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 2013, THE 2013 FINAL DIVIDEND, CLOSURE OF REGISTER OF MEMBERS AND WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES ON DISTRIBUTION OF THE 2013 FINAL DIVIDEND

FINANCIAL HIGHLIGHTS

	2013	2012	
	RMB'000	*RMB'000*	
Turnover	**9,981,462**	8,082,895	+23.5%
Profit attributable to shareholders	**972,521**	759,863	+28.0%
Basic earnings per share	**RMB0.516**	RMB0.405	
Proposed final dividend per share	**HKD0.12**	HKD0.07	

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 2013 together with the comparative figures for the year 2012.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Turnover	4&8	**9,981,462**	8,082,895
Cost of sales		**(7,956,429)**	(6,504,655)
Gross profit		**2,025,033**	1,578,240
Change in fair value of derivative financial instruments		**1,089**	(3,026)
Other revenue		**220,034**	159,431
Other net (expenses)/income		**(6,887)**	35,619
Selling expenses		**(272,892)**	(259,419)
Administrative expenses		**(763,629)**	(564,842)
Profit from operations		**1,202,748**	946,003
Finance costs	5	**(19,766)**	(18,865)
Profit before taxation	5	**1,182,982**	927,138
Income tax	6	**(202,316)**	(161,562)
Profit for the year		**980,666**	765,576
Attributable to:			
Equity shareholders of the Company		**972,521**	759,863
Non-controlling interests		**8,145**	5,713
Profit for the year		**980,666**	765,576
Earnings per share	7		
– Basic		**RMB 0.516**	RMB0.405
– Diluted		**RMB 0.504**	RMB0.401

CONSOLIDATED BALANCE SHEET
As at 31 December 2013

	Note	**2013** **RMB'000**	2012 RMB'000
Non-current assets			
Property, plant and equipment		**1,767,065**	1,575,115
Construction in progress		**74,608**	187,586
Lease prepayments		**341,530**	328,273
Intangible assets		**123,220**	133,976
Investment in an associate		**4,000**	–
Goodwill		**129,341**	129,341
Other financial assets		**59**	59
Deferred tax assets		**51,371**	48,589
		2,491,194	2,402,939
Current assets			
Derivative financial instruments		**1,104**	15
Inventories		**2,383,281**	1,974,295
Trade and bill receivables	9	**2,284,342**	1,841,547
Deposits, other receivables and prepayments		**656,700**	460,970
Amounts due from related parties		**81,429**	37,031
Restricted bank deposits		**128,433**	56,893
Cash and cash equivalents		**1,533,695**	953,492
		7,068,984	5,324,243
Current liabilities			
Bank loans and overdrafts		**134,493**	263,160
Trade and bill payables	10	**1,814,740**	1,351,418
Other payables and accrued expenses		**1,934,968**	1,329,817
Amounts due to related parties		**134,625**	75,395
Provisions		**41,603**	20,181
Income tax payable		**29,707**	75,173
Employee benefit liabilities		**207**	68
		4,090,343	3,115,212
Net current assets		**2,978,641**	2,209,031
Total assets less current liabilities		**5,469,835**	4,611,970

	2013	2012
	RMB'000	*RMB'000*
Non-current liabilities		
Bank loans	**36,380**	137,081
Provisions	**43,364**	50,057
Deferred tax liabilities	**111,526**	101,328
Deferred income	**268,213**	243,988
Employee benefit liabilities	**1,682**	1,677
	461,165	534,131
NET ASSETS	**5,008,670**	4,077,839
CAPITAL AND RESERVES		
Share capital	**17,376**	17,282
Reserves	**4,957,223**	4,034,631
Equity attributable to equity shareholders of the Company	**4,974,599**	4,051,913
Non-controlling interests	**34,071**	25,926
TOTAL EQUITY	**5,008,670**	4,077,839

