited by Shenzhen Pan-China Schinda Certified Public Accountants, in 2003 the Company realized net profit less tax and minority's equity amounting to RMB682,688,009.42. Based on the Company's share capital amounting to 630,302,096 shares ended Dec.31, 2003, earnings per share is RMB1.0831. The suggested preplan on profit and dividends distribution in 2003 is: according to the Articles of Association and current Accounting System, based on the net profit amounting to RMB713,772,761.87 of the parent company in 2003, appropriating 10% of the net profit as statutory public reserve amounting to RMB71,377,276.15, appropriating 5% of the net profit as public welfare fund amounting to RMB35,688,638.08, plus the undistributed profit carried down from last year amounting to RMB 532,674,486.59, the total profit available for distribution to the shareholders in 2003 was RMB1,139,381,334.23. Based on the total share capital of the Company amounting to 630,302,096 shares ended Dec.31, 2003, distributing cash dividends at the rate of RMB3.8 (tax included) for every 10 shares, which totally amounts to RMB239,514,796.48. After the distribution, RMB 850,000,000 is appropriated as discretionary reserves.

Preplan on conversion of public reserve into share capital: suggest converting public reserve into share capital at the rate of 6 shares for every 10 shares. After the conversion, the total share capital of the Company increases from 630,302,096 shares to 1,008,483,353 shares and the capital reserve of the Company decreases from RMB 2,257,128,190.94 to RMB1,878,946,933.34.

The above preplans are subject to Annual Shareholders' General Meeting 2003 for consideration and approval before implementation and are to be submitted to the Shareholders' General Meeting for authorizing the Board of Directors to amend the Articles of Association on the clauses relevant to registered capital after their implementations.

7. Significant Events

7.1 Purchase of assets

☐Applicable √ Non-applicable

7.2 Sales of assets

☐Applicable √Non-applicable

7.3 Important guarantee

√ Applicable ☐ Non-applicable

Unit:RMB '000

Name of the Company guaranteed	Date of happening (date of signing agreement)	Amount of guarantee	Guarantee type	Guarantee term	Complete Implementation or not	Guarantee for related party or not
Shenzhen Southern Zhongji Containers Manufacture Co., Ltd.	2003.6.1	1,010,572	Related Guarantee	2003.6.1—2004.8.31	not	yes
Xinhui CIMC Container Co., Ltd.	2003.5.1	317,640	Related Guarantee	2003.5.1 –2004.6.30	not	yes
Shanghai CIMC Far East Container Co., Ltd.	2003.5.1	276,552	Related Guarantee	2003.5.1—2004.6.30	not	yes
Nantong CIMC - Smooth Sail Container Co., Ltd.	2003.5.1	226,400	Related Guarantee	2003.5.1—2004.6.30	not	yes
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	2003. 4.1	7,904,990	Related Guarantee	2003. 4.1—2004.6.30	not	yes
Qingdao CIMC Container Manufacture Co., Ltd.	2003.5.1	132,480	Related Guarantee	2003.5.1—2004.7.31	not	yes
Dalian CIMC Container Manufacturing Co., Ltd.	2003.4.1	1,897,280	Related Guarantee	2003.4.1—2004.6.30	not	yes
Tianjin CIMC North Ocean Container Co., Ltd.	2003.4.1	1,999,600	Related Guarantee	2003.4.1—2004.6.30	not	yes
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	2003.4.1	115,920	Related Guarantee	2003.4.1 –2004.6.30	not	yes
Xinhui CIMC Container Flooring Co., Ltd.	2003.5.1	247,559.6	Related Guarantee	2003.5.1 –2004.6.30	not	yes
Shenzhen CIMC Wood Co., Ltd.	2003. 4 6	82,800	Related Guarantee	2003. 4 .6—2004.4.30	not	yes
Shenzhen CIMC - Tianda Airport Support Ltd.	2003.3.3	77,960	Related Guarantee	2003.3.3—2004.3.31	not	yes
Shanghai CIMC Generating Set Co., Ltd.	2003. 6.10	15,700	Related Guarantee	2003. 6. 10—2004.6.30	not	yes

