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

中國國際海運集裝箱（集團）股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(A Share Stock Code: 000039)

(H Share Stock Code: 2039)

**Results Announcement for the year ended 31 December 2013
(Summary of the 2013 Annual Report)**

1 IMPORTANT NOTICE

- 1.1** The Board of Directors (the “Board”) of China International Marine Containers (Group) Co., Ltd. (the “Company”), the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that there are no material omissions from, or misrepresentation or misleading statements contained in this results announcement for the year ended 31 December 2013 (the “Results Announcement”), and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this summary of the annual report for the year ended 31 December 2013 (the “2013 Annual Report”).

The Results Announcement is published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cimc.com>). The Results Announcement is a summary of the 2013 Annual Report and the full version of the 2013 Annual Report will be posted on the above websites in due course.

- 1.2** The 2013 Annual Report and the Results Announcement have been approved at the 6th meeting of the seventh session of the Board in 2014. All Directors warrant, and there is no dissenting opinion as to, the truthfulness, accuracy and completeness of the 2013 Annual Report and the Results Announcement.
- 1.3** The financial statements of the Company and its subsidiaries (the “Group”) have been prepared in accordance with China Accounting Standards for Business Enterprises (“CASBE”). The financial statements of the Group for the financial year ended 31 December 2013, which have been prepared in accordance with CASBE, have been audited by PricewaterhouseCoopers Zhong Tian LLP (“PricewaterhouseCoopers”) and it has issued unqualified opinions on the financial statements. The figures in respect of the annual announcement of the Group’s results have been agreed by PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the results announcement.

- 1.4** No substantial shareholder of the Company has utilised the funds of the Company for non-operating purposes.
- 1.5** Mr. Li Jianhong, Chairman of the Board, Mr. Mai Boliang, President of the Company, and Mr. Jin Jianlong, General Manager of the Finance Department of the Company, warrant the truthfulness and completeness of the financial statements in the 2013 Annual Report and the 2013 Results Announcement.
- 1.6** The profit distribution plan of the Company for the year of 2013 was passed by the Board where the Company paid a cash dividend of RMB2.7 (inclusive of tax) (but no bonus shares are proposed) for every 10 shares to all Shareholders which was calculated based on the total share capital of the Company as at 31 December 2013, and there will be no share increase by transfer from capital reserve (“Annual Profit Distribution Plan”). The Annual Profit Distribution Plan will be presented for consideration and approval by the forthcoming shareholders’ annual general meeting of the Company.
- 1.7** This announcement contains certain forward-looking statements with respect to the financial position, financial results and business of the Group. These forward-looking statements are, by their names, subject to significant risk and uncertainties because they relate to events and depend on circumstances that may occur in the future and are beyond our control. The forward-looking statements reflect the Group’s current views with respect of future events and are not a guarantee of future performance. Actual results may differ from information contained in the forward-looking statements.
- 1.8** The reporting period (the “Reporting Period”) means the twelve months started from 1 January 2013 and ended on 31 December 2013.
- 1.9** This announcement is published in English and Chinese. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

2 BASIC INFORMATION OF THE COMPANY

2.1 Basic Information

Our Company was incorporated in Shenzhen, Guangdong Province, the PRC under the PRC Companies Law as a joint venture on 14 January 1980 and was named as “China International Marine Containers Co., Ltd.” (中國國際海運集裝箱股份有限公司). After being restructured as a joint stock limited company in December 1992, and publicly offering its A shares and B shares which were listed on the Shenzhen Stock Exchange in 1994, our Company changed its name to “China International Marine Containers (Group) Co., Ltd.” (中國國際海運集裝箱(集團)股份有限公司) in 1995.

The A shares of the Company were listed on the Shenzhen Stock Exchange on 8 April 1994, and the Company’s H shares were listed on the main board of the Hong Kong Stock Exchange on 19 December 2012 by way of introduction. The Company is the first enterprise with its B shares converted into H shares to be listed on the main board of the Stock Exchange of Hong Kong Limited.

The Group is a global leading equipment and solution provider in the logistics and energy industries. The Group is principally engaged in the manufacture of containers, road transportation vehicle, energy, chemical and liquid food equipment, offshore engineering equipment and airport facilities as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, regional special containers, tank containers, wooden container floorboards, road tank trucks, gas equipment and static tanks, road transportation vehicles, jack-up drilling platforms, semisubmersible drilling platforms, special vessels and passenger boarding bridges, air cargo handling systems, ground vehicles with specific purpose and automatic parking system and the provision of relevant services. In addition, the Group is also engaged in logistics equipment manufacturing and service, real estate development, financing and other businesses. We have formed an industry cluster focusing on key equipment and solutions for the logistics and energy industries through business extension and technology development.

Registered Chinese Name of the Company: 中國國際海運集裝箱(集團)股份有限公司

English Name of the Company: China International Marine Containers (Group) Co., Ltd.

Legal Representative of the Company: LI Jianhong

Registered Address and Address of the Company's Head Office: 8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong 518067, PRC

Principal Business Address in Hong Kong: 3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong

Website: <http://www.cimc.com>

Email: shareholder@cimc.com

2.2 Contact Persons of the Company and Means of Communication

	YU Yuqun Secretary to the Board, Company Secretary	WANG Xinjiu Representative of Securities Affairs	CHEONG Sui Fai Assistant Company Secretary
Telephone:	86 (755) 2669 1130	86 (755) 2680 2706	852 2528 9386
Facsimile:	86 (755) 2682 6579	86 (755) 2681 3950	852 2865 9877
Email:	shareholder@cimc.com	shareholder@cimc.com	dickens.cheong@enric.com.hk
Contact Address in China:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong 518067, PRC		
Contact Address in Hong Kong:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong		

3 SUMMARY OF FINANCIAL DATA AND FINANCIAL INDICATORS PREPARED IN ACCORDANCE WITH CASBE

3.1 Key financial data of the Group for the last three years

Unit: RMB'000

Items	For the year 2013	For the year 2012	Changes from the preceding year to this year (%)	For the year 2011
Revenue	57,874,411	54,334,057	6.52%	64,125,053
Operating Profit	3,370,835	2,639,441	27.71%	4,735,293
Profit before income tax expense	3,562,720	2,907,380	22.54%	5,022,706
Net profit attributable to equity holders of the Company	2,180,321	1,939,081	12.44%	3,690,926
Net profit attributable to equity holders of the Company after deducting non-recurring profit/loss	1,343,090	1,706,490	(21.30)%	3,579,162
Net cash flows from operating activities	2,749,926	2,242,919	22.60%	2,254,437

Items	As at the end of 2013	As at the end of 2012	Changes from the end of the preceding year to the end of this year (%)	As at the end of 2011
Total assets	72,605,972	62,992,380	15.26%	64,361,714
Total liabilities	48,109,844	40,875,223	17.70%	42,748,042
Equity attributable to equity holders of the Company	20,674,037	19,513,176	5.95%	18,633,154
Share capital	2,662,396	2,662,396	0.00%	2,662,396

3.2 Key financial indicators of the Group for the last three years

Items	For the year 2013	For the year 2012	Changes from the preceding year to this year (%)	For the year 2011
Basic earnings per share (RMB)	0.82	0.73	12.33%	1.39
Diluted earnings per share (RMB)	0.81	0.73	10.96%	1.37
Basic earnings per share after deducting non-recurring profit/loss items (RMB)	0.50	0.64	(21.88)%	1.34
Weighted average return on net assets (%)	11.00%	10.00%	10.00%	21.00%
Weighted average return on net assets after deducting non-recurring profit/loss items (%)	7.00%	9.00%	(22.22)%	20.00%
Net cash flows from operating activities per share (RMB)	1.03	0.84	22.62%	0.85

Items	As at the end of 2013	As at the end of 2012	Changes from the end of the preceding year to the end of this year (%)	As at the end of 2011
Net assets per share attributable to equity holders of the Company (RMB)	7.77	7.33	6.00%	7.00
Liabilities-to-Assets ratio (%)	66.26%	64.89%	2.11%	66.42%

3.3 Non-recurring profit/loss items of the Group for the last three years

Unit: RMB'000

Non-recurring profit/loss items	For the year 2013	For the year 2012	For the year 2011
Profit/loss on disposal of non-current assets	(23,297)	37,135	13,000
Government grants recognised in profit/loss for the period	155,423	133,270	267,349
Gains from the excess of the fair value of attributable identifiable net assets of the investee upon acquisition over the cost of acquisition	35,017	54,750	—
Remeasurement of the fair value of equity interest in the acquiree held prior to the acquisition date to recognize investment losses	(4,792)	—	—
Gains or losses from changes in fair value arising from holding financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, and investment gains arising from disposal of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and available-for-sale financial assets, except for the effective hedging activities related to the Group's ordinary activities	751,148	41,358	(152,179)
Reversal of accounts receivable provided for bad debts on an individual basis	7,110	9,383	—
Fund appropriation fee received from non-financial institutions recognised in the profit/loss for the period	4,793	11,445	8,665
Net gain from disposal of subsidiary	915	—	—
Other non-operating income and expenses other than the above items	24,742	42,786	20,350
Effect of income tax	(83,152)	(73,276)	(32,450)
Effect of minority interests (after tax)	(30,676)	(24,260)	(12,971)
Total	<u>837,231</u>	<u>232,591</u>	<u>111,764</u>

4 SHAREHOLDINGS AND SHAREHOLDING STRUCTURE CHART

4.1 Number of Shareholders and Shareholdings

The total number of shareholders of the Company as at 31 December 2013 was 129,100, including 129,096 holders of A shares and 4 registered holders of H Shares. The minimum public float of the Company satisfied the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

The total number of shareholders of the Company as at 18 March 2014, being five business days preceding this announcement was 125,724, including 125,719 holders of A shares and 5 registered holders of H shares.

4.1.1 Shareholdings of the top ten shareholders as at the end of the Reporting Period

Name of shareholders	Nature of shareholders	Shareholding percentage (%)	Number of shares held at the end of the Reporting Period (shares)	Changes (increases/decrease) during the Reporting Period (shares)	Number of shares with selling restrictions (shares)	Number of shares without selling restrictions (shares)	Status of being pledged or frozen	Number of shares (shares)
HKSCC NOMINEES LIMITED	Foreign legal person	53.73%	1,430,470,309	–	–	1,430,470,309	–	–
COSCO CONTAINER INDUSTRIES LIMITED	Foreign legal person	16.23%	432,171,843	–	–	432,171,843	–	–
China Merchants Bank Co., Ltd. – Everbright Pramerica Advantage Allocation Securities Investment Fund	Domestic non-state-owned legal person	1.45%	38,579,929	–	–	38,579,929	–	–
Agricultural Bank of China – China Post Core Preferred Stock Securities Investment Fund	Domestic non-state-owned legal person	0.57%	15,122,394	–	–	15,122,394	–	–
Taikang Life Insurance Company Limited – Dividend – Personal dividend – 019L – FH002 Shenzhen	Domestic non-state-owned legal person	0.56%	14,806,230	–	–	14,806,230	–	–
Industrial Bank Co., Ltd. – Everbright Pramerica Bonus Stock Securities Investment Fund	Domestic non-state-owned legal person	0.48%	12,860,574	–	–	12,860,574	–	–
China Minsheng Banking Corp., Ltd. – Yinhua SZSE 100 ETF Classified Securities Investment Fund	Domestic non-state-owned legal person	0.38%	10,217,019	–	–	10,217,019	–	–
Ouyang Ping	Domestic natural person	0.35%	9,229,384	–	–	9,229,384	–	–
Industrial and Commercial Bank of China – Rong Tong SZSE 100 ETF Securities Investment Fund	Domestic non-state-owned legal person	0.28%	7,417,185	–	–	7,417,185	–	–
Bank of China – E Fund SZSE 100 Index Tradable Open-Ended ETF Securities Investment Fund	Domestic non-state-owned legal person	0.28%	7,386,110	–	–	7,386,110	–	–
Explanation on any affiliated relationships or acting-in-concert relationships among the aforesaid shareholders		Nil						

4.1.2 Shareholdings of top ten shareholders without selling restrictions as at the end of the Reporting Period

Name of shareholders	Number of shares without selling restrictions held at the end of the Reporting Period (shares)	Type of shares	Number of shares (shares)
HKSCC NOMINEES LIMITED	1,430,470,309	H Shares	1,430,470,309
COSCO CONTAINER INDUSTRIES LIMITED	432,171,843	A Shares	432,171,843
China Merchants Bank Co., Ltd. – Everbright Pramerica Advantage Allocation Securities Investment Fund	38,579,929	A Shares	38,579,929
Agricultural Bank of China – China Post Core Preferred Stock Securities Investment Fund	15,122,394	A Shares	15,122,394
Taikang Life Insurance Company Limited – Dividend – Personal dividend – 019L – FH002 Shenzhen	14,806,230	A Shares	14,806,230
Industrial Bank Co., Ltd. – Everbright Pramerica Bonus Stock Securities Investment Fund	12,860,574	A Shares	12,860,574
China Minsheng Banking Corp., Ltd. – Yinhua SZSE 100 ETF Classified Securities Investment Fund	10,217,019	A Shares	10,217,019
OUYANG Ping	9,229,384	A Shares	9,229,384
Industrial and Commercial Bank of China – Rong Tong SZSE 100 ETF Securities Investment Fund	7,417,185	A Shares	7,417,185
Bank of China – E Fund SZSE 100 Index Tradable Open-Ended ETF Securities Investment Fund	7,386,110	A Shares	7,386,110
Explanation on the affiliated relationship or acting-in-concert relationships among each of the top 10 shareholders of shares without selling restrictions, and between the top 10 shareholders of shares without selling restrictions and the top 10 shareholders			Nil
Description of the top 10 shareholders' engaging in margin financing and securities lending (if any)			Nil

4.2 Disclosure of Substantial Shareholders under the Securities and Futures Ordinance of Hong Kong

So far as the Directors are aware, as at 31 December 2013, the persons other than a Director, Supervisor or senior management of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong are as follows:

Name of shareholders	Nature of shareholding	Number of shares	Capacity	Percentage of such shares in the same class of the issued share capital (%)	Percentage in total share capital (%)
China Merchants Group Limited (“China Merchants Group”) ¹	H Shares	679,927,917(L)	Interest of corporation controlled by the substantial shareholder	47.53	25.54
China Ocean Shipping (Group) Company (“COCSO”) ²	A Shares	432,171,843(L)	Interest of corporation controlled by the substantial shareholder	35.08	16.23
	H Shares	173,642,143(L)	Interest of corporation controlled by the substantial shareholder	12.14	6.52
Hony Capital Management Limited ³	H Shares	137,255,434 (L)	Interest of corporation controlled by the substantial shareholder	9.60	5.16
Templeton Asset Management (Singapore) Ltd.	H Shares	114,747,467 (L)	Investment manager	8.02	4.31
(L)	Long position				

Note 1: China Merchants Group, through various subsidiaries, had an interest in the H Shares of the Company, all of which 679,927,917 H Shares (long position) were held in its capacity as interest of corporation controlled by the substantial shareholder.

Note 2: COSCO, through various subsidiaries, had an interest in the A Shares and H Shares of the Company, all of which 432,171,843 A Shares (long position) and 173,642,143 H Shares (long position) were held in its capacity as interest of corporation controlled by the substantial shareholder.

Note 3: Honky Capital Management Limited, through various subsidiaries, had an interest in the H Shares of the Company, all of which 137,255,434 H Shares (long position) were held in its capacity as interest of corporation controlled by the substantial shareholder.

As at 31 December 2013, so far as the Directors are aware, save as disclosed above, no person (other than a Director, Supervisor or senior management of the Company) has an interest and short position in the shares of the Company which were recorded in the register of interests required to be maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.

4.3 Information on Substantial Shareholders

The Company had no controlling shareholder or ultimate controller during the Reporting Period.

The major shareholders of the Company are China Merchants Group and COSCO. There was no change in the substantial shareholders during the Reporting Period.

