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 2020, THE 2020 FINAL DIVIDEND, CLOSURE OF REGISTER OF MEMBERS AND WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES ON DISTRIBUTION OF THE 2020 FINAL DIVIDEND

FINANCIAL HIGHLIGHTS

	2020	2019	
	RMB'000	*RMB'000*	
Revenue	**12,289,567**	13,743,019	-10.6%
Profit attributable to shareholders	**579,923**	911,007	-36.3%
Basic earnings per share	**RMB0.293**	RMB0.464	-36.9%

The Board of Directors (the "**Board**") of CIMC Enric Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") announces the audited financial results of the Group for the year ended 31 December 2020 together with the comparative figures for the year 2019.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Note	**Year ended 31 December 2020** *RMB'000*	2019 *RMB'000*
Revenue	3&8	**12,289,567**	13,743,019
Cost of sales		**(10,194,844)**	(11,391,725)
Gross profit		**2,094,723**	2,351,294
Change in fair value of financial instruments		**23,744**	4,100
Other revenue	4	**225,868**	243,845
Other income, net	4	**112,775**	82,369
Net impairment loss on financial assets	5(d)	**(128,562)**	(71,569)
Selling expenses		**(283,205)**	(359,902)
Administrative expenses		**(1,233,352)**	(1,111,564)
Profit from operations		**811,991**	1,138,573
Finance costs	5(a)	**(44,730)**	(62,132)
Share of post-tax profit of associates		**5,998**	9,371
Profit before taxation	5	**773,259**	1,085,812
Income tax expenses	6	**(207,051)**	(184,407)
Profit for the year		**566,208**	901,405
Attributable to:			
Equity shareholders of the Company		**579,923**	911,007
Non-controlling interests		**(13,715)**	(9,602)
Profit for the year		**566,208**	901,405
Earnings per share			
– Basic	7	**RMB0.293**	RMB0.464
– Diluted	7	**RMB0.293**	RMB0.459

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit for the year	**566,208**	901,405
Other comprehensive income for the year		
Items that may be reclassified to profit or loss:		
Currency translation differences	**(28,501)**	(17,272)
Share of other comprehensive income of an associate	**1**	48
Total of other comprehensive income for the year	**(28,500)**	(17,224)
Total comprehensive income for the year	**537,708**	884,181
Attributable to:		
Equity shareholders of the Company	**551,423**	893,783
Non-controlling interests	**(13,715)**	(9,602)
Total comprehensive income for the year	**537,708**	884,181

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

		As at 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**3,069,709**	2,966,655
Construction in progress		**366,939**	425,145
Right-of-use assets		**116,548**	33,718
Investment properties		**38,700**	–
Lease prepayments		**542,764**	578,151
Intangible assets		**183,713**	200,152
Investments in associates		**192,370**	161,430
Prepayment for acquisition of equity interests		**–**	50,000
Goodwill		**236,801**	251,962
Deferred tax assets		**99,451**	113,963
		4,846,995	4,781,176
Current assets			
Inventories		**3,924,638**	3,676,319
Contract assets		**1,001,746**	919,042
Trade and bills receivables	9	**2,389,147**	2,715,828
Deposits, other receivables and prepayments		**855,325**	884,109
Amounts due from related parties		**99,366**	128,568
Financial instruments at fair value through profit or loss		**87,115**	3,210
Restricted bank deposits		**309,498**	257,029
Cash and cash equivalents		**2,560,890**	2,534,752
		11,227,725	11,118,857
Current liabilities			
Financial instruments at fair value through profit or loss		**1,037**	876
Bank loans		**24,941**	263,955
Lease liabilities		**24,024**	8,496
Loans from related parties		**667,506**	186,402
Other borrowings		**13,449**	21,586
Trade and bills payables	10	**2,461,023**	2,420,392
Contract liabilities		**2,438,378**	2,870,689
Other payables and accrued expenses		**1,643,752**	1,375,569
Amounts due to related parties		**146,532**	84,200
Warranty provision		**98,659**	113,915
Income tax payable		**131,764**	51,226
Employee benefit liabilities		**–**	511
		7,651,065	7,397,817

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Net current assets	**3,576,660**	3,721,040
Total assets less current liabilities	**8,423,655**	8,502,216
Non-current liabilities		
Bank loans	**270,996**	544,144
Warranty provision	**86,855**	67,880
Deferred tax liabilities	**175,337**	199,639
Deferred income	**282,018**	235,858
Employee benefit liabilities	**4,413**	4,603
Other borrowings	**36,197**	38,455
Lease liabilities	**96,481**	27,126
	952,297	1,117,705
NET ASSETS	**7,471,358**	7,384,511
CAPITAL AND RESERVES		
Share capital	**18,376**	18,371
Reserves	**7,261,700**	7,117,737
Equity attributable to equity shareholders of the Company	**7,280,076**	7,136,108
Non-controlling interests	**191,282**	248,403
TOTAL EQUITY	**7,471,358**	7,384,511

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to equity shareholders of the Company										
	Share capital *RMB'000*	Share premium *RMB'000*	Shares held for share award scheme *RMB'000*	Contributed surplus *RMB'000*	Capital reserve *RMB'000*	Exchange reserve *RMB'000*	General reserve fund *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2019	18,253	341,563	(144,977)	1,124,571	190,679	(359,486)	519,111	4,677,993	6,367,707	178,087	6,545,794
Profit for the year	–	–	–	–	–	–	–	911,007	911,007	(9,602)	901,405
Other comprehensive income											
Share of other comprehensive income of associates	–	–	–	–	–	–	–	48	48	–	48
Currency translation differences	–	–	–	–	–	(17,272)	–	–	(17,272)	–	(17,272)
Total comprehensive income for the period	–	–	–	–	–	(17,272)	–	911,055	893,783	(9,602)	884,181
Issuance of shares in connection with exercise of share options	118	69,374	–	–	(23,572)	–	–	–	45,920	–	45,920
Shares held for share award scheme – vesting of awarded shares	–	35,768	43,164	–	(35,768)	–	–	–	43,164	–	43,164
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	40,500	40,500
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	79,307	79,307
Equity-settled share-based transactions	–	–	–	–	36,669	–	–	–	36,669	–	36,669
Change in ownership interests in a subsidiary without change of control	–	–	–	–	(5,026)	–	–	–	(5,026)	(37,974)	(43,000)
Transfer to general reserve	–	–	–	–	–	–	34,621	(34,621)	–	–	–
2018 final dividends paid	–	–	–	–	–	–	–	(246,109)	(246,109)	–	(246,109)
Dividends distribution made by a subsidiary to non-controlling interests	–	–	–	–	–	–	–	–	–	(1,915)	(1,915)
Total contributions by and distributions to owners of the company, recognised directly in equity	118	105,142	43,164	–	(27,697)	–	34,621	(280,730)	(125,382)	79,918	(45,464)
At 31 December 2019	18,371	446,705	(101,813)	1,124,571	162,982	(376,758)	553,732	5,308,318	7,136,108	248,403	7,384,511

