CIMC ENRIC

CIMC Enric Holdings Limited
中集安瑞科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3899)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012, PROPOSED FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

FINANCIAL HIGHLIGHTS

	2012	2011	
	RMB'000	*RMB'000*	
		(restated)	
Turnover	**8,082,895**	6,828,964	+18.4%
Profit attributable to shareholders	**759,863**	571,509	+33.0%
Basic earnings per share	**RMB0.405**	RMB0.305	
Proposed final dividend per share	**HKD0.07**	HKD0.06	

The Board of Directors (the "**Board**") of CIMC Enric Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the audited financial results of the Group for the year ended 31 December 2012 together with the comparative figures for the year 2011.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Note	**2012**	2011
		RMB'000	*RMB'000*
			(restated)
Turnover	*4&8*	**8,082,895**	6,828,964
Cost of sales		**(6,504,655)**	(5,549,927)
Gross profit		**1,578,240**	1,279,037
Change in fair value of derivative financial instruments		**(3,026)**	2,317
Other revenue		**159,431**	126,772
Other net income		**25,648**	1,140
Selling expenses		**(259,419)**	(200,238)
Administrative expenses		**(564,842)**	(470,229)
Profit from operations		**936,032**	738,799
Finance costs	*5*	**(8,894)**	(12,465)
Profit before taxation	*5*	**927,138**	726,334
Income tax	*6*	**(161,562)**	(147,294)
Profit for the year		**765,576**	579,040
Attributable to:			
Equity shareholders of the Company		**759,863**	571,509
Non-controlling interests		**5,713**	7,531
Profit for the year		**765,576**	579,040
Earnings per share	*7*		
– Basic		**RMB 0.405**	RMB0.305
– Diluted		**RMB 0.401**	RMB0.305

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

	Note	**2012** **RMB'000**	2011 RMB'000 (restated)
Non-current assets			
Property, plant and equipment		**1,575,115**	1,019,898
Construction in progress		**187,586**	274,773
Lease prepayments		**328,273**	277,066
Intangible assets		**133,976**	33,593
Prepayments		**-**	118,137
Goodwill		**129,341**	42,783
Other financial assets		**59**	59
Deferred tax assets		**48,589**	39,369
		2,402,939	1,805,678
Current assets			
Derivative financial instruments		**15**	3,041
Inventories		**1,974,295**	2,077,554
Trade and bill receivables	9	**1,841,547**	1,355,952
Deposits, other receivables and prepayments		**460,970**	434,779
Amounts due from related parties		**37,031**	18,027
Cash at bank and in hand		**1,010,385**	1,082,020
		5,324,243	4,971,373
Current liabilities			
Bank loans and overdrafts		**263,160**	321,139
Trade and bill payables	10	**1,351,418**	1,311,622
Other payables and accrued expenses		**1,329,817**	1,146,514
Amounts due to related parties		**75,395**	63,466
Provisions		**20,181**	20,355
Income tax payable		**75,173**	19,803
Employee benefit liabilities		**68**	61
		3,115,212	2,882,960
Net current assets		**2,209,031**	2,088,413
Total assets less current liabilities		**4,611,970**	3,894,091

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Non-current liabilities		
Bank loans	**137,081**	194,568
Provisions	**50,057**	29,952
Deferred tax liabilities	**101,328**	99,097
Deferred income	**243,988**	138,132
Employee benefit liabilities	**1,677**	1,602
	534,131	463,351
NET ASSETS	**4,077,839**	3,430,740
CAPITAL AND RESERVES		
Share capital	**17,282**	17,235
Reserves	**4,034,631**	3,393,292
Equity attributable to equity shareholders of the Company	**4,051,913**	3,410,527
Non-controlling interests	**25,926**	20,213
TOTAL EQUITY	**4,077,839**	3,430,740

