



China International Marine Containers (Group) Co., Ltd.  
First Quarterly Report of 2005

**§1. IMPORTANT NOTES:**

*1.1 Board of Directors of China International Marine Containers (Group) Co., Ltd. (hereinafter referred to as the Company) and directors individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions or errors which would render any statement misleading.*

*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 Independent Director Mr. Xiao Zhuoji did not attend the meeting of the Board and not execute voting right due to work.*

*1.3 The first quarterly financial report of 2005 has not been audited.*

*1.4 Chairman of the Board, Mr. Li Jianhong, President of the Company, Mr. Mai Boliang and General Manager of Financial Management Dept., Mr. Jin Jianlong announce: ensure the correctness and completeness of financial report in this report.*

**§2. COMPANY PROFILE**

**2.1 Basic Information of the Company**

Short form of stock	CIMC, CIMC-B	
Stock code	000039, 200039	
	Secretary of the Board of Directors	Representative in charge of securities affairs
Name	Yu Yuqun	Wang Xinjiu
Liaison Address	No.2 R&D Center of CIMC, Shenkou Industrial Zone, Shenzhen, Guangdong	No.2 R&D Center of CIMC, Shenkou Industrial Zone, Shenzhen, Guangdong
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**2.2 Financial Information**

**2.2.1 Main accounting data and financial indexes**

Unit: RMB'000

	End of report period	End of last year	Increase/decrease (%)
Total assets	<b>20,074,551</b>	16,986,315	18.18%
Total equity (excluding Minority interest)	<b>8,450,688</b>	7,521,276	12.36%
Equity per share	<b>8.38</b>	7.46	12.36%
	In the report period (Jan.-Mar.)	From year-beginning to end of report period (Jan.-Mar.)	Increase/decrease (%) compared with the same period last year
Net cash outflow from operating activities	<b>(1,544,271)</b>	(1,544,271)	49.36%
Earnings per share (RMB yuan)	<b>0.9216</b>	0.9216	221.53%
Earnings per share (accounted based on new share equity* RMB yuan)	<b>0.4608</b>	0.4608	60.77%
Rate of Return on Equity (%)	<b>11.00%</b>	11.00%	8.60%

Note\* The Company implemented 2004 plan on converting capital public reserve into share equity at the rate of ten shares for every ten shares. Apr. 25, 2005 was ex-right date for CIMC and CIMC-B of the Company. The total share capital of the Company was changed into 2,016,966,706 shares.

2.2.2 Net profits and net assets prepared under International Financial Reporting Standards (“IFRS”) and the PRC Accounting Rules and Regulations, and the differences:

	<i>Profit attributable to shareholders for the period ended 31 March 2005</i>	<i>Net assets at 31 March 2005</i>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Prepared under the PRC Accounting Rules and Regulations</b>	914,448	8,385,538
<b>Adjustments to align with IFRS:</b>		
(i) Adjustment to minority interests	(250)	9,303
(ii) Adjustment to deferred tax assets	450	52,820
(iii) Adjustment to goodwill and negative goodwill	3,869	(43,967)
(iv) Adjustment to interest capitalisation	4,009	23,099
(v) Others	<u>6,886</u>	<u>23,895</u>
<b>Prepared under IFRS</b>	929,412	8,450,688

2.2.3 Income statement (See the attachment)

2.3 Total shareholder at the end of the report period and particulars about shares held by the top ten circulating shareholders of the Company

Total shareholders at the end of report year	The Company has totally <b>44,296</b> shareholders, of them, <b>34,281</b> shareholders of A-share and <b>10,015</b> shareholders of B-share.
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**Particulars about shares held by the top ten circulating shareholders of A-shares**