	Attributable to equity shareholders of the Company											
	Share capital	Share premium	Shares held for share award scheme	Contributed surplus	Capital reserve	Exchange reserve	General reserve fund	Retained earnings	Other reserve	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2019	**18,371**	**446,705**	**(101,813)**	**1,124,571**	**162,982**	**(376,758)**	**553,732**	**5,308,318**	**–**	**7,136,108**	**248,403**	**7,384,511**
Profit for the year	–	–	–	–	–	–	–	579,923	–	579,923	(13,715)	566,208
Other comprehensive income												
Share of other comprehensive income of an associate	–	–	–	–	–	–	–	1	–	1	–	1
Currency translation differences	–	–	–	–	–	(28,501)	–	–	–	(28,501)	–	(28,501)
Total comprehensive income for the period	–	–	–	–	–	(28,501)	–	579,924	–	551,423	(13,715)	537,708
Issuance of shares in connection with exercise of share options	5	1,739	–	–	(5,366)	–	–	4,862	–	1,240	–	1,240
Purchase of shares in connection with share award scheme	–	–	(115,454)	–	–	–	–	–	–	(115,454)	–	(115,454)
Shares held for share award scheme – vesting of awarded shares	–	34,257	41,903	–	(34,257)	–	–	–	–	41,903	–	41,903
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	3,500	3,500
Equity-settled share-based transactions	–	–	–	–	6,581	–	–	–	–	6,581	–	6,581
Change in ownership interests in subsidiaries without change of control	–	–	–	–	15,761	–	–	–	–	15,761	(43,636)	(27,875)
Transfer to general reserve	–	–	–	–	–	–	25,701	(25,701)	–	–	–	–
2019 final dividends paid	–	–	–	–	–	–	–	(364,380)	–	(364,380)	–	(364,380)
Dividends distribution made by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(3,581)	(3,581)
Special reserve	–	–	–	–	–	–	–	–	1,519	1,519	–	1,519
Share of capital reserve of an associate	–	–	–	–	4,306	–	–	–	–	4,306	–	4,306
Increase in capital reserve resulted from share option exercised by subsidiaries	–	–	–	–	1,069	–	–	–	–	1,069	311	1,380
Effect of conversion of a subsidiary from a limit liability company into a joint stock company	–	–	–	–	1,028,711	–	(134,301)	(894,410)	–	–	–	–
Total contributions by and distributions to owners of the company, recognised directly in equity	5	35,996	(73,551)	–	1,016,805	–	(108,600)	(1,279,629)	1,519	(407,455)	(43,406)	(450,861)
At 31 December 2020	18,376	482,701	(175,364)	1,124,571	1,179,787	(405,259)	445,132	4,608,613	1,519	7,280,076	191,282	7,471,358

NOTES

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated results set out in this announcement are extracted from the financial statements of the Group for the year ended 31 December 2020. The financial statements are presented in Renminbi ("**RMB**") unless otherwise stated.

The consolidated financial statements of CIMC Enric Holdings Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and requirements of the Hong Kong Companies Ordinance Cap. 622. The financial statements have been prepared on a historical cost basis, except for the certain financial assets and liabilities (including derivative instruments), which are measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the soon to be published Annual Report 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for their annual reporting period commencing 1 January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures

Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and amendments not yet adopted

Certain new accounting standards and amendments have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

	Effective for annual periods beginning on or after
Interest Rate Benchmark Reform – Phase 2 – Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	1 January 2021
Property, Plant and Equipment: Proceeds before intended use – Amendments to HKAS 16	1 January 2022
Reference to the Conceptual Framework – Amendments to HKFRS 3	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
HKFRS 17 Insurance Contracts	1 January 2023
Amendments to HKFRS 17	1 January 2023
Classification of Liabilities as Current or Non-current – Amendments to HKAS 1	1 January 2023
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (2020)	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to HKFRS 10 and HKAS 28	To be determined

3 REVENUE

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

Revenue represents: (i) the sales value of goods sold after allowances for returns of goods, excluding value-added tax 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 revenue during the year is as follows:

	2020	2019
	RMB'000	*RMB'000*
Sales of goods	**8,206,712**	9,222,821
Revenue from project engineering contracts	**4,082,855**	4,520,198
	12,289,567	13,743,019

4 OTHER REVENUE AND OTHER INCOME, NET

		2020	2019
		RMB'000	*RMB'000*
Other revenue			
Government grants	(i)	**62,132**	64,171
Other operating revenue	(ii)	**141,819**	167,929
Interest income from bank deposits		**21,917**	11,745
		225,868	243,845

(i) Government grants represent various forms of incentives and subsidies given to the Company's subsidiaries by the PRC government.

(ii) Other operating revenue consists mainly of income earned from the sale of scrap materials and provision of maintenance services and subcontracting services.

	2020	2019
	RMB'000	*RMB'000*
Other income, net		
Write-back of restructuring liabilities (i)	**113,564**	46,614
Foreign exchange (loss)/gain	**(60,003)**	4,302
Gains/(loss) on settlement of derivative financial instruments	**21,750**	(5,711)
Compensation received	**19,999**	4,535
Write-back of payables and advances from customers (ii)	**6,796**	38,085
Donation expenses	**(533)**	(105)
Net loss on disposal of property, plant and equipment	**(3,828)**	(5,371)
Other net gain	**15,030**	20
	112,775	82,369

(i) During the year, the Group wrote back restructuring liabilities of RMB113,564,000 in related to the bankruptcy restructuring of a subsidiary since the Group was no longer obliged to pay those amounts.

(ii) Amounts represented the write-back of long aged payables and advances from customers.