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Attributable to equity shareholders of the Company									
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Contributed surplus** *RMB'000*	**Capital reserve** *RMB'000*	**Exchange reserve** *RMB'000*	**General reserve fund** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2011 (as previously reported)	17,235	287,517	807,206	46,517	(197,115)	88,099	1,750,346	2,799,805	14,838	2,814,643
Nantong Transport under common control combination	–	–	31,464	–	–	–	(5,000)	26,464	–	26,464
At 1 January 2011 (restated)	17,235	287,517	838,670	46,517	(197,115)	88,099	1,745,346	2,826,269	14,838	2,841,107
Profit for the year	–	–	–	–	–	–	571,509	571,509	7,531	579,040
Other comprehensive income	–	–	–	–	(37,970)	–	–	(37,970)	–	(37,970)
Total comprehensive income	–	–	–	–	(37,970)	–	571,509	533,539	7,531	541,070
Equity-settled share-based transactions	–	–	–	13,681	–	–	–	13,681	–	13,681
Acquisition of non-controlling interests	–	–	–	–	–	–	(1,444)	(1,444)	(2,156)	(3,600)
Capital injection from previous shareholders of Nantong Transport under common control combination	–	–	38,482	–	–	–	–	38,482	–	38,482
Transfer to general reserve	–	–	–	–	–	69,050	(69,050)	–	–	–
At 31 December 2011 (restated)	17,235	287,517	877,152	60,198	(235,085)	157,149	2,246,361	3,410,527	20,213	3,430,740
At 1 January 2012 (restated)	17,235	287,517	877,152	60,198	(235,085)	157,149	2,246,361	3,410,527	20,213	3,430,740
Profit for the year	–	–	–	–	–	–	759,863	759,863	5,713	765,576
Other comprehensive income	–	–	–	–	34,704	–	–	34,704	–	34,704
Total comprehensive income	–	–	–	–	34,704	–	759,863	794,567	5,713	800,280
Issuance of shares in connection with exercise of share options	47	26,444	–	(7,705)	–	–	–	18,786	–	18,786
Transfer to retained profits	–	–	–	(831)	–	–	831	-	–	-
Equity-settled share-based transactions	–	–	–	11,244	–	–	–	11,244	–	11,244
Transfer to general reserve	–	–	–	–	–	79,523	(79,523)	–	–	–
2011 final dividend paid	–	(116,881)	–	–	–	–	–	(116,881)	–	(116,881)
Distribution to previous shareholders of Nantong Transport under common control combination	–	–	(66,330)	–	–	–	–	(66,330)	–	(66,330)
At 31 December 2012	**17,282**	**197,080**	**810,822**	**62,906**	**(200,381)**	**236,672**	**2,927,532**	**4,051,913**	**25,926**	**4,077,839**

NOTES:

1 STATEMENT OF COMPLIANCE

The consolidated results set out in this announcement are extracted from the financial statements of the Group for the year ended 31 December 2012. The financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the financial statements.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

On 17 February 2012, Nantong CIMC Tank Equipment Co., Ltd. ("Nantong Tank"), a wholly-owned subsidiary of the Company, acquired from CIMC Vehicle (Group) Co., Ltd. and CIMC Tank Equipment Investment Holdings Company Limited 75% and 25%, respectively, of the issued share capital of Nantong CIMC Transportation & Storage Equipment Co., Ltd. ("Nantong Transport") for an aggregate consideration of RMB66,330,000.

Since the Company, Nantong Tank and Nantong Transport are ultimately controlled by China International Marine Containers (Group) Co., Ltd. ("CIMC") both before and after the abovementioned acquisition, this acquisition is regarded as "common control combination". Accordingly, the Company has applied merger accounting to account for the acquisition of Nantong Transport in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

In applying merger accounting, the consolidated financial statements incorporate the financial statement items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the previous balance sheet date unless they first came under common control at a later date.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as expenses in the year in which they are incurred.

Reconciliation of the results of operations for the year ended 31 December 2011 and as at year ended 31 December 2011 previously reported by the Group and the restated amounts presented in the consolidated financial statements are set out below:

	For the year ended 31 December 2011 (Restated)				**For the year ended 31 December 2012**
	The Group	Nantong Transport	Elimination	The Group	**The Group**
	RMB'000 (as previously reported)	*RMB'000*	*RMB'000*	*RMB'000* (restated)	***RMB'000***
Results of operations					
Revenue	6,716,034	119,752	(6,822)	6,828,964	**8,082,895**
Profit from operations	732,627	6,172	–	738,799	**936,032**
Profit for the year	574,591	4,449	–	579,040	**765,576**
Profit for the year attributable to equity shareholders of the Company	567,060	4,449	–	571,509	**759,863**

	As at 31 December 2011 (Restated)				**As at 31 December 2012**
	The Group	Nantong Transport	Elimination	The Group	**The Group**
	RMB'000 (as previously reported)	*RMB'000*	*RMB'000*	*RMB'000* (restated)	***RMB'000***
Financial position					
Current assets	4,895,412	83,973	(8,012)	4,971,373	**5,324,243**
Total assets	6,655,018	130,045	(8,012)	6,777,051	**7,727,181**
Current liabilities	2,830,322	60,650	(8,012)	2,882,960	**3,115,212**
Total liabilities	3,293,673	60,650	(8,012)	3,346,311	**3,649,342**
Equity attributable to equity shareholders of the Company	3,341,132	69,395	–	3,410,527	**4,051,913**

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– financial instruments classified as available-for-sale or as trading securities; and

– derivative financial instruments.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. They are not relevant to the Group's financial statements.

4 TURNOVER

The Group is principally engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the energy, chemical and liquid food industries.