No.	Name of shareholders	Number of circulating shares held in the period end	Type
1	BANK OF CHINA- HAIFUTONG INCOME GROWTH SECURITIES INVESTMENT FUND	12,500,000	A
2	INDUSTRIAL AND COMMERCIAL BANK OF CHINA - CHINA SOUTH STEADY GROWTH SECURITIES INVESTMENT FUND	9,020,543	A
3	JIUJIA SECURITIES INVESTMENT FUND	6,860,000	A
4	SHENZHEN GUOXIN SECURITIES NET WORK CO., LTD.	5,600,000	A
5	INDUSTRIAL AND COMMERCIAL BANK OF CHINA -TIANYUAN SECURITIES INVESTMENT FUND	5,028,685	A
6	GALAXY-CHARTERED- CITIGROUP GLOBAL MARKETS LIMITED	4,772,168	A
7	NATIONAL SOCIAL INSURANCE FUND 101	4,719,340	A
8	BANK OF COMMUNICATIONS- HAIFUTONG WELL-CHOSEN SECURITIES INVESTMENT FUND	4,500,044	A
9	TIANHUA SECURITIES INVESTMENT FUND	4,431,460	A
10	YUNNAN INTERNATIONAL TRUST INVESTMENT CO., LTD.	4,247,833	A

**Particulars about shares held by the top ten circulating shareholders of B-shares**

No.	Name of shareholders	Number of circulating shares held in the period end	Type
1	CHINA MERCHANTS CONTAINER INDUSTRIES CO., LTD.	163,701,456	B
2	FAIR OAKS DEVELOPMENT LIMITED	65,541,065	B
3	PROFIT CROWN ASSETS LIMITED	33,999,301	B
4	GT PRC FUND	12,422,602	B
5	NIKKOCITI TB S/A RE:JF CHINA MOTHER FD (716000)	10,495,949	B
6	LONG HONOUR INVESTMENTS LIMITED	9,591,707	B
7	JPMBSA RE FTIF TEMPLETON CHINA FUND GTI 5497	8,625,871	B
8	FF GREATER CHINA FD GT1 24037	7,499,976	B

9	TEMPLETON DRAGON FUND INC.	7,253,786	B
10	TOYO SECURITIES ASIA LIMITED-A/C CLIENT	6,580,486	B

### §3. DISCUSSION AND ANALYSIS OF THE MANAGEMENT

#### 3.1 Brief Analysis of the Whole Status of Operating Activities in the Report Period

From Jan.-Mar., 2005, the Company realized income from core business amounting to RMB **8,115,366,000**, increasing by **107.70%** over the same period of last year; net profit amounting to RMB **929,412,000**, increasing **414.45%**. Global container shipping market in 2005 and 2006 are universally promising in the eyes. The prospect of world economy increase is still optimistic. The orders of container business of the Group in the 1<sup>st</sup> Quarter came to satiety. By the end of 1<sup>st</sup> Quarter of 2005, accumulative sales volume of containers of the Group reached 406,100 TEU, increasing by 43.09% over the same period of last year, of which sales volume of dry containers, reef containers and special containers attained to 363,700 TEU, 24,200 TEU, and 18,200 TEU respectively.

In the 1<sup>st</sup> Quarter of 2005, achievements of the Company increased by a big margin nearly 400% compared with that in the same period of last year, mainly because containers market continued booming need of 2004, especially the second half of 2004, while production and sales volume and price of containers in 1<sup>st</sup> Quarter of 2004 still lay in a relatively low level.

Due to the impact of price rising of ironstone globally, since 2005, steel suppliers has raised price of hot rolled steel sheets, main raw material of containers once again, and price of containers has risen up by a small margin propelled by need and costs.

In the aspect of container business, the Group continued consummated layout, especially reinforced product development and market exploitation of special containers. The group has begun to construct stock dump business operating platform, provided stockpiling, maintenance and spare parts and accessories supply services of containers, which have got progress in first stage in South China and East China Districts.

In 2005, the Company determined quality management objective of “deepen product quality system, promote quality competitive edge, lead health development of industry”, unified product quality standard in the Group, pushed improvements of quality system, and promoted trust of consumers on product quality.

Manufacture business of transportation vehicles on modern road of the Group went on smoothly. In 1<sup>st</sup> quarter, manufacture business of transportation vehicles on modern road of the Group realized sales amounting to RMB 940,704,000, and the Company sold 10,663 pieces. In 1<sup>st</sup> quarter of 2005, the Group continued to make progress in the aspects of vehicles production base construction, comprehensive sales base network construction, consummating supply chain of raw materials for products of vehicles, exploitation of overseas market. In Feb., 2004, CIMC Vehicles Shangdong

(Zhangqiu) base was formally put into production.

