CIMC 中集

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

(Incorporated in People's Republic of China)

ANNUAL REPORT 2004 (SUMMARY)

Ended Dec. 31, 2004

1. Important Notes

1.1 The Board of Directors of *CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.* (hereinafter referred to as the Company) and its directors individually and collectively accept full responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there is neither any omission of material facts, untrue presentations, nor any misleading statement contained in the information herein. The 2004 annual report summary is abstracted from the annual report; the investors are suggested to read the full text of annual report to understand more details.

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

1.3 Seven directors were expected to attend the Board meeting and actually all of them were present.

1.4 KPMG Certified Public Accountants issued an unqualified Auditors' Report

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

2. Company Profile

2.1 Basic information

Short form of the stock	CIMC
Stock code	000039、200039
Listed stock exchange	Shenzhen Stock Exchange
Registered address	5/F, Financial Center of Shekou Industrial Zone, Shenzhen, Guangdong Province, P.R.C
Office address	R&D Center of CIMC, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong Province, P.R.C
Post code	518067
Internet web site of the Company	www.cimc.com
E-mail of the Company	shareholder@cimc.com

2.2 Liaison person and liaison method

	Secretary of the Board of Directors	**Authorized Representative in Charge of Securities Affairs**
Name	*Yu Yuqun*	*Wang Xinjiu*
Liaison address	R&D Center of CIMC, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong	R&D Center of CIMC, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong
Telephone	(86) 755-2669 1130	(86) 755-2669 1130
Fax	(86) 755-2682 6579	(86) 755-2681 3950
E-mail	shareholder@cimc.com	shareholder@cimc.com

3. Summary of Accounting Data and Financial Indexes

3.1 Three-year financial information summary

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

Unit： *RMB'000*

Items	2004	2003	2002
Container sales volume (TEU)	**1,570,809**	1,173,293	751,578
Revenue	26,557,657	13,705,212	9,025,986
Net operating profit before net financing costs	2,858,463	905,376	512,948
Share of the profit of associates	25,534	8,747	121,677
Profit before tax	2,847,209	888,830	569,622
Income tax expense	(277,105)	(111,361)	(58,669)
Profit for the year	2,570,104	777,469	510,953
Minority interests	105,112	83,418	87,660
Profit for the year	2,570,104	694,051	423,293
Basic earnings per share* (RMB Yuan)	2.44	0.77	0.83
Total assets	16,986,315	10,258,356	8,073,894
Total equity attributable to equity holders of the parent	7,521,276	5,295,653	2,850,497
Net assets per share (RMB Yuan)	7.46	8.40	5.59
Rate of Return on Stockholders' Equity (ROE)	34.17%	13.11%	14.85%
Cash flows from operating activities	1,315,196	615,122	-677,635
Net (decrease)/increase in cash and cash equivalents	776,561	324,667	-9,441
Dividend (per share)	Cash dividend of RMB0.50, converting public reserve into share capital at the rate of 1.0 share	Cash dividend of RMB0.38, converting public reserve into share capital at the rate of 0.6 share	Cash dividend RMB0.50 per share, 0.50 share bonus

** The calculation of basic earnings per share is based on the profit attributable to shareholders of RMB2,464,992,000 (2003: RMB694,051,000) and 1,008,483,353 shares (2003: 900,428,277 shares after adjusting for the share premium capitalisation issue in 2004) in issue during the year.*

There were no diluting potential ordinary shares in existence during the years ended 31 December 2003 and 2004.

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

√ Applicable ☐Non-applicable

		Profit attributable to shareholders for the year ended 31 December 2004	*Net assets at 31 December 2004*
		RMB'000	RMB'000
Prepared under the PRC Accounting Rules and Regulations		2,389,024	7,471,364
Adjustments to align with IFRS:			
(i)	Adjustment to minority interests	918	9,553
(ii)	Adjustment to deferred tax assets	32,168	52,370
(iii)	Adjustment to goodwill and negative goodwill	18,571	(47,470)
(iv)	Adjustment to interest capitalisation	6,152	19,090
(v)	Others	18,159	16,369
Prepared under IFRS		2,464,992	7,521,276

4. Changes in Share Capital and Particulars about Shareholders

4.1 Statement of change in share capital

Unit: share

	Before the change	Increase/decrease (+/-)		After the change	Share ratio (%)
		Shares capital transferred from public reserve	Other		
I. Unlisted shares					
Sponsor's shares	227,363,133	+136,417,880		363,781,013	36.07
Including:					
Shares held by domestic legal person	102,313,410	+61,388,046		163,701,456	16.23
Shares held by foreign legal person	125,049,723	+75,029,834		200,079,557	19.84
Total unlisted shares	227,363,133	+136,417,880		363,781,013	36.07
II. Listed shares					
1. RMB ordinary shares	189,333,262	+113,599,957		302,933,219	30.04
Including: shares held by senior executives	237,024	+142,213	−66,925	312,312	0.03
2. Domestically listed foreign shares	213,605,701	+128,163,420		341,769,121	33.89
Total listed share	402,938,963	+241,763,377		644,702,340	63.93
III. Total shares	630,302,096	+378,181,257		1,008,483,353	100.00

Note 1: Changing in the aforesaid share capital was because the Company implemented 2003 Dividends Distribution Plan and plan on conversion of capital reserve into share capital in the report period.

Note 2: Shares held by senior executives refer to the shares held by directors and senior executives frozen with amounting to 312,312 shares in total. At the end of the report period, shares held by senior executives has decreased by 66,925 shares, which is mainly because that Gu Hongren, original vice-president of the Company, no longer took the post of vice-president since June 2004 and shares of the Company held by Gu Hongren was unfrozen in Dec. 2004.

4.2 Statement of shares held by the top ten shareholders

4.2.1 the top ten shareholders

Total shareholders at the end of report year	Ended Dec. 31, 2004, the Company has totally 40,947 shareholders, of them, 30,073 shareholders of A-share and 10,874 shareholders of B-share.					
Particulars about shares held by the top ten shareholders						
Name of Shareholder	**Increase / decrease in the report year**	**Holding shares at the year-end (share)**	**Proportion in total shares (%)**	**Type of shares (Circulating/Non-circulating)**	**Number of share pledged or frozen**	**Nature of shareholders**
1. COSCO Container Industries Limited	61,388,046	163,701,456	16.23	Non-circulating	0	Foreign shareholder
2. CHINA MERCHANTS CONTAINER INDUSTRIES CO., LTD.	61,388,046	163,701,456	16.23	Non-circulating	0	Foreign shareholder
3. FAIR OAKS DEVELOPMENT LIMITED	24,494,098	62,772,778	6.22	Circulating	0	Foreign shareholder
4. PROFIT CROWN ASSETS LIMITED	13,641,788	36,378,101	3.61	Non-circulating	0	Foreign shareholder
5. GT PRC FUND	4,783,476	12,422,602	1.23	Circulating	Unknown	Foreign shareholder
6. NIKKOCITI TB S/A RE:JF CHINA MOTHER FD(716000)	Unknown	10,495,949	1.04	Circulating	Unknown	Foreign shareholder

