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 2009

The Board of Directors 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 2009 together with the comparative figures for the year 2008. As a result of the acquisitions of certain companies from China International Marine Containers (Group) Co., Ltd. ("**CIMC**") (中國國際海運集裝箱(集團)股份有限公司) in the reporting year, the comparative figures for 2008 have been restated as if the current combined entity had been in existence throughout the years ended 31 December 2008 and 2009. Please refer to note 2 for the basis of preparation of the financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Note	**2009** *RMB'000*	2008 *RMB'000* (restated)
Turnover	*3*	**3,057,466**	5,785,542
Cost of sales		**(2,511,695)**	(4,657,861)
Gross profit		**545,771**	1,127,681
Change in fair value of derivative financial instruments		**14,426**	(24,060)
Other revenue		**118,176**	97,310
Other net income/(expenses)		**1,024**	(1,330)
Selling expenses		**(120,115)**	(186,827)
Administrative expenses		**(284,395)**	(299,516)
Profit from operations		**274,887**	713,258
Finance costs	*4(a)*	**(40,242)**	(57,136)
Profit before taxation	*4*	**234,645**	656,122
Income tax	*5(a)*	**(34,124)**	(103,517)
Profit for the year		**200,521**	552,605
Attributable to			
Equity shareholders of the Company		**199,731**	552,313
Minority interests		**790**	292
Profit for the year		**200,521**	552,605
Earnings per share	*7*		
– Basic		**RMB0.107**	RMB0.295
– Diluted		**RMB0.107**	RMB0.295

CONSOLIDATED BALANCE SHEET

At 31 December 2009

	Note	**2009** **RMB'000**	2008 RMB'000 (restated)
Non-current assets			
Property, plant and equipment		**884,932**	855,386
Construction in progress		**135,411**	78,875
Lease prepayments		**203,027**	110,549
Intangible assets		**55,857**	61,101
Prepayments		**190**	17,321
Goodwill		**43,046**	15,821
Deferred tax assets		**32,848**	35,919
Other financial assets		**5,689**	9,253
		1,361,000	1,184,225
Current assets			
Derivative financial instruments		**39**	87
Inventories		**905,999**	1,377,116
Trade and bills receivable	*8*	**901,961**	994,365
Deposits, other receivables and prepayments		**242,272**	333,524
Amounts due from related parties		**12,610**	166,368
Cash at bank and in hand		**872,640**	341,635
		2,935,521	3,213,095
Current liabilities			
Derivative financial instruments		**261**	14,539
Bank loans and overdrafts		**153,587**	234,813
Trade and bills payable	*9*	**651,883**	632,650
Other payables and accrued expenses		**536,127**	528,610
Income tax payable		**37,488**	43,939
Amounts due to related parties		**47,342**	437,591
Provisions		**24,112**	33,384
Employee benefit liabilities		**255**	290
		1,451,055	1,925,816
Net current assets		**1,484,466**	1,287,279
Total assets less current liabilities		**2,845,466**	2,471,504
Non-current liabilities			
Amounts due to related parties		**–**	7,350
Provisions		**18,803**	4,453
Deferred income		**110,036**	–
Employee benefit liabilities		**2,293**	2,424
Deferred tax liabilities		**99,278**	105,322
Bank loans		**39,564**	–
		269,974	119,549
NET ASSETS		**2,575,492**	2,351,955
CAPITAL AND RESERVES			
Share capital		**17,235**	4,769
Reserves		**2,548,930**	2,347,186
Equity attributable to equity shareholders of the Company		**2,566,165**	2,351,955
Minority interests		**9,327**	–
TOTAL EQUITY		**2,575,492**	2,351,955

Notes:

1. STATEMENT OF COMPLIANCE

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2009 but are extracted from those audited consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2009 comprise the Company and its subsidiaries (collectively referred to as the "**Group**") and are expressed in Renminbi unless otherwise indicated.

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 one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to HKFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*
- Improvements to HKFRSs (2008)

The impact of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in additional reportable segments being identified and presented (see note 3). Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

- The "Improvements to HKFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

On 14 August 2009, the following very substantial acquisitions were completed:

- the Company acquired from China International Marine Containers (Hong Kong) Limited ("**CIMC HK**") and CIMC Vehicle Investment Holdings Company Limited 80.04% and 19.96%, respectively, of the issued share capital of Sound Winner Holdings Limited ("**Sound Winner**"); and

- the Company acquired from CIMC HK and P.G.M. Holding B.V. 80% and 20%, respectively, the issued share capital of Full Medal Limited ("**Full Medal**").

The details of the above transactions are set out in a circular to shareholders of the Company dated 3 June 2009.

