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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 2010

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 2010 together with the comparative figures for the year 2009.

Consolidated Income Statement
For the year ended 31 December 2010

	Note	***2010***	*2009*
		RMB'000	RMB'000
Turnover	5	**3,998,617**	3,057,466
Cost of sales		**(3,249,521)**	(2,511,695)
Gross profit		**749,096**	545,771
Change in fair value of derivative financial instruments		**741**	14,426
Other revenue		**123,758**	118,176
Other net (expenses) / income		**(6,348)**	1,024
Selling expenses		**(153,265)**	(120,115)
Administrative expenses		**(336,284)**	(284,395)
Profit from operations		**377,698**	274,887
Finance costs		**(11,697)**	(40,242)
Profit before taxation	6	**366,001**	234,645
Income tax	7	**(83,589)**	(34,124)
Profit for the year		**282,412**	200,521
Attributable to:			
Equity shareholders of the Company		**276,901**	199,731
Non-controlling interests		**5,511**	790
Profit for the year		**282,412**	200,521
Earnings per share	8		
- Basic		**RMB 0.148**	RMB 0.107
- Diluted		**RMB 0.148**	RMB 0.107

Consolidated Balance Sheet

At 31 December 2010

	Note	***2010***	*2009*
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		**961,691**	884,932
Construction in progress		**65,439**	135,411
Lease prepayments		**194,119**	203,027
Intangible assets		**42,074**	55,857
Prepayments		**24,019**	190
Goodwill		**42,783**	43,046
Deferred tax assets		**28,926**	32,848
Other financial assets		**1,744**	5,689
		1,360,795	1,361,000
Current assets			
Derivative financial instruments		**724**	39
Inventories		**1,324,741**	905,999
Trade and bills receivable	9	**878,630**	901,961
Deposits, other receivables and prepayments		**310,006**	242,272
Amounts due from related parties		**32,471**	12,610
Cash at bank and in hand		**941,109**	872,640
		3,487,681	2,935,521
Current liabilities			
Derivative financial instruments		**-**	261
Bank loans and overdrafts		**99,699**	153,587
Trade and bills payable	10	**872,040**	651,883
Other payables and accrued expenses		**712,414**	536,127
Income tax payable		**22,585**	37,488
Amounts due to related parties		**56,943**	47,342
Provisions		**29,240**	24,112
Employee benefit liabilities		**228**	255
		1,793,149	1,451,055
Net current assets		**1,694,532**	1,484,466
Total assets less current liabilities		**3,055,327**	2,845,466

	Note	***2010***	*2009*
		RMB'000	RMB'000
Non-current liabilities			
Provisions		**15,966**	18,803
Deferred income		**102,334**	110,036
Employee benefit liabilities		**1,933**	2,293
Deferred tax liabilities		**98,471**	99,278
Bank loans		**21,980**	39,564
		240,684	269,974
NET ASSETS		**2,814,643**	2,575,492
CAPITAL AND RESERVES			
Share capital		**17,235**	17,235
Reserves		**2,782,570**	2,548,930
Equity attributable to equity shareholders of the Company		**2,799,805**	2,566,165
Non-controlling interests		**14,838**	9,327
TOTAL EQUITY		**2,814,643**	2,575,492