7. LONG HONOUR INVESTMENTS LIMITED	3,596,890	9,591,707	0.95	Circulating	0	Foreign shareholder
8. JPMBLSA RE FTIF TEMPLETON CHINA FUND GTI 5497	Unknown	9,221,971	0.91	Circulating	Unknown	Foreign shareholder
9. INDUSTRIAL AND COMMERCIAL BANK OF CHINA - CHINA SOUTH STEADY GROWTH SECURITIES INVESTMENT FUND	Unknown	8,259,751	0.82	Circulating	Unknown	
10.FF GREATER CHINA FD GT1 24037	Unknown	8,000,040	0.79	Circulating	Unknown	Foreign shareholder
Explanation on associated relationship among the top ten shareholders or consistent action	***Note:*** *Among the above the top ten shareholders, there exists the associated relationship as well as the consistent action between the No. 1 shareholder and No. 7 shareholder, namely Long Honour Investment Limited is the affiliated wholly-owned subsidiary company of COSCO (Hong Kong) Group, a Hongkong wholly-owned subsidiary company of China Ocean Shipping (Group) Company (COSCO). COSCO Container Industries Limited is the affiliated wholly-owned subsidiary company of COSCO Pacific Limited of COSCO Hong Kong Holdings, the said two shareholders didn't belong to the persons acting in concert regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies with the other shareholders.* *There existed the associated relationship as well as the consistent action between the No. 2 shareholder and the No. 3 shareholder, namely China Merchants Container Industries Co., Ltd. and Fair Oaks Development Limited are the wholly-owned affiliated companies of China Merchant Holdings (International) Company Limited (CMHI), a shareholding subsidiary company of China Merchant Group; the said two shareholders didn't belong to the persons acting in concert regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies with the other shareholders.* *The Company is not aware of their associated relationships among other shareholders of circulation share, or whether belongs to the persons acting in concert regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies.*					

4.2.2 The top ten shareholders of circulating share

Shareholders' name	Holding shares at the period-end (share)	Proportion	Type of shares
1. FAIR OAKS DEVELOPMENT LIMITED	62,772,778	6.22%	B-share
2. GT PRC FUND	12,422,602	1.23%	B-share
3. NIKKOCITI TB S/A RE:JF CHINA MOTHER FD(716000)	10,495,949	1.04%	B-share
4. LONG HONOUR INVESTMENTS LIMITED	9,591,707	0.95%	B-share
5. JPMBLSA RE FTIF TEMPLETON CHINA FUND GTI 5497	9,221,971	0.91%	B-share
6. INDUSTRIAL AND COMMERCIAL BANK OF CHINA - CHINA SOUTH STEADY GROWTH SECURITIES INVESTMENT FUND	8,259,751	0.82%	A-share
7. FF GREATER CHINA FD GT1 24037	8,000,040	0.79%	B-share
8. BANK OF CHINA- HAIFUTONG INCOME GROWTH SECURITIES INVESTMENT FUND	7,886,489	0.78%	A-share
9. TEMPLETON DRAGON FUND, INC.	7,773,186	0.77%	B-share
10. JIUJIA SECURITIES INVESTMENT FUND	6,601,935	0.65%	A-share

Note: Among the top ten shareholders of circulating share, there exists the associated

relationship between Long Honour Investments Limited and COSCO Container Industries Limited: Long Honour Investments Limited is the affiliated wholly-owned subsidiary of COSCO Hong Kong Group; COSCO Container Industries Limited is the affiliated wholly-owned subsidiary of COSCO Pacific Limited. COSCO Hong Kong Group holds 53.07% equity of COSCO Pacific Limited directly and indirectly.
There exists the associated relationship between Fair Oaks Development Limited and China Merchants Container Industries Co., Ltd.: China Merchants Container Industries Co., Ltd. and Fair Oaks Development Limited are wholly-owned affiliated companies of China Merchants Holdings (International) Company Limited.

The Company is not aware of their associated relationships among other shareholders.

4.3 Particulars about controlling shareholders and actual controller of the Company

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

√Applicable ☐Non-applicable

4.3.2 Introduction of controlling shareholder and other actual controller

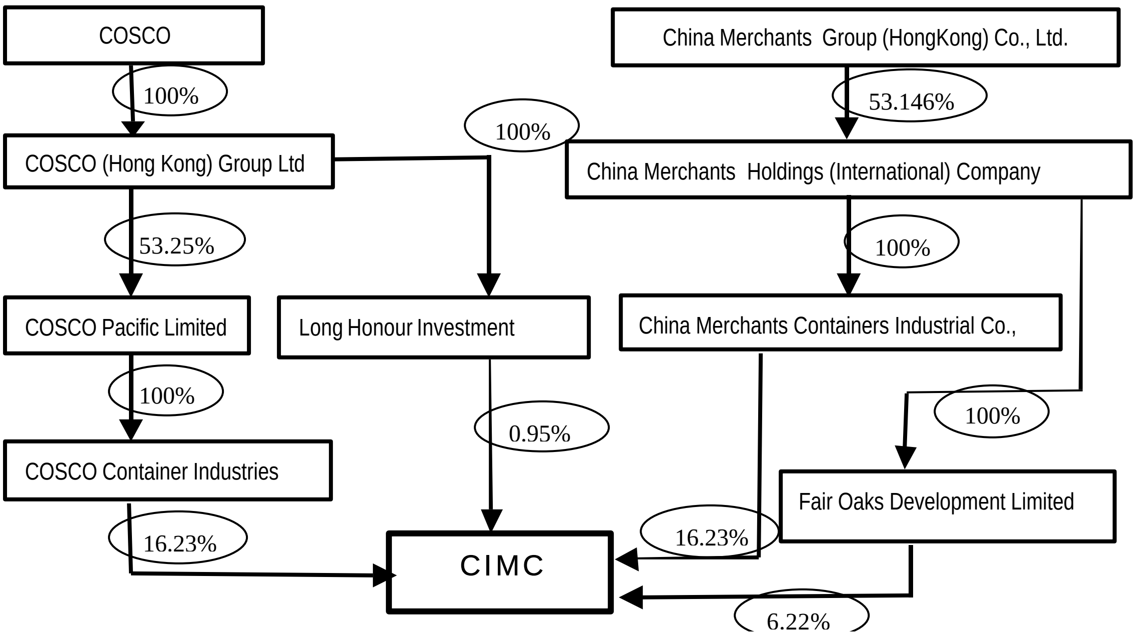
There are no shareholders (holding shareholder) who hold over 30% of the Company's total shares.

