CIMC 中集

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

SEMI-ANNUAL REPORT 2004

August 12, 2004

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.

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.

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.

Contents

I. Company Profile

(I) Company profile

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: Mr. Yu Yuqun
   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
   Securities Affairs Representative: Wang Xinjiu
   Contact Tel: (86)755-26802706
   Fax: (86)755-26813950
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: Financing & Management Dept. of the Company, Secretariat of the Board
7. Other relevant information
   Registration date after the latest changing: July 5, 2004
   Registration place after changing: Shenzhen Municipal Administration Bureau for Industry and Commerce
   Registration code of enterprise's business license of corporation: QGYSZ Zi 101157
   Registration code of tax: 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

Unit: RMB

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%

Net profit and net assets calculated according to the two different accounting standards and accounting systems and the difference:

Unit: RMB'000

	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
	========	========

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

(I) Statement of change in share

Unit: Share

	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

(II) About shareholders

1. The total shareholders at the end of the report period

Ended June 30, 2004, the Company had 35,506 shareholders in total, including 24,076 shareholders of A-share and 11,430 shareholders of B-share.

2. Particulars about shares held by main shareholders (the top ten shareholders of the Company ended June 30, 2004)

Name of Shareholder	Increase / decrease in the report period	Shares held at the period-end (share)	Proportion in total shares (%)	Type of shares (Circulating/Non-circulating)	Share pledged or frozen	Nature of shareholders
1. CHINA OCEAN SHIPPING (GROUP) CO., LTD.	61,388,046	163,701,456	16.23	Non-circulating	0	Domestic legal person's share
2. CHINA MERCHANTS CONTAINER INDUSTRY CO., LTD.	61,388,046	163,701,456	16.23	Non-circulating	0	Foreign legal person's share
3. FAIR OAKS DEVELOPMENT LIMITED	22,967,208	61,245,888	6.07	Circulating	0	Foreign share
4. PROFIT CROWN ASSETS LIMITED	13,641,788	36,378,101	3.61	Non-circulating	0	Foreign legal person's share
5. GT PRC FUND	7,783,476	15,422,602	1.53	Circulating	Unknown	Foreign share
6. CHINA SOUTH STEADY GROWTH SECURITIES INVESTMENT FUND	9,300,604	14,400,000	1.43	Circulating	Unknown	Social public share

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

3. About shares held by the top ten shareholders of circulation share

Name of shareholders (full name)	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 SOUTH STEADY GROWTH SECURITIES INVESTMENT 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 STEADY GROWTH SECURITIES INVESTMENT FUND	9,093,778	A
8. JUTIAN Fundamental INDUSTRY SECURITIES INVESTMENT FUND	9,034,265	A
9. TEMPLETON DRAGON FUND INC.	7,773,186	B
10. E FUND STRATEGY GROWTH SECURITIES INVESTMENT FUND	7,492,299	A

Note: *Among the top ten shareholders, there existed the associated relationship as well as the consistent action between the first shareholder and the eighth shareholder, namely Long Honour Investment Limited is the wholly-owned subsidiary company of China Ocean Shipping (Group) 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 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 other shareholders.

E Fund Steady Growth Securities Investment Fund and E Fund Strategy Growth

Securities Investment Fund are two open-ended funds under E Fund Management Co., Ltd..

The Company is not aware of their associated relationships among other shareholder of circulation share, or 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 largest shareholder of the Company remained unchanged.

III. Particulars about Directors, Supervisors and Senior Executives

(I) Particulars about change in shares held by directors, supervisors and senior executives of the Company in the report period

Mr. Mai Boliang, Director and President of the Company, and Mr. Li Ruiting, Vice-president of the Company respectively additionally held 70,270 shares and 46,847 shares of the Company due to share capital transferred from capital reserve in 2003. Ended June 30, 2004, Mr. Mai Boliang and Mr. Li Ruiting respectively held 187,387 shares and 124,925 shares of the Company. Except for this, shares held by the Company's directors, supervisors and senior executives remained unchanged.

(II) Particulars about change of directors, supervisors and senior executives

In Mar. 2004, Mr. Yan Chengxiang, original director of the Company, resigned from the post of Director of the Company due to work reason; on Mar. 16, 2004, the 2nd meeting of the Board of Director for year 2004 of the Company approved the resolution that Mr. Feng Jinhua was by-elected as candidate of Director. The 2003 Annual Shareholders' General Meeting held on Apr. 21, 2004 nominated Mr. Feng Jinhua as Director candidate of the Company. The aforesaid public notice on resolution of the Board was published in Securities Times and Ta Kung Pao on Mar. 19, 2004. The public notice on resolution of the 2003 Annual Shareholders' General Meeting was published in Securities Times and Ta Kung Pao on Apr. 22, 2004.

Mr. Zhou Baisheng, Vice-president of the Company, has expired in May 2004; Mr. Gu Hongren and Mr. Tang Guocai, Vice-president of the Company, have expired in June 2004; they no longer occupied the post of Vice-president of the Company.

On Mar. 16, 2004, the 2nd meeting of the Board of Directors for year 2004 approved the resolution that Mr. Li Ruiting, Mr. Zhao Qingsheng, Mr. Wu Fapei, Mr. Liu Xuebin and Mr. Li Yinhui was engaged as Vice-president of the Company respectively with office term of three years. The public notice of the Board of Directors was published in Securities Times and Ta Kung Pao on Mar. 19, 2004.

IV. Discussion and Analysis of the Management

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

1. Summary

In the first half of the year, since the recovery of world economy exceeded what was expected and inside demand of Chinese economy was prospectus, which pushed the price of raw materials and global ship industry; meanwhile, throughput of containers in main ports of China continued to climb up, an increase of 27.3% over the same period of last year. The demand of containers was strong, adding the factor that price of steel increased sharply, which pushed the price of containers to a new height in the recent several years.

All businesses of the Group made a smooth progress in the first half of the year and gained perfect achievements: the Company realized revenue amounting to RMB 11,050,471,000, an increase of 75.78%, and realized net profit amounting to RMB 927,283,000, an increase of 172.17%. The container business continued to keep good situation in the last year and its productive and sales volume created new level in the same period in the history. In the first half of the year, the Group accumulatively sold containers amounting to 724,516TEU, an increase of 28.85%. The Group also gained good progress in the manufacture business of road transport vehicles and has become the main supplier in domestic market of special vehicles. In the first half of the year, sales income amounting to RMB 695.02 million was realized.

Viewing the first half year of 2004, the global market of ocean shipping was hopeful to continue to keep stable and it was expected that number of orders of the Group in the whole year of 2004 would increase by a certain margin over 2003. On the other hand, since Chinese economy also kept a relatively rapid growth speed and there was no great change in prospectus factor of steel demand at home, the price of steel and container was hopeful to keep stable in the second half of the year.

In the aspect of manufacture business of road transport vehicle, “Safety Law of Road Transportation”, “Statute on Road Transportation” and standard on productive technology of vehicles promulgated by the State recently and action on fathering over loading in the roads developed jointly by such seven ministries and commissions as Ministry of Communications in the first half of the year would standardize the market entry and productive standard of road transport vehicles of the State fundamentally and push the future market demand of semi-trailers materially, which has created good external environment and policy space for the Group’s development in business of special vehicles. The Group would speed up the push in such six expects as layout, product, sales, purchase, cooperation and management in productive base, continue to integrate the resources and enhance the market competition of products and realize continuous growth of CIMC Vehicle in market share of special vehicles, which thus founded the situation of CIMC Vehicle in domestic and international manufacture industry of special vehicles. It was expected that the road transport vehicle business of the Group would increase by a relatively great margin and bring profitability for the Company in 2004.

2. Analysis to main financial data

(1) Income, profit and cash flow

Unit: RMB'000

Items	Amount in the period	Amount in the same period of last year	Increase/decrease rate (%)
Revenue	11,050,471	6,286,396	75.78%
Gross profit	1,680,596	738,692	127.51%
Net profit for the year	927,283	340,703	172.17%
Net increase/decrease in cash and cash equivalents	567,780	372,437	52.45%

Analysis:

Revenue in first half of 2004 increased by75.78% over the same period of last year, which was mainly due to expansion in productive capability, increase in sales volume and meanwhile relatively great margin of increase in price of dry van of the Group.

Gross profit increased by 127.51% over the same period of last year and net profit increased by 172.17% over the same period of last year, which was mainly because that growth margin of price of containers exceeded the growth margin of cost of raw materials. Gross profit ratio increased by over 3% compared with that of the same period of last year. The growth margin of net profit was bigger than growth margin of profit from main operations, which was because that operating expense increased by a relatively low margin and financial expense was in negative growth.

Net increase in cash and cash equivalents decreased by 52.45% over the same period of last year, which was mainly because that the Company had raised capital of RMB 1.751 billion by the accomplishment of additional issuance of 120,000,000, A-shares on Nov. 20, 2003.

(2) Assets and shareholders' equity

Unit: RMB'000

Items	Amount at the period-end	Amount at the period-beginning	Increase/decrease rate (%)
Total assets	15,675,277	10,258,356	52.81%
Shareholders' equity	5,984,993	5,295,653	13.02%

Analysis:

In the report period, the Company's assets structure still took on good condition. Total assets increased by 52.81% over the beginning of the year, which was mainly because that the product sales increased by a great margin, resulting in increase in current assets by 72.62%.