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2020	2019
	RMB'000	*RMB'000*
Interest on bank loans, other borrowings and lease liabilities	**37,007**	51,824
Less: interest capitalised	**(1,995)**	(2,795)
Bank charges	**9,718**	13,103
	44,730	62,132

(b) Staff costs

	2020	2019
	RMB'000	*RMB'000*
Salaries, wages and allowances	**1,589,527**	1,594,658
Contributions to retirement schemes	**34,893**	79,733
Equity-settled share-based payment expenses for Restricted Share Award Scheme	**7,961**	36,669
	1,632,381	1,711,060

(c) Other items

	2020	2019
	RMB'000	*RMB'000*
Cost of inventories	**6,856,187**	7,339,229
Auditor's remuneration		
– Audit services	**7,789**	6,765
– Non-audit services	**1,767**	1,287
Depreciation of property, plant and equipment	**281,519**	251,058
Depreciation of right-of-use assets	**19,305**	8,335
Amortisation of lease prepayments	**14,766**	14,944
Amortisation of intangible assets	**43,999**	33,525
Impairment of goodwill	**40,225**	15,000
Write-down of inventories	**43,616**	12,635
Reversal of write-down of inventories	**(5,869)**	(17,510)
Research and development costs	**359,085**	310,595
Operating lease charges for property rental	**9,761**	25,421
Provision for product warranties	**73,901**	64,403
Reversal of provision during the period	**(36,962)**	(128,953)

(d) Net impairment loss on financial assets

	2020 RMB'000	2019 RMB'000
Impairment provision for trade receivables	**149,282**	96,467
Reversal of impairment provision for trade receivables	**(50,778)**	(32,159)
Impairment provision for contract assets	**28,836**	–
Others	**1,222**	7,261
	128,562	71,569

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2020 RMB'000	2019 RMB'000
Current tax		
Provision for the year	**228,655**	187,138
Over-provision in respect of prior years	**(9,139)**	(16,301)
	219,516	170,837
Deferred tax		
Origination and reversal of temporary differences	**(12,465)**	13,570
	207,051	184,407

(i) 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.

(ii) 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 rate applicable to advanced and new technology enterprises of 15%.

(iii) Pursuant to the 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 and all the foreign incorporated subsidiaries with shareholdings in the PRC subsidiaries of the Group are regarded as Chinese resident enterprises. Therefore, during the year, no deferred withholding tax liability was provided for the distributable profits of PRC subsidiaries.

(iv) Taxation of subsidiaries in the Netherlands, Belgium, Denmark, Germany, United Kingdom and Singapore are charged at the prevailing rates of 25%, 25%, 22%, 30%, 19% and 17% respectively in the relevant countries and are calculated on a stand-alone basis.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2020	2019
	RMB'000	*RMB'000*
Profit before taxation	**773,259**	1,085,812
Notional tax on profit before taxation, calculated at the applicable rates	**267,437**	295,257
Effect of tax concessions	**(70,463)**	(84,067)
Tax effect of super deduction	**(18,453)**	(34,002)
Tax effect of non-deductible expenses	**16,437**	5,179
Tax effect of tax losses not recognised as deferred tax assets	**27,129**	25,838
Over-provision in prior years	**(9,139)**	(16,301)
Utilisation of tax losses which no deferred tax assets were recognised before	**(5,897)**	(7,497)
Income tax expenses	**207,051**	184,407

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:

	2020	2019
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**579,923**	911,007

	2020	2019
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**1,976,552,191**	1,964,279,967
Effect of dilutive potential ordinary shares in respect of the Company's share option and restricted award shares	**5,729,471**	18,937,893
Weighted average number of shares for the purpose of diluted earnings per share	**1,982,281,662**	1,983,217,860

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, which is the Group's chief operating decision-maker, for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments based on the economic characteristics of the business units.

- Clean energy: this segment specialises in the manufacture, sale and operation of wide range of equipment for the storage, transportation, processing and distribution of natural gas (in form of liquefied natural gas ("**LNG**") and compressed natural gas ("**CNG**") and liquefied petroleum gas ("**LPG**"). This segment also provides EPC (engineering, procurement and construction) services for clean energy industry such as LNG plants, LNG and liquefied ethylene/ethane gas ("**LEG**") receiving terminals. In addition, this segment is also engaged in the design, production and sales of small and medium-sized liquefied gas carriers, such as LPG, LNG and LEG carriers, LNG-powered ship fuel supply system and offshore modules. Provision of valued-added services for clean energy industry also forms part of this segment's business.

- Chemical and environmental: this segment specialises in the manufacture and sale of a wide range of equipment, such as tank containers, for the storage and transportation of liquefied chemicals, gaseous chemicals and powder products; and the provision of maintenance service and value-added service for tank containers. This segment is also engaged in the manufacturing and sale of special equipment for environmental protection. It also renders related services for the environmental protection, pollution treatment as well as resource recycling.

- Liquid food: this segment specialises in the engineering, manufacture and sale of stainless steel tanks for storage and processing liquid food such as beer, fruit juice and milk and the provision of engineering, procurement and construction services for the brewery industry as well as other liquid food industries.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision-maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include non-current assets and current assets with the exception of deferred tax assets and certain assets unallocated to an individual reportable segment. Segment liabilities include non-current liabilities and current liabilities with the exception of income tax payable, deferred tax liabilities, bank loans and certain liabilities unallocated to an individual reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted profit from operations". To arrive at the Group's profits, the reporting segments' adjusted profits from operations are further adjusted for items not specifically attributed to an individual reportable segment, such as finance costs, share of post-tax profit of associates, directors' remuneration, auditors' remuneration and other head office or corporate administrative expenses.

In addition to receiving segment information concerning adjusted profit from operations, management is provided with segment information concerning revenue (including inter-segment sales), interest income from bank deposits, interest expenses, depreciation and amortisation, impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

	Clean energy		**Chemical and environmental**		**Liquid food**		**Total**	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**7,001,558**	6,814,772	**2,026,944**	3,385,706	**2,727,872**	3,076,961	**11,756,374**	13,277,439
Inter-segment revenue	**867**	1,388	**68,314**	37,904	**–**	–	**69,181**	39,292
Reportable segment revenue	**7,002,425**	6,816,160	**2,095,258**	3,423,610	**2,727,872**	3,076,961	**11,825,555**	13,316,731
Timing of revenue recognition								
At a point in time	**5,647,441**	5,372,923	**2,095,258**	3,423,610	**–**	–	**7,742,699**	8,796,533
Over time	**1,354,984**	1,443,237	**–**	–	**2,727,872**	3,076,961	**4,082,856**	4,520,198
Reportable segment profit (adjusted profit from operations)	**300,626**	517,348	**215,796**	472,919	**534,396**	309,901	**1,050,818**	1,300,168
Interest income from bank deposits	**16,257**	3,608	**2,417**	1,282	**36,785**	1,245	**55,459**	6,135
Interest expense	**(12,966)**	(1,777)	**(3,087)**	(2,680)	**(1,895)**	–	**(17,948)**	(4,457)
Depreciation and amortisation for the year	**(227,728)**	(199,207)	**(29,030)**	(31,084)	**(73,196)**	(46,872)	**(329,954)**	(277,163)
Reportable segment assets	**9,466,270**	9,485,979	**2,114,071**	1,953,214	**2,729,631**	2,652,152	**14,309,972**	14,091,345
Additions to non-current assets during the year	**246,365**	428,845	**175,711**	92,427	**68,758**	52,860	**490,834**	574,132
Reportable segment liabilities	**5,022,805**	4,908,079	**809,636**	707,496	**1,765,515**	1,612,282	**7,597,956**	7,227,857

