Stock Code: 000039, 200039; Short Form of the Stock: G CIMC,CIMC-B; No.: CIMC2006-033

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

SUMMARY OF INTERIM REPORT 2006

§1. Important Notice

1.1 The Board of Directors, the Supervisory Committee and directors, supervisors as well as senior management of China International Marine Containers (Group) Co., Ltd. (hereinafter referred to as the Company) individually and collectively accepts responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions nor errors which would render any statement misleading. The summary of interim report 2006 is abstracted from full text of the interim report, which is published on the Internet website http://www.cninfo.com.cn in the mean time. The investors are suggested to read the full text of interim report 2006 to understand more details.

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

1.3 Name list of absent directors from the meeting

Name of absent director	Reason of absence	Name of assignee
Zhang Limin	Business	*Han Xiaojing*

1.4 The interim financial report of the Company has not been audited.

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

§2. Company Profile

2.1 Basic information

Short form of the stock	G CIMC, CIMC-B	
Stock code	000039, 200039	
Listed stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board	**Securities Affairs Representative**
Name	*Yu Yuqun*	*Wang Xinjiu*
Contact address	R&D Center of CIMC, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong Province, P.R.C	R&D Center of CIMC, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong Province, P.R.C
Telephone	(86) 755-2669 1130	(86) 755-2680 2706

Fax	(86) 755-2682 6579	(86) 755-2681 3950
E-mail	shareholder@cimc.com	shareholder@cimc.com

2.2 Major financial data and indexes

2.2.1 Major accounting data and financial indexes

Unit: RMB'*000*

Items	**At the end of this report period**	**At the end of the last year**	**Increase/decrease at the end of this report period compared with the end of the last year（％）**
Current Assets	**16,701,541**	11,108,089	50.35
Current Liabilities	**11,570,776**	6,073,847	90.50
Gross Assets	**22,867,202**	17,020,469	34.35
Total equity attributable to equity shareholders of the Company	**10,072,646**	9,613,787	4.77
Net asset per share (RMB *yuan*)	**4.54**	4.77	-4.75
Items	**In this report period (Jan. to Jun. 2006)**	**At the same period of the last year**	**Increase/decrease in this report period compared with the same period of the last year (%)**
Net profit	**1,328,339**	2,051,852	-35.26
Earnings per share (note)	**0.60**	0.92	-35.26
Return on equity (%)	**13.19%**	21.34%	8.16
Net cash generated from operating activities	**277,049**	782,191	-64.58

Note: Earnings per share was calculated based on new share capital if the Company's share capital from the end of report period to disclosure date of this report had been changed.

2.2.2 Items of non-recurring gains and losses

√ Applicable ☐Inapplicable

Unit: RMB *Yuan*

Items of non-recurring gains and losses	Amounts
Gains from disposal of long-term equity investment, fixed assets, project in construction, intangible assets and other long-term assets (less: losses)	-2,949,458.61
Income from government subsidy	158,007,023.39
Gains/losses arising from short-term investment (less: losses)	109,637,022.01
Non-operating income	2,239,912.72
Non-operating expense	-2,792,210.29
Reserve for bad debts written back	2,325,803.19
Reserve for falling price of short-term investment written back	551,387.29
Reserve for falling price of inventories written back	253,221,392.77

Add: Impact on income tax after deducting non-recurring gains and losses	47,946,915.38
Add: Impact on minority interests	78,116,603.62
Total	646,304,391.47

2.3.3 Difference between CAS and IFRSs

√ Applicable ☐Inapplicable

Reconciliation of the Group's profit and total equity attributable to equity shareholders of the Company prepared under International Financial Reporting Standards ("IFRSs") and the PRC Accounting Rules and Regulations:

		Profit attributable to equity shareholders of the Company for the period ended 30 June 2006	*Total equity attributable to equity shareholders of the Company at 30 June 2006*
		RMB'000	RMB'000
Prepared under the PRC Accounting Rules and regulations		1,350,673	9,950,862
Adjustments to align with IFRSs:			
(i)	Adjustment to minority interests	368	8,427
(ii)	Adjustment to deferred tax assets	(23,307)	61,832
(iii)	Adjustment to goodwill and negative goodwill	(43,926)	(66,231)
(iv)	Adjustment to interest capitalisation	176	24,972
(v)	Adjustment to trading securities	38,999	76,749
(vi)	Others	5,356	16,035
Prepared under IFRSs		1,328,339	10,072,646