Turnover represents: (i) the sales value of goods sold after allowances for returns of goods, excludes value added taxes and is after the deduction of any trade discounts; and (ii) revenue from project engineering contracts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Sales of goods	**6,657,070**	6,138,885
Revenue from project engineering contracts	**1,425,825**	690,079
	8,082,895	6,828,964

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Interest on bank loans and other borrowings	**20,303**	13,060
Less: interest capitalised	**(3,573)**	–
	16,730	13,060
Foreign exchange gain	**(9,971)**	(4,032)
Bank charges	**2,135**	3,437
	8,894	12,465

(b) Staff costs (i)

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Salaries, wages and allowances	**842,540**	694,519
Contributions to retirement schemes	**35,466**	42,014
Equity-settled share-based payment expenses	**11,244**	13,681
	889,250	750,214

(c) Other items

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Cost of inventories (i)	**5,296,070**	4,934,152
Auditors' remuneration	**4,582**	4,795
Depreciation of property, plant and equipment (i)	**114,947**	101,091
Amortisation of intangible assets	**14,426**	8,283
Amortisation of lease prepayments	**6,480**	5,604
Impairment provision for trade receivables	**17,447**	15,180
Reversal of impairment provision for trade receivables	**(11,168)**	(15,888)
Impairment provision for other receivables	**1,525**	112
Reversal of impairment provision for other receivables	**(1,478)**	(9,971)
Write-down of inventories	**3,467**	14,292
Reversal of write-down of inventories	**(1,952)**	(4,883)
Research and development costs	**103,381**	82,192
Operating lease charges for property rental	**7,360**	4,495
Provision for product warranties	**35,742**	21,548

(i) Cost of inventories includes RMB272,583,000 (2011: RMB260,426,000) relating to staff costs and depreciation expenses, amount of which is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Current tax		
Provision for the year	**196,348**	155,577
Over-provision in respect of prior years	**(3,225)**	(2,168)
	193,123	153,409
Deferred tax		
Reversal of temporary differences	**(31,561)**	(6,115)
	161,562	147,294

No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits subject to Hong Kong Profits Tax during the years. Profits of the Group's operating subsidiaries are subject to income tax in the respective tax jurisdictions.

According to the Corporate Income Tax Law of the People's Republic of China (the "Tax Law"), the Company's subsidiaries in the PRC are subject to statutory income tax rate of 25%.

Pursuant to the relevant laws and regulations in the PRC, the Company's certain subsidiaries in the PRC are entitled to a preferential tax treatment applicable to advanced and new technology enterprises and are subject to income tax rate at 15%.

During the year ended 31 December 2012, the Company's certain subsidiaries in the PRC were enjoying the aforesaid tax relief and preferential tax treatment, and accordingly the Company's subsidiaries in PRC were subject to income tax at 15% to 25% (2011: 15% to 25%).

Pursuant to the Tax Law and its relevant regulations, PRC-resident enterprises are levied withholding income tax at 10% on dividends to their non-PRC-resident corporate investors for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. Under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest of a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%. As at 31 December 2012, deferred tax liability recognised in this regard was RMB27,965,000 (2011: RMB45,422,000).

Taxation of Dutch subsidiaries, Belgian subsidiary, Danish subsidiary and German subsidiary are charged at the current rates of 25%, 33.99%, 25% and 30% respectively ruling in the relevant countries and are calculated on a stand-alone basis.

7 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to equity shareholders of the Company is based on the following data:

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**759,863**	571,509

	2012	2011
Number of shares		
Weighted average number of ordinary shares at 31 December	**1,008,169,539**	857,452,201
Weighted average number of non-redeemable convertible preference shares	**865,728,934**	1,015,641,321
Weighted average number of shares for the purpose of basic earnings per share	**1,873,898,473**	1,873,093,522
Effect of dilutive potential ordinary shares in respect of the Company's share option scheme	**21,098,367**	–
Weighted average number of shares for the purpose of diluted earnings per share	**1,894,996,840**	1,873,093,522

8 SEGMENT REPORTING

The Group manages its businesses by divisions organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. The operating segments with similar economic characteristics have been aggregated to form the following reportable segments.

- Energy equipment
- Chemical equipment
- Liquid food equipment

(a) Segment results, assets and liabilities

	Energy equipment		Chemical equipment		Liquid food equipment		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000* (restated)	***RMB'000***	*RMB'000* (restated)	***RMB'000***	*RMB'000* (restated)	***RMB'000***	*RMB'000* (restated)
Revenue from external customers	**4,268,442**	3,381,337	**2,845,992**	2,874,670	**968,461**	572,957	**8,082,895**	6,828,964
Inter-segment revenue	**795**	178	**–**	–	**–**	–	**795**	178
Reportable segment revenue	**4,269,237**	3,381,515	**2,845,992**	2,874,670	**968,461**	572,957	**8,083,690**	6,829,142
Reportable segment profit (adjusted profit from operations)	**564,378**	518,797	**421,611**	328,412	**42,505**	11,541	**1,028,494**	858,750
Interest income from bank deposits	**3,713**	4,579	**5,564**	5,187	**6,039**	7,217	**15,316**	16,983
Interest expense	**(7,771)**	(2,469)	**(3,486)**	(7,954)	**(1,383)**	(155)	**(12,640)**	(10,578)
Depreciation and amortisation for the year	**(81,915)**	(62,634)	**(25,979)**	(22,559)	**(27,667)**	(29,785)	**(135,561)**	(114,978)
Reportable segment assets	**4,769,012**	3,861,415	**1,773,157**	1,928,647	**1,017,975**	609,964	**7,560,144**	6,400,026
Additions to non-current segment assets during the year	**567,288**	419,184	**50,144**	62,141	**199,182**	5,716	**816,614**	487,041
Reportable segment liabilities	**2,315,456**	1,875,321	**612,691**	933,826	**342,251**	143,361	**3,270,398**	2,952,508