Since the Company, Sound Winner and its subsidiaries ("**Sound Winner Group**") and Full Medal and its subsidiaries ("**Full Medal Group**") are ultimately controlled by China International Marine Containers (Group) Co., Ltd. both before and after the abovementioned acquisitions, these acquisitions are regarded as "common control combinations". Accordingly, the Company has applied merger accounting to account for the acquisitions of Sound Winner Group and Full Medal Group in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

In applying merger accounting, financial statement items of the combining entities for the reporting period in which the common control combinations occur, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combinations had occurred from the date when the combining entities first came under the control of the controlling party. Accordingly, the consolidated financial statements have been prepared on the basis that the Company was the holding company of the Group throughout the years ended 31 December 2008 and 2009, rather than from 14 August 2009. The consolidated financial statements of the Group for the years ended 31 December 2008 and 2009 include the financial statements of the Company and its subsidiaries with effect from 1 January 2008 or where their respective dates of establishment are at a date later than 1 January 2008, from the respective dates of establishment, as if the current combined entity had been in existence throughout the years ended 31 December 2008 and 2009.

3. TURNOVER AND SEGMENT INFORMATION

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 the sales value of goods sold after allowances for returns of goods, excludes value added or other sales taxes and is after the deduction of any trade discounts.

The major products of the Group include seamless pressure cylinders, natural gas refueling station systems and trailers, tank containers, compressed natural gas trailers, liquefied natural gas trailers, specialty gas trailers, cryogenic tanks, liquid food tanks and road tanks.

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. No operating segments 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	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	RMB'000	*RMB'000* (restated)	***RMB'000***	*RMB'000* (restated)	***RMB'000***	*RMB'000* (restated)	***RMB'000***	*RMB'000* (restated)
Revenue from external customers	**1,811,512**	1,989,155	**651,816**	2,562,269	**594,138**	1,234,118	**3,057,466**	5,785,542
Inter-segment revenue	**77**	1,023	–	–	–	–	**77**	1,023
Reportable segment revenue	**1,811,589**	1,990,178	**651,816**	2,562,269	**594,138**	1,234,118	**3,057,543**	5,786,565
Reportable segment profit (adjusted profit from operations)	**246,494**	220,387	**41,150**	377,775	**38,470**	117,253	**326,114**	715,415
Interest income from bank deposits	**1,214**	1,719	**659**	14,582	**1,406**	6,545	**3,279**	22,846
Interest expense	**(12,425)**	(26,829)	**(7,024)**	(53,381)	**(3,647)**	(8,669)	**(23,096)**	(88,879)
Depreciation and amortisation for the year	**(45,658)**	(38,950)	**(18,328)**	(15,552)	**(33,711)**	(33,985)	**(97,697)**	(88,487)
Reportable segment assets	**2,496,378**	2,125,060	**981,750**	1,282,484	**792,679**	946,422	**4,270,807**	4,353,966
Additions to non-current segment assets during the year	**182,863**	82,124	**111,884**	114,115	**4,079**	24,854	**298,826**	221,093
Reportable segment liabilities	**1,092,454**	990,103	**202,943**	511,309	**216,510**	392,522	**1,511,907**	1,893,934

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

	2009	2008
	RMB'000	*RMB'000* (restated)
Revenue		
Reportable segment revenue	**3,057,543**	5,786,565
Elimination of inter-segment revenue	**(77)**	(1,023)
Consolidated turnover	**3,057,466**	5,785,542

	2009	2008
	RMB'000	*RMB'000*
		(restated)
Profit		
Reportable segment profit	**326,114**	715,415
Elimination of inter-segment loss/(profit)	**219**	(188)
Reportable segment profit derived from Group's external customers	**326,333**	715,227
Finance costs	**(40,242)**	(57,136)
Unallocated operating income and expenses	**(51,446)**	(1,969)
Consolidated profit before taxation	**234,645**	656,122

	2009	2008
	RMB'000	*RMB'000*
		(restated)
Assets		
Reportable segment assets	**4,270,807**	4,353,966
Elimination of inter-segment receivables	**(12,458)**	(1,922)
	4,258,349	4,352,044
Deferred tax assets	**32,848**	35,919
Unallocated assets	**5,324**	9,357
Consolidated total assets	**4,296,521**	4,397,320

	2009	2008
	RMB'000	*RMB'000*
		(restated)
Liabilities		
Reportable segment liabilities	**1,511,907**	1,893,934
Elimination of inter-segment payables	**(12,458)**	(1,922)
	1,499,449	1,892,012
Income tax liabilities	**37,488**	43,939
Deferred tax liabilities	**99,278**	105,322
Unallocated liabilities	**84,814**	4,092
Consolidated total liabilities	**1,721,029**	2,045,365

(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 fixed assets, intangible assets and goodwill ("**specified non-current assets**").