§3. Changes in Share Capital and Particulars about Shares held by Main Shareholders

3.1 Statement of change in shares

√ Applicable ☐Inapplicable

Unit: share

Type of shares	Before the change	Increase/decrease in this time (+, -)	After the change

	Number of shares	Proportion (%)	Issuance of new shares	Bonus shares	Capitalization of public reserve	Other	Subtotal	Number of shares	Proportion (%)
I. Shares subject to moratorium	328,027,536	16.26%	0	0	32,802,753	0	32,802,753	360,830,289	16.26%
1. Shares held by the State	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal persons	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	624,624	0.03%	0	0	62,462	0	62,462	687,086	0.03%
Among which:									
Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	624,624	0.03%	0	0	62,462	0	62,462	687,086	0.03%
4. Shares held by foreign investors	327,402,912	16.23%	0	0	32,740,291	0	32,740,291	360,143,203	16.23%
Among which:									
Shares held by overseas legal persons	327,402,912	16.23%	0	0	32,740,291	0	32,740,291	360,143,203	16.23%
Shares held by overseas natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares not subject to moratorium	1,688,939,170	83.74%	0	0	168,893,917	0	168,893,917	1,857,833,087	83.74%
1. RMB ordinary shares	605,241,814	30.01%	0	0	60,524,182	0	60,524,182	665,765,996	30.01%
2. Domestically listed foreign shares	1,083,697,356	53.73%	0	0	108,369,735	0	108,369,735	1,192,067,091	53.73%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	2,016,966,706	100.00%	0	0	201,696,670	0	201,696,670	2,218,663,376	100.00%

Number of shares held by the top ten shareholders subject to moratorium and trading moratorium

Unit: share

No.	Name of shareholders subject to moratorium	Number of holding shares subject to moratorium	Date of listing for trade	Number of additional shares could list for trade	Trading moratorium
1	COSCO Container Industries Ltd.	360,143,203	May 24, 2007	110,933,168	COSCO Container Industries Limited undertook: Within 12 months since the first trading day after the share merger reform plan was implemented, COSCO Container Industries Limited would not sell or transfer original nontradable shares held by it through listing and trading in Shenzhen Stock Exchange in line with the relevant regulations. In accordance with the relevant regulations, COSCO Container Industries Limited would sell original nontradable shares held by it through listing and trading in Shenzhen Stock Exchange after expiration of the aforesaid commitment, but proportion of number of shares could be sold in total shares of CIMC shall not exceed 5 percent within 12 months, as well as not exceed 10 percent with 24 months.
			May 24, 2008	221,866,337	
			May 24, 2009	360,143,203	
2	Mai Boliang	374,774		374,774	Shares held by senior management
3	Li Ruiting	249,850		249,850	Shares held by senior management

3.2 Particulars about shares held by the top ten shareholders and the top ten shareholders not subject to moratorium

Unit: share

Total shareholders at the end of report period			76,952		
Particulars about shares held by the top ten shareholders					
Name of Shareholder	**Nature of shareholders**	**Proportion (%)**	**Total number of shares held (share)**	**Number of holding shares subject to moratorium**	**Number of shares pledged or frozen**
COSCO CONTAINER INDUSTRIES LIMITED	Foreign shareholder	16.23%	327,402,912	327,402,912	0
CHINA MERCHANTS (CIMC) INVESTMENT LTD.	Foreign shareholder	16.23%	327,402,912	0	0

CHINA MERCHANTS (CIMC) HOLDINGS LTD.	Foreign shareholder	6.52%	131,547,830	0	0
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign shareholder	1.79%	36,009,932	0	NA
PROFIT CROWN ASSETS LIMITED	Foreign shareholder	1.66%	33,508,869	0	NA
HTHK-TARGET ASIA FUND LIMITED	Foreign shareholder	1.33%	26,786,593	0	NA
GALAXY－CHARTER-CITIGROUP GLOBAL MARKETS LIMITED	Other	0.99%	19,971,205	0	NA
INDUSTRIAL AND COMMERCIAL BANK OF CHINA －Southern Security Value-adding Foundation	Other	0.99%	19,896,020	0	NA
LONG HONOUR INVESTMENTS LIMITED	Foreign shareholder	0.95%	19,183,414	0	0
DRAGON BILLION GREATER CHINA MASTER FUND	Foreign shareholder	0.90%	18,175,386	0	NA