Consolidated statement of changes in equity

For the year ended 31 December 2010

	Attributable to equity shareholders of the Company									
	Share capital	*Share premium*	*Contributed surplus*	*Capital reserve*	*Exchange reserve*	*General reserve fund*	*Retained profits*	*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
At 1 January 2009	4,769	287,517	819,672	–	(121,816)	55,798	1,306,015	2,351,955	–	2,351,955
Profit for the year	–	–	–	–	–	–	199,731	199,731	790	200,521
Other comprehensive income	–	–	–	–	7,859	–	–	7,859	–	7,859
Total comprehensive income	–	–	–	–	7,859	–	199,731	207,590	790	208,380
Issuance of shares	12,466	–	(12,466)	–	–	–	–	–	–	–
Acquisition of subsidiary	–	–	–	–	–	–	–	–	8,794	8,794
Equity-settled share-based transactions	–	–	–	6,620	–	–	–	6,620	–	6,620
Dividend declared by a subsidiary in respect of the current year	–	–	–	–	–	–	–	–	(257)	(257)
Transfer to general reserve	–	–	–	–	–	11,100	(11,100)	–	–	–
At 31 December 2009	17,235	287,517	807,206	6,620	(113,957)	66,898	1,494,646	2,566,165	9,327	2,575,492
At 1 January 2010	17,235	287,517	807,206	6,620	(113,957)	66,898	1,494,646	2,566,165	9,327	2,575,492
Profit for the year	–	–	–	–	–	–	276,901	276,901	5,511	282,412
Other comprehensive income	–	–	–	–	(83,158)	–	–	(83,158)	–	(83,158)
Total comprehensive income	–	–	–	–	(83,158)	–	276,901	193,743	5,511	199,254
Equity-settled share-based transactions	–	–	–	39,897	–	–	–	39,897	–	39,897
Transfer to general reserve	–	–	–	–	–	21,201	(21,201)	–	–	–
At 31 December 2010	**17,235**	**287,517**	**807,206**	**46,517**	**(197,115)**	**88,099**	**1,750,346**	**2,799,805**	**14,838**	**2,814,643**

Notes:

1. Statement of compliance

The consolidated financial results set out in this announcement are extracted from the consolidated financial statements for the year ended 31 December 2010 of the Company and its subsidiaries (collectively referred to as the "Group") and are expressed in Renminbi unless otherwise indicated.

The consolidated 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 requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

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 ("CIMC Vehicle") 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. ("PGM") 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. ("CIMC") 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 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 since 1 January 2009, rather than from 14 August 2009. The consolidated financial statements of the Group for the year ended 31 December 2009 include the financial statements of the Company and its subsidiaries with effect from 1 January 2009 or where their respective dates of establishment are at a date later than 1 January 2009, from the respective dates of establishment, as if the current combined entity had been in existence for the year ended 31 December 2009.

3. Changes in accounting policies

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two 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 3 (revised 2008), Business combinations
- Amendments to HKAS 27, Consolidated and separate financial statements
- Improvements to HKFRSs (2009)
- HK(Int) 5, *Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The "Improvements to HKFRSs (2009)" 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. The issuance of HK(Int) 5 has had no material impact on the Group's financial statements as the Interpretation's conclusions were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3, and HKAS 27 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a noncash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

- The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

4. Segment reporting

The Group manages its businesses by divisions organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. 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*	
	2010	*2009*	***2010***	*2009*	***2010***	*2009*	***2010***	*2009*
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue from external customers	**2,391,970**	1,811,512	**1,198,268**	651,816	**408,379**	594,138	**3,998,617**	3,057,466
Inter-segment revenue	**12**	77	**-**	-	**-**	-	**12**	77
Reportable segment revenue	**2,391,982**	1,811,589	**1,198,268**	651,816	**408,379**	594,138	**3,998,629**	3,057,543
Reportable segment profit (adjusted profit from operations)	**302,991**	246,494	**134,382**	41,150	**22,865**	38,470	**460,238**	326,114
Interest income from bank deposits	**4,655**	1,214	**1,823**	659	**8,352**	1,406	**14,830**	3,279
Interest expense	**(2,443)**	(12,425)	**(2,691)**	(7,024)	**(6,058)**	(3,647)	**(11,192)**	(23,096)
Depreciation and amortisation for the year	**(55,239)**	(45,658)	**(21,235)**	(18,328)	**(30,626)**	(33,711)	**(107,100)**	(97,697)
Reportable segment assets	**2,773,595**	2,496,378	**1,332,063**	981,750	**679,813**	792,679	**4,785,471**	4,270,807
Additions to non-current segment assets during the year	**188,120**	182,863	**11,113**	111,884	**259**	4,079	**199,492**	298,826
Reportable segment liabilities	**1,195,906**	1,092,454	**489,848**	202,943	**161,748**	216,510	**1,847,502**	1,511,907