Shareholder's name	Proportion	Legal representative	Date of foundation	Registered capital	Structure of equity	Business scope
COSCO CONTAINER INDUSTRIES LIMITED	16.23%	Lu Chenggang, Wang Zhi, Shi Jingwei	Apr. 26, 2004	USD 1	Wholly held by COSCO Pacific Limited	Investment and Shareholding
CHINA MERCHANTS CONTAINER INDUSTRIES CO., LTD.	16.23%	-	Jan. 17, 1995	HKD 10,000	Wholly held by CMHI	Investment and Shareholding

(1) COSCO is a limited company which was set up in British Virgin Islands, and it is an affiliated wholly-owned subsidiary company of COSCO Pacific Limited. COSCO Hong Kong held 53.07% equity of COSCO Pacific Limited directly and indirectly. Ended Dec. 31, 2004, COSCO Container Industries Limited held 16.23% equity of the Company; Long Honour Investments Limited is an affiliated wholly-owned subsidiary company of COSCO Hong Kong, and held 0.95% equity of the Company.

(2) China Merchants Container Industries Co., Ltd. is the affiliated wholly-owned subsidiary company of China Merchant Holdings (International) Company Limited ("CMHI"). China Merchants Group held 53.146% equity of CMHI. China Merchants Container Industries Co., Ltd. held 16.23% equity of the Company, at the same time, Fair Oaks Development Limited, a wholly-owned affiliated company of CMHI, held 6.22% equity of the Company, China Merchants Container Industries Co., Ltd. and Fair Oaks Development Limited are the wholly-owned affiliated companies of CMHI, thus, CMHI held 22.45% equity of the Company actually.

4.3.3 The property right and controlling relationship between the Company and the actual controller is as follows:



5. Particulars About Director, Supervisor, Senior Executive

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

Name	Title	Sex	Age	Office term	Holding share at the year-begin	Holding share at the year-end	Increase or decrease	Reason for change
Li Jianhong	Chairman of the Board	Male	49	Apr. 21, 2004-Apr. 21, 2007	0	0	0	
Zhao Huxiang	Vice Chairman of the Board	Male	49	Apr. 21, 2004-Apr. 21, 2007	0	0	0	
Mai Boliang	Director	Male	46	Apr. 21, 2004-Apr. 21, 2007	117,117	187,387	70,270	Transferring capita reserve into share capital
	President			Mar. 16, 2004-Mar. 16, 2007				
Feng Jinhua	Director	Male	49	Apr. 21, 2004-Dec. 31, 2004				
Wang Zhixian	Director	Male	39	Apr. 21, 2004-Apr. 21, 2007	0	0	0	
Xiao Zhuoji	Independent director	Male	71	Apr. 21, 2004-Apr. 21, 2007	0	0	0	
Han Xiaojing	Independent director	Male	50	Apr. 21, 2004-Apr. 21, 2007	0	0	0	
Zhang Limin	Independent director	Male	50	Nov. 2002-Nov. 2005	0	0	0	
Du Yongcheng	Chairman of the	Male	56	May 2002-	0	0	0	

	Supervisory Committee			May 2005				
Li Xibei	Supervisor	Male	43	Apr. 21, 2004-Dec. 31, 2004	0	0	0	
Feng Wanguang	Supervisor	Male	58	May 2002-May 2005	0	0	0	
Zhao Qingsheng	Vice-president	Male	52	Mar. 16, 2004-Mar. 16, 2007	0	0	0	
Li Ruiting	Vice-president	Male	57	Mar. 16, 2004-Mar. 16, 2007	78,078	124,925	46,847	Transferring capita reserve into share capital
Wu Fapei	Vice-president	Male	46	Mar. 16, 2004-Mar. 16, 2007	0	0	0	
Li Yinhui	Vice-president	Male	37	Mar. 16, 2004-Mar. 16, 2007	0	0	0	
Liu Xuebin	Vice-president	Male	46	Mar. 16, 2004-Mar. 16, 2007	0	0	0	
Jin Jianlong	General Manager of Financing Dept.	Male	51	Mar. 16, 2004-Mar. 16, 2007	0	0	0	
Yu Yuqun	Secretary of the Board	Male	39	Mar. 16, 2004-Mar. 16, 2007	0	0	0	

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

√Applicable ☐Non-applicable

Name	Name of Shareholding Company	Title in Shareholding Company	Office term	Whether draw remuneration from shareholding company
Li Jianhong	COSCO	Vice-president	Aug. 2000-	Drawing from associated company of shareholder
Zhao Huxiang	China Merchants Group	Vice-president	Nov. 2001-	Drawing from associated company of shareholder
Feng Jinhua	COSCO	General Manager of Financial Dept.	Oct. 2001	Drawing from associated company of shareholder
Wang Zhixian	CMHI	General Manager of Enterprise Management Dept.	Mar. 2002	Drawing from associated company of shareholder
Du Yongcheng	CMHI	Director and Deputy General Manager	1998-	Drawing from associated company of shareholder
Li Xibei	COSCO	Deputy General Manager of Supervision Dept. and Deputy Director of Supervision Office	Dec. 2002	Drawing from associated company of shareholder

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

Total annual payment	RMB 5,720,000
Total annual payment of the top three Directors drawing the highest payment	---
Total annual payment of the top three Senior executives drawing the highest payment	RMB 3,100,000
Allowance of independent Director	RMB 80,000 /per person/ year
Other treatment of Independent Directors	No
Name of Directors and Supervisors received no payment or allowance from the Company	Director Li Jianhong, Director Zhao Huxiang, Director Feng Jinhua, Director Wang Zhixian and Supervisor Du Yongcheng and Supervisor Li Xibei received their salary from the Shareholding Company that they held the post respectively.
Payment	Number of persons
RMB 1,500,000 ～ RMB 1,800,000	1
RMB 500,000 ～ RMB 1,000,000	2
RMB 500,000 ～ RMB 700,000	2
RMB 300,000 ～ RMB 500,000	4

6. Report of the Board of Directors

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

Ⅰ Discussion and analysis of the management

1. Summary of industry background and operation achievements

2004 was the year when the world economy developed most rapidly over the last 30 years, with the world trade increased by 8.8%. Driven by the global consumer market and multinational purchasing, international container transportation market had been on a sharp upward trend in 2004. The transport volume of main courses grew by two-digits that the berths for containers of main stem were continually not quite enough. The total throughput of containers in main ports of China increased by 27%. Due to the booming export and insufficient transportation, the price index of export container in China increased tremendously, hitting a historical high of the century.

Thanks to this situation, the demand for purchasing new global containers enhanced enormously from 2.38 million TEU to 3 million TEU in 2004, breaking a historical high. Moreover, due to the sharp rise in the price of steel and especially hot-roll plate and local board (the main raw material for container manufacture), the price of dry freight container increased greatly. According to the statistics of related institutes, the price of dry freight container rose by more than 40% over the same period last year. In this prosperous background, the Group made full preparations in the production base layout in advance to capture this historical chance. In this case, the Group grew greatly in business scale and payoff, achieving some historical breakthroughs. It realized revenue amounting to 26.558 and net profit amounting 2.46 billion, an increase of 93.78% and 255.16% respectively. The Group produced containers amounting to 1639.6 thousand TEU accumulatively and sold containers amounting to

1570.8 thousand TEU, an increase of 41.42% and 33.88% respectively over the same period of the last year, breaking a historical high.