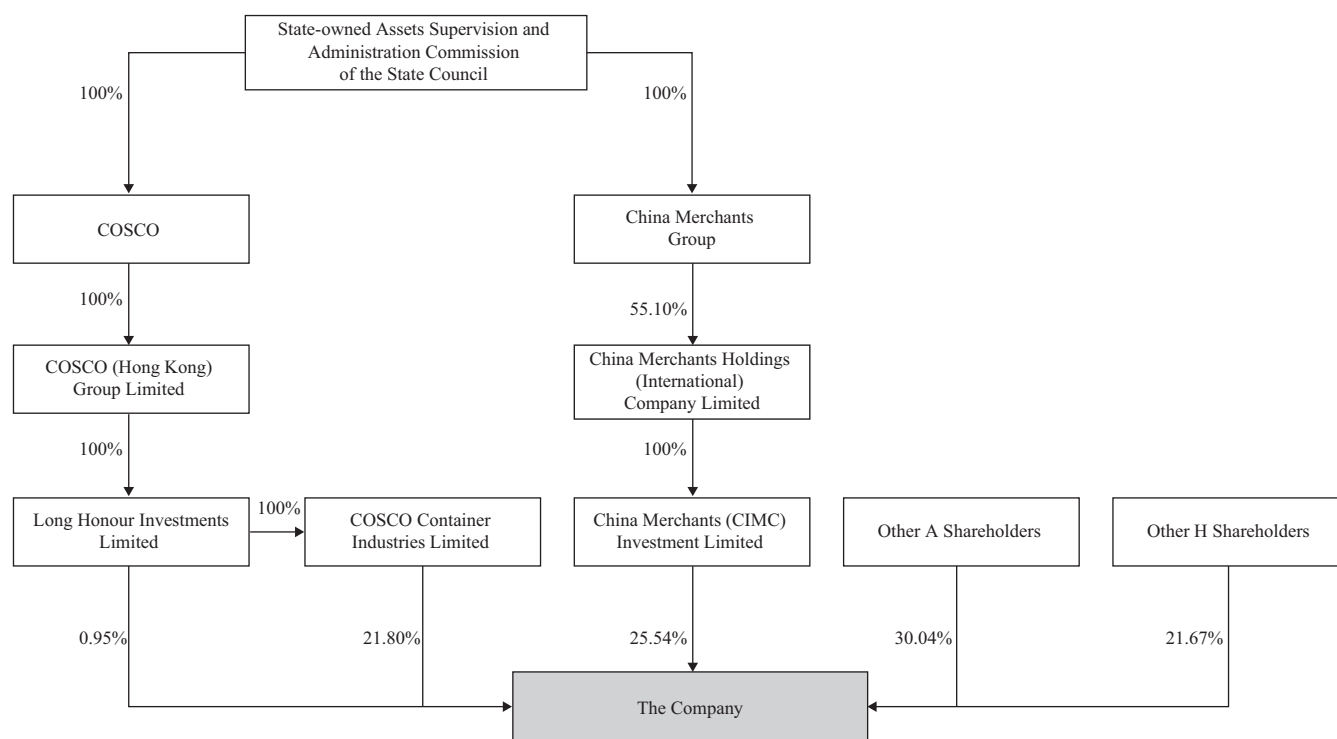
4.3.1 Substantial Shareholders

China Merchants Group was incorporated on 14 October 1986 in the PRC. Its registered capital is RMB10.05 billion and its chairman is Fu Yuning. The three core business sectors of China Merchants Group focus on the construction, operation and service in respect of transportation and related infrastructure (ports, toll roads, energy transportation and logistics), financial investment and management, property development and management.

COSCO was incorporated on 27 April 1961 in the PRC. Its registered capital is RMB4,103.367 million and its chairman is Ma Zehua. COSCO is an international company with its businesses covering marine transportation, logistics terminals, ship building and repairing.

Except for China Merchants Group and COSCO, no other legal person holds 10% or more of the shares in the Company (excluding HKSCC Nominees Limited).

4.3.2 Chart of Shareholding Structure between the Company and the Substantial Shareholders



5 DIRECTORS' REPORT

5.1 Overview

In 2013, the global economy continued to grow slowly. China's economy improved moderately and turned into a transition period. Against that background, businesses of the Group were affected to different extents, and the Company's annual revenue and earnings rose slightly as compared with the corresponding period of the previous year. During the Reporting Period, the Company's revenue reached RMB57.874 billion (RMB54.334 billion in 2012), representing a increase of 6.52% as compared with the corresponding period of the previous year; the net profits attributable to shareholders of the parent company amounted to RMB2.180 billion (RMB1.939 billion in 2012), representing an increase of 12.44% as compared with the corresponding period of the previous year; and the basic EPS was RMB0.82 (RMB0.73 in 2012), growing by 12.33% as compared with the corresponding period of the previous year.

5.1.1 Market Review

Macro economy, industrial conditions and their impact

In 2013, global economy was still under adjustment and reform. The U.S. economy recovered significantly, and European economy began to rebound, while emerging economies grew slowly.

Although both the global economy and shipping industry were gradually rising from the periodic bottom, container trade maintained a slow growth, and shipping companies were not profitable generally, with both demand for new containers and replacement rate of older containers at low levels. The demand for containers was weak. Furthermore, no obvious seasonal demand was shown for containers, and raw material prices went down, which led to the fall of container prices, but the RMB exchange rate kept rising. On the other hand, China's labor legislation and environmental regulations were increasingly strict, which was the main factor for the increase in production cost. Manufacturers in the industry tried to improve production efficiency through relocation, renovation, and introduction of automated production equipment, and 2013 was a difficult year for container industry. In 2013, the domestic container output was approximately 2.7 million TEUs, a slight decrease compared with 2012. The outputs of standard dry containers, reefer containers and special containers were approximately 2.33 million TEUs, 110,000 units and 110,000 units, respectively.

Energy, chemical and liquid food equipment industries, especially natural gas equipment industry, were less affected by economic downturn. China's natural gas price hike was expected to have short-term impact on the demand for some equipment and products but did not affect the overall demand in 2013. Rapid capacity expansion of major products of the industry and numerous new comers escalated the competition.

In 2013, the overall demand of overseas market for road vehicles remained stable. The markets in North America have showed a strong recovery for the last two years, the European economy bounced from the bottom, and the demand for semi-trailer was largely the same as 2012; the business in emerging markets maintained the rapid growth trend of last year.

Benefiting from the constant growth of offshore oil exploration and development investment and driven by equipment upgrading, offshore engineering remained upbeat. As the shipbuilding industry was facing predicaments of the serious shortfall in new shipbuilding orders and the constant decline in transaction price of new vessels, the leading shipyards have put their efforts on offshore engineering; as a result, the competition of offshore engineering became increasingly fierce in China.

National industrial policies, regulatory change and its impact

In 2013, under the updated guidance catalog of national industry, the entry threshold of container industry was lowered gradually and competition in the container industry has intensified. In recent years, China has been increasingly concerned about environmental protection and gradually included the related indicators into assessment indicators of local government. In particular, China issued the Air Pollution Prevention Scheme and local governments released implementation details. These movements not only exerted great external pressure on China's traditional manufacturing industry, but also brought new opportunities for transformation and upgrading of traditional industries. It is expected that the major environmental technologies and eco-friendly materials, such as waterborne paint, solvent recovery, eco-friendly flooring, cyclopentane foamer (replacement for Freon), will accelerate their application and generalization in container industry.

On 1 July 2013, China enforced new emission standard on heavy trucks, which upgraded the National Stage III emission standard to the National Stage IV emission standard. This event became the main factor to accelerate the upgrading of special vehicles, thus the sales of semi-trailer in China grew more than 30% over the previous year.

With regard to clean energy, the statistics show that in 2012, natural gas accounted for 24.4% of primary energy consumption in the world, close to oil and coal which accounted for 33.8% and 30.5% respectively. Natural gas, together with oil and coal, have become the world's three major energy. Over the past decade, China recorded an average annual increase of 13% and 16% in natural gas production and consumption, respectively. But currently, the proportion of natural gas to one-off energy consumption in China is still less than 5%, far below the world's average of 24.4%. The National Energy Administration issued the Shale Gas Industry Policy, which included shale gas development into national strategic emerging industries, in order to increase financial support for shale gas exploration and development. In recent years, with the rapid development of natural gas industry in the world, it is predicted that by 2020, natural gas will replace coal as the world's second largest energy source. China's natural gas and its applicable industries will continue the rapid development so as to replace coal, gradually to better address air pollution, smog and other problems.

In 2013, the nation's offshore engineering industry policy gradually deepened and refined, entering the substantial stage with funding and project support. It also promoted industrialization and accelerated the mergers and acquisitions of leading enterprises in offshore engineering and shipbuilding industries. In February 2013, National Development and Reform Commission ("NDRC") issued the Notice on Organization and Implementation of Equipment R&D and Industrialization of Offshore Engineering (2013), which specifically included 12 offshore engineering equipments of three categories into national-special-support products. The three categories are main offshore engineering equipments and ancillary equipments and systems, new offshore engineering equipments, and underwater key equipments. In October 2013, the State Council issued the Guidance on Resolving Severe Overcapacity, which clearly stated that China would improve the industry's entry criterion, support mergers and acquisitions, increase industrial concentration, encourage existing shipbuilding capacity transfer to the field of offshore engineering equipment, and raise the proportion of high-end production capacity. Under the guidance of national policy, the competitiveness of our existing offshore operations will be further strengthened.

5.1.2 Review of the Group's Principal Businesses for the Reporting Period

During the Reporting Period, the major operations of the Group are summarized below:

The Group is principally engaged in the manufacture of modern transportation equipment, energy, chemical and liquid food equipment, offshore engineering, and airport facilities equipment as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, regional special containers, tank containers, wooden container floorboards, road tank trucks, natural gas equipment and static tanks, road transportation vehicles, jack-up drilling platforms, semi-submersible drilling platforms, special vessels and airport equipment. In addition, the Group is also engaged in logistics equipment manufacturing and logistics services, real estate development, financing and other businesses. Currently, the Group is ranked No. 1 in the world in terms of output and sales of standard dry containers, reefer containers and tank containers. The Group is also the largest manufacturer of road transportation vehicles and one of the major offshore high-end engineering equipment enterprises in China.

During the Reporting Period, products contributing more than 10% of the Group's operating income or operating profit are container, road transportation vehicles, energy, chemical and food equipment and logistics services and equipment.

The financial data set out below is extracted from the audited financial statements of the Group prepared under CASBE. The following discussions and analysis should be read in conjunction with the audited financial statements of the Group and their respective notes set out in other sections.

(1) Consolidated Operating Results

	<i>Unit: RMB'000</i>		
	For the year 2013	For the year 2012	Percentage of change %
Revenue	57,874,411	54,334,057	6.52%
Operating Profit	3,370,835	2,639,441	27.71%
Net profit attributable to equity holders of the Company	2,180,321	1,939,081	12.44%
Net cash flows from operating activities	2,749,926	2,242,919	22.60%
Net change in cash and cash equivalents	(216,016)	(2,165,741)	90.03%

In 2013, the Group's revenue amounted to RMB57,874 million, representing an increase of 6.52% compared with the same period of previous year; the operating profit amounted to RMB3,371 million and the net profit attributable to equity holders of the Company amounted to RMB2,180 million, representing an increase of 27.71% and 12.44% respectively compared with the same period of previous year; net cash flows from operating activities amounted to RMB2,750 million, representing an increase of 22.60% compared with the same period of previous year; net decrease of cash and cash equivalents amounted to RMB216 million, representing an evident improvement when compared with previous year.

(2) Segment Results

	Income from operations for 2013	Cost of operations for 2013	Gross Margin	Year-on-year change in income from operations	Year-on-year change in cost of operations	Change in gross margin Percentage points
	RMB'000	RMB'000	%	%	%	
Containers	21,307,283	18,272,449	14.24%	(14.22)%	(11.55)%	(2.60)%
Road transportation vehicles	13,334,698	11,301,512	15.25%	(5.63)%	(7.75)%	1.95%
Energy, chemical and liquid food equipment	11,579,974	9,202,545	20.53%	20.20%	19.03%	0.78%
Offshore engineering	6,982,317	6,874,211	1.55%	281.67%	301.15%	(4.78)%
Airport facilities	887,749	609,412	31.35%	17.27%	16.51%	0.45%
Logistics services and equipment	6,215,849	5,417,054	12.85%	201.76%	228.06%	(6.99)%
Other businesses	2,421,429	1,294,688	46.53%	14.84%	17.93%	(1.40)%
Inter-segment offset	(4,854,888)	(4,729,511)	—	—	—	—
Total	<u>57,874,411</u>	<u>48,242,360</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Container Manufacturing Business

During the Reporting Period, the sales and production volume achieved by the Group were the highest among our peers in the industry. We have the capacity to produce a full series of container products with propriety property rights. The Group's container business mainly deals with standard dry containers, reefer containers and special containers. Special containers mainly included 53-foot inland North America containers, Europe wide containers, bulk containers, special reefer containers, foldable containers and modular construction products.

In 2013, the decrease in demand for containers was primarily due to slow global economic recovery and the decline in the growth of global container business. During the Reporting Period, the total sales of the Group's ordinary dry containers were 1,088,300 TEUs, representing an increase of 0.68% as compared with the same period of previous year. The total sales of reefer containers were 119,600 TEUs, representing a decrease of 3.00% as compared with the same period of previous year. The total sales of special containers were 63,900 units, representing a decrease of 12.59% as compared with the same period of previous year. In 2013, the operating income from our container business was RMB21.307 billion, representing a decrease of 14.22% as compared with the same period of previous year, and its net profit was RMB1.019 billion, representing a decrease of 43.60% as compared with the same period of previous year. Among which, the ordinary dry containers recorded a sales revenue of RMB13,252 million, representing a decrease of 14.29% as compared with the same period of previous year; the reefer containers recorded a sales revenue of RMB3,932 million, representing a decrease of 10.03% as compared with the same period of previous year; the special containers recorded a sales revenue of RMB4,414 million, representing a decrease of 26.00% as compared with the same period of previous year. In addition, the price for containers decreased approximately 10% during the year, which was a major factor for our operating income's decrease. The decrease in our gross profit margin was primarily due to low capacity utilization, declining economies of scale, decreasing price of container, RMB appreciation and other factors caused by unobvious seasonal demand for containers.

In 2013, adhering to the philosophy of “Safe, Green, Smart Application and Light Weight”, the Group reformed traditional production process and enhanced the automation level to reduce labor intensity and improve production efficiency. It actively promoted research, development and layout on the cold chain industry, and it has the ability to produce 13 categories of reefer containers with 200 different varieties. In addition, it has established the world’s only integral production line for special reefer containers. In January 2013, the Group launched the second-generation eco-friendly containers in cooperation with Baosteel, the weight of each container fell 14%, and the Group received orders of 12,000 TEU in total, which marked an important breakthrough of the Group in terms of container product upgrading. In 2012, China started the accelerated phase-out plan for hydrochlorofluorocarbons (HCFC) in full swing to ensure the implementation of provisions of the Montreal Protocol, making substantial effort to protect the ozone layer. In April 2013, the Group signed a contract with China’s Ministry of Environmental Protection, with intention to accelerate the phase-out process of HCFC refrigerants and use new eco-friendly cyclopentane refrigerants in freezer manufacturing industry. Also, it secured the support of over US\$18.5 million from the Multilateral Fund under the Montreal Protocol. The Group has been making efforts to fulfil its social responsibility and contribute to the protection of ozone layer and ecological environment.

In terms of special containers and modular construction business, the Company enhanced the competitiveness of its core products, strengthened the leading position of its existing mainstream products so as to further increase the market share.

The modular construction business of the Group follows the business model of “Integrated Design, Factory Manufacturing, On-site Installation”, and has the merits of quick transfer, fast build, no pollution and recyclable. It reflects the concept of innovation and pro-environment, and the Company has the ability to independently design the constructions and obtain related complete intellectual property rights. In April 2013, the Company donated container hospitals to the earthquake-stricken areas in Sichuan Ya’an, and they were quickly put into use. In August 2013, the Group and China Merchants at Shekou Industrial Zone signed a co-development agreement about new media industrial park project at Hipster Port, join together they will build the largest container architectural complex in China.

Road transportation vehicle business

CIMC Vehicle Group, a subsidiary of the Company, adhered to the strategic development of the full value chain businesses including the design and development of products, the manufacturing and delivery of products, sales of products and services and customer tracking and feedback, committing to the strategic vision of “relying on our national competitive strengths to offer global customers first-class land logistics equipment and services”. In terms of products, it currently has a 10 series, more than 1,000 species of special vehicle product lines, including container transport trailer, flatbed/tailgate transport trailer, low-flatbed semi-trailer, vehicle transport trailer, stake car, van, tank trucks, dump trucks, sanitation trucks, special vehicles, covering major domestic and overseas markets. Due to the effect of anticipation and implementation of the policy that commercial truck’s emission standard should update from level III to level IV, the sales of semi-trailers and refitted vehicle had grown steadily over the year; in overseas emerging market, rapid growth was shown in orders, the operating income gained a substantial increase, the market in North American was relatively stable, but the business in European was more difficult than expected.