Since 2004, the State and relevant administration organs continued to push new industry norms, work out and standardize policies, and industry environment of transportation vehicles industry on road consistently consummated. At the end of 2004, Ministry of Communications and National Development & Reform Commission handed out Opinions on Lowering the Charges Standards of Toll of Vehicles together, which required all regions to make detail implementation plans and implement from Jan. 1, 2005. For the trucks with the loading over 10 tons, the toll standard would decrease by 20%- 30%. In Mar., 2005, eight commissions including National Development & Reform Commission etc. promulgated the objective of 2005 administrating overload and limit work was to control over limit and overload rate at about 6%, and corrected standard tonnage over 95% “vehicles of small standards tonnage but overloading”. The administration government would adopt comprehensive measures to further administrate vehicles of over limit and overloading.

Other businesses of the Group were undertaken smoothly. In the aspect of timberly, the Group started to expand production and supply base of raw materials for plank floor of containers in the country. In Mar. 2005, Inner Mongolia Hulunbeier CIMC Timber Co., Ltd. put into production and first block of single floor were successively finished.

**3.1.1 Main business industry or product, which occupied 10% of income from main business lines or total profit from main business**

Applicable                      Inapplicable

*Unit: RMB'000*

Main industry	Income from main business lines	Expenditure from main business lines	Gross Margin (%)
Containers	7,202,251	5,854,264	18.72
Road Transportation vehicles	940,704	826,035	12.19

*Note: Income from core business and costs from core business were accumulated. The Company didn't consider the influence of consolidation offsetting.*

**3.1.2 Characteristic of periodicity and season period of the Company's operation**

Applicable                      Inapplicable

The production of container has some change with season: generally speaking, the 1<sup>st</sup> and 4<sup>th</sup> quarter of every year is low season and the 2<sup>nd</sup> and 3<sup>rd</sup> quarter is midseason correspondingly.

**3.1.3 Profit structure in the report period (material changes in proportions of profit from main operations, profit from other business, period expense, investment earnings, subsidy income and net income and expenditure of non-operating in total profits than those of the last report period and reasons)**

Applicable                      Inapplicable

RMB'000

Item	1 <sup>st</sup> quarter of 2005		Jan.-Dec., 2004		Increase/ Decrease (%)
	Amount	Proportion in Profit before tax	Amount	Proportion in Profit before tax	
Gross profit	1,436,131	135.90%	4,396,273	154.41%	-11.99%
Other operating income	57,475	5.44%	272,529	9.57%	-43.18%
Distribution expense, Administration expense, Financial expenses and Other operating expense	442,357	41.86%	1,880,978	66.06%	-36.64%
Profit before tax	1,056,790	<b>100.00%</b>	2,847,209	<b>100.00%</b>	—

**3.1.4** Explanation on reason and material change in main operations and its structure compared with the previous year

Applicable                      Inapplicable

**3.1.5** Explanation on reason and material change in profitability capability of main operations (gross profit ratio) compared with the previous year

Applicable                      Inapplicable

**3.2** Analysis and explanation on significant events and their influence and solutions

Applicable                      Inapplicable

**3.3** Particulars about changes in accounting policies, accounting estimate, consolidated scope and significant accounting errors and explanation on reasons

Applicable                      Inapplicable

**3.4** Relevant explanation on the Board of Directors and the Supervisory Committee under the situation of being audited and provided "Qualified opinion"

Applicable                      Inapplicable

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

Applicable                      Inapplicable

Because price level, production and sales volume of containers, products of core business, rose up by a relative big margin. It's estimated that in the first half of 2005, the Company realized net profit, increasing by **100 %** compared with the same period of last year.