7.4 Related credits and liabilities transaction

☐Applicable √ Non-applicable

7.5 Entrusted assets

☐ Applicable √ Non-applicable

7.6 Implementation of commitment items

☐Applicable √Non-applicable

7.7 Significant lawsuit and arbitration

☐ Applicable √ Non-applicable

7.8 Particulars about the performance of Independent Directors

7.8.1 Pursuant to the requirements of relevant laws and regulations of the Supervisory departments as well as of the Articles of Associations of the Company, the Company engaged three specialists on economy, accounting and law as Independent Directors in order to have a perfect structure of the Board of Directors, ensure the standard operation of the Company and the improvement of the decision-making of the Board of Directors. The three Independent Directors have participated in the significant decision-making activities of the Board of Directors in line with the laws and regulations of Supervisory departments and the Articles of Association of the Company. By taking into account the interests of the shareholders, especially the medium and small shareholders, they issued their own independent opinions supported by their professional knowledge while discussing proposals on operational activities, investment, financing, strategic development plans and increase the issuance of shares at the Board of Directors. They have fulfilled their functions and responsibilities as Independent Directors and played their due role.

7.8.2(1) Special-item explanation on the accumulated and current guarantee of the Company for external parties and implementation of regulation of Document No. 56 of CSRC

Ended as at Dec. 31, 2003, the guarantees of the Company for external parties are as follows:

(1) The Company has not provided guarantee for any company and person outside the Group and only provided guarantee for the operation capital of the auxiliary subsidiaries of the Group. The Company is a wholly-listed one and provided guarantee for operation capital in budget of the auxiliary subsidiaries mainly due to the need of operation and development of businesses.

(2) According to the regulation of Document No. 56 of CSRC of 2003, the listed company can not provide guarantee for other related parties, of whom the Company held less 50% equity

The Company provided guarantee for Xinhui CIMC Container Flooring Co., Ltd.. The Company has 40% equity capital of Xinhui CIMC Container Flooring Co., Ltd.. but the Company contracted and operated it through the Company’s wholly-owned subsidiary-China International Marine Container (HK) Co., Ltd.. In the contact period from Jan. 1, 2001 to Dec. 31, 2005, China International Marine Container (HK) Co., Ltd. wholly manages the affairs of Xinhui CIMC Container Flooring Co., Ltd. such as operation, operation, financing and personal and etc., so it has actual control right. Ended as at Dec. 31, 2003, the balance of contingent liabilities caused by guarantee that the Company provided for Xinhui CIMC Container Flooring Co., Ltd. was RMB 57.62 million.

(3) According to the regulation of Notification of Problem on Standardizing Current Capital between Listed Company and Related Party and Listed Company's Guarantee for External Parties (ZJF[2003] No. 56), the total amount of guarantee the Company provides for external parties can not exceed 50% of net assets in the latest accounting year.

Ended Dec. 31, 2003, the balance of contingent liabilities caused by guarantee the Company provided for its subsidiaries was RMB 1.207 billion; (including the above guarantee amount for Xinhui CIMC Container Co., Ltd.), taking by 22.82% of net assets at the end of 2003 amounting to RMB 5.298 billion

(4) According to the regulation of Document No. 56 of CSRC, in order to control financial risk in smaller scope, the Company has made amendment aiming at relevant guarantee terms of Articles of Association of the Company and formed relevant proposals which would be submitted to the annul meeting of the Board of Directors held in Mar. 2004 for discussion and approval.

7.8.2(2). Independent opinions

We believe that the control of guarantee for external parties of the Company is better and the control of financial risk is steady. Although the above guarantee for external parties is need of business development, the proportion does not exceed the regulation, there exists no large risk and causes no damage for the interest of the Company's shareholders, especially the minority shareholders, the Company's guarantee for external parties in the future will continue to be conducted according to relevant regulations.