	Revenues from external customers		Specified non-current assets	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(restated)		(restated)
PRC (place of domicile)	**1,763,493**	1,957,582	**1,065,145**	825,845
Thailand	**240,425**	117,050	**–**	–
Japan	**159,002**	257,374	**–**	–
United States	**88,553**	760,198	**–**	–
France	**40,390**	230,326	**–**	–
Britain	**17,145**	770,077	**–**	–
Other European countries	**470,141**	1,236,073	**286,440**	312,676
Other Asian countries	**151,244**	374,063	**–**	–
Other countries	**127,073**	82,799	**–**	–
	1,293,973	3,827,960	**286,440**	312,676
	3,057,466	5,785,542	**1,351,585**	1,138,521

For the year ended 31 December 2009, there was no single external customer that accounted for 10% or more of the Group's total turnover (2008: Nil).

4. PROFIT BEFORE TAXATION

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

(a) Finance costs

	2009	2008
	RMB'000	*RMB'000*
		(restated)
Interest on bank loans and other borrowings	**22,095**	88,879
Foreign exchange loss/(gain)	**14,371**	(34,241)
Finance charges	**3,776**	2,498
	40,242	57,136

(b) Staff costs#

	2009	2008
	RMB'000	*RMB'000*
		(restated)
Salaries, wages and allowances	**388,331**	412,617
Contributions to retirement schemes	**18,543**	26,998
Equity-settled share-based payment expenses	**6,620**	–
	413,494	439,615

(c) Other items

	2009 *RMB'000*	2008 *RMB'000* (restated)
Cost of inventories[#]	**2,511,695**	4,657,861
Auditors' remuneration	**4,876**	5,764
Depreciation of property, plant and equipment[#]	**85,395**	77,608
Amortisation of intangible assets	**8,591**	8,534
Amortisation of lease prepayments	**3,711**	2,345
Impairment losses for:		
– Trade receivables	**20,496**	2,401
– Other receivables	**291**	397
Write down of inventories	**32,013**	48,546
Reversal of write down of inventories	**(48,648)**	(764)
Research and development costs	**43,049**	30,047
Operating lease charges for property rental	**4,320**	4,656
Provision for product warranties	**18,380**	21,777

\# *Cost of inventories includes RMB299,357,000 (2008: RMB355,085,000 as restated) relating to staff costs and depreciation expenses, amount of which is also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.*

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2009 *RMB'000*	2008 *RMB'000* (restated)
Current tax		
Provision for the year	**36,626**	112,467
Under/(over)-provision in respect of prior years	**1,268**	(142)
	37,894	112,325
Deferred tax		
Origination and reversal of temporary differences	**(3,770)**	(8,808)
	34,124	103,517

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 year. Profits of the Group's operating subsidiaries are subject to income tax in the respective jurisdictions.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China (**"new tax law"**) which takes effect on 1 January 2008. As a result of the new tax law, the Company's subsidiaries in the PRC are subject to statutory income tax rate of 25% since then.

Pursuant to the relevant laws and regulations in the PRC, certain subsidiaries in the PRC are entitled to exemption from state income tax for the first two years commencing from the year in which a taxable income is made after the offset of deductible losses incurred in prior years, and thereafter will be entitled to a 50% reduction in state income tax rate for the following three years.

According to the new tax law, the existing preferential tax rate currently enjoyed by the Group is gradually transited to the new standard rate of 25% over a five-year transitional period. The applicable income tax rate under the preferential tax policy of the Company's subsidiaries in the PRC expires at the shorter of the existing preferential tax period and the five-year transitional period.

During the year ended 31 December 2009, the Company's certain subsidiaries in the PRC were enjoying the aforesaid tax relief and accordingly the Company's subsidiaries were subject to income tax at 12.5% to 25% (2008: 12.5% to 25%).

Pursuant to the new tax law, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and jurisdiction of the foreign investors. According to the tax treaty between Hong Kong Special Administrative Region and PRC for avoidance of double taxation and prevention of tax evasion, dividends declared from PRC subsidiaries to Hong Kong holding companies are subject to 5% withholding income tax from 1 January 2008 and onwards. Deferred tax liability amounting to RMB27,240,000 (2008: RMB22,120,000 as restated) had been recognised in this regard so far.

Taxation of Dutch subsidiaries, Belgian subsidiaries and Danish subsidiaries are charged at the current rates of 25.50%, 33.99% and 25% respectively ruling in the relevant countries and are calculated on a stand-alone basis.

