CIMC 中集

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

(Incorporated in People's Republic of China)

SEMI-ANNUAL REPORT 2004 (SUMMARY)

Ended June 30, 2004

1. Important Notice

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 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.

The summary of 2004 semi-annual report is abstracted from the semi-annual report; and full text of the semi-annual report is published on the Internet website **http://www.cninfo.com.cn** and **http://www. cimc.com** designated by the Company for publishing the information of the Company in the mean time. The investors are suggested to read the full text of semi-annual report to understand more details.

This report was prepared in both English and Chinese. Should there be any difference in interpretation of the two versions, the Chinese version shall prevail.

1.2 No director stated that he (she) could not ensure the correctness, accuracy and completeness of the contents of the Semi-annual Report or have objection for this report.

1.3 Summary of Semi-annual Report 2004 was examined and approved by the 6th meeting of the Board of Directors of the Company. Eight Directors were expected to attend the Board meeting and actually seven of them attended. Independent Director Mr. Han Xiaojiing was absent from the Board meeting, and entrusted in writing Director Mr. Xiao Zhuoji to attend and exercised vote on his behalf.

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

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

2. Company Profile

2.1 Basic information

Short form of the stock	CIMC CIMC-B	
Stock code	000039, 200039	
Listed stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board of Directors	**Authorized representative in charge of securities affairs**
Name	Yu Yuqun	Wang Xinjiu
Contact address	R&D Center of CIMC, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong Province, P.R.C.	R&D Center of CIMC, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong Province, P.R.C.
Telephone	(86)755-26691130	(86)755-26802706
Fax	(86)755-26826579	(86)755-26813950
E-mail	shareholder@cimc.com	shareholder@cimc.com

2.2 Major financial data and indexes

2.2.1 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	11,757,560	6,811,216	72.62%
Total Current liabilities	8,305,858	3,880,815	114.02%
Total assets	15,675,277	10,258,356	52.81%
Total equity (excluding minority interests)	5,984,993	5,295,653	13.02%
Net assets per share (RMB yuan)	5.93	8.40	-29.41%
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	927,283	340,703	172.17%
Earnings per share (RMB yuan)	0.92	0.38	142.111%
ROE (Return on equity)	15.49%	10.68%	4.81%
Net cash flow from operating activities	(943,889)	(465,995)	102.55%

2.2.3 Difference in net profit and Net assets under he PRC Accounting Rules and Regulations and IFRS

√Applicable □Inapplicable

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 June2004	*Net assets at 30 June 2004*
		RMB'000	RMB'000
Prepared under the PRC Accounting Rules and Regulations		933,969	5,994,410
Adjustments to align with IFRS:			
(i)	Adjustment to minority interests	(49)	8,586
(ii)	Adjustment to deferred tax assets	(3,229)	16,975
(iii)	Adjustment to goodwill and negative goodwill	(1,325)	(61,803)
(iv)	Adjustment to interest capitalisation	2,508	15,446
(v)	Others	(4,591)	11,379
Prepared under IFRS		927,283	5,984,993
		========	========

3. Changes in Share Capital and Particulars about Shareholders

3.1 Statement of change in shares

√ Applicable ☐ Inapplicable

	Before the change	Increase/decrease (+/－)		After the change
		Converting public reserv into share capital	Total	
I. Unlisted shares				
Sponsor's shares	227,363,133	136,417,880	136,417,880	363,781,013
Including:				
Shares held by domestic legal person	102,313,410	61,388,046	61,388,046	163,701,456
Shares held by foreign legal person	125,049,723	75,029,834	75,029,834	200,079,557
Total unlisted shares	227,363,133	136,417,880	136,417,880	363,781,013
II. Listed shares				
1. RMB ordinary shares	189,333,262	113,599,957	113,599,957	302,933,219
2. Domestically listed foreign shares	213,605,701	128,163,420	128,163,420	341,769,121
Total listed share	402,938,963	241,763,377	241,763,377	644,702,340
III. Total shares	630,302,096	378,181,257	378,181,257	1,008,483,353

3.2 Particulars about shares held by the top ten shareholders

Total shareholders at the end of report period	**35,506**					
Particulars about shares held by the top ten shareholders						
Full name of Shareholders	Increase / decrease in the report period	Holding shares at the end of report period	Proportion (%)	Type of share	Number of share pledged/ frozen	Nature of shareholder
1. CHINA OCEAN SHIPPING (GROUP) CO., LTD.	61,388,046	163,701,456	16.23	Non-circulating	0	Sponsor domestic legal person share
2. CHINA MERCHANTS CONTAINER INDUSTRY CO., LTD.	61,388,046	163,701,456	16.23	Non-circulating	0	Foreign legal person share
3. FAIR OAKS DEVELOPMENT LIMITED	22,967,208	61,245,888	6.07	Circulating	0	Foreign social public share
4. PROFIT CROWN ASSETS LIMITED	13,641,788	36,378,101	3.61	Non-circulating	0	Foreign legal person share
5. GT PRC FUND	7,783,476	15,422,602	1.53	Circulating	Unknown	Foreign social public share
6. China Southern Sustaining Growth Equity Fund	9,300,604	14,400,000	1.43	Circulating	Unknown	Domestic social public share