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	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 2012	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 earnings	–	–	–	(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
At 1 January 2013	17,282	197,080	810,822	62,906	(200,381)	236,672	2,927,532	4,051,913	25,926	4,077,839
Profit for the year	–	–	–	–	–	–	972,521	972,521	8,145	980,666
Other comprehensive income	–	–	–	–	12,158	–	-	12,158	-	12,158
Total comprehensive income	–	–	–	–	12,158	–	972,521	984,679	8,145	992,824
Issuance of shares in connection with exercise of share options	94	48,327	–	(13,975)	–	–	-	34,446	-	34,446
Equity-settled share-based transactions	–	–	–	9,554	–	–	-	9,554	-	9,554
Transfer to general reserve	–	–	–	–	–	92,228	(92,228)	-	-	-
2012 final dividend paid	–	(105,993)	–	–	–	–	-	(105,993)	-	(105,993)
At 31 December 2013	17,376	139,414	810,822	58,485	(188,223)	328,900	3,807,825	4,974,599	34,071	5,008,670

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 2013. 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 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

There are no amended standards or interpretations that are effective for the first time for the current accounting period of the Group and the Company that have a material impact on the Group and the Company.

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, excluding value added taxes or other sales taxes and 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:

	2013	2012
	RMB'000	*RMB'000*
Sales of goods	**7,990,370**	6,657,070
Revenue from project engineering contracts	**1,991,092**	1,425,825
	9,981,462	8,082,895

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2013	2012
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	**20,080**	20,303
Less: interest capitalised	**(3,812)**	(3,573)
	16,268	16,730
Bank charges	**3,498**	2,135
	19,766	18,865

(b) Staff costs (i)

	2013	2012
	RMB'000	*RMB'000*
Salaries, wages and allowances	**1,107,403**	842,540
Contributions to retirement schemes	**49,359**	35,466
Equity-settled share-based payment expenses	**9,554**	11,244
	1,166,316	889,250

(c) Other items

	2013	2012
	RMB'000	*RMB'000*
Cost of inventories (i)	**6,347,183**	5,296,070
Auditors' remuneration	**4,891**	4,582
Depreciation of property, plant and equipment (i)	**147,265**	114,947
Amortisation of intangible assets	**19,499**	14,426
Amortisation of lease prepayments	**8,296**	6,480
Impairment provision for trade receivables	**4,814**	17,447
Reversal of impairment provision for trade receivables	**(7,998)**	(11,168)
Impairment provision for other receivables	**–**	1,525
Reversal of impairment provision for other receivables	**(3,283)**	(1,478)
Write-down of inventories	**1,309**	3,467
Reversal of write-down of inventories	**(1,420)**	(1,952)
Research and development costs	**145,052**	103,381
Operating lease charges for property rental	**9,343**	7,360
Provision for product warranties	**42,780**	35,742

(i) Cost of inventories includes RMB324,756,000 (2012: RMB272,583,000) 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:

	2013	2012
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**199,590**	196,348
Over-provision in respect of prior years	**(4,370)**	(3,225)
	195,220	193,123
Deferred tax		
Origination and reversal of temporary differences	**7,096**	(31,561)
	202,316	161,562

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.

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%, except for those which are entitled to a preferential tax treatment applicable to advanced and new technology enterprises at an income tax rate of 15%.

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 since 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement, 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 2013, deferred tax liability recognised in this regard was RMB59,053,000 (2012: RMB27,965,000).

Taxation of subsidiaries in the Netherlands, Belgium, Denmark and Germany are charged at the prevailing 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:

	2013	2012
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**972,521**	759,863

	2013	2012
Number of shares		
Weighted average number of ordinary shares at 31 December	**1,713,277,560**	1,008,169,539
Weighted average number of non-redeemable convertible preference shares	**170,876,712**	865,728,934
Weighted average number of shares for the purpose of basic earnings per share	**1,884,154,272**	1,873,898,473
Effect of dilutive potential ordinary shares in respect of the Company's share option scheme	**44,210,436**	21,098,367
Weighted average number of shares for the purpose of diluted earnings per share	**1,928,364,708**	1,894,996,840