Shareholders' equity increased by 13.02% over the beginning of the year, which was mainly because that the net profit in the report period increased by RMB 927,283,000

(II) Operation

1. Scope of main operations and details

(1) Formation of income from main operations and profit from main operations

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**

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

(2) In the report period, summary of main operations in the Group was as follows:
The Group is mainly engaged in the manufacturing and sales business of modernized traffic and transport equipments, including design, manufacture, sales and service of such traffic and transport equipments as containers, road transport vehicles, airport ground equipments and etc.. Except for this, the Group is also engaged in such businesses as timber, real estate and etc.. The Group is the largest manufacturer of containers in the world.
The product taking over 10% of the Group's income from main operations and total profit from main operations is container.

In container business, the Company realized great margin in sales and profitability and market position further enhanced.

①Increase in price of steel pushed increase in price of containers and gained achievements in implementation of productive base network layout strategy
In the first half of the year, the orders of container business of the Group were full and productive and sales volume created new level in same period in the history. The sales volume of containers reached 724,516TEU, an increase of 28.85% over the same period of last year, of which, sales volume of dry vans, reefers and special containers reached 665,536TEU, 35,830TEU and 23,150TEU respectively, an increase of 27.69%, 32.72% and 62.01% over the same period of last year respectively. Besides, the Group also sold 97,647 tray containers, a slight decrease over the same period of last year.
Main reasons for gaining the said achievements: firstly, global ocean shipping was very prosperous in the first half of the year and demand in container market was great. Orders in

container factories were full and their productive capability was in over loading. Price of main raw material of containers, namely hot steel boards, climbed up rapidly and kept strong based on the high level in the last year. The average price of steel in the State increased around 40% over the same period of last year. Thus, the price of containers increased by about 30% over the same period of last year.

Secondly, the customers' service network of the Group was further improved: Under the operating environment that the demand of containers was prosperous and raw materials especially steel's price climbed up and its supply was intense, the Group gained obvious achievements in the improvement of productive base network layout strategy implemented since last year and had enough productive capability to meet customers' demand in midseason and caught market chance; at the same time, the Group made use of scale advantages, enhanced the productive efficiency, strengthened the resources share, kept good cooperation with suppliers and overcame difficulties. In January 2004, the Group purchased 100% equity of Zhangzhou China Merchants Container Co., Ltd. and changed its name into Zhangzhou CIMC Containers Co., Ltd.. In May 2004, the Group's Ningbo CIMC Logistic Equipment Co., Ltd. was accomplished and put into production. Ended the end of first half of last year, the Group had had 16 container factories with coverage in ports along the seaside in China, whose productive capabilities completely meet the market demand.

②Continuing to enlarge the resource input in high-tech products of containers

In the aspect of reefer business, in June 2004, the first special container in Qingdao CIMC Special Refrigeration Equipment Co., Ltd. of the Group was accomplished smoothly and was started to work formally in July. The annual productive capability designed by the Company could reach 4000 pieces. The Group had the first special productive base of special reefers in the world. The establishment of the said base would improve the product structure of containers, enhance the capability and level of global customers' service of the Company and gain new growth point of profit for the Company. Special reefer was a high-tech transportation equipment that could adapt to the special goods transport demand of customers, which were broadly used in storage and far transportation of fruits, vegetables, drinks, milk products, meats and animals. At present, non-standard special reefers developed by the Group also entered into such four trade zones in the world as mainland of Japan, mainland of North America, Europe and Australia etc..

The Group further enlarged investment and market expansion of container business. In the first, the Group purchased 60% equity of Clive-Smith Cowley Ltd. (hereinafter referred to as CSC Company) and had series patent technology of DOMINO pucker containers. At present, DOMINO pucker containers approximately took 70% in world market of pucker containers. This purchase was beneficial for enhancing the Group's product coverage in manufacture field of containers and establishing the competitive advantages of Xinhui CIMC Special Transportation Equipment Co., Ltd. in pucker containers. In the first half of the year, Nantong CIMC Tank Equipment Co., Ltd. sold tank containers amounting to 2127 pieces. Tank containers was one of main storage tools for gas, chemicals and liquid goods in foods industry, with features of safety, environmental protection, connection transport between sea and land and door to door service. Main customers included tank container logistic operating and equipment Lease Company.

In the business of road transport vehicles, the Company continued to improve

productive base layout and establish development platform.

The road transport vehicle business of the Group mainly included manufacture, sales and maintenance of semi-trailers and besides semi-trailers.

①Since 2004, the inland road transport of China continued to climb up along with enlargement of inside demand and had condition of intense in transport power. The State also put forward productive technology standard and industrial development policy related to road transport vehicles. Strengthening the construction of main road lines of the State and reinforcing the improvement of road overloading transport has become the important objectives for communications development of the government in 2004. The State would conduct clearing and rectification to "Big ton small mark" vehicles and adjust the charge standard and way of collection to road transit expense and road maintenance expense, reasonably reduce the collection standard of vehicle transit expense and give preferential charge to large vehicles with several axes so as to reduce the transport cost. This measure would standardize the industrial standard, be good for rapid development of advanced enterprises and enhance the actual demand grade of road logistics to road transport vehicles.

The manufacture business of road transport vehicles of the Group made an ideal progress in the first half of year. Ended the end of the report period, manufacture business of road transport vehicles realized sales amount of RMB 695.02 million. Of which, Shenzhen CIMC Special Vehicle Co., Ltd. (the former Shenzhen CIMC Heavy Machinery Co., Ltd. Eastern Plant), Yangzhou CIMC Tonghua Special Vehicle Co., Ltd. and Jinan CIMC Kogel Special Automobile Co., Ltd. (hereinafter referred to as Jinan CIMC Kogel), listed into the consolidated statements, totally and accumulatively sold 7,619 pieces of road transport vehicles, including special semi-trailers amounting to 1,467 pieces, with accumulatively sales amount of RMB 577.21 million. The Group realized sales amount amounting to RMB 117.81 million in semi-trailer business in America. Ended June 30, 2004, Henan Zhumadian Huajun Vehicle Co., Ltd. purchased by the Group was still not listed in the consolidated scope of the financial statements of the Company.

②In the first half year of 2004, the Group continued to improve the productive layout of modern road transport vehicle business and preliminarily formed the strategy trend in South China, East China, Middle China and North China with reasonable layout and mutual supporting.

In Feb. 2004, Shenzhen CIMC Special Vehicle Co., Ltd. newly established by the Group was put into production formally. The said company was mainly engaged in the production and sales of such products as various kinds of semi-trailers and special vehicles with annual productive capability amounting to 15,000 pieces.

In Apr. 2004, the wholly-owned subsidiary of the Company increased investment amounting to RMB 100 million to Henan Zhumadian Huajun Vehicle Co., Ltd., the largest manufacture enterprise of semi-trailer at home, whose registered capital was RMB 105.34 million, where the Company took 51% equity. Ended June 30, 2004, the increment amount of 50% was available.

In July 2004, the Group invested and constructed CIMC Vehicle Shandong base in Zhangqiu City, Shandong. This was factual measure that the Group further injected capital to restructure Jinan CIMC Kogel after purchasing Jinan CIMC Kogel Special Automobile Co., Ltd. in May 2003. In the first stage, the annual design productive capability of Shandong special vehicle base was 20,000 pieces of various kinds of special vehicles, which was expected to be put into production in 2005. The Group's special vehicle base in Shandong would be planned and constructed according to the world standard of advanced level with "One-off planning, step-by-step implementation, advanced technology, fully flexible, shared resources and innovative management" as guiding thought. Constructing CIMC base of special vehicles in Shandong was an important step for strategic planning in development of CIMC vehicles, which would become an important production base for CIMC vehicles in East China and even global strategic disposition.

In the first half year of 2004, Yangzhou CIMC Tonghua Special Vehicle Co., Ltd. accomplished the expansion and restructure of production lines of tank vehicles.

In July 2004, Shenzhen CIMC Heavy Machinery Co., Ltd. was formally changed into CIMC Vehicle (Group) Co., Ltd..

In the first half of the year, the demand of semi-trailers in American market became hot. Vanguard National Trailer Corporation, a wholly owned subsidiary of the Group, which was engaged in the manufacture and sales business of semi-trailers in America, started its production and sales. After the investment restructure, the productive capability of semi-trailers and accessories from Vanguard National Trailer Corporation is 10,000 pieces at present. The profitability was not realized yet in the first half of the year.

2. Operations and achievements of the Company's main holding and share-holding companies

Except for being mainly engaged in the manufacturing business of containers and modern road transport vehicles, the Company was also mainly engaged in the timber, airport ground equipments, other mobile equipments and real estate etc. through its holding and share-holding companies.

(1) In the aspect of airport ground equipments and other mobile equipments business, Shenzhen CIMC Tianda Air and Port Equipments Co., Ltd. (hereinafter referred to as CIMC Tianda), the Group's wholly owned affiliated subsidiary, was mainly engaged in the manufacture, sales and maintenance of airport ground equipments with registered capital amounting to USD 13.50 million. In the first half year of 2004, CIMC Tianda realized sales income amounting to RMB 40,200 thousand, a decrease of 20.60% over the same period of last year, and realized net profit amounting to RMB 8,050 thousand, an increase of 52.43% over the same period of last year.