**3.6 Rolling adjustment to annual business plan or budget ever disclosed**

Applicable

Inapplicable

**China International Marine Containers (Group) Co., Ltd.**

Apr. 26, 2005

## Consolidated income statement for the three months period ended 31 March 2005

	<i>January to March 2005</i>	<i>January to March 2004</i>
	RMB'000	RMB'000
Revenue	8,115,366	3,907,214
Cost of sales	<u>(6,679,235)</u>	<u>(3,456,526)</u>
<b>Gross profit</b>	1,436,131	450,688
Other operating income	57,475	43,346
Distribution expenses	(139,836)	(66,167)
Administrative expenses	(237,770)	(149,173)
Other operating expenses	<u>(30,606)</u>	<u>(31,445)</u>
<b>Net operating profit before net financing costs</b>	1,085,394	247,249
Financial income	2,088	3,736
Financial expenses	<u>(34,145)</u>	<u>(16,982)</u>
<b>Net financing costs</b>	(32,057)	(13,246)
Share of the profit of associates	<u>3,453</u>	<u>6,032</u>
<b>Profit before tax</b>	1,056,790	240,035
Income tax expense	<u>(99,508)</u>	<u>(29,391)</u>
<b>Profit for the year</b>	957,282	210,644
	=====	=====
<b>Attributable to:</b>		
Equity holders of the parent	929,412	180,661
Minority interests	<u>27,870</u>	<u>29,983</u>
<b>Profit for the year</b>	957,282	210,644
	=====	=====
Basic earnings per share (RMB Yuan)	0.92	0.18
	===	===

## Consolidated balance sheet as at 31 March 2005 and 31 December 2004

	<i>31 March</i>	<i>31 December</i>
	<i>2005</i>	<i>2004</i>
	RMB'000	RMB'000
<b>Assets</b>		
Property, plant and equipment	3,178,669	3,103,926
Lease prepayments - non-current portion	552,578	486,007
Construction in progress	636,695	446,778
Timber concession rights	79,524	81,237
Intangible assets	89,128	90,867
Interests in associates	97,162	94,248
Investments in equity securities	271,907	271,907
Long-term receivables	92,503	92,503
Prepayment for investments	7,203	4,471
Deferred tax assets	<u>52,824</u>	<u>52,373</u>
<b>Total non-current assets</b>	<b>5,058,193</b>	<b>4,724,317</b>
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Lease prepayments - current portion	14,973	13,460
Investments in equity securities	194,629	140,081
Properties under development	116,113	92,934
Completed properties for sale	55,563	55,693
Inventories	6,060,577	4,438,417
Trade and other receivables	7,738,496	6,038,248
Cash and cash equivalents	<u>836,007</u>	<u>1,483,165</u>
<b>Total current assets</b>	<b>15,016,358</b>	<b>12,261,998</b>
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<b>Total assets</b>	<b>20,074,551</b>	<b>16,986,315</b>
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## Consolidated balance sheet as at 31 March 2005 and 31 December 2004 (continued)

	<i>31 March</i>	<i>31 December</i>
	<i>2005</i>	<i>2004</i>
	RMB'000	RMB'000
<b>Equity</b>		
Share capital	1,008,483	1,008,483
Reserves	<u>7,442,205</u>	<u>6,512,793</u>
<b>Total equity attributable to equity holders of the parent</b>	8,450,688	7,521,276
<b>Minority interests</b>	<u>855,616</u>	<u>854,499</u>
<b>Total equity</b>	9,306,304	8,375,775
	-----	-----
<b>Liabilities</b>		
Interest-bearing bank loans	<u>739,728</u>	<u>822,728</u>
<b>Total non-current liability</b>	739,728	822,728
	-----	-----
Interest-bearing bank loans	3,096,072	1,692,529
Trade and other payables	6,127,649	5,343,023
Provisions	586,512	552,150
Taxation	<u>218,286</u>	<u>200,110</u>
<b>Total current liabilities</b>	10,028,519	7,787,812
	-----	-----
<b>Total liabilities</b>	10,768,247	8,610,540
	-----	-----
<b>Total equity and liabilities</b>	<u>20,074,551</u>	<u>16,986,315</u>
	=====	=====