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**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**5,371,550**	4,268,442	**3,093,578**	2,845,992	**1,516,334**	968,461	**9,981,462**	8,082,895
Inter-segment revenue	**13,324**	795	**107,679**	–	**-**	–	**121,003**	795
Reportable segment revenue	**5,384,874**	4,269,237	**3,201,257**	2,845,992	**1,516,334**	968,461	**10,102,465**	8,083,690
Reportable segment profit (adjusted profit from operations)	**760,741**	569,407	**496,447**	425,756	**85,081**	42,505	**1,342,269**	1,037,668
Interest income from bank deposits	**1,364**	3,713	**5,882**	5,564	**7,090**	6,039	**14,336**	15,316
Interest expense	**(9,419)**	(7,771)	**(2,168)**	(3,486)	**(39)**	(1,383)	**(11,626)**	(12,640)
Depreciation and amortisation for the year	**(100,643)**	(81,915)	**(28,379)**	(25,979)	**(37,430)**	(27,667)	**(166,452)**	(135,561)
Reportable segment assets	**5,958,303**	4,769,012	**2,011,298**	1,773,157	**1,511,115**	1,017,975	**9,480,716**	7,560,144
Additions to non-current segment assets during the year	**204,380**	567,288	**49,953**	50,144	**10,099**	199,182	**264,432**	816,614
Reportable segment liabilities	**2,755,846**	2,315,456	**596,611**	612,691	**855,054**	342,251	**4,207,511**	3,270,398

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

	2013	2012
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**10,102,465**	8,083,690
Elimination of inter-segment revenue	**(121,003)**	(795)
Consolidated turnover	**9,981,462**	8,082,895

	2013	2012
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**1,342,269**	1,037,668
Elimination of inter-segment profit	**(22,181)**	(8,669)
Reportable segment profit derived from Group's external customers	**1,320,088**	1,028,999
Finance costs	**(19,766)**	(18,865)
Unallocated operating income and expenses	**(117,340)**	(82,996)
Consolidated profit before taxation	**1,182,982**	927,138

	2013	2012
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**9,480,716**	7,560,144
Elimination of inter-segment receivables	**(73,193)**	(90,753)
	9,407,523	7,469,391
Deferred tax assets	**51,371**	48,589
Unallocated assets	**101,284**	209,202
Consolidated total assets	**9,560,178**	7,727,182

	2013	2012
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**4,207,511**	3,270,398
Elimination of inter-segment payables	**(73,193)**	(90,753)
	4,134,318	3,179,645
Income tax liabilities	**29,707**	75,173
Deferred tax liabilities	**111,526**	101,328
Unallocated liabilities	**275,957**	293,197
Consolidated total liabilities	**4,551,508**	3,649,343

(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**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC (place of domicile)	**5,686,865**	4,462,847	**2,094,495**	1,865,096
United States	**909,063**	741,423	**-**	–
European countries	**1,978,810**	2,054,285	**343,432**	369,975
Asian countries (other than PRC)	**1,208,015**	694,178	**-**	–
Other American countries	**111,856**	96,030	**-**	–
Other countries	**86,853**	34,132	**-**	–
	4,294,597	3,620,048	**343,432**	369,975
	9,981,462	8,082,895	**2,437,927**	2,235,071

For the year ended 31 December 2013, there was no single external customer that accounted for 10% or more of the Group's total turnover (2012: Nil).

9 TRADE AND BILL RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade debtors and bill receivables	**2,343,734**	1,904,693
Less: allowance for doubtful debts	**(59,392)**	(63,146)
	2,284,342	1,841,547

(a) Ageing analysis

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

	2013	2012
	RMB'000	*RMB'000*
Current	**1,633,517**	1,484,583
Less than 1 month past due	**227,878**	82,773
1 to 3 months past due	**108,794**	53,889
More than 3 months but less than 12 months past due	**238,573**	142,376
More than 12 months past due	**75,580**	77,926
Amounts past due	**650,825**	356,964
	2,284,342	1,841,547