Particulars about shares held by the top ten shareholders not subject to moratorium

Name of shareholders	Number of holding shares not subject to moratorium	Type
1. GALAXY－CHARTER-CITIGROUP GLOBAL MARKETS LIMITED	19,971,205	RMB ordinary shares
2. INDUSTRIAL AND COMMERCIAL BANK OF CHINA－Southern Security Value-adding Foundation	19,896,020	RMB ordinary shares
3. BANK OF COMMUNICATIONS - KERUI SECURITIES INVESTMENT FUND	14,687,698	RMB ordinary shares
4. BANK OF COMMUNICATIONS - KEHUI SECURITIES INVESTMENT FUND	9,430,000	RMB ordinary shares
5. INDUSTRIAL AND COMMERCIAL BANK OF CHINA－E FUND VALUE WELL-CHOSEN STOCK SECURITIES INVESTMENT FUND	9,159,618	RMB ordinary shares
6. BANK OF CHINA – CHINA RETURN SECURITIES INVESTMENT FUND	7,566,969	RMB ordinary shares
7. NATIONAL SOCIAL INSURANCE FUND 109	6,775,316	RMB ordinary shares
8. JIUJIA SECURITIES INVESTMENT FUND	6,138,422	RMB ordinary shares
9. YULONG SECURITIES INVESTMENT FUND	6,049,815	RMB ordinary shares
10. BANK OF CHINA – E FUND SSE 100ETF	5,578,117	RMB ordinary shares
B-share		
1. CHINA MERCHANTS (CIMC) INVESTMENT LTD.	327,402,912	Domestically listed foreign shares
2. CHINA MERCHANTS (CIMC) HOLDINGS LTD.	131,547,830	Domestically listed foreign shares

3. BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	36,009,932	Domestically listed foreign shares
4. PROFIT CROWN ASSETS LIMITED	33,508,869	Domestically listed foreign shares
5. HTHK-TARGET ASIA FUND LIMITED	26,786,593	Domestically listed foreign shares
6. LONG HONOUR INVESTMENTS LIMITED	19,183,414	Domestically listed foreign shares
7. DRAGON BILLION GREATER CHINA MASTER FUND	18,175,386	Domestically listed foreign shares
8. TOYO SECURITIES ASIA LIMITED-A/C CLIENT	16,153,277	Domestically listed foreign shares
9. CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	15,289,705	Domestically listed foreign shares
10.HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C	13,353,764	Domestically listed foreign shares
Explanation on associated relationship among the top ten shareholders or acting-in-concert	Among the top ten shareholder of A-share: KERUI SECURITIES INVESTMENT FUND, KEHUI SECURITIES INVESTMENT FUND are two closed-end funds under E Fund Management Co., Ltd.; while E FUND VALUE WELL-CHOSEN STOCK SECURITIES INVESTMENT FUND and E FUND SSE 100ETF are two open-end funds under E Fund Management Co., Ltd.. Among the top ten shareholders of B-share: The 1st and 2nd shareholders are regarded as related and act-in-concert parties. Both of China Merchants (CIMC) Investment Ltd. and China Merchants (CIMC) Holdings Ltd. are the entire subsidiaries of China Merchants International Ltd.. Neither of the two shareholders is acting-in-concert with any other shareholders in the list as described by Administrative Rules on Information Disclosure about Changing of Shareholding Status. It is unknown whether there is any relationship among other tradable shareholders, or whether there is any action-in-concert among them as described by Administrative Rules on Information Disclosure about Changing of Shareholding Status.	

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

☐Applicable √ Inapplicable

§4. Particulars about Directors, Supervisors and Senior Management

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

√ Applicable ☐Inapplicable

Name	Office title	Number of holding shares at the period-begin	Number of holding shares at the period-end	Reason for change
Mai Boliang	President	374,774	412,251	Implementation of plan on converting capital reserve into share capital

				at the rate of 1 share for every 10 shares.
Li Ruiting	Vice-president	249,850	274,835	Implementation of plan on converting capital reserve into share capital at the rate of 1 share for every 10 shares.