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

	2010	*2009*
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	**3,998,629**	3,057,543
Elimination of inter-segment revenue	**(12)**	(77)
Consolidated turnover	**3,998,617**	3,057,466

	2010	*2009*
	RMB'000	RMB'000
Profit		
Reportable segment profit	**460,238**	326,114
Elimination of inter-segment (profit) / loss	**(2,270)**	219
Reportable segment profit derived from Group's external customers	**457,968**	326,333
Finance costs	**(11,697)**	(40,242)
Unallocated operating income and expenses	**(80,270)**	(51,446)
Consolidated profit before taxation	**366,001**	234,645

	2010	*2009*
	RMB'000	RMB'000
Assets		
Reportable segment assets	**4,785,471**	4,270,807
Elimination of inter-segment receivables	**(7,234)**	(12,458)
	4,778,237	4,258,349
Deferred tax assets	**28,926**	32,848
Unallocated assets	**41,313**	5,324
Consolidated total assets	**4,848,476**	4,296,521

	2010	*2009*
	RMB'000	RMB'000
Liabilities		
Reportable segment liabilities	**1,847,502**	1,511,907
Elimination of inter-segment payables	**(7,234)**	(12,458)
	1,840,268	1,499,449
Income tax liabilities	**22,585**	37,488
Deferred tax liabilities	**98,471**	99,278
Unallocated liabilities	**72,509**	84,814
Consolidated total liabilities	**2,033,833**	1,721,029

(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"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

	Revenues from external customers		*Specified non-current assets*	
	2010	*2009*	***2010***	*2009*
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC (place of domicile)	**2,430,364**	1,763,493	**1,099,318**	1,065,145
United States	**432,732**	88,553	**-**	-
Britain	**183,914**	17,145	**-**	-
France	**82,178**	40,390	**-**	-
Thailand	**58,979**	240,425	**-**	-
Japan	**40,925**	159,002	**-**	-
Other European countries	**363,409**	470,141	**229,472**	286,440
Other Asian countries	**249,975**	151,244	**-**	-
Other countries	**156,141**	127,073	**-**	-
	1,568,253	1,293,973	**229,472**	286,440
	3,998,617	3,057,466	**1,328,790**	1,351,585

For the year ended 31 December 2010, there was no single external customer that accounted for 10% or more of the Group's total turnover (2009: Nil).

5. Turnover

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

6. Profit before taxation

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

(a) Finance costs

	2010	*2009*
	RMB'000	RMB'000
Interest on bank loans and other borrowings	**11,990**	22,095
Foreign exchange (gain) / loss	**(1,638)**	14,371
Finance charges	**1,345**	3,776
	11,697	40,242

(b) Staff costs

	2010	*2009*
	RMB'000	RMB'000
Salaries, wages and allowances	**450,478**	388,331
Contributions to retirement schemes	**33,954**	18,543
Equity-settled share-based payment expenses	**39,897**	6,620
	524,329	413,494

(c) Other items

	2010	*2009*
	RMB'000	RMB'000
Cost of inventories (i)	**3,249,521**	2,511,695
Auditors' remuneration	**5,188**	4,876
Depreciation of property, plant and equipment (i)	**94,095**	85,395
Amortisation of intangible assets	**8,734**	8,591
Amortisation of lease prepayments	**4,272**	3,711
Reversal of impairment provision for trade receivables	**(10,846)**	-
Impairment losses for trade receivables	**-**	20,496
Impairment losses for other receivables	**511**	291
Write down of inventories	**22,408**	32,013
Reversal of write down of inventories	**(34,421)**	(48,648)
Research and development costs	**72,022**	43,049
Operating lease charges for property rental	**4,265**	4,320
Provision for product warranties	**17,032**	18,380

(i) Cost of inventories includes RMB339,333,000 (2009: RMB299,357,000) relating to staff costs and depreciation expenses, amount of which is also included in the respective total amounts disclosed separately above or in note

6(b) for each of these types of expenses.