7. NIKKOCITI TB S/A RE:JF CHINA MOTHER FD(716000)	Unknown	10,495,949	1.04	Circulating	Unknown	Foreign social public share
8. LONG HONOUR INVESTMENTS LIMITED	3,596,890	9,591,707	0.95	Circulating	0	Foreign social public share
9. JPMBLSA RE FTIF TEMPLETON CHINA FUND GTI 5497	Unknown	9,221,971	0.91	Circulating	Unknown	Foreign social public share
10. E FUND STEADY INCREASE SECURITIES INVESTMENT FUNDS	3,909,533	9,093,778	0.90	Circulating	Unknown	Domestic social public share

Particulars about shares held by the top ten shareholders of circulation share		
Full name of Shareholders	Number of circulation shares held at the period-end	Type (A-share, B-share, H-share and other)
1. FAIR OAKS DEVELOPMENT LIMITED	61,245,888	B
2. GT PRC FUND	15,422,602	B
3. China Southern Sustaining Growth Equity Fund	14,400,000	A
4. NIKKOCITI TB S/A RE:JF CHINA MOTHER FD(716000)	10,495,949	B
5. LONG HONOUR INVESTMENTS LIMITED	9,591,707	B
6. JPMBLSA RE FTIF TEMPLETON CHINA FUND GTI 5497	9,221,971	B
7.E FUND STABLE GROWTH SECURITIES INVESTMENT FUNDS	9,093,778	A
8.JUTIAN Fundamental Industry SECURITIES INVESTMENT FUNDS	9,034,265	A
9.TEMPLETON DRAGON FUND INC.	7,773,186	B
10.E FUND STRATEGY GROWTH SECURITIES INVESTMENT FUNDS	7,492,299	A

Explanation on associated relationship among the top ten shareholders	*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 eighth shareholder: Long Honour Investment Limited is the wholly owned subsidiary company of China Ocean Shipping (Group) Company (COCSO). 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: China Merchants Container Industry 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 Company with the other shareholders.* *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.* *The Company is not aware of their associated relationships among other shareholder of circulating share whether belongs to the persons acting in concert regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Company.*

3.3 Particulars about change in controlling shareholder and actual controller of the Company

□Applicable √Inapplicable

4. Particulars about Directors, Supervisors and Senior Executives

4.1 Particulars about changes in shares held by directors, supervisors and senior executives

√Applicable □Inapplicable

Name	Title	Holding shares at the begin of the period	Holding shares at the end of the period	Reason for change
Mai Boliang	Director, President	117,117	187,387	Converting public reserve into share capital
Li Ruiting	Vice-president	78,078	124,925	Converting public reserve into share capital

5. Discussions and Analysis of the Management

5.1 Statement of core business classified according to industries or products

Business segments of Revenue:

Unit: RMB'000

Business segments	Revenue	Increase/decrease of revenue compared with the previous year (%)
Containers	10,311,531	67.10%
Trailers	681,607	3,331.71%
Others	57,333	-39.99%
Total	**11,050,471**	75.78%

Introduction to sales income and gross profit from main products in Jan.1--- Jun.30 of 2004:

Unit: RMB'000

Product	Revenue	Cost of Sales	Gross profit rate (%)
Total	**11,050,471**	**9,369,875**	**15.21**

5.2 Statement of core business classified according to Geographical segments

Geographical segments	*Revenue*
USA	3,078,541
Europe	5,334,016
Asia	2,527,920
Other regions	109,994
Total	**6,286,396**

5.3 Other operating businesses impacting significantly on the net profit

□Applicable √Inapplicable

5.4 Operation of share-holding companies (applicable to the situation that the investment equity takes over 10% of the net profit)

□Applicable √Inapplicable

5.5 Explanation of reasons of material change of core business and its structure

□Applicable √Inapplicable

5.6 Explanation of reasons of material change of profitability capability of core business (gross profit ratio) compared with the previous year