§5. Discussion and Analyses of the Management Team

(I) Discussion and analyses on the financial report and important events

1. Analyses on the business achievement and financial data

During the upper half year, global economy has maintained a good development momentum, and China's economy continued to develop smoothly at a high level. In the upper half year, the import and export of our country totaled USD 795.7 billion, up by 23.4% year-on-year, while the export increased by 25.2%. Boosted by foreign trade, the throughput of foreign-trade commodities accomplished by ports nationwide amounted to 757 million tons, up by 14.9% year-on-year, while the throughput of containers totaled 42.12 million TEU, up by 22.4%. During the past two years, the utilization ratio of the containers remained at a high level, leading to the increasingly urgent need for replacement of old containers. Apart from this, due to port throughput limitations in Europe, west coast of America, part of Asia and other regions, there has been this congestion at ports in many regions worldwide since 2004, which can hardly improve in a short run. This has also become one of the favorable factors for the demand increase of containers. After the slump during the second half of last year, demand in the container market began to get released in the second quarter and entered into the peak season. Due to limited supply of raw materials like steel and wooden floors, etc, there began to show signs of lack of efficient capacity in the container industry. Steel price also rose fast, resulting in the corresponding rise of container prices.

As indicated by the data of the industry of the upper half year 2006, domestic heavy truck market has put an end to an adjustment period lasting over one year, and, driven by domestic-demand factors including investment in fixed assets, etc, has started a new period of growth. Demand in domestic market of road transportation vehicles has also rebounded by large margins accordingly. In the meantime, the Group has continued to make breakthroughs in the development of overseas market. As a result, orders of the vehicle industry from both domestic and overseas vehicle market have increased by large margins, and factories have generally run by double shifts. The profit of the vehicle industry made during the upper half year has increased by several times as well.

Since the output, sales volume and price of containers were still at a low level in the first quarter this year, while in the upper half year 2005 the container industry was marvelously good, with high income from main operations and net profit, the income from main operations, the profit from main operations and the net profit made by the

Company in the first half year 2006 have showed some signs of decrease.
Since the main operations has fully entered the peak season in the second quarter, resulting in the large quantity of raw material purchase, rise of accounts receivable and increase of occupied capital, the net cash flow arising out of operating activities has dropped by 64.58% year-on-year.
The general assets-liability ratio of the upper half year was 52.50%, while the liability/right ratio was 119.18%. The assets-liability structure of the Company continued to stay at a healthy level.

Unit: RMB*'000*

Item	Amount of the report period	Amount of the same period last year	Increase or decrease ratio (%)
Income from main operations	14,578,921	18,038,919	-19.18%
Profit from main operations	1,998,935	3,215,346	-37.83%
Net profit	1,328,339	2,051,852	-35.26%
Net cash generated from operating activities	277,049	782,191	-64.58%
Net increase in cash and cash equivalents	3,762,776	1,876,973	100.47%

2. Discussion and analyses on important events

(1) On the trend of steel price changes
The special steel used in the container manufacture is mainly the weather-proof steel (a special kind of alloy steel, with high strength and the character of being able to stand the corroding of atmosphere and the ocean) of latten and the hot-rolled medium plate, also named as Corten steel plate. Influenced by the macro-control policies, steel price in domestic market slumped in the second half of 2005. However, after hitting the bottom of the business cycle, steel price began to rebound at the end of the 1st quarter of 2006. Price of Corten steel also rose really fast, climbing from more than USD 400 per ton at the beginning of the year to the price of USD 600 per ton as at the end of the 2nd quarter. Due to the different demand and cost of iron ores at low and high seasons, the price of container-use Corten steel, especially from last year till now, has suffered considerable fluctuations, directly influencing the price of the dry containers as well as profitability.
(2) On the capacity increase in the container industry
In 2005, new capital from both the inside and outside the industry began to invest in the manufacture of dry containers, resulting in an increasingly fast capacity expansion. At the beginning of 2006, market demand and shortage of steel material limited the release of new capacity. Therefore, it is estimated that the newly increased capacity in the industry in 2006 would fall behind expectations. However, the newly increased capacity of dry containers might be centralized in the future, which would add to the competition pressure to a certain extent in the industry.
(3) Influence of the macro economy, policies and regulations upon the domestic road

transportation market

The macro economy, infrastructure construction and changes in law execution on the road, credit policies as well as regulation standards, these are the main causes leading to the fluctuations in the road transportation vehicle market.