(2) 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 had 100% equity. The real estate business of the Group mainly located in Shanghai and Jiangmen, Guangdong. In the first half, it totally realized sales revenue amounting to RMB 9,598,000, with an increase of 32.94% compared with the same period of last year.

(3) In the first half of 2004, the Group realized sales revenue of RMB 346,016,000 from the business of timber industry, which increased by 69.18% compared with the same period of previous year. The group realized net profit amounting to RMB 35, 871, 000.

3. Problems, difficulties arising from the operation and solutions

(1) Problems and difficulties

Since the world economy continued to grow and Chinese economy increased fast, the communication price of dry and disperse freight in the world skied, and the demand bloomed. The price of steel especially the price of the steel materials used in containers ranked a high level and the supply of raw materials in containers was relatively intense.

(2) Solutions

Facing the new situation in the industry and market environment, the Company judged the situation correctly, took effective measures and gained the initiative in marketing. Meanwhile, the Company continued to strengthen the raw materials purchase and exploit suppliers' channels, which satisfied the demands of clients furthest, made the sale and market share of containers continuously climb up and gross profit ratio improved at a certain extent.

(III) Particulars about the investment of the Company

1. Particulars about the utilization of the raised capital

Unit: RMB'0000

No.	Committed projects	Planned investment	Change the project or not	Planned amount of investment in the period	Actual amount of investment of the period	Progress of completion	Amount of income
1	Transform of dry van container plant	329,060	No	0	0	100%	—
2	Improvement of the productivity of container for district purpose and container for special purpose	413,500	No	49,680	49,680	100%	8,280
3	Remolding for improving the productivity of the reefer container	221,060	No	39,791	39,791	100%	—
4	Tin Container	145,390	No	0	0	76%	Not accrued yet
5	Compartmental semi-Trailer	231,560	No	0	0	100%	—
6	Container chassis	190,210	No	100,000	50,000	26.29%	Not accrued yet
7	Compartmental semi-Trailer for the processing of overseas raw materials	240,120	No	0	0	89%	Not accrued yet
	Total	1,770,900		189,471	139,471	78.36%	8,280

Ended the end of the report period, the raised capital amounting to RMB 383,139,000, which hasn't been put into use, would supplement the current fund temporarily.

2.Particulars about the non-raised capital in the period

In May 2004, Qingdao CIMC Special Refer Equipments Co. Ltd. was set up with the registered capital amounting to USD 11.5 million. The actual shareholding proportion of the Group was 93.85%. Among the Group's share capital in Qingdao CIMC Special Refer Equipments Co. Ltd., 44.53% is come from Group's fund.

(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 2004 annual plan and didn't conduced modification on the plan of annual operating.

(V) 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

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.

V. Significant Matters

(I) Actual situation of the administration of the Company in the report period

According to the requirements of Inspection Measures of Listed Companies and CSRC, Shenzhen branch of CSRC conducted five-day routine inspection on the Company from Mar. 29, 2004 to Apr. 2, 2004. The contents of the inspection mainly operation of all aspects including the administration, utilization of raised capital, information disclosure and financial accounting etc. of the Company in the recent three years. According to the inspection result, the Company accorded with the relevant laws and regulations in the above aspects.

In the report period, according to the relevant regulations and the actual situation of the Company, the Company revised the external guarantee aspects etc. of the Articles of the Association and added the chapters of special committees of the Board, which were approved by 2003 Shareholders' General Meeting.

Compared with the requirements of Inspection Measures of Listed Companies, the administration of the Company compiled with the relevant regulations and the administration structure of the Company was relatively consummate.

(II) The implementation of 2003 Profit distribution Plan

2003 Shareholders' General Meeting held on Apr. 21, 2004 approved Preplan on 2003 Dividend Distribution and Public Reserve Converted into Share Capital. The main contents were: based on the total shares amounting to 630, 302, 096 at the end of 2003, the Company distribute cash RMB 3.8 (tax included) for every 10 shares; 2003 Public Reserve Converted into Share Capital was: based on the total shares amounting to 630, 302, 096 at the end of 2003, the Company increased 6 shares for every 10 shares. Before increasing share capital, the total share capital was 630, 302,096 shares. After increasing share capital, the total share capital increased to 1, 008,483,353 shares.

The Company successively published Public Notice on Dividend Distribution 2003 in Securities Times and Hong Kong Ta Kung Pao on May 26, 2004. The Equity Registration Date of A-share (the last trading date for B-share) was Jun. 2, 2004; Ex-dividend/Ex-right date was Jun. 3, 2004. Dated the end of report period, the Company accomplished dividend distribution.

(III) Semi-annual Profit Distribution Preplan in 2004

In the first half of 2004, the Company didn't distribute profits and convert the public reserve into share capital.

(IV) In the report period, there was no material arbitrage and lawsuits about the Company

(V) In the report period, the significant purchase and sale of assets about the Company

On Apr. 12, 2004, the wholly owned subsidiary of China International Marine Container (Group) Co., Ltd (hereinafter referred to as " the Company"), Shenzhen CIMC Heavy Machinery Co., Ltd., the wholly subsidiary of the wholly subsidiary CIMC (Hong Kong) Co., Ltd. of the Company, CIMC Vehicle Investment Holdings Company Limited (Note: the former name Kellywood International Inc.) signed Agreement of Increasing registered capital on Zhumadian Huajun Vehicles Co., Ltd. (hereinafter referred to as Huajun Vehicles) and Cooperation with 18 natural shareholders including Guo Yonghua, Zhang Yungen and Zhang Guoqing etc.[All present shareholders of Huajun Vehicles, please see the detail list in attachment] in Zhumadian City, Henan, China. After increasing capital, the Company held 51% share equity of Huajun Vehicles through its subsidiary.

18 natural shareholders including Guo Yonghua, Zhang Yungen and Zhang Guoqing etc. all present shareholders (hereinafter referred to as "Party A") of Zhumadian Huajun Vehicles Co., Ltd. (hereinafter referred to as Huajun Vehicles); Shenzhen CIMC Heavy Machinery Co., Ltd. (hereinafter referred to as "Party B"); CIMC Vehicle Investment Holdings Company Limited (hereinafter referred to as "Party C") agreed, Party B and Party C invested on Huajun Vehicles together, with the amount of RMB 100 million.

See the details; please refer to the relevant public notice in Securities Times and Ta Kung Pao published by the Company on Apr. 12, 2004.

(VI) In the report period, there were no material related transactions about the Company.

(VII) The significant contracts and the implementation of the Company

1.Significant custodian, contract, lease matters in the report period

See the details about the contract operation of the Company on the subsidiaries of the Company, please refer to the notes to the financial statements.

2.Significant Guarantee Contracts

(1) According to the requirements of Notification on Standardizing the Capital Current between Listed Companies and the Related Parties and Several Problems about the External Guarantee of Listed Companies (ZJF[2003] No. 56) promulgated by CSRC, in the report period, the Company inspected itself on the capital current with related parties and external guarantee etc.: there was no capital occupied by the controlling shareholder and other related parties and the Company didn't offer capital directly or indirectly to controlling shareholder and other related parties for use.

(2) Special explanation and independent opinion on the external guarantee, guarantee out of line, implementing the above regulations of the Company accumulated and in the current period given by independent directors

In the spirit of Notification on Standardizing the Capital Current between Listed Companies and the Related Parties and Several Problems about the External Guarantee of Listed Companies of CSRC, we inspected the external guarantee of the Company. Now the explanation of the relevant situation was as follows:

Strictly according to the regulations of the Articles of the Association etc., the Company standardized the external guarantee of the Company and controlled the external guarantee risk of the Company. In the report period, the Company provided external guarantee neither to any units nor to individuals out of the Group, only to the operating capital of subsidiaries in the Group.

The Company provided guarantee for Xinhui CIMC Co., Ltd.. The Company possessed 40% equity capital of Xinhui CIMC Co., Ltd.. However, the Company kept contract operation on the company through its wholly owned subsidiary-CIMC (Hong Kong) Co., Ltd.. In the contract period from Jan. 1, 2001 to Dec. 31, 2005, CIMC (Hong Kong) Co., Ltd. was endowed with full rights to manage matters such as production, operation, finance and human resources etc. of Xinhui CIMC Co., Ltd.. Therefore, in fact the Company possessed controlling rights. Ended Jun. 30, 2004, the balance of projected liabilities of the Company caused by guarantee for Xinhui CIMC Co., Ltd. was RMB 172.29 million.

Ended Jun. 30, 2004, the balance of projected liabilities of the Company caused by guarantee for subsidiaries was RMB 1,548.12 million (including the above balance caused by guarantee for Xinhui CIMC Co., Ltd.), accounting for 25.83% of the net assets amounting to 5,994 million on Jun. 30, 2004, less than 50%.

As a whole listed company, the Company provided guarantee for the operating capital in the budget of subsidiaries, mainly out of the need of business operation and development. The guarantee decision procedures were lawful and reasonable without harming the interests of the Company and shareholders of the Company, especially the minorities' interests.