□Applicable √Inapplicable

5.7 Analysis of reasons of material change of profit structure compared with the previous year

□Applicable √ Inapplicable

5.8Application of the raised funds

5.8.1 Use of the raised funds

√□Applicable □Inapplicable

Unit: RMB'000

Committed projects	Planned investment	Accumulated amount of investment in the period-beginning	Planned amount of investment in the period	Actual amount of investment of the period	Progress of project	Profit of project
Transform of dry container plant	329,060	0	0	329,060	100%	16,450
Improvement of the productivity of container for district purpose and container for special purpose	413,500	0	4,968,00	181,730	44%	17,000
Remolding for improving the productivity of the reefer container	221,060	0	3,979.10	182,060	82%	21,100
Tank Container	145,390	0	0	0	76%	8,720
Compartmental semi-Trailer	231,560	0	0	0	100%	Not accrued yet
Container chassis	190,210	0	5,000.00	0	0%	Not accrued yet
Compartmental semi-Trailer for the processing of overseas raw materials	240,120	0	0	0	89%	Not accrued yet
Total	1,770,900		1,248,290	1,248,290	70%	63,270

Ended the end of the report period, the raised capital amounting to RMB 383.139 million, which hasn't been put into use, would supplement the current fund temporarily.

5.8.2 Particulars about the change of investment project

□Applicable √Inapplicable

5.9 Amendment plan of the business plan of the Board of Directors in the second half of the year

□Applicable √ Inapplicable

5.10 Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation of reasons

√ Applicable □Inapplicable

Due to the price of containers has gone up and volume of containers has rapidly increased, the

Company estimated that the net profit of the Company during Jan.--Sept. 2004 would increase by **50%** over the same period of last year.

5.11 Explanation of the Management of the Company on the "Non-standard Opinion" produced by Certified Public Accountants in the report period

☐Applicable √Inapplicable

5.12 Explanation of the Management of the Company on the change and disposal situation of the events involved in the "Non-standard Opinion" produced by Certified Public Accountants in the last year

☐Applicable √Inapplicable

5.13 Explanation of the Management of the Company on the change and disposal situation of the events involved in the "Non-standard Opinion" produced by Certified Public Accountants in the last year

☐Applicable √Inapplicable

6. Significant Events

6.1 Purchase and sale of assets and assets reorganization

6.1.1 Purchase or transfer-in of assets

√Applicable ☐Inapplicable

Unit: RMB'000

Purchase Party and assets to be purchased	Transfer date	Transfer Price	Net profit devote to the Company from Transfer day to the end reporting period	If it belongs to related transaction
The Group increased register capital amounted 100,000,000 RMB yuan, hold 51% of share capital of Huajun Vehicle	April 12,2004	100,000.00	0.00	No

6.1.2 Sale or transfer-out of assets

☐Applicable √Inapplicable

6.2 Guarantee events

√Applicable ☐Inapplicable

Unit: RMB'000

Name of Guarantee	Date of Agreement	Guaranty amount	Guaranty type	Guaranty period	Expire or not	For associate or not

Shenzhen CIMC	2003.7.28	471,998	Joint responsibility	2003.7.2 –2004.7.28	No	Yes
Xinhui CIMC	2003.6.9	17,229.4.9	Joint responsibility	2003.6.9.—2004.6.9	No	Yes
Xinhui CIMC Flooring	2003.6.29	97,927.3	Joint responsibility	2003.6.29--2004.6.29	No	Yes
Xinhui Special Equipment	2003.6.29	202,647.0	Joint responsibility	2003.6.29--2004 6 29	No	Yes
Shanghai Far East CIMC	2003. 6.26	223,560.0	Joint responsibility	2003.6.26--2004.6.26	No	Yes
Nantong CIMC	2003.6.29	140,760.0	Joint responsibility	2003.6.29--2004.6.29	No	Yes
Nantong Special Equipment	2003.6.29	99,360.0	Joint responsibility	2003.6.29--2004.6 29	No	Yes
Nantong CIMC Tank	2003.12.1	49,680.0	Joint responsibility	2003.12.1--2004.12.1	No	Yes
Qingdao CIMC	2003. 6.29	163,944.0	Joint responsibility	2003.6.29--2004.6.29	No	Yes
Dalian CIMC	2004.4.1	176,560.0	Joint responsibility	2004.4.1--2005.4.1	No	Yes
Tianjin CIMC	2003.6.29	231,200.0	Joint responsibility	2003.6.29--2004.6.29	No	Yes
Qingdao CIMC Reefer	2003.6.29	124,200.0	Joint responsibility	2003.6.292004.6.29	No	Yes
Shenzhen CIMC Wood	2003.4.1	82,800.0	Joint responsibility	2003.4.1--2004.4.1	No	Yes
Shanghai CIMC Baowell	2003.6 .29	79,736.4	Joint responsibility	2003.6.29--2004.6.29	No	Yes
Shenzhen CIMC Tianda	2003.3.2	231,840.0	Joint responsibility	2003.3.2 –2004.3.2	No	Yes
Shenzhen CIMC Generating	2003.6.29	53,820.0	Joint responsibility	2003.6.29 –2004.6.29	No	Yes
Zhangzhou CIMC	2004.4.25	117,741.6	Joint responsibility	2004.4.25--2005.4.25	No	Yes
Total Guaranty (excluding for wholly hold subsidiaries)			0.00			
Total balance of Guaranty			0.00			
Including : Total Guaranty for associates			0.00			
Total illegal Guaranty			0.00			
Proportion of Guaranty for wholly hold subsidiaries			25.83			
Total Guaranty for wholly hold subsidiaries			1,548,124.0			