7. Income tax in the consolidated income statement

	2010	*2009*
	RMB'000	RMB'000
Current tax		
Provision for the year	**76,254**	36,626
(Over) / under-provision in respect of prior years	**(1,923)**	1,268
	74,331	37,894
Deferred tax		
Origination and reversal of temporary differences	**9,258**	(3,770)
	83,589	34,124

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 tax 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 (the "Tax Law") which takes effect on 1 January 2008. As a result of the 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 Tax Law, the existing preferential tax rate currently enjoyed by the Company's subsidiaries in the PRC 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.

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

During the year ended 31 December 2010, the Company's certain subsidiaries in the PRC were enjoying the aforesaid tax relief and preferential tax treatment, and accordingly the Company's subsidiaries in PRC were subject to income tax at 12.5% to 25% (2009: 12.5% to 25%).

Pursuant to the 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 the 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. As at 31 December 2010, deferred tax liability recognised in this regard was RMB36,480,000 (2009: RMB27,240,000).

Taxation of Dutch subsidiaries, Belgian subsidiaries and Danish subsidiaries are charged at the current rates of 25.5%, 33.99% and 25% respectively ruling in the relevant countries and are calculated on a stand-alone basis.

8. 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 since 1 January 2009, 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 since 1 January 2009.

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

	2010	*2009*
	RMB'000	RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**276,901**	199,731

	2010	*2009*
Number of shares		
Weighted average number of ordinary shares at 31 December	**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	**1,700,818**	551,515
Weighted average number of shares for the purpose of diluted earnings per share	**1,874,794,340**	1,873,645,037

9. Trade and bills receivable

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

	The Group	
	2010	*2009*
	RMB'000	RMB'000
Current	**587,507**	608,105
Less than 1 month past due	**92,557**	88,144
1 to 3 months past due	**64,205**	70,287
More than 3 months but less than 12 months past due	**128,479**	88,229
More than 12 months past due	**5,882**	47,196
Amounts past due	**291,123**	293,856
	878,630	901,961

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.

10. Trade and bills payable

	The Group	
	2010	*2009*
	RMB'000	RMB'000
Trade creditors	**737,620**	194,026
Bills payable	**134,420**	457,857
	872,040	651,883

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

	The Group	
	2010	*2009*
	RMB'000	RMB'000
Due within 3 months or on demand	**866,926**	626,599
Due after 3 months but within 12 months	**5,114**	25,136
Due after 12 months	**-**	148
	872,040	651,883

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

11. Dividends

No dividend has been paid or declared by the Company during the year ended 31 December 2010 (2009: Nil).

Business Review

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

Product portfolio

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

Energy equipment

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

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

Chemical equipment

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

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

Liquid food equipment

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

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

Operational performance

Due to the continuous rise in global demand for equipment for the storage and transportation of natural gas and specialty gases, particularly in China, the energy equipment segment maintained a consistent and stable growth in 2010. Following the robust global economic recovery, the chemical equipment segment has resumed rapid growth due to an across-the-board turnaround of global trade. However, the business environment of liquid food equipment is still challenging, thus the recovery step was relatively lagged behind. As a result, the turnover for 2010 increased by 30.8% to RMB3,998,617,000 over the previous year (2009: RMB3,057,466,000). The performance of each segment is discussed below.

During the year ended 31 December 2010, the energy equipment segment remained the top grossing segment of the Group with revenue rose by 32.0% to RMB2,391,970,000 (2009: 1,811,512,000) and accounted for 59.8% (2009: 59.3%) of the Group's total turnover. Within the segment, CNG equipment was the biggest revenue contributor with revenue increased by 24.5% to RMB1,417,324,000 (2009: RMB1,138,740,000); while the turnover of LNG equipment recorded a 20.3% growth to RMB745,251,000 (2009: RMB619,424,000) and revenue from LPG equipment surged by 330.0% to RMB229,395,000 (2009: RMB53,348,000).