As affected by the above domestic and international economic and industry environments, the Group's vehicle operation improved substantially. In 2013, the Group sold 104,800 sets of road transportation vehicles (up by 6% as compared with the previous year), contributing a revenue of RMB13.335 billion (down by 5.63% as compared with the previous year) and a net profit of RMB264 million (up by 92.69% as compared with the previous year).

The Group's vehicle operation implemented the strategy of "Prudent Management" in all major regional markets over the world, committing itself to resources integration, improving operational efficiency of asset and profitability, and focused on investing in technology upgrades and construction of marketing network. The Company timely adjusted the business strategy of domestic market, focusing on improving profitability and added value of the leading products, such as reefer trucks, dump trucks and other vehicles. In European market, the main subsidiary LAG is trying to change its primary business, and in order to truly realize commercialized operation, Silvergreen promoted various management measures, the main goal of these movements is to develop target customers and optimize the cost structure to meet the average level of the industry. In the market of North American, with the purpose to enhance operating capability, the Company had conducted a lot of expansionary investments and completed a number of annual objectives, such as equity structure adjustment, new plants construction, new product development, and so on. In emerging markets, mergers, acquisitions and newly-built production assembly bases were growing, which ensured the presence of the Group's mainstream products in the emerging market of major countries. Through extended development, the Group consolidated and expanded its business of vehicle logistic park, a commercial model was clearly shown, a good foundation for future development was laid and the revenue was considerable.

In 2013, under the background of slow recovery in macroeconomics and the implementation of the National Stage IV emission standard in certain regions, the domestic market of heavy truck had bounced from the downturn that began two years ago. Benefit from the rapid growth in demand for heavy trucks that consume natural gas, LNG heavy truck business became a new growth point of market demand. By the means of holding 45% of C&C Trucks' equity, the company started to develop and operate the heavy truck business. The annual sales income of this business was RMB1.344 billion, an increase of 100% from a year ago while losses reduced further. It is expected that in the future the growth of China's heavy truck market will slow down, but demand for LNG heavy trucks will probably continue to grow rapidly. C&C Trucks will keep developing medium-sized truck and heavy trucks, lightening the weight of trucks, and through these methods to improve quality and service, build up the brand image and expand the target customers. Also, it will put great effort to develop LNG heavy trucks, launch competitive medium-sized trucks and heavy trucks and achieve economies of scale.

Energy, Chemical and Liquid Food Equipment Business

The Group's energy, chemical and food equipment business is mainly conducted through CIMC Enric Holdings Limited ("CIMC Enric") and its subsidiaries, which are mainly engaged in all types of transportation, storage, design, development, manufacturing, engineering and sales of the processing equipment in these three sectors, and provide technical maintenance services. Energy, chemical equipment products and services are provided by the Company throughout China and the products are exported to Southeast Asia, Europe, North America and South America. In addition, the production base of liquid food equipment products locates in Europe; it supplies products and services worldwide.

The global demand for natural gas, distribution equipment and application of natural gas in vehicles are on the rise, with China being the most illustrative example. The sales of energy equipment continued to thrive in 2013. Demand for tank container, the main product of our chemical equipment business, was better than expected, generally the same as that in 2012. The business environment of liquid food service equipment also improved, and the acquisition of certain assets of the Ziemann Group also expanded the Group's product mix, driving up its turnover. The operating income from the energy, chemical and liquid food equipment business of the Group in 2013 was RMB11.58 billion, representing an increase of 20.20% as compared with the previous year. The net profit was RMB912 million, representing an increase of 41.34% as compared with the corresponding period of the previous year. Among which the operating income from energy (natural gas) equipment business of CIMC Enric amounted to RMB5,372 million, representing an increase of 25.80% as compared with the corresponding period of the previous year. The operating income from chemical equipment business was RMB3,094 million, representing an increase of 8.70% as compared with the corresponding period of the previous year. The operating income from liquid food equipment business was RMB1,516 million, representing an increase of 56.60% as compared with the corresponding period of the previous year.

During the Reporting Period, CIMC Enric adopted a number of strategies to enhance its core competitive advantages, including upgrading its production capacity, improving its existing product technology and accelerating research and development of new products. Its new plants in China commenced operation one after another, further augmenting its existing production capacity and research and development of new product lines. Since 2012, CIMC Enric focused on and invested resources in developing its EPC (Engineering, Procurement and Construction Contract) business, aiming to provide its customers with integrated solutions. That is one of its long-term strategies to expand its business scale and consolidate its market position.

In 2013, the Group concentrated on blending the assets acquired from the Ziemann Group in 2012 into the business and operating structure of CIMC Enric. As Ziemann Group is the world's leading provider of solutions for brewery turnkey projects, we are to make good use of the acquired resources, such as its brand, market network, production technology, automated processing and project achievements etc. to support the Group's growth. The acquisition also contributes to the increase of gross profit margins of CIMC Enric's liquid food equipment business from the following two aspects: first, CIMC Enric is now armed to provide a full range of brewery equipment and turnkey projects for higher gross profit margin, so the acquisition will help to improve the gross margin of the segment, second, as Ziemann Group used to be one of CIMC Enric's competitors, the acquisition somewhat alleviated the competition in the market of liquid food equipment.

In order to cope with the market demand, CIMC Enric actively invested in the development of new products and upgrading of its production technologies: working closely with Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. to ensure overall planning and coordination of R&D and product design; entering into strategic cooperation with the domestic research institutions and external professionals from the steel mills, aiming to develop its own high-strength steel for mobile pressured vessel. In order to secure the Group's leading position in the market, and ensure sustainable development of the industry in which it operates, CIMC Enric also participated in the establishment of a number of international and industrial product standards in addition to its internal R&D efforts.

In 2013, the Group spent more efforts in developing overseas markets and building marketing channels, particularly the emerging markets such as South-East Asia, Central Asia and South America, with its annual income from overseas sales grew by approximately 20%. The branch of Shijiazhuang Gas Equipment in the United States was established to cultivate the North American market, leading to a significant growth in the total business volume as compared with the corresponding period of the previous year. Also, the Group has been exploiting the market in Russia and procuring regional strategic cooperation, which remarkable success in cooperation with local competent companies, and concluded the deal of the first set of CNG hydraulic sub-station. The Group will continue to implement proactive sales and marketing initiatives, e.g. building a market information database, deal conclusion-oriented marketing mechanisms and key account management programs, so as to expand its market share.

Offshore Engineering Business

We are one of the leading general manufacturers of high-end offshore engineering equipment in the world and have been involved in the competitive international market of offshore engineering business all the time. Our major products include semi-submersible drilling platforms, jack-up drilling platforms and high-end auxiliary vessels for offshore engineering.

In 2013, the sales revenue from offshore engineering business of the Group reached RMB6.982 billion in aggregate, representing an increase of 281.67% from RMB1.829 billion in the previous year. It incurred a net loss of RMB297 million, narrowing down significantly by 43.67% as compared with the previous year. The significant increase in operating income and the decrease in loss were mainly due to the sales of semi-submersible life platform OOS PROMETHEUS, semi-submersible crane platform OOS Gretha and 300-foot jack-up drilling platforms- MASTER DRILLER, MASTER DRILLER II, and based on the progress of projects under construction, sales revenue increased greatly comparing with the previous year when the delivered projects and projects under construction are fewer at the same period, hence the sales revenue were lower at then. As the successful sales of self-constructed projects (two semi-submersible crane/life platforms, two jack-up drilling platforms), the cost substantially reduced, with the quality guarantee deposit returned from the delivered projects and other prepaid expenses, the annual loss has significantly reduced, the budget goal has been realized by and large.

In 2013, CIMC Raffles Offshore (Singapore) Limited (“CIMC Raffles”) has made major breakthrough in order delivery, especially in delivery and sales of self-built due projects. Two deep-water semi-submersible crane life platforms – OOS Gretha and OOS Prometheus were delivered to the clients in December 2013, and were subsequently shipped to Brazil on 23 February 2014 and 9 March 2014 respectively, for delivery to the end user Petrobras. The above semi-submersible crane life platforms are truly “China’s first deep-water semi-submersible platforms developed, designed and constructed completely by the Chinese”, representing a significant breakthrough among mainstream customers and mainstream products. In June and November 2013, agreements were signed with ship-owners for delivery of the 300-foot jack-up drilling platforms MASTER DRILLER and MASTER DRILLER II, respectively, which were the third and fourth jack-up drilling platforms after SUPREME DRILLER and CASPIAN DRILLER. In addition, a jack-up workover platform also secured a one-year lease from COSL. By 2013, CIMC Raffles had basically delivered all the due projects. The litigation with Schahin in Brazil also made good progress and an amount of US\$95 million due to the Company was successfully recovered.

CIMC Raffles also made great progress in project construction. On 28 August 2013, CIMC Raffles kicked off the construction of Frigstad Deepwater Rig Alfa, the world's largest ultra-deepwater semi-submersible drilling platform with double rigs, in its Haiyang base, for its Norwegian customer, Frigstad Deepwater. In September 2013, the upper hull of its fourth drilling platform “興旺號” – COSL PROSPECTOR XINGWANG, built for COSL, successfully joined with the lower hull as planned, taking the project into the testing phase. In December 2013, its self-built 300-foot jack-up drilling platform was granted an ABS Certificate.

During the year, the Group continued to strengthen the research and design systems of offshore engineering. In July 2013, the CIMC Institute of Marine Engineering commenced operation. Known as the “National Energy Offshore Oil Drilling Platform Research and Development (Experiment) Center”, it has become an incubator integrating production, teaching and research as well as an international collaborative innovation platform. During the year, the semi-submersible platform designed and developed by Yantai CIMC Raffles independently was granted the First Prize of the Shandong Province Science and Technology Progress Award as well as the First Prize of the Science and Technology Progress Award from the Energy Bureau. In November 2013, the Company and a Swedish company BASSOE TECHNOLOGY AB (referred to as BTAB) signed a sale and purchase agreement to acquire 90% shares of BTAB. The transaction has been completed. As an emerging offshore engineering design company, BTAB has its core staff richly experienced in offshore engineering projects. BTAB is highly capable of basic design. In less than 5 years after it was established in 2007, it has come out with designs for drilling vessels, semi-submersible drilling auxiliary platform, semi-submersible workover platform and semi-submersible drilling platform, and has obtained many actual vessel projects. The acquisition will help obtain market orders especially in the North Sea market; also, this strategic move integrated resources that benefit the rapid development of offshore engineering. In order to further expand in the field of offshore engineering, this is an important step for the Group; it has positive influence on enhancing the basic design ability of offshore engineering, enriching current product lines and perfecting the industry chain of offshore engineering.

In 2013, marketing of self-designed products also made remarkable progress, with two of our self-designed semi-submersible crane life platforms receiving a long-term lease from Petrobras. Breakthrough was also made in the orders of the Company's self-designed jack-up production platforms, which also received a long-term lease from PEMEX. Our self-designed GM4-D series, which is China's first semi-submersible drilling platform that is capable of operating in polar waters, received the second order from the ship-owners in 2013, following the first order and commencement of construction in June 2013.

In 2013, the Group focused on the semi-submersible platform and jack-up platform and continued to consolidate its market position, while for the first time, it obtained orders of drilling platforms and production platforms, and this was a breakthrough on new products. Successively it secured bulk orders, including 1+1 semi-submersible drilling platforms, 5+4 jack-up drilling platforms, 1+3 drilling vessels and one jack-up production platform. And the lease of one jack-up service platform from COSL. The total price of the valid orders in 2013 was about US\$1.8 billion, and the total price of all orders on hand was about US\$4 billion.

By the end of 2013, CIMC Raffles had secured orders of 5 semi-submersible drilling platforms, accounting for 20% of the global market. In the North Sea of Norway, currently, three semi-submersible drilling platforms built by CIMC Raffles are in operation, and another three are under construction. CIMC Raffles has become the main supplier for the semi-submersible drilling platform that specially designed for the harsh environment of North Sea. In Brazil, two deepwater semi-submersible drilling platforms built by CIMC Raffles are presently in operation, and another two semi-submersible crane life platforms are leased by Petrobras for long-time use and will begin their service for Petrobras at the end of March of 2014.

Airport Facilities Business

The Group is mainly engaged in boarding bridges, air cargo processing systems, airport ground support equipment (GSE) (including shuttle bus, lifting platform vehicle, fire truck, etc.), stereo garage, logistics and related services.

In 2013, the airport facilities business segment realised operating income of RMB888 million, representing an increase of 17.27% as compared with RMB757 million in the previous year. Its net profit was RMB116 million, representing an increase of 69.03% as compared with RMB69 million in the previous year. The business structure of this segment was further optimized, and the proportion of income from businesses other than civil aviation increased significantly in this segment.

During the year, the Group's airport facilities business had made expected breakthrough in market expansion, mergers and acquisitions, business expansion and other aspects. In July 2013, the Group announced that it would inject 70% equity interest in Shenzhen CIMC Tianda Airport Support Co., Ltd. ("CIMC Tianda") into Pteris Global Limited ("Pteris", a listed company on the main board of the Singapore Stock Exchange, stock code: J74). In October 2013, the Group successfully took over the entire business and assets of a French company, Air Marrel. In November 2013, the Group signed a sale and purchase agreement with Albert Ziegler GmbH & Co KG of Germany to acquire the assets of Ziegler for approximately €55 million, pursuant to which the Company bought related assets and equities or shares of Ziegler's nine subsidiaries in Germany or other countries. Upon completion of the above acquisitions, technology coordination, collaboration of after-sales service and internal management and resource integration had already started and preliminary results were achieved. Hence, the Group had formally become a manufacturer for high-end fire trucks. The above acquisitions perfected the existing product portfolio of airport facilities business, and synergistic effect had been achieved. The overall competitiveness of airport facilities business had been improved, and our product range of special vehicles had been enriched. Moreover, in the future, these acquisitions will help the Company benefit from China's urbanization development. A subsidiary of CIMC Tianda, XIEFA Airport Equipment Ltd. ("XIEFA") is a professional design, manufacturing and services enterprise of airport shuttle bus and other ground support equipment (GSE), which is a leading manufacturer for airport shuttle bus in China. Since CIMC Tianda took over XIEFA in 2012, all by itself, XIEFA had successfully developed the first "bidirectional shuttle bus" in China and delivered it to Perth Airport at Australia. Hong Kong airport, after accepted the delivery of 10 airport shuttle buses manufactured by XIEFA and put them into use, in March 2013, made a new order to purchase 20 new-type bi-directional shuttle buses from XIEFA. After that, XIEFA had made successive breakthroughs in tapping the market of Maldives, Thailand, Indonesia and other overseas countries, achieving further expansion into new overseas markets.

In April 2013, the Group established Shenzhen CIMC Tianda Logistics System Engineering Co., whose main business includes automated sorting system for industrial users; warehouse planning, design, renovation and other EPC projects.

Logistics Services and Equipment Business

The Group is committed to offering specialised logistics equipment and comprehensive logistic solution for customers in different industries. The logistics equipment products of the Group mainly comprise of the pallet containers for vehicle, logistics, food, chemical and agricultural purposes, and the IBC made of stainless steel (Intermediate Bulk Container) for chemical and food usage, as well as specialised logistics equipment. Meanwhile, the Group also provides logistics

services based on its standardized logistic equipments, transportation service solutions regarding finished automobiles based on special containers, logistics service solutions regarding logistic of liquid based on IBC containers, logistics service solutions regarding transportation of automobiles based on pallet boxes, pallet leasing and repairing services as well as fixed route logistics, contract logistics and cold chain logistics.

In 2013, the Company achieved sales revenue of RMB6.216 billion and net profit of RMB179 million in logistics services and equipment business.

During the year, through multiple acquisitions, the Group had accelerated its pace of business expansion. It innovated its trading, financial service and full-life cycle services for containers in container logistics; and has been looking out for new business opportunities in coastal industrial upgrading, China's central and western development, urbanization, energy conservation and emissions reduction, and green industry development. On 6 March 2013, the Group purchased 36.78% equities of Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group") after which the Group's shareholding in Zhenhua Group increased to 75%. Based in Tianjin, Zhenhua Group mainly engages in logistics related businesses. This acquisition will sharpen the Group's edge in comprehensive logistics service.