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2012	2011
	RMB'000	*RMB'000* (restated)
Revenue		
Reportable segment revenue	**8,083,690**	6,829,142
Elimination of inter-segment revenue	**(795)**	(178)
Consolidated turnover	**8,082,895**	6,828,964

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Profit		
Reportable segment profit	**1,028,494**	858,750
Elimination of inter-segment profit	**(8,669)**	(3,773)
Reportable segment profit derived from Group's external customers	**1,019,825**	854,977
Finance costs	**(8,894)**	(12,465)
Unallocated operating income and expenses	**(83,793)**	(116,178)
Consolidated profit before taxation	**927,138**	726,334

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Assets		
Reportable segment assets	**7,560,144**	6,400,026
Elimination of inter-segment receivables	**(90,753)**	(67,735)
	7,469,391	6,332,291
Deferred tax assets	**48,589**	39,369
Unallocated assets	**209,202**	405,391
Consolidated total assets	**7,727,182**	6,777,051

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Liabilities		
Reportable segment liabilities	**3,270,398**	2,952,508
Elimination of inter-segment payables	**(90,753)**	(67,735)
	3,179,645	2,884,773
Income tax liabilities	**75,173**	19,803
Deferred tax liabilities	**101,328**	99,097
Unallocated liabilities	**293,197**	342,638
Consolidated total liabilities	**3,649,343**	3,346,311

(c) **Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, construction in progress, lease prepayments, prepayments, and goodwill ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

	Revenues from external customers		**Specified non-current assets**	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000* (restated)	***RMB'000***	*RMB'000* (restated)
PRC (place of domicile)	**4,462,847**	3,521,913	**1,865,096**	1,541,046
United States	**741,423**	856,565	**–**	–
European countries	**2,054,285**	1,246,857	**369,975**	191,163
Asian countries (other than PRC)	**694,178**	889,181	**–**	–
Other American countries	**96,030**	227,867	**–**	–
Other countries	**34,132**	86,581	**–**	–
	3,620,048	3,307,051	**369,975**	191,163
	8,082,895	6,828,964	**2,235,071**	1,732,209

For the year ended 31 December 2012, there was no single external customer that accounted for 10% or more of the Group's total turnover (2011: Nil).

9 TRADE AND BILL RECEIVABLES

	The Group	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Trade debtors and bill receivables	**1,904,693**	1,411,448
Less: allowance for doubtful debts	**(63,146)**	(55,496)
	1,841,547	1,355,952

(a) Ageing analysis

An ageing analysis of trade and bill receivables (net of impairment losses for bad and doubtful debts) is as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Current	**1,484,583**	1,043,326
Less than 1 month past due	**82,773**	81,071
1 to 3 months past due	**53,889**	10,728
More than 3 months but less than12 months past due	**142,376**	145,369
More than 12 months past due	**77,926**	75,458
Amounts past due	**356,964**	312,626
	1,841,547	1,355,952

Trade and bill receivables are expected to be recovered within one year. In general, debts are due for payment upon billing. Subject to negotiation, credit terms up to twelve months are available for certain customers with well-established trading and payment records on a case-by-case basis.

10 TRADE AND BILL PAYABLES

	The Group	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Trade creditors	**1,153,218**	1,069,776
Bills payable	**198,200**	241,846
	1,351,418	1,311,622

An ageing analysis of trade and bill payables of the Group is as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Due within 3 months or on demand	**1,268,128**	1,243,205
Due after 3 months but within 12 months	**63,256**	60,022
Due after 12 months	**20,034**	8,395
	1,351,418	1,311,622

All the trade and bill payables are expected to be settled within one year.

11 DIVIDENDS

The final dividend of approximately RMB116,881,000 (HKD0.06 per share) in respect of the year ended 31 December 2011 were paid in 2012. A final dividend in respect of the year ended 31 December 2012 of HKD0.07 (equivalent to approximately RMB0.06) per ordinary share and HKD0.07 (equivalent to approximately RMB0.06) per non-redeemable convertible preference share has been proposed by the Directors. The proposed final dividend in respect of 2012 is subject to the approval of shareholders in the forthcoming annual general meeting. The financial statements do not reflect this dividend payable as it was proposed after the balance sheet date.

BUSINESS REVIEW

The Group is principally engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the energy, chemical and liquid food industries.

Product portfolio

The three business segments of the Group are primarily carried out by eight operating units under different brand names:

Energy equipment

- Compressed natural gas ("**CNG**") seamless pressure cylinders
- CNG trailers
- Liquefied natural gas ("**LNG**") trailers and tanks
- Natural gas refueling station systems
- Liquefied petroleum gas ("**LPG**") trailers and tanks
- Natural gas compressors
- Project engineering services, e.g. LNG application projects

Energy equipment is mainly sold under the brand names of "Enric", "Sanctum" and "Hongtu".