The chemical equipment segment recorded a 83.8% increase in turnover to RMB1,198,268,000 (2009: RMB651,816,000) and made up 30.0% of the Group's total turnover (2009: 21.3%). Tank container, which is the dominant product of the segment, saw its sale volume doubled during the year and is the main driver for this segment's growth.

The liquid food equipment segment recorded a fall in the turnover of 31.3% from RMB594,138,000 in 2009 to RMB408,379,000 in 2010 and accounted for 10.2% of the Group's total turnover (2009: 19.4%). The fall in the segment's revenue is mainly attributed to a fall in the demand for storage and processing tanks as a result of the lingering slowdown in the investments in new production capacity in the liquid food industry.

Gross profit margin and profitability

The energy equipment segment's gross profit margin (**"GP margin"**) fell slightly by 1.2 percentage points to 22.1% (2009: 23.3%). The drop in the segment's GP margin was mainly caused by a decrease in the GP margin of CNG storage and transportation products within the segment. The CNG storage and transportation products lowered its GP margin to further boost up the market share.

In relation to the chemical equipment segment, its GP margin saw a rebound from 1.8% in 2009 to 12.0% in the current year. The demand for tank container picked up significantly since the second quarter in 2010, which resulted in doubling-up of the sales volume in 2010. More importantly, the higher selling price and the improved production efficiency returned the segment's gross margin to a favourable level.

The GP margin for liquid food equipment segment remained stable at 18.6% (2009: 18.9%).

Due to the different contribution amongst respective segments on the overall GP margin, the improved GP margin of chemical equipment segment lifted the Group's overall GP margin slightly by 0.8 percentage point to 18.7% (2009: 17.9%).

Profit from operations expressed as a percentage of turnover increased by 0.4 percentage point to 9.4% (2009: 9.0%) which is attributable to two main reasons, namely the rebound in turnover and the effective control measures on human resources costs as well as the raw materials procurement. However, the degree of improvement is to certain extent offset by equity-settled share-based payment expenses of RMB39,897,000 (2009: RMB6,620,000) incurred in 2010.

Research and development

One of the key competitive edges of the Group is its dedication to R&D.

The energy equipment and chemical equipment arms of the Group have set up its own R&D centres locally in the PRC. Its liquid food equipment arm in Europe conducts R&D jointly with customers and makes products according to customers' technical 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 Zhejiang University (浙江大學), East China University of Science and Technology (華東理工大學), Shanghai Jiao Tong University (上海交通大學) and Chinese Institute of Specialty Equipment Inspection and Testing (中國特種設備檢測研究院), and conducts research in collaboration with external professionals on project basis.

This year, the Group has developed a compact-size liquefaction device for coal seam gas. Such device is used in the upstream for liquefaction of coal seam gas for transportation in liquid state to the downstream.

The Group has successfully developed high pressure cylinders for high-purity specialty gas and obtained manufacturing license for it. The launching of this product last year signifies the Group being one of the leading manufacturers in the world which possesses the production capability for high-purity gas cylinders.

Development of products which feature high-tech and low-carbon content made significant progress. Larger-volume light-weight refueling station trailers and hydrogen refueling stations are under testing phase.

The Group successfully developed LNG storage tanks with a volume of 10,000cbm and hence becomes one of the few domestic manufacturers who have the capacity to make such large volume LNG storage tanks in the cryogenic equipment sector in China.

In 2010, the Group devoted RMB72,022,000 (2009: RMB43,049,000) to the R&D of new products and manufacturing technologies.

Production capacity

In the year, the Group invested RMB162,892,000 in capital expenditure.

The investment mainly went to the enhancement of production lines and construction of a new plant of the energy equipment segment in Jingmen, the PRC. Production capacity of the Jingmen production base has been increased by twice after the completion of the new production plant at the end of 2010.

A portion of the investment also went to the expansion of capacity of the energy equipment production facilities located in Shijiazhuang and Langfang as well as the chemical equipment production facilities in Nantong.