On 30 December 2013, the wholly-owned subsidiary of the Group signed a share sale and purchase agreement with a subsidiary of Maersk Group, the leading company in global shipping industry, to buy 70% shares of Brigantine Services Limited and Brigantine International Holdings Limited. Through this acquisition, the Group expanded its business scale of existing container yard services and container maintenance services, perfected its capacity of full-life cycle services on containers and acquired Brigantine's business platform and network of used containers. At the same time, this agreement had laid the foundation for further cooperation in the future.

In the 20 years of its development, the Group has completed a shift from the conventional and basic pattern to integrated and value added operations in logistics services and equipment manufacturing, and is reaching out to provide comprehensive logistic solutions. In the future, the Group will continue to promote major projects such as engine packaging and auto parts customers; packaging and logistics services for vehicle components and parts and develop big customers; strengthen lean management over businesses; promote related businesses including domestic logistics, cold chain businesses, logistic finance, engineering and project logistics, equipment manufacturing, supply chain logistics, international shipping agency, international freight agency, and comprehensive logistics at port, and consider chances to enter the e-commerce logistic market.

Real Estate Development Business

In 2013, China's regulation and control policy on real estate market had no fundamental changes, and the superimposition effect on investment, development and house-purchase still continued, with high market pressure. CIMC Real Estate Development Co., Ltd. of the Group at Shenzhen continued to promote the project construction and sales in Yangzhou, Zhenjiang, Jiangmen and Yangjiang according to the plan, CIMC Innovation Industrial Park Project at Songshan Lake in Dongguan has been started, and other projects at Longhua in Shenzhen, Kunshan in Jiangsu have completed the first-phase preparations. During the Reporting Period, the real estate business of the Group achieved commercial housing revenue of RMB1.65 billion, rose by 1.29 times on a year-on-year basis. The achieved operating income during the Reporting Period was RMB1.326 billion, with a net profit of RMB157 million.

The Group owns an industrial land at the cooperative zone of modern service industry of Shenzhen Qianhai Port (“Qianhai Cooperative Zone”), with an area of 524,200 square meters. In the year, the Company had deep communication with the Shenzhen Municipal Government and Qianhai Administration Bureau regarding the development plan of this land, which has gained preliminary recognition and support of the government, but hasn’t reached specific development program yet. The Company will take active action to join in the development and construction of Qianhai in future in the light of the overall planning and requirements, and make new contribution to the development of Qianhai and embody new value. Besides Qianhai Area in Shenzhen, the Group has land reserves or industrial land blocks which are expected to be changed into industrial land for commercial development in Shekou and Pingshan in Shenzhen, Songshan Lake in Dongguan, Yangjiang in Guangdong, Qingdao in Shandong, Yangzhou and Zhenjiang in Jiangsu, and Baoshan in Shanghai, etc.

Financial Business

As for its financial business, the Group was devoted to the establishment of a financial service system which matches its role as a world leading manufacturer, so as to develop business and enhance the efficiency and effectiveness of its internal capital utilization. The main operating subsidiaries consist of CIMC Financial Leasing Co., Ltd. (“CIMC Financial Leasing”) and CIMC Finance Company Ltd (“CIMC Finance”). In 2013, the financial business of the Group achieved a revenue of RMB877 million and a net profit of RMB431 million, representing an increase of 24.56% and 16.40% respectively as compared with previous year, respectively.

Over the past five years, CIMC Financial Leasing has maintained sustained rapid growth, the CAGR (compound average growth rate) of new business volume is 63.3% in these five years, in the same period, the CAGR of net profit is 76.3%. Meanwhile, CIMC Financial Leasing has deeply appreciated the demand of the Group’s strategic customers and rapidly replicated business model, relying on “Chinese capital” and “Chinese design” to integrate global resources. In 2013, based on the project of CMA9200TEU container ship financial lease, CIMC Financial Leasing successfully duplicated business model and signed a lease of 14 8,800 TEU container ships with MSC, the total amount of this project is approximately US\$1.19 billion, which expanded the quality assets of ship leasing. Also, the Company furthered the industry-finance synergy with CIMC Raffles, promoted the implementation of major strategic projects and made major breakthroughs in global emerging markets such as Brazil. Comprehensively, the Company pushed forward the industry-finance synergy with other segments of the Group, and for the first time, it secured contracts in modular construction, warehouse automation and automatic stereo garage and other financing projects, in the UK, Australia and other international mainstream markets, it has fulfilled the zero breakthrough.

CIMC Finance deeply implemented a three-year strategic plan, with self-positioning of “fund manager, financial services provider, financial value producer”, entered a new stage of development. As the Group’s “fund manager”, CIMC Finance continued to strengthen the centralized management and effective functioning of the Group’s capital pool, and it significantly reduced the liabilities of the Group and well managed the Group’s total capital, lessened the Group’s finance costs, funding costs and transaction costs, and the efficiency of monetary funds was further improved. CIMC Finance had made a new breakthrough in the aspects of “financial services provider, financial value producer”, it launched new businesses such as supply chain finance, foreign exchange settlement, cross-border RMB settlement, guarantee, etc. Also, CIMC Finance developed new financial instruments like electronic commercial draft, inter-bank

borrowing and rediscount. These new businesses and tools have further improved the professional competence and service level of the Group's financial business, at the same time, they exploited new investment and financing channels for the Group, created new financial value and profit growth point, and further enriched the meaning of combination between industry and finance, boosted the development of the industry.

5.1.3 Prospects For 2014

1. *Economic Environment and Policies*

Looking into 2014, the world economy is expected to maintain a momentum of slow recovery and the driving force of the global economy shifts to developed countries with a steady recovery led by the United States. Chinese government will remain relatively stable fiscal policy and steady monetary policy with a slightly tight, and the domestic economy is expected to grow at a stable rate with a moderate rise in the inflation in 2014. IMF and the Organization for Economic Cooperation and Development (OECD) forecast the rate of world economic growth will reach 3.6% in 2014. However, the global economy will still face a lot of uncertainties in 2014, which includes, the United States phases out the quantitative easing, the Euro Area faces the problem of high debt and low confidence, Japan raises the consumption tax rate, and there is an economic slowdown in BRICS countries, etc.

2. *Industry Development Trend and Market Outlook*

- (1) In respect of container business, it is expected that the trade volume of global container will continue to grow in 2014, at a rate greater than 2013. CLARKSONS (a British shipbroker in dynamic analysis of shipbuilding and marine trade) predicts that the growth rate of container trade will reach 6.0% in 2014. Alphaliner (a French shipping consulting firm) predicts that the growth rate of container trade will be 4.4% in 2014, while the shipping capacity of containers will increase by 5.5%, although the gap between the supply and the demand has narrowed compared to 2013, there remains the oversupply of the shipping capacity. Therefore, shipping companies will take measures such as strengthening the alliance and maintaining slow steaming to further improve efficiency, reduce costs, and absorb excess shipping capacity.
- (2) In respect of road transportation vehicle business, the global economy will enter a slow recovery period in 2014, in which the economic environment of North American markets is favorable, and the supply and demand of special vehicles are essentially flat; European economy shows signs of recovery, which is beneficial to the expansion of the Group's businesses and customers; overall economic situation in emerging markets is similar to China, with steady growth in mature markets and urgent demand for new products, and there is a large sales space and significant opportunities for development.
- (3) In respect of energy, chemical and food equipment business, 1) Energy equipment business: low-carbon energy is an inevitable trend, the "Twelfth Five-Year" Plan offers appropriate encouragement and support for related industries in future, therefore, the demand for natural gas equipment will also increase fairly rapidly; 2) Chemical equipment business: the global market suffers from overcapacity and stiff competition and there are many uncertainties in the situation of the tank container market, the total demand of which in 2014 is expected to be lower than that in 2013; 3) Liquid food equipment business: the global beer industry is more and more matured, and the European and North American markets suffer from negative growth affected by the weak economy, while emerging economies such as China, Southeast Asia and South America suffer from a new growth taking the place of developed counties.

- (4) In respect of offshore engineering business, in recent years, China has introduced many policies to support the offshore engineering industry, in particular the “Twelfth Five-Year” Plan has listed the offshore engineering equipment manufacturing as a strategic emerging industry to supports. This brings a huge strategic opportunity for the development of offshore engineering. The global offshore engineering market is in a booming period, and mainstream oil service companies have completed the replacement of jack-up drilling platforms and drilling rigs. In 2014, many mainstream customers are in demand for batch replacement of old semi-submersible drilling platform. In the next five years, the compound annual growth rate of investment in offshore oil and gas exploration and production will maintain a CAGR of 10%.

3. Overall Operation Targets for our Business Development and Initiatives

In 2014, the Group will continue to promote the transformation and upgrading to seek continuous improvements. It will constantly innovate in technology, business models and management mechanisms and control risks. Major efforts will be made to seize the historic opportunity to set challenging goals for growth and development, to move towards the goal of becoming a world-class enterprise. The Group will continue to create new systematic and cultural merits, carry out systematic upgrade in product and technical innovation, especially business model and other areas, focus on breakthroughs so as to cultivate competitive edges and optimize business structure and establish an “accumulative continuous improvement mechanism”, in order to lay a new foundation for the continuous healthy development of the Group.

In respect of container business, on one hand, the Group will focus on connotative growth, begin the transformation towards the service, base on market orientation, strengthen the cost management, optimize the quick response mechanism, and enhance the competitiveness of core businesses; on the other hand, the Group will make efforts to explore and research new business opportunities for special container business, modular construction business and cold chain business, etc. Meanwhile, in order to adapt to changes in the external environment, it will focus more on improving operation conditions so as to guarantee the supply of workers and give full play to the effective capacity.

In respect of road transportation vehicle business, in the domestic market, the Group will continue the product innovation and increase investment, to ensure a continuously steady growth of the refrigerator cars business, and exploit opportunities to promote innovative urban logistics vehicles, while increasing the investment in the business of vehicle logistics park, and improving the sales and service network; in North American market, the Group will seize market opportunities, promote new product design, and continue the connotation optimization of the Vanguard trailer business, to realize a substantial growth in sales; in the European market, the Group will establish the LAG tanker cluster and expand the brand influence of LAG, and CIMC Silvergreen enters into the European mainstream semi-trailer market; in emerging markets, the Group will strengthen cross-border extension of high-end products and brands.

In respect of energy, chemical and liquid food equipment business, the Group will continue to consolidate and strengthen the existing mature products in the future, promote the increase in the amount of star-products, and cultivate seeded products; promote the expansion of global markets, focusing on expanding North America, Russia and overseas markets; strengthen technical research and development, and improve the overall technical level; develop the strategic planning, and perform a prospective study for the energy equipment and engineering, to capture potential growth opportunities. By connotation optimization and collaborative sharing, there is a significant increase in the level of manufacturing, supply chain management and labor capacity.

In respect of offshore engineering business the Group will focus on breakthroughs in mainstream customer orders in 2014 with regard to moderately deepwater semi-submersible drilling platforms. As for the target markets, it will continue to consolidate the position of North Sea markets and vigorously develop the Brazilian market and other areas, creating synergy between manufacturing capability and design expertise, so as to make a breakthrough in orders with regard to semi-submersible workover platform and the economic semi-submersible drilling platform. 2014 will be a year in which the Group has the most projects under construction and the biggest challenges to its resources and capacity. The Group will accelerate the construction of the project management system, create a procurement system with competitive edge in the field of key equipment/materials, continuously enhance the ONE lean security and improve all the basic management of the Company; gear up the EPC capabilities and centralize all resources on the project to finally ensure achievement of the project; and continue to expand the advantage of the drilling platform, vigorously develop the markets of living platform and production platform, and enrich the product line so as to achieve a sustainable development.

4. *Capital Expenditure and Financing Plan*

According to the changes in economic situation and operating environment, as well as the needs for the Group's strategic upgrade and business development, the capital expenditure of the Group is expected to be RMB5.620 billion in 2014, for which various forms of financing arrangements will be considered.

5. *Risk Factors for Future Development*

(1) *Policy Risks and Challenges*

In recent years, China's economic transformation and upgrading are in full swing. China presents the roadmap for comprehensively deepening reform and overall objectives in the coming years, and various laws and policies are in the changing and adjusting period, especially the industrial policies and tax policies that have a huge impact on the business. The container sector, as part of the traditional manufacturing industries, will face certain policy risks in the coming years, such as the export tax rebate policy, investment approval policy, and industrial land supply policy, etc.

(2) *Economic Risks and Challenges*

- 1) Periodic fluctuations: Industries involved in the businesses of the Group rely on the Chinese and global economic performance, and usually change along with the periodic change in the general economic environment, especially the performance of the Chinese and global industrial sectors, and therefore, the Group may face slowing growth of container demand due to easing growth of global trade volume and China's exports. Financial reform gave rise to more frequent and wider fluctuations in RMB-USD exchange rate, which may bring certain exchange rate risk.

- 2) **Market competition:** The Group is confronted with competition from domestic and foreign enterprises in respect of container manufacturing, road transportation vehicle, energy, chemical and food equipment businesses. Besides, the competition pattern of the industry may change due to entry of new comers or rising capacity of existing rivals. In particular, as a “strategic emerging industry” of high investment and long cycle underpinned by state policy, domestic offshore engineering players may not only compete with overseas leading counters but are also challenged by more domestic traditional shipyards and capital, which may escalate competition in the future.
- 3) **Industry relocation:** From the point of view of the law of the endogenous demand and industrial transfer of the container industry, the container industry has maintained a certain synchronicity with global trade development and industrial transfer. With the development of global economic integration, as well as increase in the cost of various production elements in China, there are signs that the manufacture of container containerizable commodities is shifting to lower-cost South East Asia, South Asia and Latin America.

(3) Social Risks and Challenges

- 1) **Employment pressure:** Due to demographic changes in China, Chinese manufacturers are generally facing the adjustment and change of employment structure. On one hand, new generation industrial workers post increasingly higher expectations and diversified demand for their working environment; on the other hand, with gradual loss of demographic dividend and adjustment of labor policy in China, Chinese manufacturers, especially labor-intensive enterprises, are meeting with constantly rising labor cost. Therefore, the automation represented by the robot is becoming one of key directions for future upgrading of the container industry.
- 2) **Pressure of environmental protection:** China has entered a stage of economic restructuring and social transformation and is implementing the sustainable development strategy. Since 2013, environmental protection, especially air pollution control, has become the important objective of Chinese governments at all levels. Chinese traditional manufacturing including container industry is facing ever greater environmental pressure. This is also one of key directions for future upgrading of the container industry.

(4) Technical Risks and Challenges

As a traditional industry, pushed by external pressure and internal demand, the container industry is facing major challenges in upgrading of equipment technology, process technology, and product technology, especially the engineering technology upgrading represented by the automation and streamlining as well as the product technology upgrading represented by green, environmental protection and energy conservation. As China has not established an ideal legal system for protection of intellectual property right, the Group is still confronted with severe challenges in respect of intellectual property right in the future.

5.1.4 Management Discussion and Analysis (Prepared According to the Relevant Requirements of the Hong Kong Listing Rules)

The following discussion and analysis should be read in conjunction with the audited financial statements of the Group prepared in accordance with CASBE and their accompanying notes.

Income Analysis by Segment and Region

The following table sets out the Group's income from various major segments and the percentage in total operating income during the following periods:

Unit: RMB'000

Segment	2013		2012	
	Operating income	Percentage in total operating income (%)	Operating income	Percentage in total operating income (%)
Container	21,307,283	36.82%	24,840,079	45.72%
Road transportation vehicles	13,334,698	23.04%	14,130,480	26.01%
Energy, chemical, liquid food equipment	11,579,974	20.01%	9,633,707	17.73%
Offshore engineering	6,982,317	12.06%	1,829,410	3.37%
Airport facilities	887,749	1.53%	757,001	1.39%
Logistics services and equipment	6,215,849	10.74%	2,059,877	3.79%
Others	2,421,429	4.18%	2,108,573	3.88%
Intra-segment effect	(4,854,888)	(8.38)%	(1,025,070)	(1.89)%
Total	57,874,411	100.00%	54,334,057	100.00%

The following table sets out the Group's income from various regions and the percentage in total operating income during the following periods:

Unit: RMB'000

Region	2013		2012	
	Operating income	Percentage in total operating income (%)	Operating income	Percentage in total operating income (%)
Mainland China	20,718,567	35.80%	23,202,710	42.70%
America	11,247,084	19.43%	13,651,754	25.13%
Europe	13,954,472	24.12%	11,266,791	20.74%
Asia (excluding China)	8,718,240	15.06%	3,661,789	6.74%
Others	3,236,048	5.59%	2,551,013	4.69%
Total	57,874,411	100.00%	54,334,057	100.00%

In 2013, the Group's revenue amounted to RMB57,874 million, representing an increase of 6.52% compared with the same period of previous year. By segment results, the container business and road transportation vehicle business have both reported a decrease in revenue by 14.22% and 5.63% respectively compared with the same period of previous year; revenues from energy, chemical, liquid food equipment, offshore engineering and airport facilities have seen a significant increase by 20.20%, 281.67% and 17.27% respectively compared with the same period of previous year; revenues from logistics services and equipment business rose correspondingly, as Zhenhua Group was consolidated into the Group in 2013. By region, revenues from mainland China and America have decreased slightly, while revenues from Europe and Asia (excluding China) have increased. For specific analysis, please see the section headed "5.1.2 Review of the Group's Principal Business for the Reporting Period" in the Results Announcement.