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

	2020	2019
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**11,825,555**	13,316,731
Elimination of inter-segment revenue	**(69,181)**	(39,292)
Unallocated revenue	**533,193**	465,580
Consolidated revenue	**12,289,567**	13,743,019

	2020	2019
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**1,050,818**	1,300,168
Elimination of inter-segment profit	**(10,029)**	(3,948)
Reportable segment profit derived from Group's external customers	**1,040,789**	1,296,220
Finance costs	**(44,730)**	(62,132)
Share of post-tax profit of associates	**5,998**	9,371
Unallocated operating income and expenses	**(228,798)**	(157,647)
Consolidated profit before taxation	**773,259**	1,085,812

	2020	2019
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**14,309,972**	14,091,345
Elimination of inter-segment receivables	**(229,898)**	(207,087)
	14,080,074	13,884,258
Deferred tax assets	**99,451**	113,963
Unallocated assets	**1,895,195**	1,901,812
Consolidated total assets	**16,074,720**	15,900,033

	2020	2019
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**7,597,956**	7,227,857
Elimination of inter-segment payables	**(229,898)**	(207,087)
	7,368,058	7,020,770
Income tax payable	**131,764**	51,226
Deferred tax liabilities	**175,337**	199,639
Unallocated liabilities	**928,203**	1,243,887
Consolidated total liabilities	**8,603,362**	8,515,522

(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, right-of-use assets, 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 construction in progress, and the location of the operation to which they are allocated, in the case of lease prepayments, prepayments, intangible assets, right-of-use assets and goodwill.

	Revenues from external customers		**Specified non-current assets**	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC (place of domicile)	**6,349,932**	5,678,099	**4,054,587**	4,084,397
United States	**821,783**	903,989	**7**	171
European countries	**2,150,007**	2,927,512	**500,526**	421,008
Asian countries (other than PRC)	**920,316**	2,246,328	**54**	207
Other American countries	**1,750,762**	1,742,857	**–**	–
Other countries	**296,767**	244,234	**–**	–
	5,939,635	8,064,920	**500,587**	421,386
	12,289,567	13,743,019	**4,555,174**	4,505,783

For the year ended 31 December 2020, there was one single external customer that accounted for 10% or more of the Group's total revenue (2019: none).

(d) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2020	2019
	RMB'000	*RMB'000*
Contract assets	**1,001,746**	919,042
Contract liabilities – Products	**1,601,943**	1,657,559
Contract liabilities – Project engineering contracts	**836,435**	1,213,130
Total contract liabilities	**2,438,378**	2,870,689

(i) Significant changes in contract assets and liabilities

Contract assets have increased as the Group has made significant progress in engineering projects and has not billed to customers at the end of 2020.

Contract liabilities have slightly decreased as the Group has delivered several large-scale projects and recognised revenue in that regard.

(ii) ***Revenue recognised in relation to contract liabilities***

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
– Products	**1,091,463**	1,177,928
– Project engineering contracts	**1,049,815**	1,340,641

9 TRADE AND BILLS RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade debtors receivables	**2,340,898**	2,717,819
Less: allowance for doubtful debts	**(328,561)**	(316,116)
	2,012,337	2,401,703
Bills receivables (i)	**376,810**	314,125
	2,389,147	2,715,828

(i) Amounts represents the bank acceptance bills classified as financial assets at fair value through other comprehensive income, which the Group would discount or endorse for treasury management purpose.

(a) Ageing analysis

An ageing analysis of trade and bills receivables based on due date (net of impairment losses for bad and doubtful debts) is as follows:

	2020	2019
	RMB'000	*RMB'000*
Current	**1,859,835**	1,933,485
Less than 3 months past due	**190,409**	372,202
More than 3 months but less than 12 months past due	**202,477**	254,569
More than 1 year but less than 2 years past due	**98,042**	91,857
More than 2 years but less than 3 years past due	**14,721**	23,327
More than 3 years but less than 5 years past due	**23,663**	40,388
Amounts past due	**529,312**	782,343
	2,389,147	2,715,828

Trade and bills 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.

(b) Fair values of trade and bills receivables

The carrying amounts of the Group's trade and bills receivables as at 31 December 2020 and 31 December 2019 approximated their fair values.

(c) Impairment and risk exposure

The loss allowance increased by RMB12,445,000 from RMB316,116,000 as at 1 January 2020 to RMB328,561,000 as at 31 December 2020 for trade receivables.

10 TRADE AND BILLS PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade creditors	**2,203,357**	2,155,947
Bills payables	**257,666**	264,445
	2,461,023	2,420,392

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

	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**2,022,138**	2,020,582
3 months to 12 months	**260,230**	217,230
Over 12 months	**178,655**	182,580
	2,461,023	2,420,392

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

11. DIVIDENDS

Final dividend of RMB364,380,000 in relation to the year ended 31 December 2019 was paid in 2020.

A final dividend in respect of the year ended 31 December 2020 of HKD0.14 (equivalent to approximately RMB0.12) per share, has been proposed by the Directors. The proposed final dividend in respect of 2020 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 not approved as at the balance sheet date.

BUSINESS REVIEW

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

In 2020, due to the rapid spread of the novel coronavirus ("**COVID-19**") pandemic, governments of various countries implemented different levels of anti-pandemic measures, which severely affected global economic activities and international trade. While the epidemic had gradually come under control in China, the production and operations of certain overseas subsidiaries had been significantly affected, adversely impacting the Group's commercial activities and resulting in delayed production. In general, there has been negative impact on the results of 2020, which has been minimised through the Group's overall efforts and active response.