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

	2013	2012
	RMB'000	*RMB'000*
Trade creditors	**1,476,987**	1,153,218
Bills payable	**337,753**	198,200
	1,814,740	1,351,418

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

	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**1,601,438**	1,268,128
3 months to 12 months	**187,072**	63,256
Over 12 months	**26,230**	20,034
	1,814,740	1,351,418

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

11 DIVIDENDS

The final dividend of approximately RMB105,993,000 (HKD0.07 per share) in respect of the year ended 31 December 2012 was paid in 2013. A final dividend in respect of the year ended 31 December 2013 of HKD0.12 (equivalent to approximately RMB0.09) per share has been proposed by the Directors. The proposed final dividend in respect of 2013 is subject to the approval of shareholders in the forthcoming annual general meeting. These 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 names "Holvrieka" and "Ziemann".

Operational performance

Turnover

Due to the continuous growth in global demand for equipment for storage, transportation, distribution and vehicle application of natural gas, particularly in China, the energy equipment segment continued its robust growth in 2013. With a gradually recovering global economy, the chemical equipment segment's turnover recorded a modest growth. The liquid food equipment segment's surge in turnover was attributed to the improved business environment of the liquid food equipment industry and the acquisition of certain assets from Ziemann Group which broadened the Group's product line-up. As a result, the turnover of the Group for 2013 increased by 23.5% to RMB9,981,462,000 over the previous year (2012: RMB8,082,895,000). The performance of each segment is discussed below.

The energy equipment segment continued to be the dominant segment of the Group with revenue rose by 25.8% to RMB5,371,550,000 (2012: RMB4,268,442,000) and accounted for 53.8% (2012: 52.8%) of the Group's total turnover. LNG equipment was the main revenue contributor of this segment.

The chemical equipment segment recorded a turnover of RMB3,093,578,000 (2012: RMB2,845,992,000) representing a modest growth of 8.7% on the back of a gradually recovering global economy. The segment made up 31.0% of the Group's total turnover (2012: 35.2%).

The liquid food equipment segment has outshone the other two segments again by posting a growth of 56.6% to RMB1,516,334,000 during the year (2012: RMB968,461,000) and accounted for 15.2% of the Group's total turnover (2012: 12.0%).

Gross profit margin and profitability

The energy equipment segment's gross profit margin ("GP margin") fell slightly by 0.4 percentage point to 21.5% (2012: 21.9%). A change in the product mix with LNG products overtaking CNG products as the largest sales contributor during the year caused the segment's GP margin to change slightly.

In relation to the chemical equipment segment, its GP margin saw a further improvement from 17.5% in 2012 to 18.9% in the current year. This is mainly attributable to the falling price of stainless steel, the key raw materials, during the year.

The GP margin for liquid food equipment segment improved from 15.2% in 2012 to 19.1%. Last 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 20.3% (2012: 19.5%).

Profit from operations expressed as a percentage of turnover improved slightly by 0.3 percentage point to 12.0% (2012: 11.7%) which is mainly attributable to an improved GP margin despite 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 RMB972,521,000, representing a growth of 28.0% over the previous year (2012: RMB759,863,000).

Research and development

In response to market development and needs, the Group devoted RMB145,052,000 (2012: RMB103,381,000) to the R&D of new products and manufacturing technologies in 2013.

Regarding product development during the year, the energy equipment segment conducted R&D projects for LNG refueling station systems, LNG refueling barges, LNG fuel vessels and supporting solutions, composite cylinder for hydrogen storage, CNG transport ships, and high-speed skid-mounted CNG compressors for wholesale stations. The chemical equipment arm focused on the development of tank containers for hazardous liquids, tank containers for liquefied gas, special tank containers and lightweight tank containers. The liquid food equipment segment devoted to the R&D of complete turnkey brewery systems.

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 coordination of R&D on turnkey engineering projects as well as product design.

Moreover, following the acquisition of certain assets from Ziemann Group, the Group has been benefited 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.