Operating Cost and Gross Profit

The following table sets out the Group's operating cost of various major segments and the percentage in total operating cost during the following periods:

Unit: RMB'000

Segment	2013		2012	
	Operating cost	Percentage in total operating cost (%)	Operating cost	Percentage in total operating cost (%)
Container	18,272,449	37.88%	20,657,972	46.32%
Road transportation vehicles	11,301,512	23.43%	12,251,132	27.47%
Energy, chemical, liquid food equipment	9,202,545	19.08%	7,731,425	17.33%
Offshore engineering	6,874,211	14.25%	1,713,647	3.84%
Airport facilities	609,412	1.26%	523,053	1.17%
Logistics services and equipment	5,417,054	11.23%	1,651,231	3.70%
Others	1,294,688	2.68%	1,097,867	2.46%
Intra-segment effect	(4,729,511)	(9.81)%	(1,025,070)	(2.29)%
Total	48,242,360	100.00%	44,601,257	100.00%

The following table sets out the Group's gross profit and gross margin of various major segments during the following periods:

Unit: RMB'000

Segment	2013		2012	
	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)
Container	3,034,834	14.24%	4,182,107	16.84%
Road transportation vehicles	2,033,186	15.25%	1,879,348	13.30%
Energy, chemical, liquid food equipment	2,377,429	20.53%	1,902,282	19.75%
Offshore engineering	108,106	1.55%	115,763	6.33%
Airport facilities	278,337	31.35%	233,948	30.90%
Logistics services and equipment	798,795	12.85%	408,646	19.84%
Others	1,126,741	46.53%	1,010,706	47.93%
Intra-segment effect	(125,377)	—	—	—
Total	9,632,051	16.64%	9,732,800	17.91%

In 2013, the Group's operating cost amounted to RMB48,242 million, representing an increase of 8.16% compared with the same period of previous year; the overall gross profit amounted to 16.64%, representing a decrease of 1.27% compared with the same period of previous year, mainly affected by decline in the gross profit margins of the container business, offshore engineering, logistics services and equipment business. Compared with the same period of previous year, the gross profit margin has increased for the road transportation vehicle, energy, chemical and liquid food equipment, and airport facilities business. For specific analysis, please see the section headed "5.1.2 Review of the Group's Principal Business for the Reporting Period" in this Results Announcement.

Non-operating Income

In 2013, the Group's non-operating income amounted to RMB274.223 million, representing a decrease of 23.90% from RMB360.365 million in 2012, mainly due to the higher gains from disposal of intangible assets in 2012.

R&D Expenses

In 2013, the Group's R&D cost amounted to RMB501.949 million, representing an increase of 40.36% from RMB357.628 million in 2012, mainly due to a higher input of resources into product research and development.

Selling and Distribution Expenses

In 2013, the Group's selling and distribution expenses amounted to RMB1,832.733 million, representing an increase of 3.80% from RMB1,765.697 million in 2012, mainly due to increased selling expenses as a result of higher sales revenues as compared to the previous year.

General and administrative Expenses

In 2013, the Group's management expense amounted to RMB4,041.552 million, representing an increase of 8.62% from RMB3,720.704 million in 2012, mainly due to changes in scope of consolidation and higher expenses on technology upgrade.

Financial Expenses

In 2013, the Group's financial expense amounted to RMB438.992 million, representing a decrease of 16.31% from RMB524.557 million in 2012, mainly due to a higher amount of interest expenses being capitalized as compared with the previous year, which reduced the interest expenses charged to profit or loss.

Income Tax Expenses

In 2013, taxes paid by the Group amounted to RMB928.222 million, representing a decrease of 4.99% from RMB976.950 million in 2012, mainly due to a lower amount of current period income tax calculated under the tax laws and regulations compared with the previous year.

Profits Attributable to Minority Shareholders

In 2013, the Group's profits attributable to minority shareholders amounted to RMB454.177 million (loss: RMB8.651 million in 2012), mainly due to the changes in profits recorded in certain subsidiaries with minority shareholders.

Liquidity and financial resources

As at 31 December 2013, the Group's cash and cash equivalents amounted to RMB4,771.047 million (RMB5,221.539 million in 2012). The Group has maintained sufficient cash on hand to repay the bank loans upon maturity, and will continue to manage its subsequent development and capital expenditures in a prudent manner.

As at 31 December 2013, the Group's bank loans, overdrafts and debentures payable amounted to RMB25,787.466 million (as at 31 December 2012: RMB20,799.527 million). For the year of 2013, the Group had appropriated an amount of RMB19,443.628 million (2012: RMB15,627.848 million) of bank loans and made repayment of bank loans of RMB16,533.299 million (2012: RMB18,384.272 million).

Cash Flow

The following table sets out the Group's net cash flows during the following periods:

	<i>Unit: RMB'000</i>	
	2013	2012
Net cash flows generated by operating activities	2,749,926	2,242,919
Net cash flows generated by investing activities	(6,504,459)	(1,559,348)
Net cash flows generated by financing activities	3,632,937	(2,889,667)
Effect of foreign exchange rate changes on cash and cash equivalents	(94,420)	40,355
Net change of cash and cash equivalents	(216,016)	(2,165,741)
Cash and cash equivalents at beginning of year	4,397,512	6,563,253
Cash and cash equivalents at end of year	<u>4,181,496</u>	<u>4,397,512</u>

(1) Operating activities

In 2013, the Group's net cash flows generated by operating activities amounted to RMB2,749.926 million (2012: RMB2,242.919 million), relatively steady compared with the previous year.

(2) Investing activities

In 2013, the Group's net cash flows used by investing activities amounted to RMB6,504.459 million (2012: RMB1,559.348 million), mainly due to an increase in cash paid compared with the previous year for vessels under construction, in addition to payments to acquire fixed assets intangible assets and other long-term assets .

(3) Financing activities

In 2013, the Group's net cash flows generated/(used) by financing activities amounted to RMB3,632.937 million (2012: RMB(2,889.667) million), mainly due to increased financing activities in line with expansion of business scale.

Capital Structure, Gearing Ratio and Basis for Its Calculation

The Company's capital structure consists of equity interests attributable to shareholders and liabilities. As at 31 December 2013, the equity interests attributable to shareholders amounted to RMB24,496.128 million, of which the minority interests amounted to RMB3,822.091 million, and the total liabilities amounted to RMB48,109.844 million. The total assets amounted to RMB72,605.972 million.

The gearing ratio was calculated based on the total liabilities as at the respective dates divided by the total assets. The gearing ratio of the Group as at 31 December 2013 was 66.26% (2012: 64.89%), mainly due to higher total liabilities as compared with that of the previous year.

Assets and Liabilities

Material Changes in Asset Items

Unit: RMB'000

Assets	31 December 2013	31 December 2012	Change Amount	%	Reasons for the material changes
Notes receivable	1,376,286	778,109	598,177	77%	Mainly due to the increase in sales settled by bills in the Reporting Period
Prepayments	3,393,804	1,213,042	2,180,762	180%	Mainly due to the prepayments for the purchase of machinery resulting from more orders taken by the offshore engineering segment during the Reporting Period
Other receivables	2,805,061	2,114,435	690,626	33%	Mainly due to increased lending to external related parties during the Reporting Period
Available-for-sale financial assets	7,342	609,751	(602,409)	(99)%	Mainly due to the disposals of available-for-sale financial assets during the Reporting Period
Investment properties	324,811	183,668	141,143	77%	Mainly due to the acquisition of Zhenhua Group during the Reporting Period
Construction in progress	6,684,619	2,279,993	4,404,626	193%	Mainly due to the new vessels under construction during the Reporting Period
Long-term prepaid expenses	96,075	47,947	48,128	100%	Mainly due to the increase in insurance premium for finance lease items during the Reporting Period
Other non-current assets	333,097	203,040	130,057	64%	Mainly due to the acquisition of Zhenhua Group and Xiamen Hongxin Kingberg Financial Leasing Co., Ltd. ("Hongxin Kingberg") during the Reporting Period

Material Changes in Liability Items

Liabilities	31 December 2013	31 December 2012	Change Amount	%	Reasons for the material changes
Short-term borrowings	7,244,780	5,438,407	1,806,373	33%	Mainly due to the financing arrangement to meet the requirement of working capital during the Reporting Period
Dividends payable	197,897	38,747	159,150	411%	Mainly due to the dividends payable to minority shareholders resulting from the acquisition of Zhenhua Group during the Reporting Period
Current portion of non-current liabilities	2,458,775	1,261,940	1,196,835	95%	Mainly due to the transfer of long-term borrowings due within one year during the Reporting Period
Long-term payables	242,992	145,103	97,889	67%	Mainly due to the acquisition of Hongxin Kingberg during the Reporting Period
Financial liabilities – non-current portion (measured at fair value and the changes of which are charged to profit or loss)	27,166	82,242	(55,076)	(67)%	Mainly due to certain interest rate swap contracts falling due during the Reporting Period

Capital Commitments

As at 31 December 2013, the Group had contracted capital commitments of approximately RMB4,096.918 million (as at 31 December 2012: RMB2,263.576 million), which were mainly used for building vessels for sale or lease, acquisitions of fixed assets and external investments. The above capital commitments have been included in the 2013 capital expenditure budget.

Pledge of Assets

As at 31 December 2013, the Group's assets with restrictions on title are as follows:

Unit: RMB'000

Item	Beginning balance	Increase in current year	Decrease in current year	Effect of foreign exchange rate changes	Ending balance
Assets guaranteed					
– Cash at bank and on hand	824,027	2,397,524	(2,626,267)	(5,733)	589,551
– Accounts receivable	–	148,235	–	–	148,235
– Inventories	–	339,070	–	–	339,070
– Fixed assets	10,897	11,577	(7,842)	–	14,632
– Construction in progress	1,184,650	74,720	–	(36,352)	1,223,018
Total	<u>2,019,574</u>	<u>2,971,126</u>	<u>(2,634,109)</u>	<u>(42,085)</u>	<u>2,314,506</u>

The fixed assets and construction in progress items were pledged for loans. Cash at bank and on hand with restrictions comprised margin deposits and deposits placed in People's bank of China by subsidiary finance companies.

Significant Investments

Significant external investments of the Group during the Reporting Period are listed below:

Company name	Main business	Equity interests of the investee held by the Company %	Investment made in the Reporting Period (RMB'000)
Zhenhua Group	Freight and transportation	75%	408,666
Ziegler	Fire trucks	100%	483,199
Bassoe Technology AB	Offshore engineering and design	90%	151,554
Hongxin Kingberg	Financial leasing	51%	50,122

Foreign Exchange Rate Risk

The majority of the Group's revenue is denominated in U.S. dollars, while most of its expenditure is made in Renminbi. Currently, the PRC government has implemented a regulated floating exchange rate regime based on market supply and demand with reference to a basket of currencies. However, Renminbi is still regulated in capital projects. The exchange rates of Renminbi are affected by domestic and international economic and political changes, and demand and supply for Renminbi. Future exchange rates of Renminbi against other currencies may vary significantly from the current exchange rates, which in turn would affect the operating results and financial position of the Group.

Future Plans for Significant Investments and Expected Source of Funding

Currently, the Group's operating and capital expenditures are mainly financed by our own fund and external financing. Concurrently, the Group will take a prudent attitude in order to enhance its future operating cash flow. The Group will consider various ways of financing to meet future capital expenditure and working capital requirement.

Contingent Liabilities

Please refer to paragraph "7. Financial Statements – Notes – 11. Contingencies" for the information of contingent liabilities.

Group insurance

The Group carries limited insurance coverage for vehicles and certain assets subject to significant operating risks, in addition to third-party liability insurance against claims relating to personal injury, property and environmental damages arising from accidents and employer's liability insurance. The effect of non-coverage on future incidents on the Company's liability cannot be reasonably assessed at present.

Employee

As at 31 December 2013, the Group had 57,686 employees. During the reporting period, total staff costs (including directors' remuneration, retirement benefits schemes and stock option incentive plan expenses) amounted to approximately RMB5,417.434 million.

The Group paid salaries and bonuses to employees as incentives according to performance, qualifications, experience and market rates. stock option incentive scheme is designed to recognize directors and key employees of the Group for their contributions in the past and as a reward for long-term services. Other benefits include contributions to government pension schemes for its employees in Mainland China and payments to the insurance companies under insurance policies.

The Group regularly reviews the remuneration policies (including remuneration payable to Directors), and aims to develop better incentives and assessment measures in light of the Group's results and market conditions.

Market Risks

For the details of the market risks of the Group, please refer to paragraph “5.1.3 Prospects For 2014” of the Results Announcement.

5.2 Dividend

Based on the Group’s 2013 operation results and taking into account the Group’s overall financial position and cash flows situation, the Board recommended a payment of RMB0.27 per share (including applicable taxes) for the final dividend for the year of 2013. The final dividend of 2013 is subject to the shareholders’ approval at the forthcoming annual general meeting of the Company for the year of 2013.

6 SIGNIFICANT EVENTS AND SUBSEQUENT SIGNIFICANT EVENTS

- 6.1** The semi-submersible oil drilling platforms named SS Pantanal and SS Amazonia built by CIMC Raffles and its subsidiaries for subsidiaries of Schahin Group in Brazil, were delivered in November 2010 and April 2011, respectively. CIMC Raffles and its subsidiaries also provided advances for Schahin Holdings SA and its six connected parties for the construction of drilling platforms. CIMC Raffles and its subsidiaries lodged a lawsuit and arbitration application against Schahin Holdings SA and its six connected parties in New York and London since end 2011. Please refer to paragraph “7. Financial Statements – Notes – 11. Contingencies – (4) Significant outstanding proceedings” for details.
- 6.2** During the Reporting Period, the Company has engaged PricewaterhouseCoopers as its auditors and internal control auditor. The remuneration in respect of the audit and internal control work was RMB8.26 million mainly including the provision of auditing and internal control services for the Company’s needs.
- 6.3** In order to establish and improve the incentive-constraint mechanism, and effectively combine the interests of the shareholders, the interests of the Company and the personal interests of individuals, a “Share Option Scheme of China International Marine Containers (Group) Co., Ltd.” (the “CIMC Share Option Scheme”, granted in two separate tranches) was considered and approved at the Extraordinary General Meeting of the Company on 17 September 2010. According to such plan, the first tranche of 54,000,000 share options were registered on 26 January 2011 and the reservation of 6,000,000 share options as the second tranche were registered on 17 November 2011. Upon the consideration and approval at the 11th meeting of the 7th Board in 2013, the first exercisable period for the first tranche of share options has met the exercise conditions and was exercisable starting from 14 January 2014. Please refer to the relevant announcements released on the websites of the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company as well as the reports of the Company. As of 31 December 2013, no option was exercised, representing 0.00% of the total amount of share option scheme.