Clean Energy

As the majority of the operations of the clean energy segment are located in China, other than experiencing weak demand in the first quarter of 2020, domestic enterprises started to resume operation and production since the second quarter. Demand for natural gas in China also rebounded within a short span and maintained resilient growth. As China's energy transformation accelerates, the development of green energy such as natural gas and hydrogen is expected to be strongly emphasised in the upcoming "14th Five-Year Plan". The Company also worked actively in tandem with the government planning to adjust the business mix of its clean energy segment and increase R&D investment, with a view to further enhancing the Company's competitive advantage as an advanced intelligent manufacturer in clean energy industry.

As the only key equipment manufacturer and integrated engineering services provider in China claiming full natural gas industry lay out, the Company directly benefits from the positive development of natural gas industry in China. During the first three quarters of 2020, there was ample LNG supply with stable prices, encouraging more coal-to-gas conversion in various regions. In addition, the nation continues to encourage the construction of more peak-shaving infrastructures. The Company therefore reported sound sales in storage equipment and engineering projects. Down-stream applications also benefited from the economic advantages of natural gas, as there's more LNG fuel consumption and upgrade in both offshore and onshore traffic sectors, driving the sales of on-vehicle LNG fuel tanks and on-ship LNG fuel tanks.

In response to the nation's planning for "carbon neutrality", hydrogen energy has become another key clean energy intensively explored by the Company. In 2020, the Company established the "Industry Demonstration Base of Hydrogen Equipment in Shijiazhuang, Hebei", and won the bid for the hydrogen refueling station equipment procurement project of National Energy Group. An important strategic cooperation was established between the Company and Baowu Clean Energy to accelerate application of hydrogen energy in Yangtze River Delta, and achieved major breakthroughts in multiple projects.

Chemical and Environmental

In 2020, the global chemical industry suffered a setback under the effect of the pandemic and Sino-US trade frictions, resulting in the decline in demand for storage and transportation equipment used for internationally traded liquid chemical and industrial gases, posing severe challenge for the tank container business of the chemical and environmental segment in 2020. Despite market uncertainties in the short term, the segment strived to maintain its prestigious market position, as "CIMC Tank" has been the bestselling tank container in the global market for 17 years consecutively, according to International Tank Container Organisation (ITCO) statistics. In the medium to long term, with the further promotion of tank container as a more intelligent and green option in the global chemical logistics sector, the market for tank containers will remain vigorous.

The Company has been speeding up to cater to the new development landscape of the "dual circulation" of the domestic and international markets and the promotion of tank containers in China's chemical logistics sector. In 2020, Jiaxing Depot, the segment's first tank depot in China has realized profit, while establishing its presence in Jinshan National Petrochemical Industrial Park in Shanghai to groom opportunities for future business growth. In connection with newly-entered environmental protection business, the segment has obtained environmental engineering and safety licensing qualifications. The segment's first cooperative project in integrated utilisation of hazardous waste was official commissioned in the fourth quarter of 2020, providing the foundation for expansion in the business of environmental protection equipment and ancillary services.

As disclosed in the announcement dated 16 December 2020, the Company is considering the feasibility of a proposed spin-off and separate listing of 中集安瑞環科技股份有限公司 (CIMC Safeway Technologies Co., Ltd*) by way of separate A-shares Listing. An application for the proposed spin-off has been submitted to the Hong Kong Stock Exchange and the Listing Committee has granted approval for the proposed spin-off under Practice Note 15. Through the separate A-share listing, the Company wishes to gain access to a sound platform for the sustainable development of the tank container business and new exploration in the environmental protection sector.

Liquid Food

The liquid food segment was affected by the pandemic in 2020, as certain customers had been in business suspension and certain overseas projects were delayed to various extents as a result. Nevertheless, some project was completed in 2020 ahead of its original schedule after modification in scale during the year. Sound profit has been recognised from this project after amicable negotiations with customer.

Despite the challenges of 2020, the segment and the majority of its customers are fully confident in the liquid food industry in the longer term. The segment has won three significant turnkey brewery projects prior to the fourth quarter of 2020, including one Brewery expansion project and two projects for construction and implementation of hard seltzer plants in western hemisphere market. The overall amount for three projects awarded exceeds USD200 million.

In addition, the Company's business diversification plan remained on course, as it continued to develop new market such as Baijiu and sparking water, and secured interim orders from these sectors. The acquisition of 100% equity interest in McMillan (Coppersmiths & Fabricators), a manufacturer of copper distilling and brewing equipment in UK, has been completed in 2020, which has provided us with coverage of the entire value chain of the distilled liquor industry. The integration of McMillan has been completed, on the basis of which we will develop the ability to provide distillation equipment and turn-key project service to nurture business opportunity of Baijiu in China.

FINANCIAL REVIEW

Revenue

In 2020, the clean energy segment's revenue rose by 2.7% to RMB7,001,558,000 (2019: RMB6,814,772,000) mainly driven by the increase in demand for storage and down-stream application equipment. Among those, down-stream application equipment such as on-vehicle LNG fuel tanks and on-ship LNG fuel tanks were the main contributors to sales revenue growth in 2020. The segment remains the top grossing segment and accounted for 57.0% of the Group's total revenue (2019: 49.6%)

Revenue from the chemical and environmental segment declined by 40.1% to RMB2,026,944,000 (2019: RMB3,385,706,000). As global economic recovery slows under the spread of the pandemic, the normal operation of global trade has been affected, and the global chemical industry suffered a setback. The above factors coupled with the rapid growth in global sales of tank containers have resulted in a considerable impact on the 2020 results of the segment. Nevertheless, recent shortage of marine containers implies the recovery of tank container market is just around the corner. To conclude, the Company is optimistic about the overall growth prospect of the tank container industry in the long term. The segment made up 16.5% of the Group's total revenue (2019: 24.6%).

Revenue from the liquid food segment decreased mildly by 11.3% to RMB2,727,872,000 (2019: RMB3,076,961,000) for the year, as the pandemic had resulted in temporary delays in the construction of liquid food infrastructure. However, sub-segments such as spirits, dairy products and condiments remains active, as relevant infrastructure investment was stable during the year, providing support for the growth of the liquid food segment. The segment accounted for 22.2% of the Group's total revenue (2019: 22.4%).

Gross profit margin and profitability

The clean energy segment's gross profit margin ("**GP margin**") fell to 13.2% (2019: 17.3%) during the year. The fall was mainly because of change in product mix and the factories experienced different degrees of production suspension, the production capacity was reduced by 1.5 months compared with same period last year and adversely affected clean energy segment's economies of scale and hence its GP margin performance. As for the chemical and environmental segment, its GP margin rose to 18.0% (2019: 16.6%). This was attributable to the pursue of lean manufacturing and resulted in a more efficient utilisation of raw materials during the year. The liquid food segment's GP margin rose to 28.4% during the year (2019: 19.0%) due to the completion of a large project ahead of its original schedule after modification in scale. Despite a fall in the clean energy segment's GP margin, the improvement in both the liquid food and the chemical and environmental segments' GP margins caused the Group's overall GP margin to remain stable at 17.0% (2019: 17.1%).