Apart from in-house R&D efforts, in order to strengthen the Group's prime position in the market and promote a sustainable development of the industries it engaged in, the Group has participated in the establishment of several national and/or industrial standards for products such as liquefied gas trailers, tank containers for liquefied gas, tank containers for hazardous liquids, tanker trucks for refrigerated liquefied gas, and tank containers for refrigerated liquefied gas.

The Group will continue to devote sufficient resources to launch quality products to broaden its customer portfolio and provide more sustainable growth in turnover.

Production capacity

In 2013, the Group invested RMB263,887,000 in capital expenditure. On top of the investments for regular maintenance and production technology improvements amounted to RMB71,598,000, the amount of RMB192,289,000 were attributable to enhancement of production capacity.

Based on National Development and Reform Commission ("NDRC") latest policy on gas utilisation, the bullish outlook of LNG equipment was further confirmed. City-gas distribution and natural gas vehicle ("NGV") refueling continue to be favoured with priority usage of natural gas resources. Over the past two years, the Group has already undertaken a series of expansion activities on production capacity to capture and secure the growing demand for CNG/LNG storage equipment resulting from the acceleration of natural gas distribution and usage. On top of the existing product portfolio, a range of new products, such as modular LNG refueling equipment, LNG tank containers, small LNG storage tanks ("Anjietong") and advanced models of CNG/LNG trailers, have been launched onto the market and contributed revenue during the year.

In 2013, the Group commenced another wave of production capacity enhancement on natural gas refueling stations and on-vehicle LNG fuel tanks to fulfill the needs and demands triggered by the NGV boom in the PRC. The Group has invested to double up the production capacity of on-vehicle LNG fuel tanks in both Zhangjiagang and Shijiazhuang, and to provide additional capacity for natural gas refueling station production in Langfang.

Sales and marketing

The Group runs sales offices in the PRC and South-east Asia.

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, Kunlun Energy, China Resources Gas, ENN Energy, China Railway Group, EXSIF, TAL International, Sinochem International, Stolt-Nielsen, Sinotruk and Foton Daimler. By investing in the development of healthy customer relationships, some customers have partnered with the Group to pursue new lines of business or develop new products.

At the industry level, the Group has attended and contributed to various conferences organised by industry associations, with an aim to take the lead in industry development and drive initiatives to enhance the industry standards. The Group has also actively participated in international trade fairs, which provided excellent platforms for live presentations of the Group's products and services and initiating contacts with new customers. Equally important, the trade fairs have enabled the Group to maintain and renew contacts with existing customers.

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 RMB4,294,597,000 (2012: RMB3,620,048,000). Continuous efforts are put into emerging markets as well as natural-gas-rich countries like Russia and USA. The Group pays visit to emerging markets from time to time, so as to gather local market information and meantime promote its products and services.

The Group has set up representative offices in South-east Asia and a company in USA which have boosted local sales and allow direct access to customers in surrounding regions, the Group will look for opportunities to set up more organisations in various 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 continues to endeavour to maintain its leading market position in various industries it is engaged in.

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 has implemented a flexible cost forecast program among its subsidiaries, to achieve tighter cost control and more accurate and efficient budgeting. Such program emphasises on the relationship between different productivity levels and types of cost involved.

In an attempt to create a reliable and long-term source of supply at low cost, the Group will adopt practices to enhance its supplier portfolio, such as through identifying strategic suppliers, managing purchasing process, and developing supplier capabilities continuously.

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. A new centre in Hengyang has started construction during the year and is scheduled to put into operation in the second half of 2014. 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 2013, the total number of employees of the Group was approximately 9,900 (2012: approximately 9,100). Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) were approximately RMB1,166,316,000 (2012: RMB889,250,000).

There have been no material changes in respect of employee incentives and bonus policies, share option scheme and training scheme as disclosed in Annual Report 2012.