- 6.4** On 26 April 2013, the Group entered into a number of Memorandums of Investment & Cooperation with the People's Government of Dongguan City and governments of the subordinate districts and towns. On 16 March 2014, the Group signed an investment agreement with the People's Government of Fenggang Town, Dongguan City, and agreed to complete the Phase-I investment of RMB2.5 billion within the second year following the delivery of land for Fenggang Project. The total investment of the Project is RMB7 billion, and will be contributed in phase. For more information, please refer to the announcements of the Company published on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the website of the Company (www.cimc.com), as well as the announcement published by the Company on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
- 6.5** During the Reporting Period, the Company planed to proceed with the proposed bond issuance. For more information, please refer to the announcement of the Company published on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the website of the Company (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk). As at the date of this announcement, the above proposed bonds had not been issued.
- 6.6** On 3 July 2013, CIMC Financial Leasing (Hong Kong) Ltd. ("CIMC Financial Leasing (HK)") and Dalian Shipbuilding Industry Co., Ltd. signed a vessel construction contract for the construction of seven 8,800 TEU container ships; and at the same time, CIMC Financial Leasing (HK) signed a financial leasing contract with the subsidiary of Mediterranean Shipping Company SA ("MSC") to lease its container ships for 204 months. For relevant information, please refer to the announcement of the Company disclosed on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

On 24 July 2013, CIMC Financial Leasing (HK) and Jiangsu New Times Shipbuilding Co., Ltd. (Jiangsu New Times) signed a vessel construction contract for the construction of five container ships with 8,800 TEU; and at the same time, CIMC Financial Leasing (HK) signed a financial leasing contract with the subsidiary of MSC to lease its container ships for 204 months. For relevant information, please refer to the announcement of the Company disclosed on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

On 12 September 2013, CIMC Financial Leasing (HK) and Jiangsu New Times signed a vessel construction contract for the construction of two container ships with 8,800 TEU; and at the same time, CIMC Financial Leasing (HK) signed a financial leasing contract with the subsidiary of MSC to lease its container ships for 204 months. For relevant information, please refer to the announcement of the Company disclosed on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

- 6.7** On 6 February 2013, China International Marine Containers (Hong Kong) Limited (“CIMC HK”), a wholly owned subsidiary of the Company, signed a memorandum of a transaction with Shenzhen Techman Technology Co. and Pteris. On 29 July 2013, CIMC HK signed a sale and purchase agreement with Pteris, pursuant to which CIMC HK intended to invest its entire equity of Techman (Hong Kong) Limited in Pteris, and as a consideration Pteris would issue new shares to CIMC HK (or its proxy). For relevant information, please refer to the announcement of the Company disclosed on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company’s website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
- 6.8** On 7 November 2013 (German time), CIMC Ziegler GmbH (CIMC Ziegler), a whollyowned subsidiary of the Company, Dr. Bruno M. Kubler (“Bankruptcy Administrator”) and Mr. Tobias Sorg (“Mr. Sorg”) signed asset purchase agreements, pursuant to which CIMC Ziegler would purchase from the Bankruptcy Administrator and Mr. Sorg the entire assets (excluding cash and receivables before the completion of the transaction) and partial liabilities closely related to business sustainability of Albert Ziegler Group’s parent company – Albert Ziegler GmbH & Co. KG (“Golden Root Headquarter”), as well as the shares and equity of 9 German and overseas subsidiaries directly held by the Golden Root Headquarter. For more information, please refer to the announcement of the Company disclosed on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company’s website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
- 6.9** On 22 December 2013, the eleventh meeting in 2013 of the seventh session of the Board considered the nomination of Mr. Zhang Liang as a non-executive Director of the Company. The proposed appointment of Mr. Zhang Liang as a non-executive Director of the Company was considered and approved at the first extraordinary general meeting of Company in 2014 held on 7 March 2014. At the same day, the fifth meeting in 2014 of the seventh session of the Board considered and approved the appointment of Mr. Zhang Liang as the vice chairman of the Board and a member of the Strategy Committee. For more information, please refer to the announcement of the Company published by the Company on China Securities Journal, Shanghai Securities News, Securities Times and Cninfo website (www.cninfo.com.cn), the website of the Company (www.cimc.com) and the websites of Hong Kong Stock Exchange (www.hkexnews.hk).
- 6.10** On 23 December 2013, the Company entered into H Share Subscription Agreements with each of COSCO Container, Broad Ride Limited (“Broad Ride”) and Promotor Holdings Limited (“Promotor Holdings”) respectively, pursuant to which the Company has conditionally agreed to allot and issue an aggregate of 286,096,100 new H Shares to them at the Subscription Price of HK\$13.48 per share and COSCO Container, Broad Ride and Promotor Holdings have conditionally agreed to subscribe for such new H Shares in cash. The gross proceeds from the issue of such new H Shares are approximately HK\$3,856.58 million. The transaction related to the issue of the H Shares above was considered and approved at the first extraordinary general meeting of Company in 2014 held on 7 March 2014. For more information, please refer to the announcement of the Company disclosed on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company’s website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk). As of the end of the Reporting Period, this designated placement of the said H Shares has not been completed.

7 FINANCIAL REPORT

7.1 Explanation for Changes in Accounting Policy, Accounting Estimates or Calculation Method as Compared with those for Last Annual Report

In 2014, the Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.39 – Fair Value Measurement, and Accounting Standards for Business Enterprises No.40 – Joint Arrangements, and revised the Accounting Standards for Business Enterprises No.9 – Employee Benefits, Accounting Standards for Business Enterprises No.30 – Presentation of Financial Statements, Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statements and Accounting Standards for Business Enterprises No.2 – Long-term Equity Investment. The abovementioned standards will take effect as from 1 July 2014 and overseas listed enterprises are encouraged to implement them in advance. The Company is an A-share and H-share listed company. Therefore, the Group has prepared the financial statements of 2013 in accordance with the first five standards abovementioned in advance. As the date of issue of the last standard is too close to the approval date of the Group's financial statements, the Group has not been able to make assessments on it and therefore it has not been adopted in advance.

7.2 Contents, Amount Corrected, Reason and Impact of Material Accounting Errors

☐ Applicable ☒ Not applicable

7.3 Explanation of Changes in the Scope of Consolidation as Compared with those for Last Annual Report

The changes in the scope of consolidation as compared with last year are mainly due to the newly acquired or established subsidiaries.

Subsidiaries newly included in the consolidation range this year include: Zhenhua Group, Hongxin Kingberg, Bassoe Technology AB and Ziegler.

In 2013, the Group had no major subsidiaries no longer included in the consolidation range, special purpose entities or operational entities over which it had control through trust operation or lease.

7.4 Statement of the Board and the Supervisory Committee on the “Non-Standard Auditing Report” issued by the Auditor

☐ Applicable ☒ Not applicable

7.5 Financial Statements Prepared in Accordance with CASBE

7.5.1 Consolidated Balance Sheet (Audited)

Unit: RMB'000

	Note	31 December 2013	31 December 2012
ASSETS			
Current assets:			
Cash at bank and on hand		4,771,047	5,221,539
Financial assets at fair value through profit or loss for the current period		459,679	405,092
Notes receivable		1,376,286	778,109
Accounts receivable	4	10,066,489	8,238,033
Advance payments		3,393,804	1,213,042
Interests receivable		747	14,410
Other receivables		2,805,061	2,114,435
Inventories		15,960,590	18,034,726
Current portion of non-current assets		1,513,337	1,636,332
Other current assets		822,628	690,471
Total current assets		41,169,668	38,346,189
Non-current assets:			
Financial assets at fair value through profit or loss for the current period		934	—
Available-for-sale financial assets		7,342	609,751
Long-term receivables		2,952,418	2,540,574
Long-term equity investments		1,576,613	1,913,762
Investment properties		324,811	183,668
Fixed assets		13,508,082	11,608,747
Construction in progress		6,684,619	2,279,993
Intangible assets		3,699,969	3,273,750
Goodwill		1,395,938	1,267,162
Long-term prepaid expenses		96,075	47,947
Deferred tax assets		856,406	717,797
Other non-current assets		333,097	203,040
Total non-current assets		31,436,304	24,646,191
TOTAL ASSETS		72,605,972	62,992,380

	<i>Note</i>	31 December 2013	31 December 2012
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings		7,244,780	5,438,407
Financial liabilities at fair value through profit or loss for the current period		1,297	12,856
Notes payable		1,173,361	989,710
Accounts payable	5	7,781,645	7,059,420
Advances from customers		2,920,888	2,722,482
Employee benefits payable		2,176,741	2,019,563
Taxes payable		683,137	747,530
Interest payable		213,528	203,288
Dividends payable		197,897	38,747
Other payables		5,019,498	4,292,597
Provisions		784,481	753,492
Current portion of non-current liabilities		2,458,775	1,261,940
Other current liabilities		1,920,321	—
Total current liabilities		32,576,349	25,540,032
Non-current liabilities:			
Financial liabilities at fair value through profit or loss for the current period		27,166	82,242
Long-term borrowings		7,761,243	7,641,785
Debentures payable		6,450,730	6,462,235
Long-term payables		242,992	145,103
Payables for specific projects		3,735	4,802
Deferred tax liabilities		661,200	650,394
Other non-current liabilities		386,429	348,630
Total non-current liabilities		15,533,495	15,335,191
Total liabilities		48,109,844	40,875,223
Shareholders' equity:			
Share capital		2,662,396	2,662,396
Capital surplus		707,700	930,482
Surplus reserve		3,121,288	3,059,836
Undistributed profits	6	14,899,313	13,392,795
Difference on translation of foreign currency financial statements		(716,660)	(532,333)
Total equity attributable to shareholders of the Company		20,674,037	19,513,176
Minority interests		3,822,091	2,603,981
Total equity		24,496,128	22,117,157
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		72,605,972	62,992,380

7.5.2 Consolidated Income Statement (Audited)

Unit: RMB'000

Items	Note	2013	2012
I. Operating income	7	57,874,411	54,334,057
Less: Cost of sales	7	48,242,360	44,601,257
Taxes and surcharges		507,568	506,040
Selling and distribution expenses		1,832,733	1,765,697
General and administrative expenses		4,041,552	3,720,704
Financial expenses-net		438,992	524,557
Asset impairment losses		138,931	537,071
Add: Profit from changes in fair value		189,883	58,561
Investment (losses)/income		508,677	(97,851)
Including: Share of losses of associates and joint ventures		(54,458)	(76,731)
II. Operating profit		3,370,835	2,639,441
Add: Non-operating revenue		274,223	360,365
Less: Non-operating expense		82,338	92,426
Including: Loss on disposal of non-current assets		34,719	47,569
III. Total profit		3,562,720	2,907,380
Less: Income tax expense	8	928,222	976,950
IV. Net profit		2,634,498	1,930,430
Net profit attributable to equity holders of the Company		2,180,321	1,939,081
Minority interests		454,177	(8,651)
V. Earnings per share			
(I) Basic earnings per share (RMB)	9(1)	0.82	0.73
(II) Diluted earnings per share (RMB)	9(2)	0.81	0.73
VI. Net amount of other comprehensive income after deducting the impact of income tax		(585,401)	58,828
Other comprehensive income to be reclassified to profit or loss in subsequent accounting periods when specified conditions are met			
Net change in fair value of available-for-sale financial assets and transfer to/from profit or loss arising from reclassification		(408,096)	28,518
Other comprehensive income arising from cash flow hedging instruments		4,326	(5,864)
Difference on translation of foreign currency financial statements		(181,631)	34,754
Others		—	1,420
VII. Total comprehensive income		2,049,097	1,989,258
Attributable to equity holders of the Company		1,592,224	1,997,506
Minority interests		456,873	(8,248)

7.5.3 Consolidated Cash Flow Statement (Audited)

Unit: RMB'000

Items	2013	2012
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	58,823,330	60,176,127
Refund of taxes and surcharges	1,229,184	2,265,507
Cash received relating to other operating activities	627,938	752,053
Subtotal of cash inflows from operating activities	60,680,452	63,193,687
Cash paid for goods and services	47,175,580	51,619,237
Cash paid to and on behalf of employees	5,222,132	4,794,471
Payments of taxes and surcharges	2,366,532	1,685,299
Cash paid relating to other operating activities	3,166,282	2,851,761
Subtotal of cash outflows from operating activities	57,930,526	60,950,768
Net cash inflows from operating activities	2,749,926	2,242,919
II. Cash flows from investing activities:		
Cash received from disposal of investments	181,565	439,752
Cash received from returns on investments	841,582	71,934
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	158,004	358,966
Cash received relating to other investing activities	264,165	278,719
Subtotal of cash inflows from investing activities	1,445,316	1,149,371
Cash paid to acquire fixed assets, intangible assets and other long-term assets	6,929,534	2,087,094
Cash paid to acquire investments	73,824	325,079
Net cash paid to acquire subsidiaries and other business units	946,417	296,546
Subtotal of cash outflows from investing activities	7,949,775	2,708,719
Net cash outflows from investing activities	(6,504,459)	(1,559,348)
III. Cash flow from financing activities:		
Cash received from capital contributions	184,706	129,303
Including: Cash received from capital contributions by minority shareholders of subsidiaries	184,706	129,303
Cash received from borrowings	19,443,628	15,627,848
Cash received from issuance of debentures	–	2,471,402
Cash received relating to other financing activities	2,517,580	416,505

Items	2013	2012
Subtotal of cash inflows from financing activities	<u>22,145,914</u>	<u>18,645,058</u>
Cash repayments of borrowings	16,533,299	18,384,272
Cash payments for interest expenses and distribution of dividends or profits	1,670,234	2,292,118
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries 213,163 100,652	192,223	213,163
Cash payments relating to other financing activities	<u>309,444</u>	<u>858,335</u>
Subtotal of cash outflows from financing activities	<u>18,512,977</u>	<u>21,534,725</u>
Net cash flows from financing activities	<u>3,632,937</u>	<u>(2,889,667)</u>
IV. Effect of exchange rate change on cash and cash equivalents	<u>(94,420)</u>	<u>40,355</u>
V. Net change of cash and cash equivalents	(216,016)	(2,165,741)
Add: Opening balance of cash and cash equivalents	<u>4,397,512</u>	<u>6,563,253</u>
VI. Ending balance of cash and cash equivalents	<u><u>4,181,496</u></u>	<u><u>4,397,512</u></u>

7.5.4 Consolidated Statement of Changes in Shareholder's Equity (Audited)

Unit: RMB'000

Items	2013							2012						
	Share capital	Capital reserve	Surplus reserves	Undistributed profits	Foreign currency translation reserve	Minority shareholders' equity	Total shareholders' equity	Share capital	Capital reserve	Surplus reserves	Undistributed profits	Foreign currency translation reserve	Minority shareholders' equity	Total shareholders' equity
I. Balance at 1 January	2,662,396	930,482	3,059,836	13,392,795	(532,333)	2,603,981	22,117,157	2,662,396	799,261	2,953,160	12,785,092	(566,755)	2,980,518	21,613,672
II. Movements for the year														
(I) Total comprehensive income														
1. Net profit	-	-	-	2,180,321	-	454,177	2,634,498	-	-	-	1,939,081	-	(8,651)	1,930,430
2. Other comprehensive income	-	(403,770)	-	-	(184,327)	2,696	(585,401)	-	24,003	-	-	34,422	403	58,828
Total comprehensive income	-	(403,770)	-	2,180,321	(184,327)	456,873	2,049,097	-	24,003	-	1,939,081	34,422	(8,248)	1,989,258
(II) Capital contribution and withdrawal by owners														
1. Contributions by minority Shareholders	-	-	-	-	-	184,706	184,706	-	22,352	-	-	-	106,951	129,303
2. Increase in minority interests resulted from acquisition or establishment of subsidiary	-	-	-	-	-	539,362	539,362	-	-	-	-	-	39,347	39,347
3. Decrease in capital surplus resulted from acquisition of minority interest	-	(188,790)	-	-	-	(120,654)	(309,444)	-	(168,657)	-	-	-	(625,888)	(794,545)
4. Decrease in minority interests resulted from disposal of subsidiary (not losing the controlling rights on the subsidiary)	-	278,273	-	-	-	258,617	536,890	-	178,916	-	-	-	184,500	363,416
5. Decrease in minority interests resulted from disposal of subsidiary (losing the controlling rights on the subsidiary)	-	-	-	-	-	(443)	(443)	-	-	-	-	-	-	-
6. Effect on capital surplus resulted from corporate restructuring	-	-	-	-	-	-	-	-	(42,696)	-	-	-	42,696	-
7. Capital contribution resulted from share option exercised in subsidiary -	-	3,299	-	-	-	31,147	34,446	-	1,880	-	-	-	16,906	18,786
8. Increase in shareholders' equity resulted from share-based payments	-	88,206	-	-	-	2,853	91,059	-	115,423	-	-	-	2,856	118,279
(III) Profit distribution														
1. Appropriation to surplus reserves	-	-	61,452	(61,452)	-	-	-	-	-	106,676	(106,676)	-	-	-
2. Profit distribution to shareholders	-	-	-	(612,351)	-	(134,351)	(746,702)	-	-	-	(1,224,702)	-	(135,657)	(1,360,359)
III. Balance at 31 December	2,662,396	707,700	3,121,288	14,899,313	(716,660)	3,822,091	24,496,128	2,662,396	930,482	3,059,836	13,392,795	(532,333)	2,603,981	22,117,157