The Group's major production plants of energy equipment 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 Europe.

The Group is committed to building a wide and solid customer network, especially with industry heavyweights and customers of great growth potentials. The Group's top customers are big names, like PetroChina, China Resources Gas Group, ENN Energy, Sinopec, EXSIF, TAL International, GE SeaCo and Cronos.

In order to capitalise the business opportunities in overseas countries and diversify revenue sources, the Group is expanding its overseas markets. During the period, the Group's revenue derived from overseas amounted to RMB1,568,253,000 (2009: RMB1,293,973,000). Special focus remains on emerging markets, such as South-east Asia, Central Asia and South America.

The set-up of representative office in South-east Asia has boosted local sales and allowed direct access to customers in surrounding regions. The Group is planning to set up more representative offices in various Asian countries to facilitate sales and promotion.

Meanwhile, by providing referral arrangement for finance lease, the Group is able to solicit and retain more customers especially under this competing business environment.

Cost control

During the year, the Group adhered to the cost control and management enhancement programs launched last year. Operational efficiency and quality have seen encouraging improvement with internal resources better allocated and shared among operating units.

Purchase of raw materials commonly used by different operating units of the Group has been centralised and made in bulk order. This effectively helps optimise inventory control and maximise cost efficiency.

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 CNG trailers and other high pressure cylinder trailers in Changzhou, Urumqi, Xi'an, Shenyang and Haikou, the PRC. Construction of another one in Yangzhou is under progress and is expected to complete in the second half of 2011. These examination centres are authorised to provide safety examinations for high pressure cylinder trailers required for special-vehicle license renewal in accordance with relevant safety regulations.

Human resources

At 31 December 2010, the total number of employees of the Group was approximately 5,840. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) were approximately RMB524,329,000 (2009: RMB413,494,000).

There have been no material changes in respect of employee incentive and bonus policies, share option scheme and training scheme as disclosed in Annual Report 2010.

Financial Resources Review

Liquidity and financial resources

At 31 December 2010, the Group recorded cash on hand of RMB941,109,000 (2009: RMB872,640,000) and bank loans and overdrafts of RMB121,679,000 (2009: RMB193,151,000). A portion of the Group's bank deposits totalling RMB118,077,000 (2009: RMB77,940,000), which had more than three months of maturity at acquisition, were restricted for securing letters of credit, bills payable and bank loans. The Group has maintained sufficient cash on hand for repayment of bank loans as they fall due and has continued to take a prudent approach in future development and capital expenditure. Accordingly, the Group has been cautious in managing its financial resources and will constantly review and maintain an optimal gearing level.

At 31 December 2010, the Group's bank loans and overdrafts amounted to RMB121,679,000 (2009: RMB193,151,000) and apart from the HKD45,000,000 (equivalent to RMB39,564,000) three-year term loan that bears interest at floating rates, the remaining bank loans bear interest at rates from 1.97% to 5.04% per annum and repayable within one year. At 31 December 2010, bank overdrafts of RMB11,976,000 (2009: RMB6,145,000) were secured by a pledge on buildings which had a carrying value of RMB4,085,000 (2009: RMB5,751,000). At 31 December 2010, secured bank loans of RMB19,769,000 (2009: Nil) were secured by a pledge of restricted bank deposits which had a carrying amount of RMB19,769,000 (2009: Nil). As of 31 December 2010, Bank loans amounting to RMB84,564,000 (2009: RMB182,148,000) were guaranteed by the Company's subsidiaries.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2009: zero times) as the Group retained a net cash balance of RMB819,430,000 (2009: RMB679,489,000). The Group's interest coverage was 31.5 times for 2010 (2009: 11.6 times) which demonstrates that the Group is fully capable of meeting its interest expense commitments.

During 2010, net cash generated from operating activities amounted to RMB305,697,000 (2009: RMB788,270,000). The Group drew bank loans of RMB39,769,000 (2009: RMB440,675,000) and repaid RMB117,584,000 (2009: RMB492,685,000).