3. Other significant contracts

On Feb. 12, 2004, the Company signed Using Export Purchaser Credit to Exploit Overseas Market Operation Agreement with the Export-Import Bank of China, the credit line amounted to USD 1500 million. From Dec. Feb. 12, 2004, the duration was 5 years. Please refer to the details in the relevant public notices published by the Company in Securities Time and Ta Kung Pao on Feb. 13, 2004.

On Jun. 4, 2004, China International Marine Container (Group) Co., Ltd. (hereinafter referred to as " the Company") signed Bank Loan Agreement arranged by Citigroup and ING Bank N. V.) in Shenzhen. The credit line was USD 100 million and the duration was one year. Please refer to the details in the relevant public notices published by the Company in Securities Time and Ta Kung Pao on Jun. 5, 2004.

(VIII) In the report period, the Company didn't entrust others to manage cash

assets.

(IX) There Company or shareholders holding over 5% (including 5%) shares of the Company didn't make commitments.

(X) Engagement and disengagement of CPAs

On Apr. 21, 2004, 2003 Shareholders' General Meeting held by the Company approved Proposal on Engaging CPAs, and reengaged Shenzhen Pan-China Schinda Certified Public Accountants as domestic auditors and KPMG Certified Public Accountants as overseas auditors.

(XI) In the report period, the Company, the Directors and the Board of the Company were not criticized and condemned.

Ⅵ. FINANCIAL REPORT

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 2004

Consolidated income statement
for the six months ended 30 June 2004 (unaudited)

	Note	*Six months ended 30 June* *2004* RMB'000	*2003* RMB'000
Revenue	3	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	5	131,276	60,300
Distribution expenses		(166,420)	(164,225)
Administrative expenses		(305,031)	(145,705)
Other operating expenses	6	(215,779)	(43,663)
Profit from operations		1,124,642	445,399
Net financing costs	8	(16,455)	(16,025)
Income from associates		13,731	3,828
Profit before tax		1,121,918	433,202
Income tax expense	9	(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)	11	0.92	0.38

The notes on pages 27 to 68 form part of these consolidated financial statements.

Consolidated statement of recognised gains and losses for the six months ended 30 June 2004 (unaudited)

	Note	*Six months ended 30 June* *2004* RMB'000	*2003* RMB'000
Net profit recognised directly to equity			
-Surplus on revaluation of property, plant and equipment and lease prepayments	26	1,572	-
Net profit for the period		927,283	340,703
Total recognised gains and losses		928,855	340,703

The notes on pages 27 to 68 form part of these consolidated financial statements.

Consolidated balance sheet
as at 30 June 2004 (unaudited)

	Note	*At 30 June 2004* RMB'000	*At 31 December 2003* RMB'000 (audited)
Assets			
Property, plant and equipment	12	2,377,148	2,248,866
Lease prepayments - non-current portion	13	302,033	251,434
Construction in progress	14	466,214	172,435
Timber concession rights	15	98,415	175,129
Intangible assets	16	16,615	9,243
Interests in associates	17	86,798	57,555
Investments in equity securities	18	270,961	274,260
Long-term receivables	19	32,737	45,005
Prepayment for investments	20	249,821	193,008
Deferred tax assets	9	16,975	20,205
Total non-current assets		3,917,717	3,447,140
Lease prepayments - current portion	13	10,369	9,572
Investments in equity securities	18	206,968	168,775
Properties under development	21	73,757	62,162
Completed properties for sale		57,136	61,074
Inventories	22	3,171,123	1,350,628
Trade and other receivables	23	7,670,427	4,452,401
Cash and cash equivalents	24	567,780	706,604
Total current assets		11,757,560	6,811,216
Total assets		15,675,277	10,258,356

The notes on pages 27 to 68 form part of these consolidated financial statements.

Consolidated balance sheet
as at 30 June 2004 (unaudited) (continued)

	Note	*At 30 June 2004* RMB'000	*At 31 December 2003* RMB'000 (audited)
Equity			
Share capital	25	1,008,483	630,302
Reserves	26	4,976,510	4,665,351
Total equity		5,984,993	5,295,653
Minority interests		719,698	659,804
Liabilities			
Interest-bearing bank loans	27	664,728	422,084
Total non-current liability		664,728	422,084
Interest-bearing bank loans	27	2,580,771	512,326
Non interest-bearing bank loan	28	-	29,670
Trade and other payables	29	5,196,993	2,906,130
Provision	30	411,813	383,846
Taxation	9	116,281	48,843
Total current liabilities		8,305,858	3,880,815
Total liabilities		8,970,586	4,302,899
Total equity, minority interests and liabilities		15,675,277	10,258,356

Approved and authorised for issue by the board of directors on

)
)
) Directors
)
)

The notes on pages 27 to 68 form part of these consolidated financial statements.

Consolidated cash flow statement for the six months ended 30 June 2004 (unaudited)

	Six months ended 30 June	
	2004	*2003*
	RMB'000	RMB'000
Net profit for the period	927,283	340,703
Depreciation	123,504	69,354
Impairment losses of property, plant and equipment	77,417	-
Reversal of impairment losses of property, plant and equipment	-	(1,911)
Net amortisation of goodwill/(negative goodwill)	6,806	8,805
Amortisation of other intangible assets	212	1,772
Amortisation of negative goodwill in an associate	(127)	(127)
Loss on disposal of property, plant and equipment and construction in progress	1,073	8,183
Interest income	(5,287)	(14,982)
Interest expenses	19,641	35,712
Gain on disposal of equity securities	(35,282)	(6,357)
Amortisation of timber concession rights	3,205	3,217
Impairment losses of timber concession rights	73,509	4,306
Dividend income	(8,319)	-
Income from associates	(13,731)	(3,828)
Income tax expenses	138,511	40,682
Minority interests	56,124	51,817
Operating profit before changes in working capital	1,364,539	537,346
Increase in lease prepayments	(17,109)	(10,298)
Decrease in long-term receivables	12,268	23,171
Increase in trade and other receivables	(2,512,511)	(978,844)
Increase in inventories	(1,639,783)	(348,556)
Increase in trade and other payables	1,897,466	404,005
Increase in provision	27,967	1,180
Increase in properties under development	(11,595)	(66,084)
Decrease in completed properties for sale	3,938	5,575
Cash used in operations	(874,820)	(432,505)
PRC income tax paid	(69,069)	(33,490)
Cash flows from operating activities	(943,889)	(465,995)

The notes on pages 27 to 68 form part of these consolidated financial statements.

Consolidated cash flow statement for the six months ended 30 June 2004 (unaudited) (continued)

	Note	*Six months ended 30 June* *2004* RMB'000	*2003* RMB'000
Investing activities			
Interest received		5,287	8,118
Payment for property, plant and equipment		(65,530)	(20,414)
Payment for construction in progress		(358,068)	(393,461)
Payment for acquisition of intangible assets		(585)	-
Payment for acquisition of equity securities		(224,420)	(203,104)
Payment for acquisition of associates		(7,035)	(13,500)
Prepayment for investments		(247,834)	(153,109)
Payment for acquisition of minority shareholdings		-	(84,870)
Loan to an associate		-	(10,000)
Repayment of loan to an associate		-	108,697
Payment for acquisition of subsidiaries, net of cash acquired	4	(44,658)	(7,188)
Dividend received		8,427	2,832
Proceeds from disposal of property, plant and equipment and construction in progress		67,669	5,749
Proceeds from dissolution of an associate		-	463,503
Proceeds from disposal of partial interest in subsidiaries		1,739	-
Proceeds from sales of equity securities		233,350	104,837
Repayment of advance to minority shareholders		10,633	8,003
Advance to minority shareholders		(12,377)	(8,000)
Cash flows from investing activities		(633,402)	(191,907)

The notes on pages 27 to 68 form part of these consolidated financial statements.

Consolidated cash flow statement
for the six months ended 30 June 2004 (unaudited) (continued)

	Note	*Six months ended 30 June* *2004* RMB'000	*2003* RMB'000
Financing activities			
Interest paid		(40,041)	(38,070)
Proceeds from bank loans	33	7,161,552	6,997,517
Repayment of bank loans	33	(4,996,821)	(6,317,958)
Repayment from Receivables Framework Agreement	23	(414,000)	-
Proceeds from Receivables Framework Agreement	23	-	55,943
Capital injection from minority shareholders		24,857	-
Dividends paid		(230,843)	-
Dividends paid to minority shareholders		(66,237)	(49,030)
Cash flows from financing activities		1,438,467	648,402
Net decrease in cash and cash equivalents		(138,824)	(9,500)
Cash and cash equivalents at 1 January		706,604	381,937
Cash and cash equivalents at 30 June	24	567,780	372,437

The notes on pages 27 to 68 form part of these consolidated financial statements.

Notes on the consolidated financial statements

1 Background

China International Marine Containers (Group) Ltd. (the "Company") is a joint stock company established in the People's Republic of China (the "PRC") with limited liability. The consolidated financial statements of the Company for the six months ended 30 June 2004 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

The Group is principally engaged in the design, manufacturing, marketing and maintenance of containers, trailers, airport support equipment and other mechanical and electrical equipment, property development, and timber logging businesses.