Chemical equipment

- Tank containers for chemical liquids, liquefied gas and cryogenic liquids

Tank containers are mainly sold under the brand name "Nantong CIMC".

Liquid food equipment

- Stainless steel processing and storage tanks
- Project engineering services, e.g. turnkey projects for the processing and distribution of beer and fruit juice

These products and services are branded under the name "Holvrieka" and "Ziemann".

Operational performance

Due to the continuous growth in global demand for equipment for the storage and transportation of natural gas and specialty gases, particularly in China, the energy equipment segment continued its robust growth in 2012. The chemical equipment segment's turnover remained stable year on year, despite weak economic data from the US and Europe, which dampened the growth momentum of tank containers, the key product of this segment. The business environment of liquid food equipment industry has improved and coupled with the acquisition of certain assets from Ziemann

Group which broadened our product line-up, the segment posted a surge in turnover. As a result, the turnover for 2012 increased by 18.4% to RMB8,082,895,000 over the previous year (2011: RMB6,828,964,000). The performance of each segment is discussed below.

During the year, the energy equipment segment remained the top grossing segment of the Group with revenue rose by 26.2% to RMB4,268,442,000 (2011: RMB3,381,337,000) and accounted for 52.8% (2011: 49.5%) of the Group's total turnover. Both CNG and LNG are the main revenue contributors of this segment.

The chemical equipment segment remained stable at RMB2,845,992,000 (2011: RMB2,874,670,000) notwithstanding weak economic data from the US and Europe. The segment made up 35.2% of the Group's total turnover (2011: 42.1%).

Despite only accounting for 12.0% of the Group's total turnover (2011: 8.4%), the liquid food equipment segment has outshone the other two segments by posting a growth of 69.0% to RMB968,461,000 during the year (2011: RMB572,957,000). As a result of emerging market exploration in liquid food equipment industry and the contribution from Ziemann International GmbH are the main reasons for this segment's surge in turnover.

Gross profit margin and profitability

The energy equipment segment's gross profit margin ("GP margin") fell slightly by 1.5 percentage points to 21.9% (2011: 23.4%). As the energy equipment grows rapidly, the Group reduced the selling prices of certain products in order to maintain the Group's leading market position which caused the segment's GP margin to slip slightly.

In relation to the chemical equipment segment, its GP margin saw a further improvement from 14.8% in 2011 to 17.5% in the current year. This is mainly attributable to the falling price of stainless steel, the key raw materials during the year. A change in product mix with custom-made tank containers increasing its sales contribution also boosted the segment's GP margin.

The GP margin for liquid food equipment segment rebounded from 10.7% in 2011 to 15.2%. During the year, the Group established Ziemann International GmbH for the acquisition of certain assets from Ziemann Group which boosted the segment's GP margin in two ways. Firstly, the acquisition lifted the GP margin as the Group has diversified into full range brewery equipment and turnkey projects for breweries which command higher GP margin. Secondly, the acquisition in certain extent reduces competition in the liquid food equipment market as Ziemann Group used to be one of the Group's competitors in this segment.

Due to the different contribution by respective segments on the overall GP margin, the improved GP margins of both chemical and liquid food equipment segments lifted the Group's overall GP margin slightly by 0.8 percentage point to 19.5% (2011: 18.7%).

Profit from operations expressed as a percentage of turnover increased by 0.8 percentage point to 11.6% (2011:10.8%) which is mainly attributable to an improved GP margin despite both selling and administrative expenses rose slightly faster than the growth in turnover.

As a result, profit attributable to equity shareholders of the Company for the year reached RMB759,863,000 representing a growth of 33.0% over the previous year (2011: RMB571,509,000).

Research and development

In response to market development and needs, the Group devoted RMB103,381,000 (2011: RMB82,192,000) to the R&D of new products and manufacturing technologies in 2012.

During the year, the Group conducted almost forty R&D projects and more than half of which have been completed in the year. For example, the energy equipment segment invested in the R&D of LNG refueling station systems, LNG ship tanks, composite cylinders for hydrogen storage and high-pressure tube trailers. The chemical equipment arm focused on the development of special tank containers, carbon steel tank containers and light-weight tank containers.

Following the acquisition of Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("**YPDI**"), the Group's R&D team has been working closely with YPDI on the overall planning and co-ordination of research and development on turnkey engineering projects as well as product design.

Moreover, following the recent acquisition of certain assets from Ziemann Group, the Group expects to benefit from broader resources and advanced technologies on the R&D of comprehensive turnkey solutions for processing and distribution of liquid food.

Besides, through close strategic cooperation between the Group's R&D team and external professionals from a research institute and a steel manufacturer in the PRC, the Group targets to develop its own high-strength steel for transportable pressure vessels.

In future, the Group will continue to devote more resources to launch quality products to broaden its customer portfolio and provide more sustainable growth in turnover.

Production capacity

In 2012, the Group invested RMB753,773,000 in capital expenditure. On top of the investments for regular maintenance and production technology improvements amounted to RMB61,663,000, the amount of RMB427,333,000 and RMB264,777,000 were attributable to enhancement of production capacity and acquisition activities respectively.