FINANCIAL RESOURCES REVIEW

Liquidity and financial resources

At 31 December 2013, the cash and cash equivalents of the Group amounted to RMB1,533,695,000 (2012: RMB953,492,000) and bank loans and overdrafts of RMB170,873,000 (2012: RMB400,241,000). A portion of the Group's bank deposits totalling RMB128,433,000 (2012: RMB56,893,000), 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 2013, the Group's bank loans and overdrafts amounted to RMB170,873,000 (2012: RMB400,241,000), other than the HKD45,000,000 (equivalent to RMB35,380,000) two-year term loan and the RMB1,000,000 three-year term loans for capital expenditure, the remaining is repayable within one year. Apart from the term loans dominated in HKD that bear interest at floating rates, the overall bank loans bear interest at rates from 1.98% to 6.89% per annum. At 31 December 2013, the Group did not have secured bank loan (2012: Nil). As of 31 December 2013, bank loans amounting to RMB169,368,000 (2012: RMB400,057,000) were guaranteed by the Company's subsidiaries.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2012: zero times) as the Group retained a net cash balance of RMB1,491,255,000 (2012: RMB610,144,000). The increase in net cash balance is mainly attributable to a considerable amount of down payment for a significant project, as well as the reduction of capital expenditure resulting from the completion of large-scale expansion projects over the past 2 years and no major acquisition occurred in 2013. Apart from this, the management dedicates its effort to continuously improve the cash management to minimise unnecessary finance cost. As a result, bank loans recorded a reduction at year end. The Group's interest coverage was 73.7 times for the year (2012: 56.4 times) which demonstrates that the Group is fully capable of meeting its interest expense commitments.

During 2013, net cash generated from operating activities amounted to RMB1,116,005,000 (2012: RMB856,704,000). The Group drew bank loans of RMB461,150,000 (2012: RMB1,090,239,000) and repaid RMB687,071,000 (2012: RMB1,202,939,000). A payment of final dividend in respect of the financial year 2012 were approximately RMB105,993,000. In addition, cash proceeds amounted to RMB34,446,000 arose from the issuance of ordinary shares on exercise of share options.

Assets and liabilities

At 31 December 2013, total assets of the Group amounted to RMB9,560,178,000 (2012: RMB7,727,182,000) while total liabilities were RMB4,551,508,000 (2012: RMB3,649,343,000). The net asset value rose by 22.8% to RMB5,008,670,000 (2012: RMB4,077,839,000) which was mainly attributable to the net profit of RMB980,666,000, plus by exchange difference on translation of financial statements denominated in foreign currencies of RMB12,158,000 for the year. As a result, the net asset value per share increased to RMB2.649 at 31 December 2013 from RMB2.170 at 31 December 2012.

Contingent liabilities

At 31 December 2013, the Group did not have any significant contingent liabilities.

Capital commitments

At 31 December 2013, the Group had contracted but not provided for capital commitments of RMB49,198,000 (2012: RMB90,611,000). As of 31 December 2013, the Group did not have authorised but not contracted for capital commitments (2012: 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 2013, the Group had total capital commitments of RMB49,198,000.

FUTURE PLAN AND STRATEGIES

Global activity and international trade picked up in the second half of 2013, and the world output grew by 3.0% year-on-year in 2013, according to the International Monetary Fund (IMF). China outshone other countries and recorded a 7.7% growth in GDP in 2013. Although the world economy has been undergoing a gradual recovery, yet the recovery will continue to face uncertainties. It is expected that in 2014, China will deepen its financial reforms and will begin a series of growth-enhancing structural reforms. For 2014, IMF projected the GDP growth of China to be 7.5%, while the global growth to be 3.7%.

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.

China consumed approximately 169.2 billion cubic metres ("bcm") of natural gas in 2013, representing a 12.9% year-on-year increment. China has also reported a surge of 25.6% year-on-year in natural gas import to approximately 53.4 bcm, in which LNG import saw a growth of 27.0%. During 2013, the State Council of China announced a series of new measures to support the growth of environmental and energy conservation sectors. 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. Furthermore, due to the concern for air pollution, cost saving and the promotion of natural gas as vehicle fuel by China's oil and gas enterprises, the demand for natural gas application equipment, such as on-vehicle LNG fuel tanks have been stimulated. The Group is also well prepared for the potential huge demand for LNG equipment for LNG vessels. Probably, the development of LNG vessels in China may provide the next growth driver for LNG equipment manufacturers like CIMC Enric.