The road transport vehicles bushiness was the new business that the Group started in 2002. In 2004, with the rapid increase in the miles of high-grade roads, the road logistics management has improved rapidly, thus the demand for road transport vehicles grew greatly. Meanwhile, the state intensified its administration over the transportation market by formulating Road Transport Vehicles Ordinance and technical standards about the road and transport vehicle production to standardize and adjust the road charge. In the second half-year, seven ministries and commissions including the Ministry of Communications took the actions with a duration of one year to curb the overload on road. These measures have standardized the market access and production of road transport and vehicle in China and improved the road transport vehicle market. All these led to the significant increase in the demand of heavy loading road transport vehicles in China. To meet the fast development of market demand, the Group rapidly expanded its production capacity. In 2004, the Group sold 37,926 vehicles of all sorts accumulatively, an increase of 321.82% over the same period last year. It realized sales revenue amounting to RMB 2.912 billion (of which 2.323 billion was listed into the consolidated scope of the Company's financial statement), an increase of 325.11% over the same period last year. In road transport vehicles business, the Company made progress in production base formation, products, marketing, purchasing, co-operation and management as expected, continually integrating the resources and further enhancing the production scale and efficiency. The Group has become the greatest manufacturer of road transport vehicles industry.

Looking forward to 2005, the global economy will continue to grow steadily, especially the inter-region trade will be hopefully expanding. The global overseas market will continue to be promising and the trade of containers will grow continually. Moreover, the elimination number of old containers will hopefully rise to a considerably high level in recent years. Therefore, there remains the steady demand for containers. In addition, since the steel and electricity and other resources are relatively insufficient, the price of containers will remain steady.

In respect of road transport vehicles manufacturing, the business of the Group will continue to develop rapidly in the more broad and beneficial operating environment in 2005. The Group will be consistent in improving layout of the production, diversifying product series, expanding overseas market and sharpening competitive edge of products.

2. Analysis to the main financial data

(1) Particulars about Revenue, profit and cash flow

Analysis:

Revenue increased by 93.78% over the same period of last year, which was mainly because that the demand for containers in the whole year kept growing fast and the sales volume of containers increased sharply and the price picked up.

Gross Profit and net profit increased by 146.48% and 255.16% respectively over the same period of last year, which was mainly because that the sales volume of containers and price increased by a big margin and the gross profit of containers increased significantly.

Net increase in cash and cash equivalents increase by 139.19% over the same period of last year, which was mainly due to the enlargement of the operation scale and the increment of the fund returned at the end of the year and the net increase in the cash flow arising from operation activities.

(2) Particulars about assets and shareholders' equity

Analysis

In the report period, the total assets increased by 65.59%, which was mainly because that the operating scale and sales of products grew, resulting in an increase in current assets than those at the beginning of the year. Current assets increased 80.03% over the period-begin; in current assets, Cash and cash equivalents increased by 109.90% than that at the beginning of the period, inventory increased by 128.62%, Trade and other receivable increased by 35.62%. The indexes of main assets kept in good level: The turnover of current assets was 2.28 times, which was quicker than 2.17 times of last year. The turnover of accounts receivable was 4.57 times, an increase of 0.46 times over last year. The turnover inventory was 6.48 times, a decrease of 1.97 over last year. The Total asset-liability ratio was 50.69%, an increased of 8.74% versus 41.95% in the same period last year, which was at the normal level. In the report year, the Group had cash flow for operating activities amounting to RMB 1,315,196,000 , with RMB 1.304 of net cash flow per share. In the whole, the Group realized reflow of sales income amounting to RMB 26,255.89 million, an increase of 78.3% compared with RMB 814.48 million of net cash flow in the same period last year. The Group's container business took 90.6% of income from the main operations. The container industry normally has the peak season from April to October. Due to material preparation for production, the purchase amount was usually large in the first half year. Moreover, Sales usually were usually done by way of taking the delivery of goods before payment, and the main payment incurred in the second half year. Therefore, the operation cash flow was negative in the first half year. However, since the return of fund from sales increased and the purchase amount reduced in the second half year, especially in the fourth quarterly, the operation cash flow was positive.

The total equity attributable to equity holders of the parent increased 42.03% than that at the beginning of last year, which was mainly because the net profit in the report period increased by RMB 2,464,992.

II Review of operation of main operations

1. Structure of main operations

The Group mainly engages in the manufacture and sales of modern transportation equipment, including the design, manufacture, sales and services of containers, road transport vehicle and airport facilities such as passenger boarding bridge, air cargo handling system and other transportation equipment. Besides, the Group also manages timber, real estate and other businesses. The Group is the largest manufacturer of containers in the world with the most complete range of articles. The products range from dried food containers, reefer containers and special containers to containers for region purpose. The road transport vehicle is new service, on which the Group is giving emphasis to expand. The Group has become the largest manufacturer in the road transport vehicle since it started this service in 2002.

2. **Container business**

The Company's output and sales volume, revenues and profit all increased by a large margin and created a company record. In 2004, the Company accumulatively produced containers amounting to 163,96 TEU and sold containers amounting to 157.08 TEU, an increase of 41.42% and 33.88% respectively, hitting a historical high. The sales income from container business amounted to 24,043,267,000, up 83.30% over the same period last year. Therein, the sales of standard dry freight containers amounted to 1,447,749 TEU accumulatively, an increase of 34.58%. The sales of reefer containers amounted to 55,818 TEU, an increase of 5.97%, and the sales of special containers amounted to 67,243 TEU, an increase of 63.85%.

The reasons why the container business increased benefits greatly are as follows:

The Group made significant achievements in its layout strategy of container industry, further consolidating and enhancing its leadership in the industry.

In the last three years, the Group has been optimizing the production base layout, by strategically surveying the development trend of the global container industry. In 2004, it captured the market opportunity of the industry. The group also further improved the base network layout. In Jan. 2004, the Group purchased 100% equity of Zhangzhou Merchants Container Co., Ltd. and renamed it as Zhangzhou CIMC Containers Co., Ltd.. In May, 2004, Ningbo CIMC Logistic Equipment Co., Ltd of the Group was completed and put into production. In the same year, the Group trusted Yongzhou Tongyun Container Co., Ltd. and Yangzhou Tonglee Reefer Yangzhou Tongli Container Co., Ltd in 2004. Ended the end of 2004, the Group owned 16 container factories, with coverage in ports along the seaside in China.

The Group enhanced the investment and market expansion of special container business. By reorganizing the companies of special contains and tank containers in Nantong, the pallet containers in Dalian and Tianjin, the special reefer containers in Qindao and special containers in Xinhui, the group made its basis for further developing special containers in future. In the first half of the 2004, the Group purchased 60% equity of Clive-Smith Cowley Ltd. (hereinafter referred to as CSC) in England and owned the patent technology of DOMINO pucker container series. The DOMINO pucker containers presently account for approximately 70% of the world market share of pucker containers. This Purchase was beneficial for sharpening the competitive edge of the Group in pucker containers. Qindao CIMC Special Reefer Equipment Co., Ltd. newly established by the Group started operation formally in July, 2004. The Group had the first production base of special reefers in the world. The annual productive capability designed by the Company could reach 4000 pieces. The special reefer containers are high-end transport vehicles that can meet customers' demand of special goods transportation, which were widely used in storage and remote 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. In 2004, Nantong CIMC Tank Equipment Co., Ltd. sold tank containers amounting to 3,944 pieces, an increase of 219.87% over the same period of last year. Tank containers were one of main storage tools for gas, chemicals and liquid goods in foods industry characteristic of safety, environmental protection, connection transport between sea and land and door-to-door service.