7.5.5 Balance Sheet (Audited)

Unit: RMB'000

	31 December 2013	31 December 2012
ASSETS		
Current assets:		
Cash at bank and on hand	389,158	447,387
Financial assets at fair value through profit or loss for the current period	169,574	177,450
Dividends receivable	3,735,275	4,066,711
Other receivables	9,137,518	10,860,103
Other current assets	2,731	–
Total current assets	13,434,256	15,551,651
Non-current assets:		
Available-for-sale financial assets	–	601,356
Long-term equity investments	6,893,865	6,831,621
Fixed assets	127,271	139,120
Construction in progress	720	4,950
Intangible assets	15,238	15,931
Long-term prepaid expenses	4,696	5,649
Deferred tax assets	215,029	53,983
Total non-current assets	7,256,819	7,652,610
Total assets	20,691,075	23,204,261
Liabilities and shareholders' equity		
Current liabilities:		
Short-term borrowings	–	465,703
Financial liabilities at fair value through profit or loss for the current period	–	8,987
Employee benefits payable	856,016	657,886
Taxes payable	10,283	43,493
Interest payable	184,734	187,691
Other payables	3,547,522	3,574,947
Current portion of non-current liabilities	2,135,000	1,257,100
Total current liabilities	6,733,555	6,195,807

	31 December 2013	31 December 2012
Non-current liabilities:		
Financial liabilities at fair value with through profit or loss for the current period	26,865	81,944
Long-term borrowings	837,000	3,875,845
Debentures payable	5,993,413	5,990,833
Total non-current liabilities	6,857,278	9,948,622
Total liabilities	13,590,833	16,144,429
Shareholders' equity:		
Share capital	2,662,396	2,662,396
Capital surplus	8,480	334,259
Surplus reserve	3,121,288	3,059,836
Undistributed profits	1,308,078	1,003,341
Total shareholders' equity	7,100,242	7,059,832
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	20,691,075	23,204,261

7.5.6 Income Statement (Audited)

Unit: RMB'000

Items	2013	2012
I. Operating income	192,684	241,531
Less: Cost of sales	–	16
Taxes and surcharges	34,096	36,563
General and administrative expenses	513,238	413,366
Asset impairment losses	(3)	(103)
Financial expenses-net	211,626	221,789
Add: Profit from changes in fair value	72,896	19,131
Investment income	1,440,535	1,431,996
II. Operating profit	947,158	1,021,027
Add: Non-operating revenue	1,718	55,259
Less: Non-operating expense	1,645	1,254
III. Total profit	947,231	1,075,032
Less: Income tax expense	(31,309)	8,271
VI. Net profit	978,540	1,066,761
V. After-tax effect of other comprehensive (loss)/income	(407,284)	27,901
Other comprehensive income to be reclassified to profit or loss in subsequent accounting periods when specified conditions are met		
Net change in fair value of available-for-sale financial assets and transfer to/from profit or loss arising from reclassification	(407,284)	27,901
VI. Total comprehensive income	571,256	1,094,662

7.5.7 Cash Flow Statement (Audited)

Unit: RMB'000

Items	2013	2012
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	192,745	241,531
Cash received relating to other operating activities	<u>2,093,429</u>	<u>3,375,532</u>
Subtotal of cash inflows from operating activities	<u>2,286,174</u>	<u>3,617,063</u>
Cash paid for goods and services	2,732	16
Cash paid to and on behalf of employees	106,708	128,812
Payments of taxes and surcharges	68,791	59,232
Cash paid relating to other operating activities	<u>134,581</u>	<u>4,374,140</u>
Subtotal of cash outflows from operating activities	<u>312,812</u>	<u>4,562,200</u>
Net cash flows generated from operating activities	<u>1,973,362</u>	<u>(945,137)</u>
II. Cash flows from investing activities:		
Cash received from disposal of investments	236,437	—
Cash received from returns on investments	1,785,125	2,816,622
Net cash received from disposal of fixed assets	<u>4,279</u>	<u>62,963</u>
Subtotal of cash inflows from investing activities	<u>2,025,841</u>	<u>2,879,585</u>
Cash paid to acquire fixed assets and other long-term assets	6,488	16,301
Cash paid to acquire investments	136,767	210,114
Net cash paid for set-up of subsidiaries or other associates and joint ventures and for capital increase in subsidiaries	<u>152,617</u>	<u>1,951,951</u>
Subtotal of cash outflows from investing activities	<u>295,872</u>	<u>2,178,366</u>
Net cash flows from investing activities	<u>1,729,969</u>	<u>701,219</u>

Items	2013	2012
III. Cash flow from financing activities:		
Cash received from borrowings and cash inflows from financing activities	<u>1,586,485</u>	<u>5,617,820</u>
Subtotal of cash inflows from financing activities	<u>1,586,485</u>	<u>5,617,820</u>
Cash repayments of borrowings	4,213,132	3,699,716
Cash payments for interest expenses and distribution of dividends or profits	<u>1,134,460</u>	<u>1,657,147</u>
Subtotal of cash outflows for financing activities	<u>5,347,592</u>	<u>5,356,863</u>
Net cash flows from financing activities	<u>(3,761,107)</u>	<u>260,957</u>
IV. Effect of exchange rate change on cash and cash equivalents	<u>(405)</u>	<u>—</u>
V. Net change in cash and cash equivalents	(58,181)	17,039
Add: Opening balance of cash and cash equivalents	<u>444,913</u>	<u>427,874</u>
VI. Ending balance of cash and cash equivalents	<u><u>386,732</u></u>	<u><u>444,913</u></u>

7.5.8 Statement of Changes in Shareholder's Equity (Audited)

Unit: RMB'000

Items	2013					2012				
	Share capital	Capital reserve	Surplus reserves	Undistributed profits	Total shareholders' equity	Share capital	Capital reserve	Surplus reserves	Undistributed profits	Total shareholders' equity
I. Opening balance of the current year	2,662,396	334,259	3,059,836	1,003,341	7,059,832	2,662,396	199,322	2,953,160	1,267,958	7,082,836
II. Increase/decrease of the current year										
(I) Total comprehensive income										
1. Net profit	-	-	-	978,540	978,540	-	-	-	1,066,761	1,066,761
2. Other comprehensive income	-	(407,284)	-	-	(407,284)	-	27,901	-	-	27,901
Total comprehensive income	-	(407,284)	-	978,540	571,256	-	27,901	-	1,066,761	1,094,662
(II) Shareholders' capital injected or reduced										
1. Share-based payment stated as amount of shareholders' equity	-	81,505	-	-	81,505	-	107,036	-	-	107,036
(III) Profit distribution										
1. Withdrawal of surplus reserves	-	-	61,452	(61,452)	-	-	-	106,676	(106,676)	-
2. Distribution to shareholders)	-	-	-	(612,351)	(612,351)	-	-	-	(1,224,702)	(1,224,702)
III. Ending balance of the current year	2,662,396	8,480	3,121,288	1,308,078	7,100,242	2,662,396	334,259	3,059,836	1,003,341	7,059,832

Notes:

1. BASES FOR PREPARATION

The financial statements were prepared in accordance with CASBE – Basic Standards, Specific Accounting Standards, Application Guidance for Accounting Standards for Business Enterprises, Explanations for Accounting Standards for Business Enterprises and other relevant provisions (collectively referred to as “Accounting Standards for Business Enterprises”) issued by the Ministry of Finance on 15 February 2006 and thereafter, and disclosure provisions in the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (2010 Revision) issued by China Securities Regulatory Commission.

In 2014, the Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.39 – Fair Value Measurement, and Accounting Standards for Business Enterprises No.40 – Joint Arrangements, and revised the Accounting Standards for Business Enterprises No.9 – Employee Benefits, Accounting Standards for Business Enterprises No.30 – Presentation of Financial Statements, Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statements and Accounting Standards for Business Enterprises No.2 – Long-term Equity Investment. The abovementioned standards will take effect as from 1 July 2014 and overseas listed enterprises are encouraged to implement them in advance. The Company is an A-share and H-share listed company. Therefore, the Group has prepared the financial statements of 2013 in accordance with the first five standards abovementioned in advance. As the date of issue of the last standard is too close to the approval date of the Group's financial statements, the Group has not been able to make assessments on it and therefore it has not been adopted in advance.

2. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Company's financial statements of 2013 comply with the CASBE, and have truthfully and completely reflected information about the Company's consolidation and financial position on 31 December 2013 and consolidation, operating results and cash flows of the Company in 2013.

3. METHODS FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The consolidation range of the consolidated financial statements was determined based on control, including the Company and the subsidiaries controlled by the Company. Control refers to the right to own the investees, enjoy variable returns by participating in the investees' relevant activities, and affect the amount of returns with the right over the investees. The subsidiaries' financial positions, operating results and cash flows from the date when control begins to the date when control ends were included in the consolidated financial statements.

For subsidiaries obtained through merger under common control, when the financial statements for the merger related period were prepared, the merged subsidiaries were included in the consolidation range of the Company when the Company's ultimate controller began to control them. Adjustments were made to the opening balance of the consolidated financial statements and the comparative statements in the preceding period. In preparing the consolidated financial statements, the Company, from the date when the Company's ultimate controller began to control the merged subsidiaries, included the assets and liabilities of the merged subsidiaries with their book values in the Company's consolidated balance sheet, and the operating results of the merged subsidiaries in the Company's consolidated income statements, and reflected the net profits made by the merged subsidiaries before the date of merger in the separate accounts of the consolidated income statements.

For subsidiaries obtained through merger not under common control, the Company, in preparing the financial statements for the merger related period, included the purchased subsidiaries in the consolidation range of the Company from the date of purchase based on the fair value of various identifiable assets and liabilities of the purchased subsidiaries determined on the date of purchase.

When merger not under common control is realized through several transactions, the Group will remeasure the equity held in the purchased parties before the date of purchase based on the fair value of the equity on the date of purchase. The difference between the fair value and book value shall be stated as current return on investment. Any other comprehensive income relating to the equity held in the purchased parties before the date of purchase was stated as return on investment for the period including the date of purchase.

The difference between the long-term equity investment cost obtained by the Company from purchase of minority equity and the share of identifiable net assets of the subsidiaries that the Company should enjoy according to the increased shareholding percentage, and that between proceeds from disposal of part of the equity investment in the subsidiaries without losing control and the assets of the subsidiaries that the Company should enjoy for disposal of long-term equity investment were stated as capital reserve in the consolidated balance sheet (capital stock premium). In case the capital reserve is insufficient for offset, retained earnings will be adjusted.

When the Group loses control over the original subsidiaries because of disposal of some equity investment or for other reasons, it will derecognize the assets, liabilities, minority equity and other relevant items in the equity relating to the subsidiaries. The Group will remeasure the remaining equity investment after disposal according to its fair value on the date when control is lost. Any gain or loss arising therefrom will be stated as the return on investment in the period of loss of control.

The shareholders' equity, current net losses and gains and the comprehensive income of the subsidiaries not attributable to the Company were separately stated as minority equity, minority losses and gains and total comprehensive income attributable to minority shareholders under the shareholders' equity, net profits and total comprehensive income in the consolidated financial statements.

If the current losses shared by the minority shareholders of the subsidiaries exceeded the amount of initial owners' equity enjoyed by the minority shareholders in the subsidiaries, the balance was still used to write down the minority shareholders' equity.

When the accounting period or policy adopted by the subsidiaries was different from that of the Company, necessary adjustments have been made to the subsidiaries' financial statements according to the accounting period or policy of the Company at the time of consolidation. At the time of consolidation, all the Group's internal transactions and balance including unrealized gains and losses from internal transactions have been offset. If there is evidence proving that the unrealized losses from the Group's internal transactions result from relevant asset depreciation, the losses will be recognized in full.

4. ACCOUNTS RECEIVABLE

(1) Accounts receivable disclosed by customer categories:

	<i>Unit: RMB'000</i>	
	31 December 2013	31 December 2012
Containers	2,760,476	2,711,559
Road transportation vehicles	2,093,979	1,827,664
Energy, chemical and liquid food equipment	2,516,083	2,215,151
Offshore engineering	1,314,554	1,022,797
Airport facilities	599,073	413,934
Logistics services and equipment	1,020,275	122,126
Others	163,684	294,723
Subtotal	10,468,124	8,607,954
Less: provision for bad and doubtful debts	(401,635)	(369,921)
Total	<u>10,066,489</u>	<u>8,238,033</u>

(2) An ageing analysis of accounts receivable is as follows:

	<i>Unit: RMB'000</i>	
	31 December 2013	31 December 2012
Within 1 year (inclusive)	9,175,028	7,524,749
1 to 2 years (inclusive)	358,007	814,730
2 to 3 years (inclusive)	719,123	162,123
More than 3 years	215,966	106,352
Subtotal	10,468,124	8,607,954
Less: provision for bad and doubtful debts	(401,635)	(369,921)
Total	<u>10,066,489</u>	<u>8,238,033</u>

5. ACCOUNTS PAYABLE

The accounts payable is as follows:

	<i>Unit: RMB'000</i>	
	31 December 2013	31 December 2012
Raw materials suppliers	<u>7,781,645</u>	<u>7,059,420</u>

An ageing analysis of accounts payable is as follows:

	31 December 2013	31 December 2012
Within 1 year	7,394,944	6,714,327
1 to 2 years	204,088	220,521
2 to 3 years	81,389	51,445
Over 3 years	101,224	73,127
Total	<u>7,781,645</u>	<u>7,059,420</u>

As at 31 December 2013, accounts payable over 1 year with a carrying amount of RMB386,701,000 (31 December 2012: RMB345,093,000) are mainly payables related to offshore engineering business. The payable has not been settled because the construction period of the offshore engineering project usually last more than 1 year.

6. UNDISTRIBUTED PROFITS

		<i>Unit: RMB'000</i>
	<i>Note</i>	
	2013	2012
Undistributed profits at the beginning of the year	13,392,795	12,785,092
Add: net profit attributable to shareholders of the Company for the current year	2,180,321	1,939,081
Less: appropriation for surplus reserve	(61,452)	(106,676)
Less: ordinary share dividends payable	(1) (612,351)	(1,224,702)
Undistributed profits at the end of the year	<u>14,899,313</u>	<u>13,392,795</u>

(1) Dividends of ordinary shares declared during the year

	<i>Unit: RMB'000</i>
	2013
	2012
Dividends proposed but not paid at the end of the year	<u>—</u>
Total proposed dividends in the year	<u>612,351</u>

In accordance with the resolution at the shareholders' general meeting of the Company, dated on 28 June 2013, the Company paid a cash dividend in the amount of RMB0.23 per share to the ordinary shareholders on 15 August 2013 (2012: RMB0.46 per share), amounting to RMB612,351,000 calculated by issued shares (2012: RMB1,224,702,000).

7. REVENUE AND COST OF SALES

Unit: RMB'000

	2013	2012
Revenue from main operations	56,699,378	52,944,160
Revenue from other operations	1,175,033	1,389,897
Cost of sales from main operations	47,683,165	44,122,978
Cost of sales from other operations	559,195	478,279

8. INCOME TAX EXPENSES

Unit: RMB'000

	2013	2012
Current income tax calculated based on tax law and related regulations	926,781	1,042,387
Movements of deferred income tax	1,441	(65,437)
Total	928,222	976,950

Reconciliation between income tax expenses and accounting profits is as follows:

Unit: RMB'000

	2013	2012
Profits before taxation	3,562,720	2,907,380
Income tax expenses calculated at applicable tax rates	822,909	654,121
Effect of tax incentive	(177,482)	(193,007)
Expenses not deductible for tax purposes	113,039	93,940
Income not subject to tax	(16,221)	(40,841)
Effect of utilisation of previously unrecognized, tax losses of deferred income tax assets	(98,004)	(14,099)
Unrecognised tax losses	216,470	398,323
Effect of utilisation of deductible temporary differences of previously unrecognised deferred income tax assets	(4,518)	–
Effect of tax rate change on deferred tax	3,323	(18,466)
Tax refund for income tax annual filing	324	5,199
Domestic purchased equipment tax refund	(14,048)	–
Income tax accruals for profit of foreign holding companies in current year	82,430	91,780
Income tax expenses	928,222	976,950

The income tax rates applicable to the Company and significant subsidiaries for the year are as follows:

	2013	2012
The Company	25%	25%
Domestic subsidiaries	15-25%	12.5-25%
Subsidiaries registered in Hong Kong	16.5%	16.5%
Subsidiaries registered in British Virgin Islands	—	—
Subsidiary registered in Suriname	36%	36%
Subsidiary registered in Cambodia	20%	20%
Subsidiary registered in US	15-35%	15-35%
Subsidiary registered in Germany	15.83-31.6%	15.83-31.6%
Subsidiary registered in Britain	25%	25%
Subsidiary registered in Australia	30%	30%
Subsidiary registered in the Netherlands	25.5%	25.5%
Subsidiary registered in Belgium	34%	34%
Subsidiary registered in Denmark	25%	25%
Subsidiary registered in Finland	24.5%	24.5%
Subsidiary registered in Poland	19%	19%
Subsidiary registered in Thailand	20%	23%
Subsidiary registered in Singapore	17%	17%

9. EARNINGS PER SHARE

(1) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	2013	2012
Consolidated profit attributable to ordinary shareholders of the Company (RMB'000)	2,180,321	1,939,081
Weighted average number of ordinary shares outstanding (thousand)	2,662,396	2,662,396
Basic earnings per share (RMB)	0.82	0.73

(2) Diluted earnings per share

Diluted earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding.