It is estimated that no significant change would occur in the macro economic environment during the second half year. The State has issued a series of policies and regulations to standardize behaviors of and promote the healthy development of the transportation market. In March 2006, the Ministry of Communications issued the Guidance on Trial Charging According to Weight on Toll Road, which would lower the charge standards for large-size freight wagon and increase the charge standards for the part overweight, which would lead to the cost rise for freight wagons to run overweight. All these have displayed the State’s policy of encouraging the development of recommended vehicle types and the large multiple-axes vehicles, and will effectively eliminate the interest drives from running overweight and breaking limitations. As the execution of the provisions like the overweight limiting and charging according to weight, etc gets stricter and oil prices continue to rise, cost of road freight transportation will also rise incessantly and users will pay more and more attention to the economic indexes of the vehicles, including energy saving, environment protecting and weight lightening, etc. Besides, fast development of China’s foreign trade has wakened the tractor market. All the aforesaid advantageous elements will surely promote the development of the heavy tuck and road transportation vehicles market.

As indicated by the data from the Ministry of Communications, the road freight transportation volume and the freight turnover volume accomplished by the whole society took up 72.35% and 10.95% respectively of those of the entire comprehensive transportation system in 2005, and the total volume of road freight transportation had increased by 6.7% compared with the last year. This shows that both the road freight transportation volume and the freight turnover volume have been increasing, and the market of road transportation vehicles has a rather promising future. Furthermore, demand for road transportation vehicles in overseas markets, such as Europe and America, etc, is still booming.

5.1 Main operations classified according to industry and products

Unit: RMB*’000*

Main business classified according to industry						
Industry or product	**Income from main operations**	**Cost of main operations**	**Profit ratio of main operations (%)**	**Increase or decrease of the income from main operations compared with the same period of last year (%)**	**Increase or decrease of the cost of main operations compared with the same period of last year (%)**	**Increase or decrease of the gross margin compared with the same period of last year (%)**
Manufacture of containers and metal	11,392,500	10,032,507	11.94	-28.51	-20.45%	-8.67%

packages						
Manufacture of other transportation equipment	3,199,744.00	2,675,003.00	16.40	51.36	48.02%	3.59%
Other industry	49,548	33,658	32.07	2765.7	—	—
Main business classified according to products						
Containers	11,392,500	10,032,507	11.94	-28.51	-20.45%	-8.67%
Road transportation vehicles	3,154,054	2,645,106	15.53	52.44	48.02%	3.59%
Ground equipment for airports	45,690	29,897	34.76	1.60	29.73%	-11.51%

5.2 Main operations classified according to regions

Unit: RMB*'000*

Region	Income from main operations	Increase or decrease of income from main operations year-on-year (%)
American regions	4,150,326	-1.39%
European regions	4,502,948	-22.17%
Asian regions	5,835,008	-25.45%
Other regions	90,639	-58.41%
Total	14,578,921	-19.18%

5.3 Other operations that exert great influence upon the net profit

☐Applicable √ Inapplicable

5.4 Operation of shareholding companies

☐Applicable √ Inapplicable

5.5 Should there be any significant changes in the main operations and their structure compared with those of the last year, explain the reasons.

☐Applicable √ Inapplicable

5.6 Should there be any significant changes in the profitability (gross profit ratio) of main operations compared with the last year, explain the reasons.

√ Applicable ☐Inapplicable

Since the output, sales volume and price of containers were still at a low level in the first quarter 2006, while in the upper half year 2005 the container industry was marvelously good, with high income from main operations and net profit, the income from main operations, the profit from main operations and the net profit made by the Company during the first half year 2006 have showed some signs of decrease.