The Group continually improved its collectivization operation management. In the respect of supply link, driven by the fast increasing demand of containers, the rapid rise in the price of raw materials especially hot-roll armor plate and the insufficient supply, the Group reinforced tracking and forecasting the macro economy and industry trends and adopted flexible management strategies. By promoting strategic co-operation with the main suppliers of raw materials, the Group exerted its overall resources advantages to ensure normal manufacture and operation and effectively control the purchase costs of raw material. Moreover, by means innovation of technology and management, the Group reinforced the control of production costs and various costs to steadily enhance the payoff. The Croup also improved the management system of product quality and adjusted its performance management from "cost control" to "operation performance improvement" with all-round attention.

In the aspect of technological innovation, the Group made some breakthroughs in pioneering the industry. It participated in formulating the standards on containers and special vehicles in the industry, nationally or internationally. It also had some achievements in technological research and development. For example, it made some breakthroughs in the Smart and Secure Container (SSC) technology and the development of new species for wooden floor of containers. In Jan. 2005, the Group completed the first commercial test of Tamper Evident Secure Container (TESC) with Safeguard Service Company, a subsidiary of General Electric Co., Ltd., which symbolized the successful experiment of a new container product that can swiftly receive security check, enhance the efficiency of supply link and save commercial costs. In the aspect of manufacturing technology, the Group continued to improve productivity while reducing labor intension. Shenzhen Special Vehicles Base was the first to adopt the standard production line in the domestically. In addition, the Group furthered the research of environment protection, energy saving, security and labor protection and have gained some obvious achievements. The Group gained preliminary achievements in the construction of information system. It ranked the top 500 enterprises 2004 by the CECA National Information Test Center and Internet Weekly.

3. Road Transport Vehicle Business

The modern road transport vehicle business mainly included manufacture, sales and maintenance of special vehicles besides semi-trail. The Group sold 37,926 vehicles of all sorts accumulatively in the whole year, an increase of 321.82% over the same period last year. It realized sales revenue amount of RMB 2.912 billion (of which 2.342 billion was listed in the consolidated scope of the Company's financial statements), an increase of 325.11% over the same period last year. Among them, Shenzhen CIMC Special Vehicle Co., Ltd., Yangzhou CIMC Tonghua Special Vehicle Co., Ltd. and Jinan CIMC Kogel Special Automobile Co., Ltd. realized sales amounts of RMB 396.434 million, RMB 849.45 million and RMB 203.532 million respectively. The Group sold 2,507 vehic les to Vanguard National Trailer Corporation in America, realizing sales amount of RMB 436,787 thousand, but it has not realized payoff. From Oct. 1, 2004, CIMC Huajun Vehicle Co., Ltd. was listed in the consolidated scope of the Company's financial statements and the sales income amounted to RMB 367,238 million. From Nov.11, 2004, Zhang Jiagang City Sanctum Chemical Machinery Co., Ltd was listed in the consolidated scope of the Company's financial statements and the sales income amounted to RMB 78.117 million.

The service frame has preliminarily completed. Ended Dec. 31, 2004, there were three product series: Logistic vehicle, tank equipment and construction engineer vehicle, including dry freight vans, refrigerated vans, tank trailer & other special vehicles, container chassis &platform and dump truck, container tank, tank truck (normal pressure), low-temperature storage tank, low-temperature tanker, cement-stirrer, trailer, special vehicle, mobile communication vehicle, etc., which can cover the regions of road logistics transportation. In Oct. 2004, CIMC Vehicle Group purchased 60% equity of Zhangjiagang Sanctum Chemical & Mechanism Co., Ltd. at RMB 42 million. Sanctum Chemical & Mechanism Co., Ltd. is a leader in the manufacturing technology of low-temperature liquid storage tanker and tank truck. The registered capital in 1997 was RMB 30 million. It mainly engaged in the design, manufacture and sales of low-temperature liquid storage tanker, tank truck, large normal pressure tanker, petrochemical equipment, storage tanker for liquid natural gas (LNG), tank truck, tank container, load fuel tank, L-CNG auto aeration stop and relevant technology service. These will make the Group further improve the production layout of main operations, diversify the series of vehicle product line, especially promote the manufacture and expansion of the storage tank for low-temperature liquid, low-temperature pressure tank truck and tank container. The production base layout basically took shape. Ended Dec. 31, 2004, the Group owned eight bases, namely, Shenzhen CIMC Special Vehicle Co., Ltd., Yangzhou CIMC Tonghua Special Vehicle Co., Ltd. Zhumadian CIMC Huajun Co., Ltd., Jinan CIMC Kogel Special Automobile Co., Ltd., Qingdao CIMC Special Vehicle Co., Ltd., Zhangjiagang Sanctum Chemical & Mechanism Co., Ltd., CIMC Baowei and the American base. They are situated in Yangtze River Delta, Zhujiang Delta, Central China, Bohai Bay and other regions where the economy develops rapidly.

The technology reform and construction expansion of the production base made some preliminary achievements. In Mar. 2004, Shenzhen CIMC Special Vehicle Co., Ltd. was completed and put into operation. CIMC American Company completed production line restructure. CIMC Tonghua Co., Ltd. finished the technological restructure of the tank truck production line. All of these quickly enhanced the Group's production capacity of road transport vehicles. Other factories of the Group also started new construction and technological restructure. In respect of manufacturing technology, the Group continued to enhance the productivity while reducing labor intension. Shenzhen Special Vehicle Base was the first to adopt the standard production line domestically.

The construction of marketing network and service system has started. Shanghai CIMC Commercial Auto Industry and CIMC Shanghai 4S Shop project have started operation. The Group sold 10,000 container semi-trailers in the North American market. Moreover, it has entered the Japanese market and gained batch orders of container trailers. The Group also innovated the ocean transportation means of semi-trailers to largely cut down the transportation cost, enhance the transportation efficiency and support the expansion of overseas market.

The Group has made material progress in collectivizing the operation of vehicle business. "CIMC Vehicle (Group) Co., Ltd" has been authorized by the Industrial and Commercial Department. The collectivization operation and notice sharing have been authorized by the State Development and Reform Commission. The Group has become the first experimental unit whose special vehicles can run collectively as per the uniform VIN code and the sequence number of catalogue. The group is gradually integrating the inside management such as technology, purchase and marketing in an effort to establish a resources sharing platform.

