CIMC ENRIC

CIMC Enric Holdings Limited

中集安瑞科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3899)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

	2011	2010	+/-
	RMB'000	*RMB'000*	
Turnover	**6,716,034**	3,998,617	+68.0%
Profit attributable to shareholders	**567,060**	276,901	+104.8%
Basic earnings per share	**RMB0.303**	RMB0.148	
Proposed final dividend per share	**HK6.0 cents**	N/A	

The Board of Directors (the "**Board**") of CIMC Enric Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the audited financial results of the Group for the year ended 31 December 2011 together with the comparative figures for the year 2010.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Turnover	5	**6,716,034**	3,998,617
Cost of sales		**(5,450,881)**	(3,249,521)
Gross profit		**1,265,153**	749,096
Change in fair value of derivative financial instruments		**2,317**	741
Other revenue		**128,127**	123,758
Other net income/(expenses)		**1,380**	(6,348)
Selling expenses		**(198,976)**	(153,265)
Administrative expenses		**(465,374)**	(336,284)
Profit from operations		**732,627**	377,698
Finance costs	6(a)	**(10,733)**	(11,697)
Profit before taxation	6	**721,894**	366,001
Income tax	7	**(147,303)**	(83,589)
Profit for the year		**574,591**	282,412
Attributable to:			
Equity shareholders of the Company		**567,060**	276,901
Non-controlling interests		**7,531**	5,511
Profit for the year		**574,591**	282,412
Earnings per share	8		
– Basic		**RMB0.303**	RMB0.148
– Diluted		**RMB0.303**	RMB0.148

CONSOLIDATED BALANCE SHEET

At 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment		**992,966**	961,691
Construction in progress		**274,753**	65,439
Lease prepayments		**258,061**	194,119
Intangible assets		**33,593**	42,074
Prepayments		**118,137**	24,019
Goodwill		**42,783**	42,783
Other financial assets		**59**	1,744
Deferred tax assets		**39,254**	28,926
		1,759,606	1,360,795
Current assets			
Derivative financial instruments		**3,041**	724
Inventories		**2,018,306**	1,324,741
Trade and bill receivables	9	**1,353,258**	878,630
Deposits, other receivables and prepayments		**433,772**	310,006
Amounts due from related parties		**26,039**	32,471
Cash at bank and in hand		**1,060,996**	941,109
		4,895,412	3,487,681
Current liabilities			
Bank loans and overdrafts		**301,139**	99,699
Trade and bill payables	10	**1,293,347**	872,040
Other payables and accrued expenses		**1,146,214**	712,414
Amounts due to related parties		**49,696**	56,943
Provisions		**20,062**	29,240
Income tax payable		**19,803**	22,585
Employee benefit liabilities		**61**	228
		2,830,322	1,793,149
Net current assets		**2,065,090**	1,694,532
Total assets less current liabilities		**3,824,696**	3,055,327

	2011	2010
	RMB'000	*RMB'000*
Non-current liabilities		
Bank loans	**194,568**	21,980
Provisions	**29,952**	15,966
Deferred tax liabilities	**99,097**	98,471
Deferred income	**138,132**	102,334
Employee benefit liabilities	**1,602**	1,933
	463,351	240,684
NET ASSETS	**3,361,345**	2,814,643
CAPITAL AND RESERVES		
Share capital	**17,235**	17,235
Reserves	**3,323,897**	2,782,570
Equity attributable to equity shareholders of the Company	**3,341,132**	2,799,805
Non-controlling interests	**20,213**	14,838
TOTAL EQUITY	**3,361,345**	2,814,643

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Contributed surplus	Capital reserve	Exchange reserve	General reserve fund	Retained profits	Total		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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
At 1 January 2011	17,235	287,517	807,206	46,517	(197,115)	88,099	1,750,346	2,799,805	14,838	2,814,643
Profit for the year	–	–	–	–	–	–	567,060	567,060	7,531	574,591
Other comprehensive income	–	–	–	–	(37,970)	–	–	(37,970)	–	(37,970)
Total comprehensive income	–	–	–	–	(37,970)	–	567,060	529,090	7,531	536,621
Equity-settled share-based transactions	–	–	–	13,681	–	–	–	13,681	–	13,681
Acquisition of non-controlling interests	–	–	–	–	–	–	(1,444)	(1,444)	(2,156)	(3,600)
Transfer to general reserve	–	–	–	–	–	69,050	(69,050)	–	–	–
At 31 December 2011	**17,235**	**287,517**	**807,206**	**60,198**	**(235,085)**	**157,149**	**2,246,912**	**3,341,132**	**20,213**	**3,361,345**

NOTES:

1. STATEMENT OF COMPLIANCE

The consolidated financial statements for the year ended 31 December 2011 comprise CIMC Enric Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") and are expressed in Renminbi unless otherwise indicated.