Profit from operations fell by 28.7% from RMB1,138,573,000 in 2019 to RMB811,991,000 in 2020. Profit from operations fell at a faster rate than revenue decline mainly due to increase in both administrative expenses and impairment loss on financial assets. The Group has adopted a more conservative approach in assessing impairment loss on financial assets given the impact of COVID-19 on the global economy. Tax expenses for the Group increased by 12.3% to RMB207,051,000 in 2020 (2019: RMB184,407,000), despite a decrease in the profits before taxation. This rise was mainly attributable to the increased profit contribution from the Group's European operations whose corporate income tax rates range from 25% to 30% and hence caused the Group's effective tax rate to rise from 17.0% in 2019 to 26.8% in the current year.

Liquidity and financial resources

At 31 December 2020, the cash and cash equivalents of the Group amounted to RMB2,560,890,000 (2019: RMB2,534,752,000). A portion of the Group's bank deposits totalling RMB309,498,000 (2019: RMB257,029,000), which had more than three months of maturity at acquisition, were restricted for guarantee of banking facilities. The Group has maintained sufficient cash on hand for repayment of bank loans as they fall due and continued to take a prudent approach in future development and capital expenditure. The Group has been cautiously managing its financial resources and constantly reviews and maintains an optimal gearing level.

At 31 December 2020, the Group's bank loans and overdrafts amounted to RMB295,937,000 (2019: RMB808,099,000) and other than the three-year bank loans, the remaining are repayable within one year. Apart from the USD-denominated syndicated bank loan and the HKD-denominated loans that bear interest at floating rates, the overall bank loans bear interest at rates from 1.75% to 4.5% per annum. At 31 December 2020, the Group did not have any secured bank loan (2019: Nil) nor any bank loan that was guaranteed by the Company's subsidiaries (2019: Nil). As at 31 December 2020, loans from related parties amounted to RMB667,506,000 (2019: RMB186,402,000), which are unsecured, interest bearing from 3.8% to 4.75% (2019: 4.20% to 5.44%) per annum and repayable within one year.

During 2020, net cash generated from operating activities amounted to RMB960,082,000 (2019: RMB861,545,000). The Group drew bank loans and loans from related parties totalling RMB3,126,913,000 (2019: RMB997,268,000) and repaid RMB3,131,552,000 (2019: RMB1,470,208,000). In addition, cash proceeds from the issuance of ordinary shares on exercise of share options was RMB1,240,000 (2019: RMB45,920,000). In 2020, a final dividend of approximately RMB364,380,000 (2019: RMB246,109,000 was paid for the financial year 2018) was paid for the financial year of 2019.

	2020	2019
	RMB'000	*RMB'000*
Net cash (used in)/generated from		
– Operating activities	**960,082**	861,545
– Investing activities	**(480,840)**	(550,759)
– Financing activities	**(406,440)**	(703,416)
Net increase/(decrease) in cash	**72,802**	(392,630)

Assets and liabilities

At 31 December 2020, total assets of the Group amounted to RMB16,074,720,000 (2019: RMB15,900,033,000) while total liabilities were RMB8,603,362,000 (2019: RMB8,515,522,000). The net asset value rose slightly by 1.2% to RMB7,471,358,000 (2019: RMB7,384,511,000) which was mainly attributable to net profit RMB566,208,000 which was partially offset by dividend pay-out of RMB364,380,000 and the consideration of RMB115,454,000 paid for repurchase of the Company's shares under the share award scheme adopted during the year. As a result, the net asset value per share increased from RMB3.673 at 31 December 2019 to RMB3.715 at 31 December 2020.

Contingent liabilities

As at 31 December 2020, the Group had outstanding performance guarantees issued by relevant banks totalling RMB771,653,000 (31 December 2019: RMB369,932,000). Apart from these, the Group did not have other material contingent liabilities.

Future plans for source of funding and capital commitments

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. At the same time, 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 at 31 December 2020, the Group had contracted but not provided for capital commitments of RMB40,049,000 (2019: RMB97,062,000). As of 31 December 2020, the Group did not have any authorised but not contracted for capital commitments (31 December 2019: nil).

Foreign exchange exposure

The Group is exposed to foreign currency risk primarily through trade transactions that are denominated in currencies other than its functional currency. The currencies giving rise to this risk to the Group are primarily US dollar and Euro. 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 can enter into foreign exchange forward contracts with reputable financial institutions to hedge foreign exchange risk.

Capital expenditure

In 2020, the Group invested RMB493,297,000 (2019: RMB628,590,000) in capital expenditure for expansion of production capacity, general maintenance of production capacity and new business ventures. The clean energy segment, chemical and environmental segment and liquid food segment invested RMB162,213,000, RMB113,538,000 and RMB73,213,000 respectively (2019: RMB391,044,000, RMB71,497,000 and RMB52,015,000 respectively) in capital expenditure during the year. In addition, the Group had capital expenditure of RMB144,333,000 (2019: RMB114,034,000) that was not specific to any of the three business segments.

Employees and Remuneration Policies

As at 31 December 2020, the total number of employees of the Group was approximately 9,900 (2019: approximately 9,900). Total staff costs (including Directors' emoluments retirement benefits scheme contributions and equity-settled share-based payment expenses) were approximately RMB1,632,381,000 (2019: RMB1,711,060,000).

For the year of 2020, the Company adopted the Share Award Scheme 2020 (the "**Scheme**") with the intention to (a) provide employees and other eligible participants with an opportunity to own shares in the Company thereby aligning their interests with that of the Company's shareholders; (b) motivate employees and other eligible participants to benefit from value enhancement through attainment of performance targets; and (c) encourage and retain employees and other eligible participants to contribute to the long-term and sustainable growth of the Group. The Scheme forms part of the overall incentive plan for the employees of the Group and the shares to be granted under the Scheme shall be in lieu of part of the cash bonus awarded under the overall incentive plan.

As an equal opportunity employer, the Group's remuneration and bonus policies are determined with reference to the performance, qualifications, and experience of individual employee and prevailing market rate. Other benefits include contributions to statutory mandatory provident fund scheme to employees in Hong Kong, contributions to government pension schemes to employees in Mainland China, and operation of various qualified defined benefit pension plans which are funded through payments to insurance companies for employees in Europe.