## Consolidated statement of cash flows for the three months period ended 31 March 2005

	<i>January to March 2005 RMB'000</i>	<i>January to March 2004 RMB'000</i>
<b>Operating activities</b>		
Profit for the period	957,282	210,644
Adjustments for:		
Depreciation	63,514	66,892
Net amortisation of goodwill	-	3,397
Gain on recognition of negative goodwill	(366)	-
Amortisation of other intangible assets	377	363
Amortisation of negative goodwill in an associate	-	(64)
Loss on sale of property, plant and equipment	1,221	403
Interest income	(435)	(3,561)
Interest expenses	25,957	11,595
Gain on disposal of listed equity securities	-	(21,894)
Unrealised loss on listed securities	1,470	-
Amortisation of timber concession rights	-	1,603
Impairment loss of goodwill	1,298	-
Impairment losses of timber concession rights	1,713	2,152
Income from associates	(3,453)	(6,032)
Income tax expenses	<u>99,508</u>	<u>29,391</u>
<b>Operating profit before changes in working capital and provisions</b>	1,148,086	294,889
(Increase) / decrease in lease prepayments	(68,084)	2,075
Decrease in long-term receivables	-	183
Increase in trade and other receivables	(1,700,703)	(1,154,465)
Increase in inventories	(1,622,160)	(897,802)
Increase in trade and other payables	768,457	732,658
Increase in provisions	34,362	14,028
Increase in properties under development	(23,179)	(9,025)
Decrease in completed properties for sale	<u>130</u>	<u>1,047</u>
<b>Cash generated from the operations</b>	(1,463,091)	(1,016,412)
PRC income tax paid	<u>(81,180)</u>	<u>(17,485)</u>
<b>Cash flows from operating activities</b>	<u>(1,544,271)</u>	<u>(1,033,897)</u>
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## Consolidated statement of cash flows for the three months period ended 31 March 2005 (continued)

	<i>January to March 2005 RMB'000</i>	<i>January to March 2004 RMB'000</i>
<b>Investing activities</b>		
Interest received	890	3,561
Payment for property, plant and equipment	(32,716)	(39,345)
Payment for construction in progress	(302,161)	(254,730)
Payment for intangible assets	-	(928)
Payment for acquisition of equity securities	(56,023)	-
Payment for acquisition of associates	-	(7,035)
Prepayment for investments	(7,203)	(45,579)
Payment for acquisition of minority shareholdings	(4,968)	-
Payment for acquisition of subsidiaries, net of cash acquired	-	(34,749)
Dividend received	-	108
Proceeds from sales of property, plant and equipment	9,706	2,939
Proceeds from disposal of partial interest in subsidiary	-	1,738
Proceeds from sales of equity securities	5	48,831
Repayment of advance to minority interests	288	-
Advance to minority shareholders	(1,437)	(4,527)
<b>Cash flows from investing activities</b>	(393,619)	(329,716)

## Consolidated statement of cash flows for the three months period ended 31 March 2005 (continued)

	<i>January to March 2005</i>	<i>January to March 2004</i>
	RMB'000	RMB'000
<b>Financing activities</b>		
Interest paid	(14,012)	(4,518)
Proceeds from bank loans	3,987,891	2,366,595
Repayment of bank loans	(2,667,348)	(1,239,576)
Capital injection from minority shareholders	1,600	-
Dividends paid to minority shareholders	<u>(17,399)</u>	<u>(681)</u>
 <b>Cash flows from financing activities</b>	 1,290,732	 1,121,820
	<u>-----</u>	<u>-----</u>
Net decrease in cash and cash equivalents	(647,158)	(241,793)
Cash and cash equivalents at 1 January	<u>1,483,165</u>	<u>706,604</u>
 <b>Cash and cash equivalents at 31 March</b>	 836,007	 464,811
	<u>=====</u>	<u>=====</u>

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

	<i>Profit attributable to shareholders for the three months period ended 31 March 2005 RMB'000</i>	<i>Net assets at 31 March 2005 RMB'000</i>
<b>Prepared under the PRC Accounting Rules and Regulations</b>	914,448	8,385,538
<b>Adjustments to align with IFRS:</b>		
(i) Adjustment to minority interests	(250)	9,303
(ii) Adjustment to deferred tax assets	450	52,820
(iii) Adjustment to goodwill and negative goodwill	3,869	(43,967)
(iv) Adjustment to interest capitalisation	4,009	23,099
(v) Others	6,886	23,895
<b>Prepared under IFRS</b>	929,412	8,450,688