Assets and liabilities

At 31 December 2010, total assets of the Group amounted to RMB4,848,476,000 (2009: RMB4,296,521,000) while total liabilities were RMB2,033,833,000 (2009: RMB1,721,029,00). The net asset value rose by 9.3% to RMB2,814,643,000 (2009: RMB2,575,492,000) which was mainly attributable to the net profit of RMB282,412,000 but offset by exchange difference on translation of financial statements of overseas subsidiaries of RMB83,158,000 for the year. As a result, the net asset value per share increased to RMB1.503 at 31 December 2010 from RMB1.375 at 31 December 2009.

Contingent liabilities

At 31 December 2010, the Group did not have any significant contingent liabilities.

Capital commitments

At 31 December 2010, the Group had contracted but not provided for capital commitments of RMB123,625,000 (2009: RMB66,589,000). As of 31 December 2010, the Group did not have authorised but not contracted for capital commitments (2009: RMB6,393,000).

Foreign exchange exposure

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

Future plans for material investments and expected source of funding

Currently, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and to an extent by bank loans. The Group has sufficient resources of funding and unutilised banking facilities to meet future capital expenditure and working capital requirement. As of 31 December 2010, the Group had total capital commitments of RMB123,625,000.

Future Plan and Strategies

While the market commonly expects that the Chinese and some foreign governments are tightening their monetary policies this year to control mounting inflation pressure, the economic landscape of 2011 faces a tip of uncertainty. The Group holds a prudently optimistic attitude on the outlook of the industry sectors the Group is engaged in.

To get well prepared for the likely tightening monetary policies, the Group will put extra attention to cash flow planning and control. The Group will tighten control of its operational cash flow and at the same time, maintain good relationship with commercial banks for securing sufficient fund for financing investment activities, and explore more financing channels where necessary.

Besides, the Group will continue to enhance cost control measures. From last year, the Group has started manufacturing key spare parts on its own as the Group believes it is an effective means of both cost and quality control.

Extra effort will also be put at optimising and enhancing the Group's internal control regime and minimising operational risks as good corporate governance and risk management are the requisites of the long-term development of any enterprise.

These protective control measures of course helps shield us from market risks in the uncertainty of global economy, yet how the Group can stay competitive and make good business in the market depends upon the very basic elements - its products and services. Hence, the other area of the Group's key strategies will be the development of differentiating and customer-oriented products.

The first is project engineering services. Presently, the Group provides engineering services to its customers in the energy equipment sector through co-operation with engineering companies. Leveraging on the Group's expertise and established experience in the design, manufacturing and sale of storage and transportation equipment for the energy industry, the Group believes it is desirable for the Group to develop its own ability to offer project engineering services to the industry as a new revenue driver. One of the means is by acquisition of suitable engineering companies in the PRC. Hence, the Group will proactively seek investment opportunities to achieve its growth target and shall make appropriate announcement once if any major investment becomes material.

Another highlight will be the provision of cross-region multi-sources energy supply total-solutions service for gas operators in the PRC. Gas operators are provided with all-in-one services from design and manufacturing to sale and engineering of and lease financing referral for suitable storage and transportation equipment which allow them to obtain different energy supplies sourced from different regions across the country. Through this, they can overcome the barrier to energy supply and best fit their energy needs regardless the particular geographical areas they are situated at.

While the Group will endeavour to maintain its leading position in tank container manufacturing business, the Group will explore more business opportunities for special tank containers which can be tailor made to suit the needs of different customers. Such customer-oriented tank containers are receiving increasing market demand in overseas market.

The Group hopes that with all these it will be able to deliver flying results in the years ahead.

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.

The Company's corporate governance report is set out in the soon published Annual Report 2010. 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 2010.

Purchase, Sales or Redemption of Listed Securities

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

Directors

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

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

Hong Kong, 21 March 2011

The Annual Report 2010 will be dispatched to the shareholders and published on the websites of the Company and the Stock Exchange as soon as practicable.