5.7 Should there be any significant changes in the breakdown of profit compared with that of last year, analyze the reasons.
☐Applicable √Inapplicable

5.8 Use of raised proceeds

5.8.1 Use of raised proceeds
√Applicable ☐Inapplicable

Unit: RMB*’000*

<table>
<tr><td rowspan="2">Total amount of raised proceeds</td><td rowspan="2" colspan="2">1,770,900</td><td colspan="2">Total amount of raised proceeds used during the report period</td><td colspan="2">3,999</td></tr>
<tr><td colspan="2">Accumulated amount of raised proceeds used</td><td colspan="2">1,604,849</td></tr>
<tr><th>Promised project</th><th>Amount planned to invest into the project</th><th>Project changed or not</th><th>Actual amount invested into the project</th><th>Gains generated</th><th>In accordance with the planned progress or not</th><th>In accordance with the estimated gains or not</th></tr>
<tr><td>Transformation of the dry container factory</td><td>32,9,060</td><td>No</td><td>329,060</td><td>—</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Capacity expansion of regional containers and special-use containers</td><td>413,500</td><td>No</td><td>305,907</td><td>45,277</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Transformation for production expansion of reefer containers</td><td>221,060</td><td>No</td><td>182,060</td><td>21,939</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Tank containers</td><td>145,390</td><td>No</td><td>145,390</td><td>—</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Semi-trailer van</td><td>231,560</td><td>No</td><td>231,560</td><td>—</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Container chassis</td><td>190,210</td><td>No</td><td>190,210</td><td>—</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Semi-trailer van with overseas raw materials processed</td><td>240,120</td><td>No</td><td>220,662</td><td>5,491</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Total</td><td>1,770,900</td><td>-</td><td>1,604,849</td><td>72,707</td><td>-</td><td>-</td></tr>
<tr><td>Explanation on failing to catch up with the planned progress or get the expected gains (with details down to each project)</td><td colspan="6">None</td></tr>
<tr><td>Explanation on the project changes and procedure of changes (with details down to each project)</td><td colspan="6">None</td></tr>
</table>

5.8.2 Particulars about the changed project

□Applicable √ Inapplicable

5.9 Modification to the business plan for the second half year drafted by the Board of Directors

□Applicable √ Inapplicable

5.10 Warning and explanation on the accumulated net profit made from the beginning of the year to the end of the next report period to be loss probably or to have significant changes compared with the same period of last year

□Applicable √ Inapplicable

5.11 Explanation given by the management team of the Company on the "qualified opinions" of the Certified Public Accountants for the report period

□Applicable √ Inapplicable

5.12 Explanation by the management team of the Company on development of the issues involved in the "qualified opinions" of the Certified Public Accountants for the last report period as well as on the handling of the issues

□Applicable √ Inapplicable

§6. Important Events

6.1 Purchase, sales and reorganization of assets

6.1.1 Purchase of assets or assets bought-in

□Applicable √ Inapplicable

6.1.2 Sales of assets or assets sold

□Applicable √ Inapplicable

6.1.3 Progress of these events after the publication of the Assets Reorganization Report or public notices on the purchases or sales of assets, as well as the influences of these events on the operation results and financial status of the Company in the report period

□Applicable √ Inapplicable

6.2 Important guarantees

√ Applicable □Inapplicable

Unit: RMB*'000*

External guarantees of the Company (excluding guarantees for shareholding subsidiaries)						
Name of companies guaranteed	**Date of occurrence (agreement signing day)**	**Guarantee amount**	**Guarantee type**	**Guarantee term**	**Accomplished or not**	**For related parties or not (yes or no)**
Customers of CIMC Vehicle Group and subordinate companies	Mar. 28, 2005	19,492.5	Joint-responsibility guarantee	1 year	Yes	No
Customers of Yangzhou CIMC Tonghua Special Vehicle Co., Ltd	Jun. 28, 2005	19,240.0	Joint-responsibility guarantee	1 year	Yes	No
Customers of	Jan. 3, 2005	1,141.9	Joint-responsibility	1 year	Yes	No

Zhumadian CIMC Huajun Vehicle Co., Ltd			guarantee			
Total guarantee amount occurred in the report period				51,279.5		
Total guarantee balance at the end of the report period (A)				39,874.4		
Guarantees for shareholding subsidiaries by the Company						
Total guarantee amount occurred in the report period for shareholding subsidiaries				1,422,000		
Total guarantee balance at the end of the report period for shareholding subsidiaries (B)				1,100,000		
Total guarantee amount of the Company (including guarantees for shareholding subsidiaries)						
Total guarantee amount (A+B)				1,139,874.4		
Proportion of the Company's net assets taken by the total guarantee amount				11.32%		
Including:						
Guarantee amount for shareholders, the actual controller and their related parties (C)				0.00		
Guarantee amount for the debts of the guaranteed companies with an asset-liability ratio of over 70 percent, directly or indirectly (D)				0.00		
The amount by which the total guarantee amount exceeded 50 percent of the net assets (E)				0.00		
Total amount of aforesaid three types of guarantees *(C+D+E)				0.00		