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

	2009	2008
	RMB'000	*RMB'000*
		(restated)
Profit before taxation	**234,645**	656,122
Notional tax on profit before taxation, calculated at the applicable rates	**73,198**	166,700
Tax effect of tax holiday granted	**(27,133)**	(78,372)
Tax incentives granted	**(19,892)**	(2,279)
Effect of changes in tax rates	**(2,330)**	(6,917)
Tax effect of non-deductible expenses	**2,905**	1,297
Tax effect of unused tax losses not recognised	**988**	1,110
Deferred tax charge on distributable profits	**5,120**	22,120
Under/(over)-provision in prior years	**1,268**	(142)
Actual tax expense	**34,124**	103,517

6. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2009 (2008: Nil).

7. EARNINGS PER SHARE

As detailed in note 2, the Company has applied merger accounting to account for the acquisitions of Sound Winner Group and Full Medal Group which are under common control in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" under which the consolidated financial statements have been prepared on the basis that the Company was the holding company of the acquired subsidiaries for both years presented, rather than from 14 August 2009 (date of completion). The Company has issued 398,452,201 ordinary shares and 1,015,641,321 non-redeemable convertible preference shares as consideration for the acquisitions. In the calculation of weighted average number of ordinary shares and non-redeemable convertible preference shares in issue, these shares have been treated as if they had been in issue during both years presented.

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

	2009 ***RMB'000***	2008 *RMB'000* (restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**199,731**	552,313

	2009	2008 (restated)
Number of shares		
Weighted average number of ordinary shares	**857,452,201**	857,452,201
Weighted average number of non-redeemable convertible preference shares	**1,015,641,321**	1,015,641,321
Weighted average number of shares for the purpose of basic earnings per share	**1,873,093,522**	1,873,093,522
Effect of dilutive potential ordinary shares in respect of the Company's share options scheme	**551,515**	–
Weighted average number of shares for the purpose of diluted earnings per share	**1,873,645,037**	1,873,093,522

8. TRADE AND BILLS RECEIVABLE

	2009	2008
	RMB'000	*RMB'000*
		(restated)
Trade debtors and bills receivable	**988,136**	1,061,858
Less: allowance for doubtful debts	**(86,175)**	(67,493)
	901,961	994,365

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

	2009	2008
	RMB'000	*RMB'000*
		(restated)
Current	**608,105**	702,781
Less than 1 month past due	**88,144**	39,080
1 to 3 months past due	**70,287**	113,486
More than 3 months but less than 12 months past due	**88,229**	111,544
More than 12 months past due	**47,196**	27,474
Amounts past due	**293,856**	291,584
	901,961	994,365

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

9. TRADE AND BILLS PAYABLE

	2009	2008
	RMB'000	*RMB'000*
		(restated)
Trade creditors	**194,026**	439,585
Bills payable	**457,857**	193,065
	651,883	632,650

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

	2009	2008
	RMB'000	*RMB'000*
		(restated)
Due within 3 months or on demand	**626,599**	541,122
Due after 3 months but within 12 months	**25,136**	84,444
Due after 12 months	**148**	7,084
	651,883	632,650

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

BUSINESS REVIEW

The business portfolio of the Group expanded from the energy to the chemical and liquid food segments in the reporting year.

On 25 July 2009, the Group completed the acquisition of Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd. (荊門宏圖特種飛行器製造有限公司) ("**Hongtu**"), which is principally engaged in the design, manufacturing and sale of specialised equipment, for example, liquefied petroleum gas ("**LPG**") trucks and chemical trucks.

On 14 August 2009, the Group completed the acquisitions from its controlling shareholder, CIMC of certain companies engaged in the design, development, manufacturing, sale and project engineering of storage and transportation equipment, namely:

(i) Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd. (張家港中集聖達因低溫裝備有限公司) ("**CIMC Sanctum**"), which makes storage and transportation equipment of liquefied natural gas ("**LNG**"), industrial gases and hazardous chemicals;

(ii) Nantong CIMC Tank Equipment Company Limited (南通中集罐式儲運設備製造有限公司) ("**Nantong CIMC**"), which makes tank containers mainly for transportation of chemicals, liquid food and natural gas, and custom-made pressure vessels; and

(iii) the group of companies comprising Holvrieka N.V., Holvrieka Danmark A/S, Holvrieka Ido B.V., Holvrieka Nirota B.V. and Noordkoel B.V. (collectively the "**Holvrieka Group**"), which manufacture stainless steel processing and storage tanks mainly for liquid food (including beer, fruit juice and milk).

The completion of these acquisitions strengthened the Group's presence in the energy equipment market, including, compressed natural gas ("**CNG**"), LNG and LPG, and marked its entrance to the chemical and liquid food equipment markets. Its headquarters remains in China.

Henceforth, 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 among the energy, chemical and liquid food industries.

Business structure and product portfolio

The businesses of the Group are primarily carried out by seven operating units and are divided into three segments, which are energy, chemical and liquid food.