2 Significant accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board except for that certain comparative figures have not been disclosed. IFRS includes International Accounting Standards ("IAS") and related interpretations.

The Company also prepares a set of financial statements which complies with the PRC Accounting Rules and Regulations. A reconciliation of the Group's consolidated results and net assets prepared under IFRS and the PRC Accounting Rules and Regulations is presented on Appendix I.

(b) Basis of preparation

The consolidated financial statements are presented in Renminbi Yuan, rounded to the nearest thousand. They are prepared on the historical cost basis except for the carrying amount of certain property, plant and equipment (refer to note 2(f)), that of certain lease prepayments (refer to note 2 (e)) and the listed investments in equity securities which are stated at fair value (refer to note 2(j)).

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

2 Significant accounting policies (continued)

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The results of the subsidiaries are included in the consolidated income statement from the date that control effectively commences until the date that control effectively ceases, and the share attributable to minority interests is deducted from or added to profit from ordinary activities after taxation.

(ii) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

(iii) Transactions eliminated on consolidation

All significant intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated on consolidation.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in currencies other than Renminbi Yuan are translated to Renminbi Yuan at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in currencies other than Renminbi Yuan at the balance sheet date are translated to Renminbi Yuan at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement other than those eligible for capitalisation as construction in progress (refer to note 2(t)(ii)).

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations prepared in currencies other than Renminbi Yuan are translated into Renminbi Yuan at foreign exchange rates ruling at the balance sheet date. The revenue and expense of foreign operations are translated to Renminbi Yuan at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity.

2 Significant accounting policies (continued)

(e)Lease prepayments

Lease prepayments represent land use rights paid to the PRC land bureau. Land use rights are stated at cost or valuation less accumulated amortisation and impairment losses (refer to note 2(u)). Amortisation is calculated on a straight-line basis over the respective periods of the rights.

(f) Property, plant and equipment

(i) Items of property, plant and equipment are stated at cost or valuation (refer to note 12) less accumulated depreciation and impairment losses (refer to note 2(u)). Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

The cost of property, plant and equipment constructed by the Group includes the cost of materials, direct labour, and an appropriate proportion of fixed and variable overheads.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Depreciation is charged to the consolidated income statement on a straight-line basis, after taking into account the estimated residual value, over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately. The estimated useful lives are as follows:

Buildings	20 – 30 years
Machinery and equipment	10 – 12 years
Motor vehicles	3 – 8 years
Office furniture and other assets	5 years

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is substantially completed and ready for its intended use.

(iii) Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the consolidated income statement as an expense as incurred.

(iv) Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the consolidated income statement on the date of retirement or disposal. The related portions of revaluation surpluses previously taken to reserve is transferred from the reserve to retained profits.

2 Significant accounting policies (continued)

(g) Construction in progress

Construction in progress represents buildings, various plant and equipment under construction and pending installation, and is stated at cost less impairment losses (refer to note 2(u)). Cost comprises cost of materials, direct labour, borrowing costs capitalised (refer to note 2(t)), and an appropriate proportion of production overheads incurred during the periods of construction and installation. Capitalisation of those costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

(h) Timber concession rights

Timber concession rights represent costs incurred to acquire the rights to extract timber from forest concession areas for an approved duration less accumulated amortisation and impairment losses (refer to note 2(u)). Cost includes cost of purchase and expenses exclusively related to the acquisition of timber concession rights. Timber concession rights are amortised over the remaining licence period until the expiry of the timber licences.

(i) Intangible assets

(i) Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses (refer to note 2(u)), and is amortised on a straight-line basis over five years in the consolidated income statement. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interests in associates.

(i i)Negative goodwill

Negative goodwill arising on an acquisition represents the excess of the fair value of the net identifiable assets acquired over the cost of acquisition.

To the extent that negative goodwill relates to an expectation of further losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated income statement on a straight-line basis over five years. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated income statement.

In respect of associates, the carrying amount of negative goodwill is included in the carrying amount of the interests in associates. The carrying amount of other negative goodwill is deducted from the carrying amount of intangible assets.

2 Significant accounting policies (continued)

(i) Intangible assets (continued)

(iii) Technological know-how

Other intangible assets represent expenses incurred for the acquisition of technological know-how by the Group, are stated at cost less accumulated amortisation and impairment losses (refer to note 2(u)), and are amortised on a straight-line basis over their anticipated useful lives, which are between ten to fifteen years from the date of acquisition.

(j) Investments in equity securities

Listed investments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the consolidated income statement. Other listed investments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in the consolidated income statement.

The fair value of listed investments held for trading and listed investment available-for-sale is their quoted bid price at the balance sheet date.

Unlisted investments are stated in the consolidated balance sheet at cost less impairment losses (refer to note 2(u)).

(k) Properties under development

Properties under development are stated at cost less provision for anticipated losses, where appropriate. Cost includes cost of land use rights acquired, development cost and borrowing costs capitalised (refer to note 2(t)(ii)).

(l) Completed properties for sale

Completed properties for sale are stated at the lower of cost and the estimated net realisable value. Cost includes cost of land use rights acquired, development cost and borrowing costs capitalised (refer to note 2(t)(ii)). Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

2 Significant accounting policies (continued)

(m) Inventories

(i) Inventories, other than spare parts and consumables, are stated at the lower of cost and net realisable value.

Cost includes the cost of purchase computed using the weighted average method and, in the case of work in progress and finished goods, direct labour and an appropriate proportion of production overheads. Net realisable value is determined by reference to the sales proceeds of items sold in the ordinary course of business subsequent to the balance sheet date or to management estimates based on prevailing market conditions, less the estimated costs of completion and the estimated costs necessary to complete the sale.

(ii) Spare parts and consumables are stated at cost less any provision for obsolescence.

(n) Trade and other receivables

Trade and other receivables are stated at their cost less allowance for doubtful debts. An allowance for doubtful accounts is provided based upon the evaluation of the recoverability of these accounts by the directors at the balance sheet date.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and time deposits with an initial term of less than three months. Cash equivalents are stated at cost, which approximates fair value.

(p) Trade and other payables

Trade and other payables are stated at their cost.

(q) Provisions and contingent liabilities

A provision is recognised in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2 Significant accounting policies (continued)

(q) Provisions and contingent liabilities (continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The tax value of losses expected to be available for utilisation against future taxable income is set off against the deferred tax liability within the same legal tax unit and jurisdiction to the extent appropriate, and is not available for set-off against the taxable profit of another legal tax unit.

(s) Revenue recognition

(i) Goods sold

Revenue from the sales of containers and timber, airport ground facilities, internal combustion power-generating equipment and properties is recognised in the consolidated income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or when the amount of revenue and the costs incurred or to be incurred in respect of the transaction cannot be measured reliably.

2 Significant accounting policies (continued)

(s) Revenue recognition (continued)

(ii) Interest income

Interest income from deposits is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

(iii) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(t) Expenses

(i) Operating lease payments

Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the terms of the respective leases.

(ii) Net financing costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested, foreign exchange gains and losses and other costs incurred in connection with borrowings.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of net financing costs, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use.

(u) Impairment loss

The carrying amounts of the Group's assets, other than listed investments in equity securities (refer to note 2(j)), properties under development (refer to note 2(k)), completed properties for sale (refer to note 2(l)), inventories (refer to note 2(m)), trade and other receivables (refer to note 2(n)) and deferred tax assets (refer to note 2I), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement.

2 Significant accounting policies (continued)

(u) Impairment loss (continued)

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment losses

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the consolidated income statement in the year in which the reversals are recognised.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services ("business segment"), or in providing products or services within a particular economic environment ("geographical segment"), which is subject to risks and rewards that are different from those of other segments.

(w) Employee benefits

Obligations for contributions to the defined contribution plans are recognised as an expense in the consolidated income statement as incurred.

(x) Dividends

Dividends are recognised as a liability in the period in which they are declared or approved.

2 Significant accounting policies (continued)

(y) Related parties

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly through one or more intermediaries, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

2 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 year 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) Trailers

The manufacture and sale of trailers.

3 Segment reporting (continued)

(a) Business segments (continued)

(iv) Property development

The construction and development of properties for sale.

(v) Timber logging

The logging and sale of timber.

(b) Geographical segments

The containers, mechanical and electrical equipment, trailers, property development, 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 property development 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.