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 further enhance its production capacity mindfully for coping with the industry's future development.

As one of the key objectives of the Group's five-year strategic development plan, 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's R&D team will play a vital role in achieving the above, not only through optimising product design of existing products but also launching new products with advanced technology.

Developing its own ability to offer turnkey engineering services 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 is still 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.

Expansion of overseas market has been the Group's long term development strategy. The Group will monitor continuously the market trend in Russia and USA, and translate the new market opportunities into business returns in the foreseeable future.

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

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 working capital by tightening inventory level and trade receivables.

In order to support the sustainable robust growth of the Group, it will continue to implement various measures to optimise the Group's asset and liability structure. In pursuit of organic growth, the Group will focus on operating results to generate positive operating cash flow. The Group will expand capacity in an orderly manner and match with suitable funding sources.

Last but not least, the Group will continue its acquisition strategy and consider expansion opportunities if they are a good strategic fit and available at a right price. The Group will maintain sufficient liquidity to safeguard future business expansions.

Thanks to the shareholders, customers, suppliers and business partners for their trust and support and thanks to the management 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 shareholders.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2013, the Company complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company's corporate governance report is set out in the soon published Annual Report 2013. 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 2013.

THE 2013 FINAL DIVIDEND

The Board is pleased to propose a final dividend in respect of 2013 of HKD0.12 (the "**2013 Final Dividend**") (2012: HKD0.07) per ordinary share, subject to the approval of shareholders in the forthcoming annual general meeting ("**AGM**") to be held on Tuesday, 20 May 2014.

CLOSURE OF REGISTER OF MEMBERS

To ascertain shareholders' entitlements to the 2013 Final Dividend, the register of members of the Company will be closed from Tuesday, 27 May 2014 to Thursday, 29 May 2014 (both days inclusive). In order to qualify for the 2013 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 26 May 2014.

Subject to the approval by shareholders at the AGM to be held on 20 May 2014, the 2013 Final Dividend will be paid in cash on or about 23 June 2014 to shareholders whose names appear on the register of members of the Company on 29 May 2014 (the "**Record Date**").

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES ON DISTRIBUTION OF THE 2013 FINAL DIVIDEND

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China" (the "**Enterprise Income Tax Law**"), "Notice of the State Administration of Taxation on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their Bodies of Actual Management" and "Announcement of the State Administration of Taxation on Issues Concerning the Determination of Resident Enterprises on the Basis of Their Actual Management Bodies", the Administration of Local Taxation of Shenzhen Municipality issued an approval under which the Company is regarded as a Chinese Resident Enterprise, effective from the year 2013.

Pursuant to the Enterprise Income Tax Law and the "Implementation Regulations for the Enterprise Income Tax Law of the People's Republic of China", the Company is required to withhold and pay 10% enterprise income tax when it distributes the 2013 Final Dividend and dividends in subsequent years to its non-resident enterprise shareholders. The withholding and payment obligation lies with the Company. Therefore, the Company will implement enterprise income tax withholding and payment when it distributes the 2013 Final Dividend and dividends in subsequent years.

In respect of all shareholders whose names appear on the Company's register of members as at the Record Date who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company will distribute the 2013 Final Dividend after deducting an enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2013 Final Dividend payable to any natural person shareholders whose names appear on the Company's register of members as at the Record Date.

If any resident enterprise (as defined in the Enterprise Income Tax Law) listed on the Company's register of members which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold and pay the said 10% enterprise income tax, it shall lodge with Computershare Hong Kong Investor Services Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend that it is entitled, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on Monday, 26 May 2014.

Investors should read this announcement carefully. If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold and pay the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of members on the Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of withholding and payment of enterprise income tax.

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 as a non-executive Director; 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 2014

The Annual Report 2013 will be dispatched to the shareholders and published on the websites of the Company and the Stock Exchange as soon as practicable.