The newly acquired subsidiary, YPDI enriches our project engineering capability which enables us to expand into upstream customer network; while another acquisition of Nantong Transport will further increase our production capacity of our existing energy equipment including LNG trailers and other cryogenic transportation and storage products. The completion of the above acquisitions definitely enables us to maintain leading position in equipment manufacturing.

During the year, we have made a strategic acquisition to expand our core business and strengthen our core competitiveness in the liquid food equipment industry. The acquisition of certain assets from Ziemann Group extends our business into manufacturing of full range brewery equipment and enhances our turnkey project capabilities for breweries, thereby raising our competitive strength and laying a solid foundation for further growth in the liquid food equipment industry.

The Group expanded the production capacity of its energy equipment in order to tap into the progressive growth of gas source as more pipelines and coastal LNG terminals will be operational in coming years. This was principally achieved by organic growth through both expanding our existing production plants and constructing new production lines. Following the investment plan started in late 2011, the capital expenditure went to enhancement of energy equipment production facilities in the PRC which included acquisition of land and construction of factory buildings for relocating the compressors production plant to a newly developed industrial park in Bengbu. In addition, the Group built a light-weight composite cylinder production line in Shijiazhuang, expanded the LNG production facilities in Zhangjiagang and the LPG product plant in Jingmen. For the chemical equipment segment, the Group also invested in enhancing the production capacities of the tank container production base in Nantong. During the year, the investment plan was further expanded to enhance the production capacity of natural gas refueling system in Langfang.

Sales and marketing

Energy and chemical products and services are delivered across the PRC and exported to South-east Asia, Europe and both North and South America. While the production bases of liquid food products are established in Europe, its products and services are sold worldwide.

The Group is committed to build a broad and solid customer network, especially with industry heavyweights and customers of great growth potentials. The Group's broad customer base includes big names such as PetroChina, Sinopec, CNOOC, China Resources Gas, ENN Energy, China Railway Group, Air Products, EXSIF, TAL International, Sinochem International and Stolt-Nielsen.

In order to capitalise the business opportunities in overseas countries and diversify revenue sources, the Group is expanding its overseas markets. During the year, the Group's revenue derived from overseas amounted to RMB3,620,048,000 (2011: RMB3,307,051,000). Special focus remains on emerging markets, such as South-east Asia, Central Asia and South America. The Group has organised visits to several emerging markets recently, so as to gather local market information and meantime promote its products and services.

Since the set-up of a representative office in South-east Asia has boosted local sales and allows direct access to customers in surrounding regions, the Group will look for opportunities to set up more representative offices in various Asian countries to facilitate sales and promotion.

Meanwhile, by providing referral arrangement for finance lease, the Group is able to solicit and retain more customers especially under this competitive business environment and tight monetary conditions in China.

The Group will also adopt some proactive sales and marketing approaches to enlarge its market share, for example, building of market information database, collaborative sales mechanism and major customer management program.

Cost control

With firm determination to maximise cost efficiency, the Group continues to implement cost control and management enhancement programs. Benefiting from economies of scale as well as successful implementation of the above programs, operational efficiency and quality have seen encouraging improvement with internal resources better allocated and shared among operating units.

Purchase of raw materials commonly used by different operating units of the Group has been centralised and made in bulk order. Regular meetings with subsidiaries have been held to discuss and formulate procurement plans. An inventory collaboration team has also been formed to monitor the inventory level and procurement processes. During the year, satisfactory results in cost reduction have been accomplished.

The Group has also achieved cost reduction through optimising product design and production processes. For instance, the Group has been manufacturing key components internally to maintain cost efficiency.

Moreover, the Group will implement a flexible cost forecast program among its subsidiaries, to achieve tighter cost control and more accurate and efficient budgeting. Such program emphasizes on the relationship between different productivity levels and types of cost involved.

Customer service

The Group values long-standing relationship with customers. Customer service centres have been established in various cities in the PRC and timely delivery of after-sales customer service and technical support is pledged.

Company visits are arranged regularly for local and overseas customers who are interested in gaining a better understanding of the daily operation and production processes of the Group. Moreover, the Group organises regular conferences where customers are encouraged to share their opinion on the Group's products and services.

The Group, in collaboration with the Chinese Institute of Specialty Equipment Inspection and Testing (中國特種設備檢測研究院), has established five examination centres for CNG trailers and other high pressure cylinder trailers in Xi'an, Shenyang, Haikou, Xinjiang and Yangzhou, the PRC. The original centre in Urumqi has been moved and combined with the newly built centre in Xinjiang which has put into operation in the second half of 2012. These examination centres are authorised to provide safety examinations for high pressure cylinder trailers required for special-vehicle license renewal in accordance with relevant safety regulations.

Human resources

At 31 December 2012, the total number of employees of the Group was approximately 9,100. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) were approximately RMB889,250,000 (2011: RMB750,214,000).

There have been no material changes in respect of employee incentive and bonus policies, share option scheme and training scheme as disclosed in Annual Report 2011.