6.2 Statement of main business classified according to industry or product

Unit: RMB'000

Business	Revenue of 2004	Revenue of 2003
Containers	24,043,267	13,117,175
Trailers	2,322,996	58,665
Mechanical and electrical equipment	164,570	136,434
Property development	4,292	329,151
Timber logging	22,532	63,787
Total	**26,557,657**	**13,705,212**

Unit: RMB '000

Product	Sales income	Cost of sales	Gross profit (%)
Containers	24,043,267	19,955,912	17.00%

6.3 Particulars about main business classified according to region

Unit: RMB'000

Region	Revenue	Increase/decrease of revenue compared with the previous year (%)
USA	6,606,070	83.94
Europe	13,747,940	117.94
Asia	5,729,132	63.46
Other regions	474,515	57.72
Total	26,557,657	93.78

6.4 Particulars about the customers of purchase and sales

Unit: RMB'000

Total purchase amount of the top five suppliers	8,872,020	Proportion in the total purchase amount (%)	42.86%
Total sales amount of the top five sales customers	11,559,238	Proportion in the total sales amount (%)	43.51%

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

□Applicable √Non-applicable

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

□Applicable √Non-applicable

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

□Applicable √Non-applicable

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

□Applicable √Non-applicable

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

√Applicable □Non-applicable

Main financial position of the Company were as follows:

Unit: RMB'000

Item	2004	2003	Increase /decrease (%)	Main Reasons of changes
Total assets	**16,986,315**	10,258,356	65.59	The enlargement of operational scale
Long-term Liabilities	**825,188**	432,126	90.96%	The enlargement of operational scale and increase in capital demand
Total equity attributable to equity holders of the parent	**7,521,276**	5,295,653	42.03	The increase in net profit
Gross Profit	**4,396,273**	1,783,653	146.48%	The increase in sales of containers and price and gross profit
Net profit	**2,464,992**	694,051	255.16%	The increase in sales of containers and price and gross profit

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

√Applicable □Non-applicable

In 2004, the demand in global ship transportation market increased enormously, and the global container trading grew considerably. The international trade of China was booming. These exerted some influence on the Group's business: The demand for containers kept growing rapidly, and the container price rose sharply to the highest level in recent years. The orders, sales volume and profit increased tremendously.

6.10 Completion of the profit estimation

□Applicable √Non-applicable

6.11 Completion of the business plan

□Applicable √Non-applicable

6.12 Application of the raised funds proceeds

√Applicable □Non-applicable

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

Unit: RMB'000

<table>
<tr><td rowspan="2">Raised capital amount</td><td colspan="2" rowspan="2">1,770,900</td><td colspan="2">Raised capital amount that have been used in the report period</td><td colspan="2">189,373</td></tr>
<tr><td colspan="2">Accumulated amount of raised capital that have been used</td><td colspan="2">1,437,663</td></tr>
<tr><td>Committed projects</td><td>Planned investment</td><td>Whether it the project changed</td><td>Planned amount of investment in the period</td><td>Actual amount of investment of the period</td><td>Progress of completion</td><td>Amount of income</td></tr>
<tr><td>Transform of dry van container plant</td><td>329,060</td><td>No</td><td>32,9060</td><td>32,9060</td><td>100%</td><td>—</td></tr>
<tr><td>Improvement of the productivity of container for district purpose and container for special purpose</td><td>413,500</td><td>No</td><td>202,803.5</td><td>202,803.5</td><td>49%</td><td>74,628</td></tr>
<tr><td>Remolding for improving the productivity of the reefer container</td><td>221,060</td><td>No</td><td>182,060</td><td>182,060</td><td>82%</td><td>—</td></tr>
<tr><td>Tin Container</td><td>145,390</td><td>No</td><td>115,800</td><td>115,800</td><td>80%</td><td>26,721</td></tr>
<tr><td>Compartmental semi-Trailer</td><td>231,560</td><td>No</td><td>231,560</td><td>231,560</td><td>100%</td><td>46,985</td></tr>
<tr><td>Container chassis</td><td>190,210</td><td>No</td><td>155,860</td><td>155,860</td><td>82%</td><td>Not accrued yet</td></tr>
<tr><td>Compartmental semi-Trailer for the processing of overseas raw materials</td><td>240,120</td><td>No</td><td>220,519.5</td><td>220,519.5</td><td>92%</td><td>Not accrued yet</td></tr>
<tr><td>Total</td><td>1,770,900</td><td>—</td><td>1,437,663</td><td>1,437,663</td><td>81%</td><td>148,334</td></tr>
</table>

Ended the end of the report period, the raised capital amounting to RMB 333,237 million, which hasn't been put into use, would supplement the current fund temporarily.

6.13 Application of the proceeds not raised by issuing share

√Applicable ☐Non-applicable

Unit: RMB'000

Name of item	Amount of item	Progress of project	Profit of project
Additional investment to Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd..	33,390	Completed	23,470
Additional investment to Jinan CIMC - KOGEL Special Automobile Co., Ltd.	110,040	Completed	Not accrued yet
Setting up Innermongolia Holonbuir CIMC Wood Co., Ltd.	99,360	Completed	Not accrued yet
Setting up Qingdao CIMC Special Vehicles Co., Ltd.	35,000	Completed	Not accrued yet
Setting up Shanghai CIMC Vehicles Logistics Equipment Co., Ltd	78,400	Completed	Not accrued yet
Additional investment to Shenzhen Southern Zhongji Containers Manufacture Co., Ltd.	146,560	Completed	23,623
Total	502,750	—	—

These will make the Group further improve the production layout of main operations, diversify the series of vehicle product line.

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

☐Applicable √Non-applicable

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

√Applicable ☐Non-applicable

1. Development background and operation goal of the Company's business in 2005

1. Operation guideline of the Company in 2005

(1) In aspect of container business, the Group will make progress in the industry through systematic strategy, try to be practical in basic management, and strengthen technological and management innovation. It will also improve production base layout and production quality while expanding the service region. Besides, it will speed up the establishment of service operation platform and provide service of container yard. In this way, it will promote the sustainable, healthy and steady development of the industry.

(2) In aspect of road transport vehicles, the Group will be consistent in improving the production base layout to complete the technological reform and expansion of the operation base in existence. It will continue to expand and improve the production line, including the manufacture and sales of logistics vehicles, tank equipment and construction vehicles. It will also speed up the construction of marketing network and

service system.

(3) In aspect of other services, the Group will manage to continually expand the market by firstly controlling risks.

2. Operation measure of the Company's business in 2005

The overall operation guideline is: being down-to-earth and optimizing the inside of the Company to build systematic competitive edge and achieve sustainable growth.

The Group will bring its advantages in the container industry to full display, further tap the Group's operation potential, reinforce performance the management of performance, supply link, finance and capital as well as human resources, so as to improve the operating management. The Group will also better the product management system to enhance quality competitiveness and pioneer the health development of the industry. It will extend its industry link to build a network service system characteristic of "one-stop whole lifecycle". Moreover, the Group will establish itself as a responsible industry leader by further devoting efforts in environment protection, energy saving, security and labor protection pursuant to the sustainable development strategy.