8.Report of the Supervisory Committee

(Omitted)

9. Financial Report

9.1 Auditor's Opinion

KPMG Certified Public Accountants audited 2003 Financial Report of the Company, and issued unqualified Auditor's Report.

9.2 Balance Sheet (attached), Income Statement (attached), Cash Flow (attached)

Consolidated income statement

for the year ended 31 December 2003

	Note	*2003*	*2002*
		RMB'000	RMB'000
Revenue		13,705,212	9,025,986
Cost of sales		(11,921,559)	(7,859,335)
Gross profit		1,783,653	1,166,651
Other operating income		141,126	80,198
Distribution expenses		(342,007)	(229,580)
Administrative expenses		(496,964)	(328,311)
Other operating expenses		(180,432)	(176,010)
Profit from operations		905,376	512,948
Net financing costs		(25,293)	(65,003)
Income from associates		8,747	121,677
Profit before tax		888,830	569,622
Income tax expense		(111,361)	(58,669)
Profit after tax		777,469	510,953
Minority interests		(83,418)	(87,660)
Net profit for the year		694,051	423,293
		=========	=========
Basic earnings per share (RMB Yuan)		1.33	0.83
		===	===

Consolidated statement of recognised gains and losses for the year ended 31 December 2003

There are no gains or losses other than those recognised in the above consolidated income statement for the current and prior years.

Consolidated balance sheet

for the year ended 31 December 2003

	2003	*2002*
	RMB'000	RMB'000
Assets		
Property, plant and equipment	2,248,866	1,482,419
Lease prepayments - non-current portion	251,434	187,189
Construction in progress	172,435	226,717
Timber concession rights	175,129	228,967
Intangible assets	9,243	14,824
Interests in associates	57,555	617,584
Investments in equity securities	274,260	292,359
Long-term receivables	45,005	86,621
Prepayment for investments	193,008	6,749
Deferred tax assets	20,205	19,897
Total non-current assets	3,447,140	3,163,326
Lease prepayments - current portion	9,572	7,216
Investments in equity securities	168,775	16,468
Properties under development	62,162	150,382
Completed properties for sale	61,074	72,027
Inventories	1,350,628	1,081,516
Trade and other receivables	4,452,401	3,201,022
Cash and cash equivalents	706,604	381,937
Total current assets	6,811,216	4,910,568
Total assets	10,258,356	8,073,894

Consolidated balance sheet

as at 31 December 2003 (continued)

	Note	*2003* RMB'000	*2002* RMB'000
Equity			
Share capital	25	630,302	510,302
Reserves	26	4,665,351	2,340,195
Total equity		5,295,653	2,850,497
Minority interests		659,804	617,625
Liabilities			
Interest-bearing bank loans	27	422,084	81,000
Total non-current liability		422,084	81,000
Interest-bearing bank loans	27	512,326	1,996,679
Non interest-bearing bank loan	28	29,670	-
Trade and other payables	29	2,906,130	2,128,517
Provision	30	383,846	373,434
Taxation	9	48,843	26,142
Total current liabilities		3,880,815	4,524,772
Total liabilities		4,302,899	4,605,772
Total equity, minority interests and liabilities		10,258,356	8,073,894

Consolidated cash flow statement

for the year ended 31 December 2003

	2003	*2002*
	RMB'000	RMB'000
Net profit for the year	694,051	423,293
Depreciation	168,136	127,731
Impairment losses of property, plant and equipment	39,248	12,822
Net amortisation of goodwill/(negative goodwill)	18,956	16,503
Amortisation of other intangible assets	4,455	3,088
Amortisation of negative goodwill in an associate	(255)	(255)
Loss on sale of property, plant and equipment and construction in progress	21,282	29,579
Interest income	(19,007)	(11,200)
Interest expenses	45,406	64,580
(Gain)/loss on disposal of equity securities	(7,990)	12,079
Impairment losses of unlisted equity securities	21,805	-
Amortisation of timber concession rights	7,967	6,410
Impairment losses of timber concession rights	45,871	34,996
Dividend income	(8,705)	(2,432)
Income from associates	(8,747)	(121,677)
Income tax expenses	111,361	58,669
Minority interests	83,418	87,660
Operating profit before changes in working capital	1,217,252	741,846
Increase in lease prepayments	(61,255)	(32,827)
Decrease in long-term receivables	41,616	66,960
Increase in trade and other receivables	(951,811)	(2,111,612)
Increase in inventories	(184,745)	(363,612)
Increase in trade and other payables	533,745	977,409
Increase in provision	10,412	76,952
Decrease/ (increase) in properties under development	88,270	(44,511)
Decrease in completed properties for sale	10,953	66,515
Cash generated from/(used in) operations	704,437	(622,880)
PRC income tax paid	(89,315)	(54,755)
Cash flows from operating activities	615,122	(677,635)