FINANCIAL RESOURCES REVIEW

Liquidity and financial resources

At 31 December 2012, the Group recorded cash on hand of RMB1,010,385,000 (2011: RMB1,082,020,000) and bank loans and overdrafts of RMB400,241,000 (2011: RMB515,707,000). A portion of the Group's bank deposits totalling RMB56,893,000 (2011: RMB86,940,000), which had more than three months of maturity at acquisition, were restricted for securing letters of credit, bills payable and bank loans. The Group has maintained sufficient cash on hand for repayment of bank loans as they fall due and has continued to take a prudent approach in future development and capital expenditure. Accordingly, the Group has been cautious in managing its financial resources and will constantly review and maintain an optimal gearing level.

At 31 December 2012, the Group's bank loans and overdrafts amounted to RMB400,241,000 (2011: RMB515,707,000), other than the HKD240,000,000 (equivalent to RMB194,604,000) three-year term loan and the RMB65,453,000 two-year term loans for capital expenditure, the remaining is repayable within one year. Apart from the three-year term loan dominated in HKD that bear interest at floating rates, the overall bank loans bear interest at rates from 2.00% to 6.89% per annum. At 31 December 2012, the Group did not have secured bank loan (2011: Nil). As of 31 December 2012, bank loans amounting to RMB400,057,000 (2011: RMB512,757,000) were guaranteed by the Company's subsidiaries.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2011: zero times) as the Group retained a net cash balance of RMB610,144,000 (2011: RMB566,313,000). The increase in net cash balance represents effective control on inventory level and outstanding operation results. Apart from this, the management dedicates its effort to continuously improve the cash management to minimise unnecessary finance cost. As a result, both bank balance and bank loans recorded reduction at year end. The Group's interest coverage was 56.4 times for the year (2011: 56.6 times) which demonstrates that the Group is fully capable of meeting its interest expense commitments.

During 2012, net cash generated from operating activities amounted to RMB856,704,000 (2011: RMB353,127,000).The Group drew bank loans of RMB1,090,239,000 (2011: RMB1,202,958,000) and repaid RMB1,202,939,000 (2011: RMB829,533,000). A payment of final dividend in respect of the financial year 2011 were approximately RMB116,881,000. In addition, cash proceeds amounted to RMB18,786,000 arose from the issuance of ordinary shares on exercise of share options.

Assets and liabilities

At 31 December 2012, total assets of the Group amounted to RMB7,727,182,000 (2011: RMB6,777,051,000) while total liabilities were RMB3,649,343,000 (2011: RMB3,346,311,000).The net asset value rose by 18.9% to RMB4,077,839,000 (2011: RMB3,430,740,000) which was mainly attributable to the net profit of RMB765,576,000, plus by exchange difference on translation of financial statements denominated in foreign currencies of RMB34,704,000 for the year. As a result, the net asset value per share increased to RMB2.170 at 31 December 2012 from RMB1.832 at 31 December 2011.

Contingent liabilities

At 31 December 2012, the Group did not have any significant contingent liabilities.

Capital commitments

At 31 December 2012, the Group had contracted but not provided for capital commitments of RMB90,611,000 (2011: RMB354,350,000). As of 31 December 2012, the Group did not have authorised but not contracted for capital commitments (2011: Nil).

Foreign exchange exposure

The Group is exposed to foreign currency risk primarily through trade transactions that are denominated in a currency other than its functional currency. The currency giving rise to this risk to the Group is primarily US dollars. The Group continuously monitors its foreign exchange exposure and controls such exposure by conducting its business activities and raising funds primarily in the denominations of its principal operating assets and revenue. Moreover, if necessary, the Group enters into foreign exchange forward contracts with reputable financial institutions to hedge foreign exchange risk.

Future plans for material investments and expected source of funding

Currently, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and to an extent by bank loans. Concurrently, the Group will continuously take particular caution on the inventory level, credit policy as well as receivable management in order to enhance its future operating cash flow. The Group has sufficient resources of funding and unutilised banking facilities to meet future capital expenditure and working capital requirement. As of 31 December 2012, the Group had total capital commitments of RMB90,611,000.

FUTURE PLAN AND STRATEGIES

During the year, the world economy has been undergoing a gradual recovery, yet the recovery will continue to face uncertainties. Even though China's GDP growth for 2012 was 7.8% year-on-year, economists forecasted economic recovery in 2013 is subject to certain upside and downside risks such as the sensitivity to the US fiscal policy. It is expected that the Chinese government is confident in achieving its growth and inflation targets for 2013 with modest monetary policy and expansionary fiscal policy.

The economic landscape of 2013 will continue to face uncertainties, the Group remains prudently optimistic about the outlook of the sectors it is engaged in. The Group strives to become a world-leading manufacturer of specialised equipment and provider of related project engineering services in energy, chemical and liquid food industries.

The Group will continue to expand its core business and strengthen its core competitiveness to further consolidate its leading market position in equipment manufacturing. In addition, the Group has been proactively seeking new revenue sources to attain long-term and healthy growth. The Group expects its business portfolio and leading market position will be reinforced through the organic and acquisition development in 2013.