Key products of each segment are summarised as follows:

Energy

- CNG seamless pressure cylinders
- CNG trailers
- LNG trailers and tank containers
- CNG/LNG refuelling station system
- LPG lorry tankers and tank containers
- Natural gas compressors
- Project engineering services, e.g. LNG applied projects

This segment is mainly operated by Shijiazhuang Enric Gas Equipment Company Limited (石家莊安瑞科氣體機械有限公司), CIMC Sanctum, Enric (Langfang) Energy Equipment Integration Company Limited (安瑞科(廊坊)能源裝備集成有限公司), Hongtu and Enric (Bengbu) Compressor Company Limited (安瑞科(蚌埠)壓縮機有限公司), which are all based in the PRC.

Chemical

- Specialty gas trailers
- Stainless steel tank containers for hazardous chemical liquids
- Carbon steel gas tank containers for hazardous pressurised chemicals
- Cryogenic storage tanks and cylinders for industrial gases

This segment is mainly operated by Nantong CIMC, based in the PRC.

Liquid food

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

This segment is mainly operated by the Holvrieka Group, which is based in Europe.

Operational performance

During the year ended 31 December 2009, revenue contribution from CNG trailers and storage cylinders maintained stable at RMB644,793,000 (2008: RMB645,194,000), representing a 0.1% decrease over 2008; while the turnover of hydraulic CNG refueling station systems (comprising hydraulic power unit and refueling station trailers) rose by 12.4% to RMB311,610,000 (2008: RMB277,247,000). However, turnover of LNG trailers and tanks recorded a decline of 30.5% to RMB419,672,000 (2008: RMB604,022,000) and revenue from LNG engineering projects fell by 20.8% to RMB135,505,000 (2008: RMB171,140,000). As a result, the overall performance of the energy segment saw a decline of 8.9% to RMB1,811,512,000 (2008: RMB1,989,155,000).

Revenue contributed by the stainless steel tank containers fell by 79.6% to RMB499,230,000 (2008: RMB2,447,148,000) due to a fall in the sale volume of stainless steel tank containers. As the stainless steel tank container is the dominant product of the chemical segment, this segment's overall revenue fell by 74.6% from RMB2,562,269,000 in 2008 to the current year's RMB651,816,000.

The liquid food segment recorded a fall in the turnover from RMB1,234,118,000 in 2008 to RMB594,138,000 in 2009 which represents a 51.9% fall. The fall in the segment's revenue is mainly attributed to a shrink of demand for stainless steel storage and processing tanks as a result of the decrease of investments in new production capacity in the liquid food industry in the economic downturn.

Research and development

One of the key competitive edges of the Group is its strong R&D capability.

The energy and chemical arms of the Group have set up its own R&D centres locally in the PRC. Its liquid food arm in Europe conducts R&D jointly with customers and makes products according to customer's specifications.

In addition to its in-house R&D teams, the Group has established long-term R&D cooperation with leading universities and technology and research institutes, including East China University of Science and Technology (華東理工大學), Shanghai Jiao Tong University (上海交通大學), Zhejiang University (浙江大學) and Chinese Institute of Specialty Equipment Inspection and Testing (中國特種設備檢測研究院), and will conduct research in collaboration with external professionals on project basis.

In 2009, the Group devoted RMB43,049,000 (2008: RMB30,047,000) to the R&D of new products and manufacturing technologies.

It completed the testing phase of the R&D of lightweight composite cylinders, and made satisfactory progress in the development of pressure cylinders for high-purity specialty gas. It also successfully developed LNG storage tanks with a volume of 10,000 cb.m., being one of the very few domestic manufacturers who has the capacity to make such large-volume LNG storage tanks in the cryogenic equipment sector in the PRC. These enhancement and technological breakthrough are stemmed from the Group's years of effort and dedication at R&D.

Production capacity

In the year, the Group invested RMB294,291,000 in capital expenditure.

The expansion of the production plant of seamless pressure cylinders completed as scheduled in the second half of 2009. The Group's seamless pressure cylinders' annual output has reached approximately 12,000 units.

With the completion of the acquisitions conducted in the year, production bases of the Group expanded significantly.

Major production plants of energy and chemical equipment are located in six cities across four provinces in the PRC, which are Nantong and Zhangjiagang of Jiangsu province, Shijiazhuang and Langfang of Hebei province, Jingmen of Hubei province and Bengbu of Anhui province. Production plants of liquid food equipment are mainly at Emmen and Sneek of the Netherlands, Randers of Danmark, and Menen of Belgium.

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 export to South-east Asia, Europe and North America. Liquid food products and services are mostly sold in the Netherlands and other countries in Europe.