6.3 Come-and-go of the related credits and debts

☐Applicable √Inapplicable

Unit: RMB'000

Related party	Related relation	Loans to an associate		Associate loans to the Company	
		Debt entry	Balance at the end of the period	Credit entry	Balance at the end of the period
KYH STEEL HOLDING LTD	An associate of the Company	0.00	0.00	3312,089.8	23.829.8
Total		0.00	0.00	3312,089.8	23.829.8

6.4 Material lawsuits and arbitrations

☐Applicable √Inapplicable

6.5 Other significant events and analysis and explanation of its influence and settlement project

☐Applicable √Inapplicable

7. Financial Report

7.1 Auditing opinion

Financial Report	√ Un-audited ☐ Audited
Auditing opinion	☐ Standard opinion without reservation ☐ Non-standard opinion
Full text of auditing opinion	
Not audited	

7.2 Consolidated income statement of the Company

Consolidated income statement

for the six months ended 30 June 2004 (un-audited)

	Six months ended 30 June	
	2004	*2003*
	RMB'000	**RMB'000**
Revenue	11,050,471	6,286,396
Cost of sales	(9,369,875)	(5,547,704)
Gross profit	1,680,596	738,692
Other operating income	131,276	60,300
Distribution expenses	(166,420)	(164,225)
Administrative expenses	(305,031)	(145,705)
Other operating expenses	(215,779)	(43,663)
Profit from operations	1,124,642	445,399
Net financing costs	(16,455)	(16,025)
Income from associates	13,731	3,828
Profit before tax	1,121,918	433,202
Income tax expense	(138,511)	(40,682)
Profit after tax	983,407	392,520
Minority interests	(56,124)	(51,817)
Net profit for the period	927,283	340,703
	=========	=========
Basic earnings per share (RMB Yuan)	0.92	0.38
	===	===

	Six months ended 30 June	
	2004	*2003*
	RMB'000	RMB'000
Net profit recognised directly to equity		
-Surplus on revaluation of property, plant and equipment and lease prepayments	1,572	-
Net profit for the period	927,283	340,703

Total recognised gains and losses	928,855	340,703
	=========	=========

7.3 Notes to Financial Statements

7.3.1 The change of accounting policies and accounting estimation and correction of accounting error all did not happen in the report period compared with the latest annual report.

7.3.2 If the consolidated scope of financial statements changed significantly, please explain the reasons and its influence.

√Applicable ☐Inapplicable

	Name of the Company	Registered date	Issued and full paid capital		Actual Investment		Percentage of equity held by the Group	Enterprise type
1	Ningbo CIMC Logistic Equipment Co., Ltd.	2004.1.1	USD	15,000,000.00	USD	15,001,423.35	100%	Joint-venture
2	Zhangzhou CIMC Containers Co., Ltd.	2004.1.1	USD	12,000,000.00	USD	12,000,000.00	100%	Joint-venture
3	Yangzhou CIMC Tonghua Special Vehicle Co., Ltd.	2004.1.1	RMB	67,390,000.00	RMB	50,889,677.00	75.53%	Joint-venture
4	Jinan CIMC Kogel Special Automobile Co., Ltd.	2004.4.1	USD	7,452,000.00	USD	4,661,973.02	48%	Joint-venture
5	Yangzhou Xincheng Yongheng Development Ltd.	2004.4.1	RMB	16,000,000	RMB	16,000,000	100%	---
6	Shenzhen CIMC Vehicle Co., Ltd..	2004.6.1	RMB	3,000,000	RMB	3,000,000	100%	---

7.3.3 If to be produced with non-standard opinion without reservation, please list the relevant notes to the involved events.

☐Applicable √Inapplicable

Board of Directors of
China International Marine Containers (Group) Co., Ltd.
Aug. 12, 2004