In 2012, China has consumed 147.1 billion cubic meters ("**bcm**") of natural gas, representing a 13.0% annual increment. China has also reported a surge of 31.1% in natural gas import to 42.5 bcm over the corresponding year. According to the International Energy Agency forecasts, between 2012 and 2035 China will spend about USD240 billion on gas infrastructure relating to transmission and distribution and the LNG supply chain. Embracing the Chinese government's plan to boost natural gas consumption with significant investment being poured into the natural gas industry, the Group's new plants in Shijiazhuang and Langfang of Hebei province and Bengbu of Anhui province have come into operation gradually from the third quarter of 2012 which enhanced its production capacity and competitiveness. The Group will continue to prepare its production capacity mindfully for coping with the industry's future development.

Developing its own ability to offer turnkey engineering services and one-stop solutions is one of the Group's important strategies. With over 10 years' experience and the advanced qualifications in design and project engineering possessed by YPDI, the Group will step up its effort in exploring more turnkey projects and largely focus on the development of cryogenic tanks, refueling station projects, small and medium scale liquefaction, petrochemical gas storage, gas processing projects, chemical spherical tanks and special vessels for nuclear energy.

The Group's chemical equipment segment will remain committed in maintaining its leading position in tank container manufacturing business by controlling production costs, improving quality and enhancing operational efficiency. To pursue more business opportunities, the segment will input more resources to the development of special tank containers and exploration of more business opportunities especially in China through proactive marketing strategies.

The outlook of the global liquid food industry becomes positive, especially in developing countries like China. With the anticipation of a steady growth of the industry, the Group's liquid food equipment arm will continue to implement extension strategies to broaden its customer base. The Group will make use of the resources of Ziemann International GmbH in terms of brand name, market network, manufacturing technologies, process automation and project reference for complementing the Group's development both in Europe and the international market.

Expansion of overseas market has been the Group's long term development strategy. Last year, senior management team of the Group has visited the northern American market for onsite market research on the local LNG and shale gas industries. The Group will monitor continuously the market trend and translate the new market opportunities into business returns in the foreseeable future.

Confronted with economic uncertainties, extra efforts will be put into implementing a number of stringent cost control measures and internal control policies to maintain the Group's competitiveness. The Group will continue to control its operational working capital by tightening inventory level and trade receivables.

As for the production aspect, the Group will also persist in its manufacturing technology improvement programs and the ONE (Optimisation Never Ending) production program which can contribute to reduction in production costs and sustainable enhancement of production efficiency and product quality.

Thanks to the shareholders, customers, suppliers and business partners for their trust and support and thanks to all Directors and employees for their dedication and good work. The encouraging results achieved for the past year depended on the valuable contributions of all of you. The Group is well prepared to cope with the challenges ahead, grasp business opportunities and bring long-term returns to its shareholders.

CORPORATE GOVERNANCE

From 1 January 2012 to 31 March 2012, the Company complied with all the code provisions of the former Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company has adopted the revised Corporate Governance Code (the revised "**CG Code**") contained in Appendix 14 to the Listing Rules effective from 1 April 2012 as its principal guideline in relation to corporate governance.

From 1 April 2012 to 31 December 2012, the Company complied with all the code provisions of the revised CG Code, except for the deviation of code provision A.6.7 that Mr. Jin Yongsheng, a non-executive Director, was unable to attend the annual general meeting of the Company held on 18 May 2012 due to other important business commitment.

The Company's corporate governance report is set out in the soon published Annual Report 2012. Details of each of the audit committee, the remuneration committee and the nomination committee of the Company are also given in the same report.

The audit committee has reviewed and discussed with management the annual results and the audited financial statements for the year ended 31 December 2012.

PROPOSED FINAL DIVIDEND

The Board is pleased to propose a final dividend in respect of 2012 of HKD0.07 (2011: HKD0.06) per ordinary share and HKD0.07 (2011: HKD0.06) per non-redeemable convertible preference share, subject to the approval of shareholders in the forthcoming annual general meeting to be held on Monday, 20 May 2013.

CLOSURE OF REGISTER OF MEMBERS

To ascertain shareholders' entitlements to the proposed final dividend, the register of members of the Company will be closed from Friday, 24 May 2013 to Monday, 27 May 2013 (both days inclusive). In order to qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716,17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 23 May 2013.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

DIRECTORS

As at the date of this announcement, the Board consists of Mr. Zhao Qingsheng (*Chairman*), Mr. Gao Xiang (*General Manager*), Mr. Jin Jianlong and Mr. Yu Yuqun as executive Directors; Mr. Jin Yongsheng and Mr. Petrus Gerardus Maria van der Burg as non-executive Directors; and Mr. Wong Chun Ho, Mr. Tsui Kei Pang and Mr. Zhang Xueqian as independent non-executive Directors.

By order of the Board
CIMC Enric Holdings Limited
Zhao Qingsheng
Chairman

Hong Kong, 19 March 2013

The Annual Report 2012 will be dispatched to the shareholders and published on the websites of the Company and the Stock Exchange as soon as practicable.