The Group maintains good business relations with heavy-weights in the industries. Within the Group's top 20 customers are big names, for example, PetroChina, Sinopec, Xinao Gas, EXSIF, Stolt and Air Products.

In order to maintain sustainable growth and diversified business risks, proactive expansion of overseas business is one of the Group's long term development strategies.

In the year, the Group's revenue derived from overseas amounted to RMB1,294,000,000 (2008: RMB3,827,960,000). The Group will keep developing new products catering for the overseas market. Special focus will be put on developing emerging markets, such as South-east Asia, Central Asia and South America. In addition, it is planning to set up more representative offices in various Asian countries in order to promote its products.

Referral arrangement for finance lease will continue to be available for customers with an aim to lure and retain them especially under the current unsettled business environment.

Cost control

In the year, the Group launched certain cost control and management enhancement programs for promoting and monitoring operational efficiency and quality, and for optimising resources allocation and sharing among operating units.

Steel is the most important raw materials of the Group's products. Hence, one of the most effective cost controls is to minimise the cost of steel. Making use of the synergy of procurement resulted from the acquisitions, the Group will maintain good relationship with large steel suppliers and purchase in bulk to strengthen its bargaining power.

With the continuing technological advancement in the PRC, steel pipes manufactured in China are of comparable quality with those made overseas in recent years. Moreover, domestic steel pipes usually cost less than the imported. Therefore, the Group has commenced and will continue to bulk purchase steel pipes locally from PRC suppliers.

Qualifications

All the superior manufacturing certificates and qualifications are subject to periodical review by industry bodies. The Group relies on advanced technologies and stringent manufacturing processes to obtain renewal of such qualifications.

It possesses qualifications from both local and international industry authorities such as the American Society of Mechanical Engineers (ASME), the China Classification Society, the China Machinery Industry Federation (CMIF), the TÜV NORD Systems, the Ministry of Commerce, Industry and Energy of Korea, the Department of Transportation (DOT) of the United States, Bureau Veritas (BV) of France, the Lloyd's Register Group (LR) of the United Kingdom as well as the ISO9000 and ISO9001 certificates. It also developed and possesses certain patented technologies.

At present, the Group is applying for certain pressure vessel licenses from the relevant authorities of India and Canada.

The array of qualifications and recognitions have strengthened the Group's prime position over competitors and its export ability.

Customer service

The Group values long-standing relationship with customers. 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.

During the year, the Group organised regular conferences where customers were 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 high pressure cylinder trailers in Changzhou, Urumqi, Xi'an, Shenyang and Haikou, the PRC. CNG trailers and other high pressure cylinder trailers are required to pass certain safety examinations in accordance with relevant safety regulations in order to obtain special-vehicle license renewal. The examination centres are authorised to provide such examination services.

Human resources

The Group bases its competitive advantage on the excellence of its people, central to which is people development.

Competence-based training programmes and balanced score card tool were carried out in the year. Education and training aids are provided to motivate employees to take external training programmes for their self-improvement and career development. Award presentations are held every year to recognise the outstanding performance of employees of the year.

At 31 December 2009, the total number of employees of the Group was approximately 4,900. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) were approximately RMB413,494,000 (2008: RMB439,615,000).

During the year, the Group grant share options to certain Directors and key employees as rewards for their past contributions and as long-term incentives.

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.

FINANCIAL ANALYSIS

Turnover

While the energy segment has recorded a rather stable performance, due to the global economic downturn resulting from the global financial crisis, the demand for chemical and liquid food storage and transportation equipment fell substantially. As a result, the turnover for 2009 fell by 47.2% to RMB3,057,466,000 over the previous year (2008: RMB5,785,542,000). The performance of each segment is discussed below.

Energy is the top grossing segment of the Group, its turnover fell slightly by 8.9% to RMB1,811,512,000 (2008: RMB1,989,155,000) and accounted for 59.3% (2008: 34.4%) of the overall turnover.

Chemical segment's turnover plunged by 74.6% to RMB651,816,000 (2008: RMB2,562,269,000) and contributed 21.3% (2008: 44.3%) of the overall turnover, making it the second top grossing segment of the Group during 2009.

Turnover of liquid food segment was RMB594,138,000 (2008: RMB1,234,118,000), representing a fall of 51.9%, and made up 19.4% (2008: 21.3%) of the overall turnover.

Gross profit margin and profitability

The energy segment's gross profit margin ("**GP margin**") rose by 2.6 percentage points to 23.3% (2008: 20.7%). The improvement in the segment's GP margin was mainly caused by an increase in the GP margin of CNG storage and transportation products and increase in the sales of the high margin hydraulic natural gas refueling station systems within the segment. The CNG storage and transportation products managed to raise its GP margin because of the quantity discount received on bulk purchase of raw materials.