	2013	2012
Consolidated net profit attributable to ordinary shareholders of the Company (RMB'000)	2,180,321	1,939,081
Effect of subsidiaries' share option program (RMB'000)	(22,690)	—
Consolidated net profit attributable to ordinary shareholders of the Company (RMB'000)	2,157,631	1,939,081
Weighted average number of ordinary shares outstanding (diluted) (thousand)	2,669,354	2,671,467
Diluted earnings per share (RMB)	0.81	0.73

10. SEGMENT REPORTING

In order to assess the segment performance and resources allocation, the Group's management review segment revenue, expenses, assets and liabilities of each segment regularly. The preparation basis of such information is detailed as follows:

Segment assets include tangible assets, intangible assets, other long-term assets and accounts receivable, etc, but exclude deferred tax assets and other un-allocated headquarter assets. Segment liabilities include payables, bank loans, provision, special payables and other liabilities, while deferred tax liabilities are excluded.

Segment profit represents revenue (including external operating income and inter-segment operating income), offsetting segment expenses, depreciation and amortisation, impairment losses, interest expenses and income attributable to individual segment. Transactions conducted among segments are under normal non-related party transaction commercial terms.

Segment information as at and for the year ended 31 December 2013 is as follows:

Unit: RMB'000

Item	Containers 2013	Road transportation vehicles 2013	Energy, chemistry and liquid food equipment 2013	Offshore engineering 2013	Airport facilities 2013	Logistics services and equipment 2013	Others 2013	Elimination between segments 2013	Unallocated items 2013	Total 2013
External transaction	21,100,212	13,120,561	11,209,761	3,501,509	887,749	6,020,609	2,009,142	-	24,868	57,874,411
Inter segment transaction	207,071	214,137	370,213	3,480,808	-	195,240	387,419	(4,854,888)	-	-
Investment income/(losses) in joint ventures and associates	12	4,243	-	-	-	18,332	(2,275)	-	(74,770)	(54,458)
Impairment loss for the year	8,436	101,835	(982)	11,241	(214)	35,429	(16,811)	-	(3)	138,931
Depreciation and amortization expenses	326,872	251,286	247,326	184,535	4,680	125,755	60,976	-	-	1,201,430
Interest income	179,859	53,119	32,779	84,052	1,739	68,407	583,142	(761,497)	7,098	248,698
Interest expenses	58,836	139,994	65,380	473,638	4,066	59,494	157,586	(781,424)	700,030	877,600
Segment operating profit/(losses)	1,347,531	404,364	1,136,514	(321,580)	128,098	226,797	672,180	142,524	(173,708)	3,562,720
Income tax expenses	328,469	139,972	224,320	(24,856)	11,783	47,960	175,966	-	24,608	928,222
Net profit/(losses)	1,019,062	264,392	912,194	(296,724)	116,315	178,837	496,214	142,524	(198,316)	2,634,498
Segment total assets	15,824,315	11,285,763	11,194,382	15,833,637	1,728,778	4,179,781	18,024,963	(8,469,676)	2,974,029	72,605,972
Segment total liabilities	9,173,415	6,916,329	7,276,512	15,370,153	815,723	3,080,524	239,842	(13,820,497)	19,057,844	48,109,845
Supplementary information:										
- Segment expenditures/ (income) other than depreciation and amortization	(25,248)	106,531	(2,651)	960	(3,180)	13,054	48,134	-	(135,761)	1,839
- Long-term equity investment of joint ventures and associates	2,784	44,747	4,000	-	-	246,096	287,797	-	553,023	1,138,447
- Segment expenditures raising from additions of non-current assets	1,468,946	617,126	798,894	1,657,731	288,683	1,839,939	3,810,834	-	-	10,482,153

Segment information as at and for the year ended 31 December 2012 is as follows:

Unit: RMB'000

Item	Containers 2012	Road transportation vehicles 2012	Energy, chemistry and liquid food equipment 2012	Offshore engineering 2012	Airport facilities 2012	Others 2012	Elimination between segments 2012	Unallocated items 2012	Total 2012
External transaction	24,797,342	13,789,685	9,257,212	1,829,410	757,001	3,903,407	–	–	54,334,057
Inter segment transaction	42,737	340,795	376,495	–	–	265,043	(1,025,070)	–	–
Investment income/(losses) in joint ventures and associates	(1)	198,006	–	3,656	–	36,105	(322,626)	8,129	(76,731)
Impairment loss for the year	(25,197)	228,451	11,571	192,228	17,269	112,749	–	–	537,071
Depreciation and amortization expenses	310,344	290,027	238,683	166,469	4,497	99,958	–	–	1,109,978
Interest income	49,795	12,115	19,853	91,431	380	96,366	–	25,075	295,015
Interest expenses	13,947	100,074	31,031	99,072	91	97,788	–	404,045	746,048
Segment operating profit/(losses)	2,348,464	172,137	802,409	(516,652)	79,018	959,276	(322,626)	(614,646)	2,907,380
Income tax expenses	541,588	34,924	157,033	10,123	10,203	223,079	–	–	976,950
Net profit/(losses)	1,806,876	137,213	645,376	(526,775)	68,815	736,197	(322,626)	(614,646)	1,930,430
Segment total assets	17,327,722	10,817,255	9,547,063	15,834,077	860,208	16,781,369	(23,251,400)	15,076,086	62,992,380
Segment total liabilities	9,964,903	6,292,008	5,874,589	14,438,946	482,075	9,358,375	(17,525,691)	11,990,018	40,875,223
Supplementary information:									
– Segment expenditures/ (income) other than depreciation and amortization	(8,658)	228,858	15,832	124,312	17,276	104,903	–	(75,378)	407,145
– Long-term equity investment of joint ventures and associates	2,779	38,898	–	–	–	848,193	–	634,276	1,524,146
– Segment expenditures raising from additions of non-current assets	1,118,397	585,388	655,435	1,074,694	22,619	247,887	–	–	3,704,420

11. CONTINGENCIES

(1) Contingent liabilities

CIMC Raffles, a subsidiary of the Company, and its subsidiaries entered into vessel sales & purchase contracts and vessel leasing contracts with the ship owners, which involved terms and conditions on compensation for delay in delivery and contract termination.

As the actual amount of compensation for delay in delivery depends on the date of the actual delivery of vessels, the amount of compensation for delay in delivery, which will be borne by CIMC Raffles and its subsidiaries, for the period from the agreed delivery date to the actual delivery date will be approximately USD9,405,000 (equivalent to RMB57,341,000) in total.

(2) Guarantees provided for the external parties

CIMC Vehicle (Group) Co., Ltd. (“Vehicle Group”, a subsidiary of the Company) entered into vehicle buyer’s credit facility business and signed vehicle loan guarantee contracts with China Construction Bank, Bank of China, China Merchants Bank and China Everbright Bank respectively, to provide guarantees for the banking facilities granted to its dealers and customers who purchased vehicles from it. As at 31 December 2013, with the approval of the Board of Directors of the Company, the facilities granted to the dealers and customers, which were guaranteed by Vehicle Group and its subsidiaries, amounted to RMB574,160,000 (31 December 2012: RMB637,605,000).

Jiangmen Dichan and 楊州中集達宇置業有限公司, subsidiaries of the Group, also provided guarantees for the mortgaged loans for its customers. As at 31 December 2013, the relevant guarantees amounted to approximately RMB80,000,000.

(3) Bills payable issued but not accounted for and letters of credit and letters of performance guarantee issued and undue

The Group currently does not recognize bills payable or letters of credit issued as deposits. The Group recognizes inventories, prepayments and bills receivable at the earlier of the receipt of the goods and the maturity of the bills.

As at 31 December 2013, the Group had bills payable issued but not recognized and letters of credit issued and undue totaling RMB904,044,000 (31 December 2012: RMB717,454,000).

As at 31 December 2013, CIMC Raffles had outstanding balance of letters of guarantee totaling USD723,036,000, equivalent to RMB4,408,278,000 (2012: RMB3,522,355,000), which were all issued to the ship buyers.

As at 31 December 2013, CIMC Tianda had outstanding balance of letters of guarantee issued totaling RMB141,001,000, including RMB43,172,000 of performance guarantees, RMB24,275,000 of bid guarantees, RMB8,072,000 of quality guarantees and RMB65,482,000 of guarantees issued to suppliers (31 December 2012: RMB300,599,000 in total).

As at 31 December 2013, CIMC Enric had outstanding balance of letters of guarantee of RMB42,846,000 and USD2,538,000 (equivalent to RMB15,475,000), totalling RMB58,321,000, which were all performance guarantees (2012: nil).

(4) Significant outstanding proceedings

The semi-submersible oil drilling rigs, i.e. SS Pantanal and SS Amazonia, built by CIMC Raffles and its subsidiaries for a subsidiary of SCHAHIN Group in Brazil, were finally delivered in November 2010 and April 2011 respectively, with an account receivable of USD142.30 million to be collected. Meanwhile, CIMC Raffles provided advances to Schahin Holdings SA and its six associates for building the drilling rig, with USD66.13 million to be collected.

As Schahin Holdings SA and its six associates failed to settle the above amounts as per the contracts, Raffles and its subsidiaries filed a lawsuit and application for arbitration against them in December 2011 and May 2012 respectively, in respect of the accounts receivable and advances. The arbitration in respect of the advances concluded in December 2012, whereby CIMC Raffles recovered the full amount of the advances of USD74.27 million (including the principal of USD66.13 million and interest of USD8.14 million) in between September and October 2013. In October 2013, CIMC Raffles recovered the aforesaid accounts receivable of USD21.06 million (including the principal of USD15.98 million and interest of USD5.08 million) based on the ruling of the pre-arbitration in respect of the accounts receivable. In December 2013, London High Court ruled in favour of CIMC Raffles in respect of the accounts receivable of USD67.32 million (including the principal of USD53.35 million and interest of USD13.97 million), which is in the process of order execution.

As at 31 December 2013, the advances have been fully recovered, with an outstanding account receivable of USD126.32 million (equivalent to approximately RMB770 million).

As at the date of approval of the financial statement, the litigation and arbitration in respect of the above account receivables have not been concluded and the defendant has filed a counter-charge. In accordance with the status of the legal proceedings and by reference to legal opinions, the management of the Company is optimistic about the prospects of the litigation and arbitration and will take positive measures to safeguard its shareholders’ interests during the process.

12. COMMITMENTS

(1) Capital commitments

	<i>Unit: RMB'000</i>	
	2013	2012
Significant fixed assets purchase contracts entered into under performance or preparation of performance	125,662	406,690
Investment contracts entered into but not performed or performed partially	–	17,420
Significant contracts entered into for Ships to be manufactured for sales or lease	3,962,914	1,804,449
External investment approved by the Board of Directors	8,342	35,017
Total	4,096,918	2,263,576

Capital commitments authorised by the management but are not yet contracted for

	<i>Unit: RMB'000</i>	
	31 December 2013	31 December 2012
Buildings, machinery and equipment	8,342	468
Intangible assets	–	34,549
Total	8,342	35,017

The Group's share of the joint ventures' own commitments for capital expenditure are as follows:

	<i>Unit: RMB'000</i>	
	31 December 2013	31 December 2012
Buildings, machinery and equipment	1,561	280

13. NET CURRENT ASSETS

	<i>Unit: RMB'000</i>	
	31 December 2013	31 December 2012
Current assets	41,169,668	38,346,189
Less: current liabilities	32,576,349	25,540,032
Net current assets	8,593,319	12,806,157

14. TOTAL ASSETS LESS CURRENT LIABILITIES

	<i>Unit: RMB'000</i>	
	31 December 2013	31 December 2012
Total assets	72,605,972	62,992,380
Less: current liabilities	32,576,349	25,540,032
Total assets less current liabilities	40,029,623	37,452,348

8 REPURCHASE, SALE OR REDEMPTION OF SECURITIES

The Group did not sell any other securities of the Company, nor did it repurchase or redeem any of the securities of the Company during the twelve months ended 31 December, 2013.

9 COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the provisions in relation to dealing in shares of the Company by Directors as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules (the “Model Code”). Each Director and Supervisor has confirmed to the Company that each of them has complied with the requirements set out in the Model Code during the reporting period (from 1 January 2013 to 31 December 2013).

10 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The company has been committed to enhancing the Company’s corporate governance standards. Through strict corporate governance practices, the Company strives to enhance corporate value and ensure our long-term sustainable development, and to fulfill corporate responsibility as a listed company as well as maximize long-term shareholders value.

The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules during the reporting period except for the deviations from the Code A.1.1, Code A.6.7, Code A.2.7 and Code A.5.6 of the code provisions. Particulars of the deviations and the factors taken for consideration are set out below.

Code A.1.1 requires that “The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.” During the reporting period, the Company held 16 board meetings and three of which were regular meetings. During the management and monitoring of business operations, executive Directors from time to time decide to propose holding meetings for important business and administrative matters. Therefore, some of the decisions are made by all the directors by way of written resolutions. The Directors believe that the fairness and effectiveness of the decision-making process related to business needs have been adequately ensured. Going forward, the company will strive to practice good corporate governance practices.

Code A.6.7 requires that “Independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders.” Independent non-executive Directors failed to attend the First Extraordinary General Meeting of 2013 held on 27 September 2013 due to engagement in other important businesses.

Code A.2.7 requires that “The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.” The Company has only one executive Director and the Company’s business operation is managed and monitored by the executive Director. The Directors consider that during the reporting period there is no meeting which the executive Director needs to be avoided. Therefore, the Company has not held a board meeting without the executive Director present during the reporting year.

Code Provision A.5.6 stipulates that “The Nomination Committee (or the Board) should have a policy concerning diversity of the board members, and should disclose the policy or a summary of the policy in the Corporate Governance Report.” Although the written policy regarding diversity of the directors has not yet been formally adopted during the reporting period, the Board considers that the Company’s existing practices have covered requirements on diversity of the Board members, and the Company has revised the working guidelines for the Nomination Committee on March 25, 2014, which clarified the policy of diversity of the board members, i.e. the selection of candidates for the board of directors will be based on a diverse range of areas, including, but not limited to, gender, age, cultural and educational background, professional experience, skills and knowledge. On top of the above conditions, qualities such as the candidate’s comprehensive value to the Company, his/her potential contribution to the Board and requirements on diversity of the Board members will be taken into account when the final decision is made.

11 AUDIT COMMITTEE

The Audit Committee of the Company formed pursuant to Appendix 14 of the Hong Kong Listing Rules comprises Mr. Pan Chengwei (chairman), Mr. Li Kejun and Mr. Wong Kwai Huen, Albert. The major responsibilities of the Audit Committee of the Company are: making proposals to the Board of engaging and replacing external audit firms (including auditing of both financial statements and internal control, hereinafter referred to as the “external audit”); supervising the Company’s internal audit system and its implementation; responsible for conducting coordination and communication between our internal audit department and external auditors; reviewing the Company’s financial information and its disclosures; reviewing the implementation of Company’s internal control system and its self-evaluation; conducting a conclusive review and the confirmation of the Company’s material defects in respect of internal control defects; conducting audit on material connected transactions; and other duties authorized by the Board. The Audit Committee of the Company has reviewed and affirmed the annual results of the Company for the year ended 31 December 2013.

By Order of the Board
China International Marine Containers (Group) Co., Ltd.
Li Jianhong
Chairman

Hong Kong, 25 March 2014

As at the date of this announcement, the Board comprises Mr. Li Jianhong as the Chairman and non-executive Director; Mr. Zhang Liang as the Vice Chairman and non-executive Director; Mr. Mai Boliang as the executive Director; Mr. Wang Hong and Mr. Wu Shuxiong as the non-executive Directors; Mr. Li Kejun, Mr. Pan Chengwei, and Mr. Wong Kwai Huen, Albert as the independent non-executive Directors.