PROSPECTS AND FUTURE STRATEGIES

During the past year, the Company streamlined its existing product mix and reviewed its previous strategies and plans based on an analysis of the business environment. Following reflections, we have established new strategy for the next three years, namely, "Product focus, technology innovation, excellent operation and intelligent interconnection", aiming to build up an integrated servicing capability. The Company will remain committed to business expansion in the three principal segments of clean energy, chemical and environmental and liquid food, providing customers with technical solutions and services underpinned by key equipment, which is intelligent, reliable, high-quality, and value-added. We strive to become an industry-leading technology-driven enterprise that creates new value in the sectors in which we operate, and to make people's lives better by supporting green energy transition and sustainable environment.

Clean energy

China continues advancing energy structure optimisation with further promotion of green energy to enhance the efficiency. China's leader has pledged to reduce carbon emission, in a bid to achieve carbon neutrality by 2060. Therefore, China's natural gas industry is entering a new phase of development and a critical period in energy transformation. In the long run, market demand for natural gas in China will maintain a sustainable growth and the industry will remain in a stage of significant development.

In view of ample LNG global supply, natural gas price is expected to remain economic over a long period. China has been putting greater effort on establishing production-supply-sales system of natural gas and has vigorously enhanced natural gas exploration. Natural Pipe Company has been established to deepen reforms of pipeline network and more peak-shaving facilities has been built. China is witnessing high-quality development in the natural gas industry. It is worth sharing that LNG has obvious advantages in the transportation fuel sector in terms of economic efficiency and eco-friendliness. There has been increased gas consumption by on-share vehicles and offshore vessels in 2020, which resulted strong sales of on-vehicle LNG fuel tanks and on-ship LNG fuel tanks. In the future, there will be more scenarios for application of natural gas in down-stream, boosting consumption of natural gas in downstream sectors, which will reversely stimulate growth for natural gas exploration in the upstream and storage and transportation equipment and engineering services in mid-stream. As Chinese government has emphasised an increase in proportion of natural gas to primary energy, a long-term virtuous cycle will be created for the development of natural gas and benefit our business in general.

In connection with the storage business, the year 2020 was the final year to fulfill the peak-shaving benchmarks: "3 days for local governments, 10% for gas suppliers, 5% for city gas operators." According to Energy Consulting Agency LESS BETTER (來佰特), the natural gas storage capacity of city gas operators reached 1.05 billion m^3 in 2020, an increase by 134 million m^3 over 2019 but still a far way off the nation's requirements. Analysed by province, only city gas operators in Shanghai and Tibet have achieved the target set. With the establishment of National Pipe Company, city-gas operators have been equipping themselves with higher gas storage capacity. Larger scale, regional integrated and interregional cooperated type of storage facilities are welcomed, which includes underground gas storage, coastal and inland waterway LNG receiving terminals and regional large-scale LNG tanks, favouring the business development of the segment.

In connection with transportation equipment business, according to the "National Plan for Distribution of Coastal and Inland Waterway LNG Terminals (2035)" drafted by the PRC Ministry of Transport, 6 inland waterway LNG receiving terminals have been planned in 5 provinces, Hubei, Hunan, Jiangxi, Anhui and Jiangsu. Therefore, more than 15 units of LNG carriers with capacity of 30,000m^3 each are required to facilitate the redistribution of LNG in inland waterway transportation, which is favourable to the market of small-to-medium sized liquefied gas carriers. In addition, LNG tank containers have been applied to more diversified scenarios, such as peak-shaving storage, direct import from overseas to domestic end-users, and intermodal redistribution usage. With the implementation of the gas supplier licencing system by the National Pipe Company, large number of new shippers will be joining the market, thereby stimulating sales of LNG trailers.

In connection with down-stream applications, International Maritime Organization (IMO) has officially implemented the tightest limit of 0.50%m/m for sulphur in fuel oil used on all board ships on a global basis since 1 January 2020. According to the "Opinion on Further Promotion of LNG in the Offshore Transportation Industry" published by the PRC Ministry of Transport, by 2025, China should have formed a comprehensive LNG infrastructure along the river and develop an offshore LNG refuelling networks, and the proportion of LNG powered vessels among newly-bult public service ships as well as inland and river-sea direct vessels should exceed 15% and 10%, respectively. Apart from low-sulphur fuel oil and desulfuriser, LNG is the most prospective choice for clean fuel for the vessel transportation industry. In addition to the overseas market, we will continue to exploit market opportunities of the offshore LNG equipment brought by the "Gasification of the Yangtze River" and "Gasification of the Pearl River" initiatives.

In connection with hydrogen energy sector, according to Trend Bank Consulting, China's hydrogen cylinder market will grow at a compound annual growth rate of 47.7% in the next 10 years. The number of Fuel Cell Electric Vehicles ("**FCEVs**") is estimated to reach 100,000 units and 1 million units in 2025 and 2030 respectively and the hydrogen cylinders market value will reach approximately RMB3.92 billion and RMB20 billion respectively. On-vehicle hydrogen storage technology is essential to the development of FCEV. On 2 March 2021, CIMC Hydrogen Energy Technology Ltd, a wholly-owned subsidiary of the Company, has entered into joint venture agreements with Hexagon Purus HK Holdco AS to provide safe, lightweight and cost-efficient compressed hydrogen storage and distribution solutions to meet the fast-growing market demand in China and Southeast Asia.

Adhering to the core business of "equipment manufacturing + project engineering service + integrated solution" as the main path, the segment will actively track with national policies, and strategically covers the entire natural gas industry chain, with a special emphasis on building full product portfolio to cover the whole LNG and LPG business chains, while continuously adjusts and optimises the high-pressure equipment business including industrial gases, electron gas and CNG. We will also seize new opportunities in the field of hydrogen energy storage, distribution and refuelling, and the opportunities from the field of processing and applications of unconventional natural gas, and opportunities from offshore LNG applications.

Chemical and Environmental

The rates of container shipping have been rising following the recent recovery in global trade. Marine containers are in extremely high demand and the recovery of the niche market of tank container should be at the corner. On top of reinforcing its position in the overseas market, the segment is also engaged in in-depth R&D of tank container products catered to the China market, in an active bid to meet demands arising from the capacity expansion of domestic chemical enterprises and centralisation of chemical parks. Intensive and safety management for chemical goods can be realised with the deployment of our product "CIMC Tank" complemented by "Tankmiles" intelligent monitoring system.