The GP margin for liquid food segment increased from 16.0% in the previous year to 18.9% in 2009 mainly due to a fall in the cost of raw materials and good project management and effective cost control measures.

In relation to the chemical segment, its GP margin saw dramatic fall from 20.3% in 2008 to 1.8% in the current year which is mainly caused by high fixed production costs, such as labour and depreciation, that reduced at a lower rate as that of turnover.

In spite of the improved GP margins of both energy and liquid food segments, the drastic decrease in the chemical segment's GP margin dragged the Group's overall GP margin by 1.6 percentage points to 17.9% (2008: 19.5%).

Profit from operations expressed as a percentage of turnover dropped by 3.3 percentage points to 9.0% (2008: 12.3%) which is attributable to two main reasons, namely the fall in gross profit and human resources costs falling at slower rate than turnover. As the Group regards human resources as its most valuable asset, it did not resort to layoffs to reduce its operating costs; thus causing the human resources costs to decrease at 5.9% from RMB439,615,000 in 2008 to RMB413,494,000 in the current year.

Cost of sales

Cost of sales fell by 46.1% to RMB2,511,695,000 during 2009 (2008: RMB4,657,861,000). Within cost of sales, 83.1% (2008: 89.1%), 9.3% (2008: 6.4%), 2.6% (2008: 1.2%) and 5.0% (2008: 3.3%) were attributable to raw materials, wages, depreciation and factory overheads respectively. The proportion of wages, depreciation and factory overheads increased in 2009 as these are mostly fixed costs.

Other revenue

Other revenue totalling RMB118,176,000 in 2009 (2008: RMB97,310,000) comprised of bank interest income, government grants and other operating revenue. The rise in other revenue was mainly caused by an increase in government grants received by the Group during 2009.

Selling expenses

Selling expenses fell by 35.7% to RMB120,115,000 (2008: RMB186,827,000). Such expenses comprise transportation expenses, provision for product warranty, royalty fee, human resources, commission and other expenses directly attributable to selling activities. Selling expenses fell at a slower pace than that of turnover as the cost of human resources remained stable despite a lower turnover which offset the fall in other expenses such as royalty and commission.

Administrative expenses

Administrative expenses decreased by 5.1% to RMB284,395,000 (2008: RMB299,516,000) which is slower than the fall in turnover and was mainly caused by the increase in human resources cost and R&D expenditure. In addition, part of the fair value of share options granted to Directors, employees and other eligible persons totalling RMB6,620,000 was recognised as an expense during the year. It is worthwhile to note that this expense is non-cash in nature and does not have any effect on the shareholders' equity as the same amount was credited to the capital reserve account.

Other net income/expenses

Other net income increased to RMB1,024,000 in 2009 (2008: other net expenses RMB1,330,000) which comprised loss on disposal of property, plant and equipment, charitable donations and various miscellaneous income. The rise in current year's other net income was mainly attributable to the rise of other miscellaneous net income and the fall in loss on disposal of property, plant and equipment.

Finance costs

During 2009, finance costs fell by 29.6% to RMB40,242,000 (2008: RMB57,136,000). Finance costs mainly comprised bank loan and other borrowings interest of RMB22,095,000 (2008: RMB88,879,000). From the third quarter of 2008, a significant portion of bank loans were repaid gradually thus reducing the amount of borrowings. Moreover, in 2008, a subsidiary acquired from CIMC had borrowings of RMB130,000,000 from CIMC and as part of the terms for the acquisitions, the borrowings were waived by CIMC in 2009 prior to the completion of the acquisitions. As a result, interest expenses reduced drastically in 2009. However, the rise of exchange loss to RMB14,371,000 in 2009 from a gain of RMB34,241,000 in 2008 has to a certain extent offset the fall in interest expense.

Taxation

Tax expenses for the Group dropped by 67.0% to RMB34,124,000 in 2009 (2008: RMB103,517,000) which coincides with the fall in the Group's profit from operations.

FINANCIAL RESOURCES REVIEW

Liquidity and financial resources

At 31 December 2009, the Group recorded cash on hand of RMB872,640,000 (2008: RMB341,635,000) and bank loans and overdrafts of RMB193,151,000 (2008: RMB234,813,000). A portion of the Group's bank deposits totalling RMB77,940,000 (2008: RMB43,779,000), which had more than three months of maturity at acquisition, were restricted for securing letters of credit and bills payable. 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 2009, the Group's bank loans and overdrafts amounted to RMB193,151,000 and apart from the HKD65,000,000 (equivalent to RMB57,148,000) three-year term loan that bears interest at floating rates, the remaining bank loans bear interest at rates from 1.9% to 5.3% per annum and repayable within one year. All bank loans of the Group were guaranteed by the Company's subsidiaries. The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2008: zero times) as the Group retained a net cash balance of RMB679,489,000 (2008: RMB106,822,000). The Group's interest coverage was 11.6 times for 2009 (2008: 8.4 times) which demonstrates that the Group is fully capable of meeting its interest expense commitments.