3 Segment reporting (continued)

Business segments

	Containers *Six months ended 30 June*		*Mechanical and electrical equipment* *Six months ended 30 June*		*Trailers* *Six months ended 30 June*		*Property development* *Six months ended 30 June*		*Timber logging* *Six months ended 30 June*		*Consolidated* *Six months ended 30 June*	
	2004 RMB'000	*2003* RMB'000	*2004* RMB'000	*2003* RMB'000	*2004* RMB'000	*2003* RMB'000	*2004* RMB'000	*2003* RMB'000	*2004* RMB'000	*2003* RMB'000	*2004* RMB'000	*2003* RMB'000
Revenue	10,311,531	6,170,987	45,843	53,973	681,607	19,862	1,989	6,982	9,501	34,592	11,050,471	6,286,396
Segment result	1,257,913	446,696	5,518	4,766	(10,862)	(5,606)	(8,686)	(1,701)	(86,113)	2,700	1,157,770	446,855
Unallocated net expenses											(33,128)	(1,456)
Profit from operations											1,124,642	445,399
Net financing costs											(16,455)	(16,025)
Income from associates	13,258	4,175	-	(124)	1,077	-	(604)	(223)	-	-	13,731	3,828
Income tax expense											(138,511)	(40,682)
Minority interests											(56,124)	(51,817)
Net profit for the period											927,283	340,703
Capital expenditure	481,488	390,589	847	788	268,195	6,481	35	311	11,631	15,706	762,196	413,875
Impairment losses	77,417	-	-	-	-	-	-	-	73,509	4,306	150,926	4,306
Depreciation and amortisation	118,823	72,320	2,071	3,574	7,544	675	276	294	7,876	6,158	136,590	83,021
	At 30/06/04	At 31/12/03 (audited)	At 30/06/04	At 31/12/03 (audited)	At 30/06/04	At 31/12/03 (audited)	At 30/06/04	At 31/12/03 (audited)	At 30/06/04	At 31/12/03 (audited)	At 30/06/04	At 31/12/03 (audited)
Segment assets	13,480,476	9,070,327	199,865	160,044	1,299,985	320,819	207,985	196,799	400,168	452,812	15,588,479	10,200,801
Interests in associates	41,500	30,555	-	-	10,624	-	34,674	27,000	-	-	86,798	57,555
Total assets											15,675,277	10,258,356
Segment liabilities	(7,874,393)	(3,959,746)	(153,358)	(110,362)	(690,449)	(42,660)	(18,130)	(38,553)	(117,975)	(102,735)	(8,854,305)	(4,254,056)
Unallocated liabilities											(116,281)	(48,843)
Total liabilities											(8,970,586)	(4,302,899)

3 Segment reporting (continued)

Geographical segments

	USA		*Europe*		*Asia*		*Other regions*		*Total*	
	Six months ended 30 June		*Six months ended 30 June*		*Six months ended 30 June*		*Six months ended 30 June*		*Six months ended 30 June*	
	2004	*2003*	*2004*	*2003*	*2004*	*2003*	*2004*	*2003*	*2004*	2003
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	3,078,541	1,974,716	5,334,016	2,468,395	2,527,920	1,611,438	109,994	231,847	11,050,471	6,286,396
	========	=======	=======	=======	========	=======	=======	=======	========	=======

	PRC		*Non PRC*		*Total*	
	Six months ended 30 June		*Six months ended 30 June*		*Six months ended 30 June*	
	2004	*2003*	*2004*	*2003*	*2004*	*2003*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure	755,163	413,875	7,033	-	762,196	413,875
	========	========	=======	=======	========	========

	PRC		*Non PRC*		*Total*	
	At 30/06/04	*At 31/12/03 (audited)*	*At 30/06/04*	*At 31/12/03 (audited)*	*At 30/06/04*	*At 31/12/03 (audited)*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	15,400,592	9,984,723	274,685	273,633	15,675,277	10,258,356
	========	========	=======	=======	========	========

4 Acquisitions of subsidiaries

Acquisitions

On 1 January 2004, the Group acquired the entire shares in Zhangzhou CIMC Container Co., Ltd. (“ZZCIMC”) for RMB49,879,559 , satisfied in cash, of which RMB2,294,173 was prepaid in 2003. The principal activities of ZZCIMC are manufacturing and sales of containers. During the period from 1 January 2004 to 30 June 2004, this subsidiary contributed net profit of RMB29,776,660 to the consolidated net profit for the period.

On 1 January 2004, the Group acquired 48% shareholding interest in Jinan CIMC - KOGEL Special Automobile Co., Ltd. ("KGR") for RMB38,601,140, satisfied in cash, of which RMB10,079,997 was prepaid in 2003. The financial statements of KGR are consolidated in the Group’s consolidated financial statements as the Group has the power to govern the financial and operating policies of KGR. The principal activities of KGR are manufacturing and sales of trailers. During the period from 1 January 2004 to 30 June 2004, KGR contributed net profit of RMB2,661,146 to the consolidated net profit for the period.

On 1 January 2004, the Group acquired the entire shares in Yangzhou Xincheng Yongheng Development Co., Ltd. ("XCYH") for RMB17,736,890, satisfied in cash. The principal activities of XCYH and its subsidiaries are manufacturing and sales of trailers. During the period from 1 January 2004 to 30 June 2004, XCYH contributed net loss of RMB3,779 to the consolidated net profit for the period.

On 1 January 2004, the Group acquired 75.53% of shares in both Yangzhou CIMC Tung Hua Special Vehicles Co., Ltd. ("YZTH") and Yangzhou Xing Hua Machinery Co., Ltd. ("YZXH") for a total consideration of RMB68,640,411, of which RMB54,764,890 was prepaid in 2003. As at 30 June 2004, part of the consideration amounting to RMB2,038,000 remained unpaid. The principal activities of YZTH and YZXH are manufacturing and sales of trailers. During the period from 1 January 2004 to 30 June 2004, YZTH contributed net profit of RMB17,292,395 to the consolidated net profit for the period. YZXH did not generate any profit or loss to the Group.

Effect of acquisitions

The acquisitions had the following effect on the Group's assets and liabilities:

	Note	2004 RMB'000
Property, plant and equipment	12	167,374
Lease prepayment (non-current)		32,343
Lease prepayment (current)		740
Construction in progress	14	31,400
Intangible assets	16	5,680
Inventories		123,901
Trade and other receivables		291,515
Cash at bank		61,023
Investments in equity securities		8,542
Investment in associate		9,714
Current interest-bearing bank loan	33	(116,688)
Trade and other payables		(399,932)
Taxation	9(c)	(3,724)
Net identifiable assets and liabilities		211,888
Minority interests		(45,155)
Goodwill on acquisition	16	8,125
Remaining consideration unpaid		(2,038)
Consideration prepaid in 2003, satisfied in cash		(67,139)
Consideration paid, satisfied in cash during the period		105,681
Cash acquired during the period		(61,023)
Net cash outflow during the period		44,658

5 Other operating income

	Six months ended 30 June	
	2004	*2003*
	RMB'000	RMB'000
Gain on disposal of equity securities	35,282	6,357
Tax refunds from capitalisation of subsidiaries' earnings	-	1,524
Profit on disposal of scrap materials	65,614	34,920
Insurance compensation	2,729	7,994
Profit on disposal of raw materials	11,238	2,621
Others	16,413	6,884
	131,276	60,300
	=======	=======

6 Other operating expenses

	Six months ended 30 June	
	2004	*2003*
	RMB'000	RMB'000
Loss on disposal of property, plant and equipment and construction in progress	1,073	8,183
Impairment losses of property, plant and equipment	77,417	-
Reversal of impairment losses of property, plant and equipment	-	(1,911)
Net amortisation of goodwill/(negative goodwill)	6,806	8,805
Amortisation of timber concession rights	3,205	3,217
Impairment losses of timber concession rights	73,509	4,306
Provision for doubtful debts	37,471	11,085
Amortisation of other intangible assets	212	1,772
Amortisation of negative goodwill in an associate	(127)	(127)
Consultancy fee	1,470	1,573
Compensation fee	6,321	6,248
Others	8,422	512
	215,779	43,663
	=======	=======

7 Staff costs

	Six months ended 30 June	
	2004	*2003*
	RMB'000	RMB'000
Wages and salaries	527,960	353,329
Contributions to defined contribution plans	31,267	22,051
	559,227	375,380
	=======	=======

The number of employees employed by the Group at 30 June 2004 was 26,471 (At 30 June 2003: 21,828).

8 Net financing expenses

	Six months ended 30 June	
	2004	*2003*
	RMB'000	RMB'000
Interest income	5,287	14,982
Foreign exchange gains	3,891	9,442
Dividend income	8,319	1,569
Total financial income	17,497	25,993
	-------------	-------------
Interest expense	(22,796)	(38,453)
Foreign exchange losses	(4,020)	(2,082)
Other financial expenses	(10,291)	(4,224)
Total financial expenses	(37,107)	(44,759)
Less: Interest capitalised into construction in progress and properties under development *	3,155	2,741
	(33,952)	(42,018)
	-------------	-------------
Net financing expenses	(16,455)	(16,025)
	========	========

* Interest expense has been capitalised at a rate of 1.91% (2003: 3.18% per annum).

9 Taxation

(a) Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2004	*2003*
	RMB'000	RMB'000
Provision for the PRC income tax for the period	134,073	47,271
Overprovision in respect of the prior period	(1,290)	(6,281)
	132,783	40,990
Share of associates' income tax	2,498	-
Deferred taxation (note 9(d))	3,230	(308)
	138,511	40,682
	=======	=======

The charge for PRC income tax of the Company is calculated at the rate of 15% (2003: 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 subsidiary sustained loss for taxation purposes during 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.