Compared with the extensive use of tank containers in Europe and America, the transportation of chemical goods in China are largely through traditional modes such as road tankers, drums or flaxi bags, the penetration rate of tank containers in China is substantially lower than that in Europe and America. With tightening the requirements on safety of transportation of hazardous chemicals by Chinese government over the past few years as well as increasing awareness of environmental protection regulations by the public, Chinese government has been implementing policies which encourage intermodal transportation with the use of tank containers. Specifically, efforts have been made to advance the construction of infrastructures for logistics, showcase projects for intermodal transportation and intermodal transportation hubs. Such initiatives will help to enhance the penetration of tank containers in China's logistics industry. The segment has cooperated with well-renowned customers in China, such as China Railway Tielong Container Logistics Co. Ltd. and Milkyway Chemical Supply Chain Service Co., Ltd., to promote the use of tank containers and intermodal transportation in China, advancing the role of tank container in development of green logistics.

The chemical and environmental segment of the Group will continue to enhance R&D and market development. On top of assuring our leading position in tank containers, we will endeavour to expand application scenarios of tank container. Through development of partnerships with customers on all fronts throughout the entire service cycle, upgrade of manufacturing capacity of production lines, modalized operation and lean management, we have further bolstered the integrated competitiveness of our tank container business and reinforced our leading position in the global market. While reinforcing the tank equipment manufacturing business, the segment will also actively strive to incorporate intelligent features into its products, aiming to help customers enhance their digital operation and enhance their operating efficiency to realise smart logistics with the use of Internet of Things. Meanwhile, we will focus on building the capability to provide value added after-sales services to customers, with the aim of improving customer experience and boosting customers' satisfaction and loyalty.

The environmental industry, which the segment is entering, is an emerging industry that integrates equipment manufacturing, engineering and operation services. It has large market potentials and considerable profitability. In particular, the area of industrial solid waste recycling and comprehensive utilisation, which has high entry barrier in terms of technology and qualification, presents an enormous potential for development. With the support of a range of environmental protection policies and on the foundation of our core capacity in equipment manufacturing, the segment will take technological invention in environmental protection sector as the core competitive strength and hazardous waste disposal business as the key development orientation, to build up its capacity in whole-industry-chain. The segment would expand towards two business dimensions of "waste recycling + ecological environmental service" and engage in large-scale, standardised and intensive operations to strive for a leaping development in the environmental business.

Liquid food

In the future, the liquid food segment will focus on global expansion, and further strengthen its competitive advantage in the brewery equipment business by utilising its core technology to enhance the development of EPC and turnkey services. The segment strives to maintain and consolidate its position as a leading player in the brewery, distilling and fruit juice markets, aspiring to become a global leader in various liquid food industries.

Based on ongoing review of its development strategy, the segment is realising a two-dimensional approach comprising vertical diversification to enhance its ability to offer turnkey solutions for the brewery sector and horizontal diversification to expand into other non-beer liquid food businesses. For vertical diversification, the segment continues to enhance its capabilities to offer turnkey solutions for brewing and strives to develop and deliver such services and products to our customers. For horizontal diversification, the segment strives to proactively develop businesses for other liquid food industries apart from beer, such as fruit juice, hard seltzer, baijiu, and dairy product. To serve the customers better, the segment will continue to provide the most reliable, economical and innovative products and total solutions to facilitate client's efficient, cost effective and sustainable production operations with the highest quality and most exacting safety standards.

THE 2020 FINAL DIVIDEND

Having taken into account the Group's continued business development and the purpose of sharing returns with shareholders, the Board proposed the dividend payout ratio be maintained at 40% for the year 2020 (2019: approximately 40%).

The Board recommended a final dividend in respect of 2020 of HKD0.14 (2019: HKD0.20) (the "**2020 Final Dividend**") per ordinary share payable in cash on or about 28 June 2021 to shareholders whose names appear on the register of members of the Company 4 June 2021 (the "**Record Date**"), subject to shareholders' approval in the forthcoming general meeting ("**AGM**") on 21 May 2021.

Closure of Register of Members

To ascertain shareholders' entitlements to the 2020 Final Dividend, the register of members of the Company will be closed from Monday, 31 May 2021 to Friday, 4 June 2021 (both days inclusive). In order to qualify for the 2020 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 28 May 2021.

Moreover, for determination of the entitlement to attend and vote at the AGM, the transfer books and register of members will be closed from Monday, 17 May 2021 to Friday, 21 May 2021 (both days inclusive), during which period no transfer of Shares will be effected. In order to determine the identity of Shareholders who are entitled to attend and vote at the AGM, all Share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch 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 14 May 2021.

Withholding and Payment of Enterprise Income Tax for Non-resident Enterprises on Distribution of the 2020 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.

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 2020 Final Dividend after deducting an enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2020 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 28 May 2021.

With respect to individual investors of Shenzhen-Hong Kong Stock Connect who hold Shares through HKSCC Nominees Limited, Hong Kong Securities Clearing Company Limited will pay the amount of the 2020 Final Dividend net of the 10% enterprise withholding tax to China Securities Depository and Clearing Corporation Limited for dividend distribution in accordance with relevant requirements under the Notice Regarding Tax Policies Related to the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016] 127號)》) jointly published by the Ministry of Finance of the PRC, State Administration of Taxation of the PRC and China Securities Regulatory Commission.

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.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2020, 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 2020. Details of each of the audit committee, the remuneration committee, the nomination committee and sustainable 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 2020.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2020, the trustee of the Scheme purchased on the Stock Exchange a total of 37,074,000 shares for a total consideration of approximately HKD129,767,000 (equivalent to approximately RMB115,454,000) pursuant to the terms of the trust deed under the Scheme.

Saved as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during year.

DIRECTORS

As at the date of this announcement, the Board consists of Mr. Gao Xiang (Chairman) as non-executive Director, Mr. Yang Xiaohu (General Manager) as executive Director; Mr. Yu Yuqun, Mr. Wang Yu and Mr. Zeng Han as non-executive Directors; and Ms. Yien Yu Yu, Catherine, Mr. Tsui Kei Pang, Mr. Zhang Xueqian and Mr. Wang Caiyong as independent non-executive Directors.

By order of the Board
CIMC Enric Holdings Limited
Gao Xiang
Chairman

Hong Kong, 23 March 2021

The Annual Report 2020 will be dispatched to the shareholders and published on the websites of the Company and the Stock Exchange as soon as practicable.

* *For identification purpose only*