During 2009, net cash generated from operating activities amounted to RMB788,270,000 (2008: RMB533,951,000). The Group drew bank loans of RMB440,675,000 (2008: RMB1,481,969,000) and repaid RMB492,685,000 (2008: RMB1,669,526,000). Apart from drawing bank loans, the Group issued 398,452,201 ordinary shares and 1,015,641,321 non-redeemable convertible preference shares as the consideration for the acquisitions of Sound Winner Group and Full Medal Group.

Assets and liabilities

At 31 December 2009, total assets of the Group amounted to RMB4,296,521,000 (2008: RMB4,397,320,000) while total liabilities were RMB1,721,029,000 (2008: RMB2,045,365,000). The net asset value rose by 9.5% to RMB2,575,492,000 (2008: RMB2,351,955,000) which was attributed to the net profit of RMB200,521,000 for the year. As a result, the net asset value per share increased to RMB1.375 at 31 December 2009 from RMB1.260 at 31 December 2008.

Contingent liabilities

At 31 December 2009, the Group did not have any significant contingent liabilities.

Capital commitments

At 31 December 2009, the Group had contracted but not provided for capital commitments of RMB66,589,000 (2008: RMB122,921,000), and authorised but not contracted for capital commitments of RMB6,393,000 (2008: RMB10,108,000).

Foreign exchange exposure

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other 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 raising funds 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. The Group has sufficient resources of funding and unutilised banking facilities to meet future capital expenditure and working capital requirement. As of 31 December 2009, the Group had total capital commitments of RMB72,982,000.

FUTURE PLANS AND STRATEGIES

With the enlarged asset base and operational size after the completion of the acquisitions in the reporting year, the Group is now better positioned to grasp the business opportunities ahead. This year is the prime time to gradually capitalise and benefit from the synergy within the Group.

Operational efficiency and effectiveness are expected to enhance through the integration and re-allocation of operational functions and resources. The Group will implement stringent cost and inventory control measures in the course of production by ongoing operational economies of scale through coordinating the procurement of raw materials.

At the same time, the Group sets to drive income and earnings via proactive sales and marketing strategies. The expanded sales network after the acquisitions provides good cross-selling opportunities among operating arms.

On the product front, it will put extra emphasis on the sale and R&D of high-tech and high-margin products, such as light-weight composite cylinders and 10,000 cb.m LNG storage tanks as new revenue drivers. Existing products will be refined and enhanced to further differentiate the Group and capture changing market needs. The Group does not only offer specialised equipment to the industries, but also project engineering services. The Group will continue to strengthen its capability at such services which it believes can optimise its business portfolio and create an unparalleled competitive edge over other industry players.

Advancement of R&D capacity and production technologies is what the Group always adhere to. The acquisitions have intensified the Group's pool of R&D talents and resources. To reinforce its pioneering position, the Group will strive to facilitate the exchange of Chinese and European technological knowhow among its operating arms and explore potential partnership with renowned technology and research institutes.

Eyeing on the stimulus policy on domestic consumption and favourable supporting policies for the clean energy and chemical industries of the PRC government, the Group will remain China as the focus market of its energy and chemical products. It will also continue to penetrate these products to overseas emerging markets, especially South-east Asia, Central Asia and South America in anticipation of the steady recovery from the global economic downturn and their relatively higher economic growth rate and growth potential. While the liquid food segment mainly sources it revenue from Europe currently, it is planning to expand its revenue source in Asia.

Although certain signs of recovery from the global financial turmoil have surfaced in the second half of 2009, the Company remains cautious of the uncertainties exist to various extent in the world economy this year. In longer term, it is optimistic.

The Group strives to be a world-leading equipment manufacturer and provider of related project engineering services in the energy, chemical and liquid food industries. When the right time comes, further acquisitions and ongoing organic expansion will deliver excellent growth opportunity for enhancing shareholders' value in the foreseeable future.

CORPORATE GOVERNANCE

The Company complied with all the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the year, except that the Chairman of the Board was unable to attend the annual general meeting ("**AGM**") held on 25 May 2009 due to health reasons. Alternatively, the then Chief Executive Officer attended the AGM for addressing shareholders' queries.

The Company's corporate governance report is set out in the soon published Annual Report 2009. 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 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DIRECTORS

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

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

Hong Kong, 19 March 2010

The Annual Report 2009 will be dispatched to the shareholders and published on the websites of the Company and the Stock Exchange.