9 Taxation (continued)

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

	Six months ended 30 June	
	2004	*2003*
	RMB'000	RMB'000
Accounting profit before tax	1,121,918	433,202
Computed tax using the PRC income tax rate applicable to foreign investment enterprises in Shenzhen Special Economic Zone	168,288	64,980
Effect of tax rates differential in respect of subsidiaries and associates	(33,478)	(9,739)
Non-taxable income	(22,028)	(18,812)
Non-deductible expenses	25,729	4,253
Income tax expense	138,511	40,682

(c) Taxation in the consolidated balance sheet represents:

	At 30 June 2004	*At 31 December 2003*
	RMB'000	RMB'000 (audited)
Provision for the PRC income tax at 1 January	48,843	26,142
Charge for the period/year	134,073	119,145
Overprovision in respect of the prior period/year	(1,290)	(9,045)
Addition through acquisitions of subsidiaries (note 4)	3,724	1,916
Income tax paid	(69,069)	(89,315)
Provision for the PRC income tax at 30 June/31 December	116,281	48,843

9 Taxation (continued)

(d) Deferred taxation

The movements during the year are as follows:

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Balance as at 1 January	20,205	19,897
(Utilised)/recognised during the period/year	(3,230)	308
Balance as at 30 June/31 December	16,975	20,205
	=======	=======

At 30 June 2004, a deferred tax asset of RMB17 million (2003: RMB20 million) representing unutilised tax losses has been recognised. The remaining balance of deferred tax assets on unutilised tax losses of RMB87 million (2003: RMB99 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.

10 Dividends

(a) Dividend attributable to the period

The Board of Directors does not recommend the payment of any interim dividend for the period ended 30 June 2004 (2003: RMB Nil per share).

(b) Dividend attributable to the previous financial year, approved during the period

	Six months ended 30 June *2004* RMB'000	*2003* RMB'000
Final dividend in respect of the previous financial year, approved during the period:		
- Cash dividend of RMB0.38 per share (2003: Nil)	239,515	-
	=======	=======

11 Basic earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of RMB927,283,000 (2003: RMB340,703,000) and 1,008,483,353 shares (2003: 888,483,257 shares after adjusting for the capitalisation issue in 2004) in issue during the period from 1 January 2004 to 30 June 2004.

There were no diluting potential ordinary shares in existence during the period from 1 January 2004 to 30 June 2004.

12 Property, plant and equipment

	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 2004	1,342,164	1,530,577	147,463	206,876	3,227,080
Additions					
-through acquisitions of subsidiaries	110,155	104,434	15,179	8,078	237,846
-others	20,014	41,258	8,113	8,123	77,508
Transfer from construction in progress (note 14)	61,567	79,921	4,505	7,070	153,063
Disposals	(79,860)	(37,567)	(3,672)	(2,652)	(123,751)
Balance at 30 June 2004	1,454,040	1,718,623	171,588	227,495	3,571,746
Representing:					
Cost	1,338,169	1,596,153	162,596	220,144	3,317,062
Valuation	115,871	122,470	8,992	7,351	254,684
	1,454,040	1,718,623	171,588	227,495	3,571,746
Depreciation and impairment losses:					
Balance at 1 January 2004	203,125	582,240	99,035	93,814	978,214
Through acquisitions of subsidiaries	22,009	40,409	4,662	3,392	70,472
Charge for the period	30,898	68,128	7,461	17,017	123,504
Impairment losses	27,779	48,835	803	-	77,417
Reversal of impairment losses on disposals	(21,635)	(1,385)	(10)	-	(23,030)
Disposals	(16,061)	(10,402)	(3,287)	(2,229)	(31,979)
Balance at 30 June 2004	246,115	727,825	108,664	111,994	1,194,598
Carrying amount:					
At 30 June 2004	1,207,925	990,798	62,924	115,501	2,377,148
At 1 January 2004	1,139,039	948,337	48,428	113,062	2,248,866

12 Property, plant and equipment (continued)

(a) The Group's buildings are mainly located in the PRC.

(b) 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 30 June 2004 under this program, the Company has made additional impairment losses on certain land and building as well as machinery and equipment totalling RMB 77 million during the period. The carrying value of the revalued property, plant and equipment did not differ materially from their fair value.

The directors have reviewed remaining property, plant and equipment as of 30 June 2004 to ensure that they are not materially different from their fair value.

13 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 to 50 years.

14 Construction in progress

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
At 1 January	172,435	226,717
Additions		
-through acquisitions of subsidiaries (note 4)	31,400	70
-others	412,287	767,783
Transfer to property, plant and equipment (note 12)	(153,063)	(827,351)
Interest capitalised (note 8)	3,155	5,216
At 30 June /31 December	466,214	172,435

14 Construction in progress (continued)

Construction in progress at 30 June 2004 is analysed as follows:

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Projects		
Machinery and equipment	171,559	61,000
Office buildings and factories	290,078	106,696
Network facilities	4,577	4,739
	466,214	172,435
	=======	=======

15 Timber concession rights

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
At 1 January	175,129	228,967
Amortisation for the period/year	(3,205)	(7,967)
Impairment losses for the period/year	(73,509)	(45,871)
At 30 June/31 December	98,415	175,129
	=======	=======

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 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.

16 Intangible assets

	Goodwill RMB'000	*Negative goodwill* RMB'000	*Technological know-how* RMB'000	*Total* RMB'000
At 1 January 2004	15,696	(11,205)	4,752	9,243
Addition				
-purchase	-	-	585	585
-through acquisitions of subsidiaries (note 4)	16,954	(8,829)	5,680	13,805
	32,650	(20,034)	11,017	23,633
Amortisation for the period	(9,666)	2,860	(212)	(7,018)
At 30 June 2004	22,984	(17,174)	10,805	16,615
	=======	=======	=======	=======

17 Interests in associates

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Unlisted associates		
Share of net assets	73,298	44,055
Loans to an associate	13,500	13,500
	86,798	57,555
	=======	=======

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

17 Interests in associates (continued)

Details of the associates at 30 June 2004 are as follows:

Name of company	*Place of establishment /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
Jiangmen CIMC Skyspace Real Estate Co., Ltd. ("JMSR")	PRC	45%	Property development
Yangzhou Milestone Composite Material Co., Ltd.	PRC	37.77%	Manufacturing and sales of composite materials
Jiangsu Haite Leasing Co., Ltd.	PRC	20%	Leasing and maintenance of containers

18 Investments in equity securities

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Investments available-for-sale		
Unlisted equity securities, at cost less impairment loss	270,961	274,260
	=======	=======
Investments held for trading		
Listed equity securities, at fair value	206,968	168,775
	=======	=======

Listed equity securities are listed on the PRC Stock Exchanges.

19 Long-term receivables

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Trade and other receivables	68,042	84,639
Amounts due within one year included in current assets	(35,305)	(39,634)
	32,737	45,005
	=======	=======

Long-term receivables include the following:

(a) RMB17.25 million receivable (2003: RMB34.5 million) bearing interest at London Inter Bank Offered Rate plus 4% per annum to be received by instalments up to 2005;

(b) RMB1.67 million receivable (2003: RMB2.1 million) bearing interest at 10% per annum to be received by instalments up to 2005; and

(c) RMB13.81 million interest free car loan (2003: RMB8.4 million) to be received by instalments up to 2008.

20 Prepayment for investments

Prepayment for investments represented proceeds prepaid by the Group for certain investments which have not been completed at 30 June 2004.

21 Properties under development

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
At 1 January	62,162	150,382
Additions	11,645	193,741
Interest capitalised (note 8)	-	50
Transfer to completed properties for sale	(50)	(282,011)
At 30 June /31 December	73,757	62,162
	=======	=======

22 Inventories

	At 30 June 2004	*At 31 December 2003*

	RMB'000	RMB'000 (audited)
Raw materials	2,096,875	973,946
Work in progress	321,318	194,848
Finished goods	674,359	138,305
Spare parts and consumables	78,571	43,529
	3,171,123	1,350,628
Inventories stated at net realisable value	857,632	176,268

23 Trade and other receivables

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Trade receivables	6,133,853	3,218,597
Deposits, prepayments and other receivables	1,536,574	1,233,804
	7,670,427	4,452,401

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 2004, the Group has nil outstanding trade receivables (At 31 December 2003: RMB1,325 million) assigned to Oasis and received nil advances (At 31 December 2003: RMB414 million) from Oasis.

24 Cash and cash equivalents

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Cash in hand	7,042	1,121
Bank balances	560,738	705,483
	567,780	706,604
	=======	=======

25 Share capital

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Registered, issued and paid up capital		
363,781,013 legal person shares (2003: 227,363,133 shares) of RMB1 each	363,781	227,363
302,933,219 "A" shares (2003: 189,333,262 shares) of RMB1 each	302,933	189,333
341,769,121 "B" shares (2003: 213,605,701 shares) of RMB1 each	341,769	213,606
	1,008,483	630,302
	=======	=======

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

Pursuant to a resolution passed at the directors' meeting on 16 March 2004 and approved at the Annual General Meeting on 21 April 2004, the Company increased its share capital from RMB630 million to RMB1,008 million through capitalisation of share premium amounting to RMB378 million (note 26).