Profit estimation of the New Year

□Applicable √Non-applicable

6.16 The preplan of profit distribution and capital public reserve

Audited by Shenzhen Pan-China Schinda Certified Public Accountants, in 2004, the Company realized net profit after tax and minority interests amounting to RMB **2,389,023,556.10**. Based on the Company's share capital amounting to 1,008,483,353 shares ended Dec. 31, 2004, an earnings per share is RMB **2.37**. The suggested preplan on profit and dividends distribution in 2004 is: according to the Articles of Association of the Company and current Accounting System, based on the net profit amounting to RMB **2,269,304,559.89** of the parent company in 2004, appropriating 10% of the net profit as statutory surplus reserve amounting to RMB **226,930,455.99**, appropriating 5% of the net profit as statutory public welfare fund amounting to RMB **113,465,227.99**, plus the undistributed profit at the year-begin amounting to RMB 254,850,554.60, the total profit available for distribution to the shareholders in 2004 was RMB **2,243,584,455.96**. Based on the total share capital of the Company amounting to 1,008,483,353 shares ended Dec. 31, 2004, distributing cash dividends at the rate of RMB **5.00** (tax included) for every 10 shares, which total dividends amounts to RMB **504,241,676.50**. After the distribution, RMB 1,474,533,737.22 is appropriated as discretionary capital reserves.

Preplan on conversion of public reserve into share capital: suggest converting public reserve into share capital at the rate of 10 shares for every 10 shares. After the conversion, the total share capital of the Company increases from 1,008,483,353 shares to **2,016,966,706** shares.

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

7. Significant Events

7.1 Purchase of assets

☐Applicable √ Non-applicable

Unit: RMB'000

The other party of transaction	Assets of acquisition	Date of acquisition	Price of transaction	Net profit contributed to the Company from date of acquisition to the end of report period	Related transaction or not	The pricing rules	Complete Implementation or not
18 natural person shareholders including Guo Yonghua, Zhang Yungen and Zhang Guoqing etc..	51% share equity of Huajun Vehicles	Oct.1, 2004	100,000	20,000	Not	Net assets of Huajun Vehicles	Complete
Xinjiang Guanghui Industry Investment (Group) Ltd	60% equity of Zhang Jiagang City Sanctum Chemical Machinery Co., Ltd.	Nov.1, 2004	42,000	5,000	Not	the price of equity of Sanctum based on the net assets audited and considering the premium in a certain margin.	Complete

7.2 Sales of assets

☐Applicable √Non-applicable

7.3 Important guarantee

☐Applicable √ Non-applicable

7.4 Related credits and liabilities transaction

☐Applicable √ Non-applicable

7.5 Entrusted assets

☐ Applicable √ Non-applicable

7.6 Implementation of commitment items

☐Applicable √Non-applicable

7.7 Significant lawsuit and arbitration

☐ Applicable √ Non-applicable

7.8 Particulars about the performance of Independent Directors

7.8.1 Particulars about independent directors' presenting the Board meeting:

Name of independent directors	Times that should be attend the Board meeting	Times of personal presence	Times of commission presence	Times of absence
Xiao Zhuoji	11	11	0	0
Zhang Limin	11	11	0	0
Han Xiaojing	11	10	1	0

In the report period, 3 independent directors of the Company did not propose the objection on all proposals and other issues of the Company examined at the Board meetings, and they conducted seriously check on significant events, which need independent opinion presented by the Independent Directors, and presented written independent director opinion letter.

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

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

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

The Company provided guarantee for Xinhui CIMC Container Flooring Co., Ltd.. The Company has 40% equity capital of Xinhui CIMC Container Flooring Co., Ltd.. but the Company contracted and operated it through the Company's wholly-owned subsidiary-China International Marine Container (HK) Co., Ltd.. In the contact period from Jan. 1, 2001 to Dec. 31, 2005, China International Marine Container (HK) Co., Ltd. wholly manages the affairs of Xinhui CIMC Container Flooring Co., Ltd. such as operation, operation, financing and personal and etc., so it has actual control right. Ended at Dec. 31, 2004, the total guarantee provided for Xinhui CIMC by the

Company was RMB 0, and contingent liabilities caused by guarantee that the Company provided for Xinhui CIMC Container Flooring Co., Ltd. was RMB 0.

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

Ended Dec. 31, 2004, the balance of contingent liabilities caused by guarantee the Company provided for its subsidiaries was RMB 983 million; (including the above guarantee amount for Xinhui CIMC Container Co., Ltd.), taking by 13.16% of net assets at the end of 2004 amounting to RMB 7471million.

7.8.2(2). Independent opinions

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

8.Report of the Supervisory Committee

(Omitted)

9. Financial Report

9.1 Auditor's Opinion

KPMG Certified Public Accountants audited 2004 Financial Report of the Company, and issued unqualified Auditor's Report.

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

Consolidated income statement

for the year ended 31 December 2004

	Note	*2004* RMB'000	*2003* RMB'000
Revenue		26,557,657	13,705,212
Cost of sales		(22,161,384)	(11,921,559)
Gross profit		4,396,273	1,783,653
Other operating income		272,529	141,126
Distribution expenses		(427,604)	(342,007)
Administrative expenses		(1,072,874)	(496,964)
Other operating expenses		(309,861)	(180,432)
Net operating profit before net financing costs		2,858,463	905,376
Financial income		33,851	36,745
Financial expenses		(70,639)	(62,038)
Net financing costs		(36,788)	(25,293)
Share of the profit of associates		25,534	8,747
Profit before tax		2,847,209	888,830
Income tax expense		(277,105)	(111,361)
Profit for the year		2,570,104	777,469
		=========	=========
Attributable to:			
Equity holders of the parent		2,464,992	694,051
Minority interests		105,112	83,418
Profit for the year		2,570,104	777,469
		=========	=========
Basic earnings per share (RMB Yuan)		2.44	0.77
		===	===

Consolidated statement of recognised income and expense for the year ended 31 December 2004

	Note	*2004* RMB'000	*2003* RMB'000
Revaluation reserve realised on dissolution of subsidiaries		(4,571)	-
Exchange reserve realised on dissolution of subsidiaries		4,717	-
Net income recognised directly in equity		146	-
Profit for the year		2,570,104	777,469
Total recognised income and expense for the year		2,570,250	777,469
Attribute to:			
Equity holders of the parent		2,465,138	694,051
Minority interests		105,112	83,418
		2,570,250	777,469

Consolidated balance sheet

for the year ended 31 December 2004

	Note	*2004*	*2003*
		RMB’000	RMB’000
Assets			
Property, plant and equipment		3,103,926	2,248,866
Lease prepayments - non-current portion		486,007	251,434
Construction in progress		446,778	172,435
Timber concession rights		81,237	175,129
Intangible assets		90,867	9,243
Interests in associates		94,248	57,555
Investments in equity securities		271,907	274,260
Long-term receivables		92,503	45,005
Prepayment for investments		4,471	193,008
Deferred tax assets		52,373	20,205
Total non-current assets		4,724,317	3,447,140
Lease prepayments - current portion		13,460	9,572
Investments in equity securities		140,081	168,775
Properties under development		92,934	62,162
Completed properties for sale		55,693	61,074
Inventories		4,438,417	1,350,628
Trade and other receivables		6,038,248	4,452,401
Cash and cash equivalents		1,483,165	706,604
Total current assets		12,261,998	6,811,216
Total assets		16,986,315	10,258,356