6.3 Related credits and liabilities current

√ Applicable ☐Inapplicable

Unit: RMB*'000*

Name of related party	Relationship with the Listed Company	Capital provided to related parties by the Listed Company		Capital provided to the Listed Company by related parties	
		Amount	Balance	Amount	Balance
Jiangmen CIMC Tianyu Real Estate Co., Ltd	An affiliated company of the Company's subordinate company	0.00	31,500	0.00	0.00
Qingdao CIMC Traffic Equipment Co., Ltd	An affiliated company of the Company's subordinate company	0.00	3,113.2	0.00	0.00
Total		0.00	34,613.2	0.00	0.00

The capital provided by the Listed Company to the actual controller and its subsidiaries during the report period totaled RMB 0.00, and the balance was RMB 0.00.

6.4 Significant lawsuits and arbitrations

☐Applicable √ Inapplicable

6.5 Other important events as well as analyses and explanations on their influences and solutions

Non-operating capital occupation and clearing progress

☐Applicable √ Inapplicable

6.6 Special commitments made by the originally non-circulating shareholder during the Share Merger Reform and their implementation

√ Applicable ☐Inapplicable

Name of the shareholder	Special commitments	Implementation of the agreement	Implementation of the commitments
COSCO Container Industries Limited	COSCO Container Industries Limited has promised that: within 12 months from the 1st business day after the implementation of the Company's Share Merger Reform, none of the originally non-circulating shares held by it will be sold or transferred through listing at the Shenzhen Stock Exchange as provided in relevant provisions. After the expiration of the aforesaid commitment, the originally non-circulating shares sold by COSCO Container Industries Limited through listing at the Shenzhen Stock Exchange will not exceed 5% of CIMC Group's total shares within 12 months, or 10% within 24 months.	Conditions for the implementation of the agreement not available	Conditions for the implementation of the commitments not available

Note: Special commitments refer to the commitments other than the statutory commitments made during the Share Merger Reform.

6.7 Explanation on the time arrangements for the share merger reform by companies that have not carried out the reform

☐Applicable √ Inapplicable

Explanations by companies that have not carried out the share merger reform for failing to implement their commitments of share merger reform as planned

☐Applicable √ Inapplicable

§7. Financial Report

7.1 Auditors' opinions

Financial Report	√ Un-audited	☐Audited

7.2 Financial Statements

7.2.2 Income Statement

Consolidated income statementfor the six months ended 30 June 2006 (unaudited) *(Expressed in Renminbi)*

	Six months ended 30 June	
	2006	*2005*
	RMB'000	RMB'000
Revenue	14,578,921	18,038,919
Cost of sales	(12,579,986)	(14,823,573)

Gross profit	1,998,935	3,215,346
Other revenue	207,512	36,262
Other net income	289,715	120,108
Distribution costs	(407,544)	(300,827)
Administrative expenses	(397,569)	(601,363)
Other operating expenses	(111,179)	(62,123)
Profit from operations	1,579,870	2,407,403
Finance costs	(47,898)	(110,439)
Share of profits less losses of associates	8,272	4,916
Profit before taxation	1,540,244	2,301,880
Income tax	(95,018)	(195,691)
Profit for the period	1,445,226	2,106,189
Attributable to:		
Equity shareholders of the Company	1,328,339	2,051,852
Minority interests	116,887	54,337
Profit for the period	1,445,226	2,106,189
Earnings per share (RMB Yuan)		
Basic	0.60	0.92

Legal representative: *Li Jianhong*
Chief of accounting organs: *Mai Boliang*
Person in charge of accounting organs: *Jin Jianlong*

7.3 Notes to the Statements

7.3.1 Should there be any changes in accounting policies or accounting estimation or correction of accounting errors, give the relevant content, reasons and amounts influenced.

☐Applicable √ Inapplicable

7.3.2 Should there be any significant changes in the consolidation scope of the financial statements, give the reasons and the amounts influenced.

☐Applicable √ Inapplicable