26 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 2003	613,637	18,521	3,003	975,804	187,261	541,969	2,340,195
Shares issued, net of issuance costs of RMB49 million	1,631,105	-	-	-	-	-	1,631,105
Net profit for the year	-	-	-	-	-	694,051	694,051
Transfer from retained earnings	-	-	-	933,555	35,688	(969,243)	-
Balance at 31 December 2003	2,244,742	18,521	3,003	1,909,359	222,949	266,777	4,665,351
Balance at 1 January 2004	2,244,742	18,521	3,003	1,909,359	222,949	266,777	4,665,351
Capitalisation of share premium (note 25)	(378,181)	-	-	-	-	-	(378,181)
Revaluation of property, plant and equipment and lease prepayments	-	1,572	-	-	-	-	1,572
Dividends (note 10(b))	-	-	-	-	-	(239,515)	(239,515)
Net profit for the period	-	-	-	-	-	927,283	927,283
Transfer from retained earnings	-	-	-	27,293	13,647	(40,940)	-
Balance at 30 June 2004	1,866,561	20,093	3,003	1,936,652	236,596	913,605	4,976,510

26 Reserves (continued)

(a) Surplus reserve comprises a statutory surplus reserve of RMB360,287,000 (2003: RMB332,993,000) and a discretionary surplus reserve of RMB1,576,365,000 (2003: RMB1,576,366,000).

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 rules and 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.

(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 2004, the amount of retained profits available for distribution, which was the amount determined in accordance with the PRC accounting rules and regulations, was RMB905,945,000 (2003: RMB289,381,000).

27 Interest-bearing bank loans

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Unsecured		
Due within 3 months	1,202,694	283,418
Due after 3 months but within 1 year	1,378,077	228,908
Due after 1 year but within 2 years	13,000	34,000
Due after 2 years but within 5 years	651,728	388,084
	3,245,499	934,410
Amounts due within 1 year	(2,580,771)	(512,326)
Amounts due after 1 year	664,728	422,084

Interest rates are within the range of 1.6% to 4.54% per annum (2003: 1.63% to 5.04% per annum).

Bank loans of RMB185 million (2003: RMB801 million) are denominated in United States dollars and the remaining balances are denominated in Renminbi Yuan.

28 Non interest-bearing bank loan

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Secured		
Due after 3 months but within 1 year	-	29,670

29 Trade and other payables

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Trade payables	3,229,182	1,544,448
Other payables and accruals	752,890	546,532
Staff bonus	441,512	351,954
Deposits received	192,627	68,490
Bills payable	572,110	394,706
Dividend payable	8,672	-
	5,196,993	2,906,130

30 Provision

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Balance at 1 January	383,846	373,434
Net provisions made during the period/year	28,412	16,329
Provisions used during the period/year	(445)	(5,917)
Balance at 30 June/31 December	411,813	383,846

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.

31 Capital and lease commitments

(a) At 30 June 2004, the Group had capital commitments outstanding as follows:

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Authorised and contracted for	349,704	684,581
Authorised but not contracted for	-	138,605
	349,704	823,186

31 Capital and lease commitments (continued)

(b) At 30 June 2004, the Group had commitments under non-cancellable operating leases, not provided for as follows:

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Operating lease charges payable:		
Within l year	29,604	32,149
After 1 year but within 5 years	38,472	40,796
After 5 years	88,100	81,159
	156,176	154,104

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 revised upon renewal to reflect market rentals. None of the leases includes contingent rentals.

32 Contingencies

At 30 June 2004, the Group had not provided guarantees to banks for loan drawn down by a third party (At 31 December 2003: RMB 21 million).

33 Notes to the consolidated cash flow statement

Analysis of changes in financing activities during the period:

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Bank loans		
Balance at 1 January	964,080	2,077,679
Proceeds from bank loans	7,161,552	12,210,004
Additions through acquisitions of subsidiaries (note 4)	116,688	113,660
Repayment of bank loans	(4,996,821)	(13,437,263)
Balance at 30 June/31 December	3,245,499	964,080
	========	========

34 Related parties transactions

(i) The Group has undertaken transactions with the following related parties for the six months ended 30 June 2004:

	Relationship with the company	*Six months ended 30 June* *2004* RMB'000	*2003* RMB'000
Sale of containers to Florens Container Services Company Limited ("Florens")	Subsidiary of shareholder	127,176	363,261
Purchase of raw materials from Hempel-Hai Hong Coating Company Limited ("Hempel")	Subsidiary of shareholder	188,207	170,966
Purchase of steel products from KYH Steel Holdings Limited	Associate	93,629	22,842
Payment of consultancy fee to COSCO Pacific Management Company Limited ("COSCO")	Subsidiary of shareholder	3,146	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.

34 Related parties transactions (continued)

The balance with associate is disclosed in note 17 on the consolidated financial statements. Details of the balances with other related parties were as follows:

	At 30 June 2004 RMB'000	*At 31 December 2003* RMB'000 (audited)
Amount due from Florens	12,908	220,817
Amount due to Hempel	238,433	171,565
Amount due to COSCO	-	3,146
Amount due to KYH	23,795	811
	=======	=======

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

	Balance as at 1 January 2004 RMB'000	*Repayment during the period* RMB'000	*Balance as at 30 June 2004* RMB'000
Executive officers	580	(70)	510
	=======	=======	=======

The outstanding loans are unsecured, interest-free and are to be settled within 1 year after 30 June 2004.

35 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 27 of the consolidated financial statements.

35 Financial instruments (continued)

(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.

(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 institutions 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 27% (At 31 December 2003: 24%) of the Group's total assets at 30 June 2004.

(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.

35 Financial instruments (continued)

(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 2004, 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 RMB32,236,000 (At 31 December 2003: RMB44,345,000).

As at 30 June 2004, the fair value of the interest-bearing and non 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 RMB3,241,026,000 (At 31 December 2003: RMB964,098,000).

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.

36 Subsidiaries

Details of the Company's principal subsidiaries at 30 June 2004, 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
Xinhui CIMC Container Flooring Co., Ltd.	US$15,500,000	82.94%	PRC	Further processing of timber

36 Subsidiaries (continued)

Name of company	*Issued and fully paid capital*	*Percentage of equity held by the Group*	*Place of establishment and operation*	*Principal activities*
Qingdao CIMC Container Manufacture Co., Ltd.	US$26,300,000	100%	PRC	Manufacture of containers
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	US$39,060,000	89.30%	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	56.9%	PRC	Manufacture of containers
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	US$10,000,000	56.9%	PRC	Manufacture of containers
Dalian CIMC Container Manufacturing Co., Ltd.	US$8,855,000	51.17%	PRC	Manufacture of containers
Shenzhen CIMC – Tianda Airport Support Ltd.	US$13,500,000	100%	PRC	Manufacture of airport ground facilities

36 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 Heavy Industries Co., Ltd.	US$30,000,000	100%	PRC	Manufacture of trailers
Shanghai CIMC Far East Container Co., Ltd.	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
Xinhui CIMC Container Co., Ltd. (note)	US$24,000,000	40%	PRC	Manufacture of containers
Shenzhen CIMC Wood Co., Ltd.	RMB5,000,000	97.95%	PRC	Trading of timber
CIMC USA Inc.	US$10	100%	The U.S.A.	Investment holding
Manson Technology Limited	HK$10,000	100%	Hong Kong	Investment holding
Xinhui CIMC Special Transportation Equipment Manufacture Co., Ltd.	US$ 9,000,000	100%	PRC	Manufacture of containers
Shanghai CIMC Baowell Industries Co., Ltd. (note)	US$28,500,000	47.37%	PRC	Manufacture of containers

36 Subsidiaries (continued)

Name of company	*Issued and fully paid capital*	*Percentage of equity held by the Group*	*Place of establishment and operation*	*Principal activities*
Nantong CIMC Tank Equipment Co., Ltd.	US$10,000,000	50.97%	PRC	Manufacture of containers
Vanguard National Trailer Corporation	US$10	100%	The U.S.A.	Manufacture of trailers
Zhangzhou CIMC Container Co., Ltd.	US$ 12,000,000	100%	PRC	Manufacture of containers
Dalian CIMC Container Co., Ltd.	US$10,000,000	100%	PRC	Manufacture of containers
Ningbo CIMC Logistic Equipment Co., Ltd.	US$15,001,423	100%	PRC	Manufacture of containers
Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	RMB67,390,000	75.53%	PRC	Manufacture of trailers
Yangzhou Xing Hua Machinery Co., Ltd.	RMB9,910,000	75.53%	PRC	Manufacture of trailers
Yangzhou Xincheng Yongheng Development Co., Ltd.	RMB16,000,000	100%	PRC	Investment holding
Jinan CIMC - KOGEL Special Automobile Co., Ltd. (note)	RMB46,378,212	48%	PRC	Manufacture of trailers

Note: The financial statements of Xinhui CIMC Container Co., Ltd, Shanghai CIMC Baowell Industries Co., Ltd. and Jinan CIMC - KOGEL Special Automobile 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.

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 RMB'000	*Net assets at 30 June 2004* 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
	========	========

VII. Documents Available for References

(I) Annual report with signature of the Chairman of the Board;
(II) Financial report with signatures and seals of the president, the person in charge of accounting and the person in charge of accounting organ;
(III) Originals of all documents of the Company ever published in newspapers designated by CSRC during the report period;
(IV) Articles of Association of the Company;
(V) Other documents for reference.

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