Consolidated balance sheet

as at 31 December 2004 (continued)

	Note	*2004* RMB'000	*2003* RMB'000
Equity			
Share capital		1,008,483	630,302
Reserves		6,512,793	4,665,351
Total equity attributable to equity holders of the parent		7,521,276	5,295,653
Minority interests		854,499	659,804
Total equity		8,375,775	5,955,457
Liabilities			
Interest-bearing bank loans		822,728	422,084
Total non-current liability		822,728	422,084
Interest-bearing bank loans		1,692,529	512,326
Non interest-bearing bank loan		-	29,670
Trade and other payables		5,343,023	2,906,130
Provisions		552,150	383,846
Taxation		200,110	48,843
Total current liabilities		7,787,812	3,880,815
Total liabilities		8,610,540	4,302,899
Total equity and liabilities		16,986,315	10,258,356

Consolidated cash flow statement

for the year ended 31 December 2004

	2004	*2003*
	RMB'000	RMB'000
Operating activities		
Profit for the year	2,570,104	777,469
Adjustments for:		
Depreciation	226,714	168,136
Impairment losses of property, plant and equipment	76,505	39,248
Net amortisation of goodwill / negative goodwill	9,155	18,956
Gain on recognition of negative goodwill	(4,776)	-
Amortisation of other intangible assets	1,733	4,455
Amortisation of negative goodwill in an associate	(255)	(255)
Loss on sale of property, plant and equipment	9,274	21,282
Interest income	(14,457)	(19,007)
Interest expenses	56,820	45,406
Gain on disposal of listed equity securities	(18,527)	(7,990)
Impairment losses of unlisted equity securities	3,694	21,805
Amortisation of timber concession rights	3,205	7,967
Impairment losses of prepayment for investments	6,044	-
Impairment losses of timber concession rights	90,687	45,871
Dividend income	(13,377)	(8,705)
Income from associates	(25,534)	(8,747)
Income tax expenses	277,105	111,361
Operating profit before changes in working capital and provisions	3,254,114	1,217,252
Increase in lease prepayments	(161,075)	(61,255)
(Increase) / decrease in long-term receivables	(47,498)	41,616
Increase in trade and other receivables	(659,931)	(951,811)
Increase in inventories	(2,682,299)	(184,745)
Increase in trade and other payables	1,650,927	533,745
Increase in provisions	168,304	10,412
(Increase) / decrease in properties under development	(30,772)	88,270
Decrease in completed properties for sale	5,381	10,953
Cash generated from the operations	1,497,151	704,437
PRC income tax paid	(181,955)	(89,315)
Cash flows from operating activities	1,315,196	615,122

Consolidated cash flow statement

for the year ended 31 December 2004 (continued)

	Note	*2004* RMB'000	*2003* RMB'000
Investing activities			
Interest received		17,307	15,590
Payment for property, plant and equipment		(175,073)	(70,674)
Payment for construction in progress		(903,252)	(767,783)
Payment for acquisition of equity securities		(291,694)	(300,948)
Payment for acquisition of associates		(13,816)	(13,500)
Prepayment for investments		(7,640)	(186,259)
Payment for acquisition of minority shareholdings		(1,998)	(102,425)
Loan to an associate		-	(13,500)
Repayment of loan to an associate		-	108,697
Payment for acquisition of subsidiaries, net of cash acquired	4	(109,745)	(76,857)
Payment for dissolution of subsidiaries, net of cash disposed of		(13,973)	-
Dividend received		13,486	16,878
Proceeds from sales of property, plant and equipment		2,599	14,972
Proceeds from dissolution of an associate		-	477,592
Proceeds from disposal of partial interest in subsidiary		1,739	5,982
Proceeds from sales of equity securities		353,606	156,899
Repayment of advance to minority interests		17,486	14,460
Advance to minority shareholders		(2,405)	(8,000)
Cash flows from investing activities		(1,113,373)	(728,876)

Consolidated cash flow statement

for the year ended 31 December 2004 (continued)

	Note	*2004* RMB'000	*2003* RMB'000
Financing activities			
Interest paid		(54,640)	(55,338)
Proceeds from bank loans	33	12,232,448	12,210,004
Repayment of bank loans	33	(10,892,959)	(13,437,263)
Repayment of advances from Receivables Framework Agreement	23	(414,000)	-
Proceeds from Receivables Framework Agreement	23	-	55,943
Net proceeds from issuance of shares		-	1,751,105
Capital injection from minority shareholders		24,856	22,432
Dividends paid	10	(239,515)	-
Dividends paid to minority shareholders		(81,452)	(108,462)
Cash flows from financing activities		574,738	438,421
Net increase in cash and cash equivalents		776,561	324,667
Cash and cash equivalents at 1 January		706,604	381,937
Cash and cash equivalents at 31 December	24	1,483,165	706,604

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

☐ Applicable √ Non-applicable

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

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

Name	Date to be brought into the consolidation scope	Registered capital	Equity held	Main Business	Type
Shenzhen CIMC Special Vehicle Co., Ltd.	2004.5.17	RMB60,000,000	100%	Manufacture of trailers	Limited Company
Shenzhen CIMC Vehicle Sales Company Ltd.	2004.5.28	RMB3,000,000	100%	Sales of trailers	Limited Company
Qingdao CIMC Special Reefer Co., Ltd.	2004.5.31	US$11,500,000	93.85%	Manufacture of containers	Limited Company
Qingdao CIMC Special Vehicles Co., Ltd.	2004.11.01	RMB35,000,000	100%	Manufacture of trailers	Limited Company
Innermongolia Holonbuir CIMC Wood Co., Ltd.	2004.8.24	US$12,000,000	100%	Further processing of timber	Limited Company
Shanghai Meiyang Real Estate Co., Ltd.	2004.11.22	RMB9,000,000	100%	Property development	Limited Company
Jinan CIMC - KOGEL Special Automobile Co., Ltd. (note)	2004.1.1	USD 13,730,100	71.78%	Manufacture of trailers	Limited Company
Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	2004.1.1	RMB67,390,000	75.53%	Manufacture of trailers	Limited Company
Zhangzhou CIMC Container Co., Ltd.	2004.1.1	US$12,000,000	100%	Manufacture of containers	Limited Company
Zhumadian CIMC Huajun Vehicle Co., Ltd.	2004.10.01	RMB105,340,000	51%	Manufacture of trailers	Limited Company
Zhangjiagang CIMC Sanctum Machinery Co., Ltd.	2004.11.01	RMB30,000,000	91%	Manufacture of trailers	Limited Company
CIMC Vehicle Investment Holdings Co., Ltd.	2004.11.01	US$1	100%	Investment holding	Limited Company
Clive-Smith Cowley Ltd.	2004.3.01	GBP100	60%	Design, manufacture and sales of tanks and related equipmen	Limited Company