Consolidated cash flow statement

for the year ended 31 December 2003 (continued)

	Note	*2003* RMB'000	*2002* RMB'000
Investing activities			
Interest received		15,590	11,200
Payment for property, plant and equipment		(70,674)	(32,883)
Payment for construction in progress		(767,783)	(268,225)
Payment for acquisition of equity securities		(300,948)	(71,161)
Payment for acquisition of associates		(13,500)	-
Prepayment for investments		(186,259)	(6,749)
Payment for acquisition of minority shareholdings		(102,425)	(5,401)
Loan to an associate		(13,500)	-
Repayment of loan to an associate		108,697	278,708
Payment for acquisition of subsidiaries, net of cash acquired	4	(76,857)	-
Dividend received		16,878	2,432
Proceeds from sales of property, plant and equipment and construction in progress		14,972	14,344
Proceeds from dissolution of an associate		477,592	-
Proceeds from disposal of partial interest in subsidiary		5,982	-
Proceeds from sales of equity securities		156,899	83,949
Repayment of advances to minority shareholders		14,460	-
Advance to minority shareholders		(8,000)	(14,047)
Cash flows from investing activities		(728,876)	(7,833)

Consolidated cash flow statement

for the year ended 31 December 2003 (continued)

	Note	*2003*	*2002*
		RMB'000	RMB'000
Financing activities			
Interest paid		(55,338)	(69,080)
Proceeds from bank loans	33	12,210,004	6,487,139
Repayment of bank loans	33	(13,437,263)	(5,886,397)
Proceeds from Receivables Framework Agreement	23	55,943	313,790
Net proceeds from issuance of shares	25 & 26	1,751,105	-
Capital injection from minority shareholders		22,432	46,700
Dividends paid	10	-	(170,101)
Dividends paid to minority shareholders		(108,462)	(46,024)
Cash flows from financing activities		438,421	676,027
Net increase/(decrease) in cash and cash equivalents		324,667	(9,441)
Cash and cash equivalents at 1 January		381,937	391,378
Cash and cash equivalents at 31 December	24	706,604	381,937

9.3 There occurred change in settlement method of guarantee reserve fund compared with the latest annual report.

□ Applicable √ Non-applicable

9.4 Explanation of change of consolidation scope in the report period compared with the latest annual report.

In the report year, the subsidiaries brought into the consolidation scope are as following:

Name	Date of foundation	Registered capital (USD)	Equity held	Main Business	Type
Xinhui CIMC Special Transportation Equipment Manufacture Co., Ltd.	2003.1.20	3,000,000.00	100%	Manufacture of containers	Limited Company
Manson Technology Limited	---	10,000.00	100%	Investment holding	Limited Company
CHUANG JIA Co., Ltd.	2003.3.25	2.00	100%	Investment holding	Limited Company
Nantong CIMC Tank Equipment Co., Ltd.	2003.8.14	2,100,000.00	66.90%	Manufacture of containers	Limited Company
Shanghai CIMC Baowell Industries Co., Ltd.	1993.4.9	28,500,000.00	47.37%	Manufacture of containers	Limited Company
CIMC USA,INC.	2002.11.15	10.00	100%		Limited Company
Vanguard National Trailer Corporation	2003.04.12	10.00	100%	Manufacture of containers	Limited Company