The consolidated results set out in this announcement are extracted from the consolidated financial statements of the Group for the year ended 31 December 2011.

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

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

– derivative financial instruments.

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

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

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation 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:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)
- HK(IFRIC) 19, *Extinguishing financial liabilities with equity instruments*
- Amendments to HK(IFRIC) 14, *HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement*

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

The amendments to HK(IFRIC) 14 have had no material impact on the Group's financial statements as they were consistent with policies already adopted by the Group. HK(IFRIC) 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The impacts of other developments are discussed below:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.
- Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, Financial instruments: Disclosures. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

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. The operating segments with similar economic characteristics have been aggregated to form the following reportable segments.

- Energy equipment
- Chemical equipment
- Liquid food equipment

(a) Segment results, assets and liabilities

	Energy equipment		Chemical equipment		Liquid food equipment		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**3,268,406**	2,391,970	**2,874,670**	1,198,268	**572,958**	408,379	**6,716,034**	3,998,617
Inter-segment revenue	**178**	12	**-**	–	**-**	–	**178**	12
Reportable segment revenue	**3,268,584**	2,391,982	**2,874,670**	1,198,268	**572,958**	408,379	**6,716,212**	3,998,629
Reportable segment profit (adjusted profit from operations)	**512,626**	302,991	**328,412**	134,382	**11,541**	22,865	**852,579**	460,238
Interest income from bank deposits	**4,418**	4,655	**5,187**	1,823	**7,217**	8,352	**16,822**	14,830
Interest expense	**(878)**	(2,443)	**(7,954)**	(2,691)	**(155)**	(6,058)	**(8,987)**	(11,192)
Depreciation and amortisation for the year	**(60,895)**	(55,239)	**(22,559)**	(21,235)	**(29,785)**	(30,626)	**(113,239)**	(107,100)
Reportable segment assets	**3,736,888**	2,773,595	**1,928,550**	1,332,063	**609,964**	679,813	**6,275,402**	4,785,471
Additions to non-current segment assets during the year	**419,184**	188,120	**62,141**	11,113	**5,716**	259	**487,041**	199,492
Reportable segment liabilities	**1,819,977**	1,195,906	**933,826**	489,848	**143,361**	161,748	**2,897,164**	1,847,502

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

	2011	2010
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**6,716,212**	3,998,629
Elimination of inter-segment revenue	**(178)**	(12)
Consolidated turnover	**6,716,034**	3,998,617

	2011	2010
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**852,579**	460,238
Elimination of inter-segment profit	**(3,773)**	(2,270)
Reportable segment profit derived from Group's external customers	**848,806**	457,968
Finance costs	**(10,733)**	(11,697)
Unallocated operating income and expenses	**(116,179)**	(80,270)
Consolidated profit before taxation	**721,894**	366,001

	2011	2010
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**6,275,402**	4,785,471
Elimination of inter-segment receivables	**(65,029)**	(7,234)
	6,210,373	4,778,237
Deferred tax assets	**39,254**	28,926
Unallocated assets	**405,391**	41,313
Consolidated total assets	**6,655,018**	4,848,476

	2011	2010
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**2,897,164**	1,847,502
Elimination of inter-segment payables	**(65,029)**	(7,234)
	2,832,135	1,840,268
Income tax liabilities	**19,803**	22,585
Deferred tax liabilities	**99,097**	98,471
Unallocated liabilities	**342,638**	72,509
Consolidated total liabilities	**3,293,673**	2,033,833

(c) Geographic information

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

	Revenues from external customers		**Specified non-current assets**	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC (place of domicile)	**3,408,982**	2,430,364	**1,495,090**	1,099,318
United States	**856,565**	432,732	**–**	–
Norway	**405,200**	44,992	**–**	–
Britain	**171,683**	183,914	**–**	–
France	**244,648**	82,178	**–**	–
Japan	**276,582**	40,925	**–**	–
Singapore	**218,095**	61,421	**–**	–
Other European countries	**425,327**	318,417	**191,163**	229,472
Other Asian countries	**394,504**	247,533	**–**	–
Other American countries	**227,867**	90,988	**–**	–
Other countries	**86,581**	65,153	**–**	–
	3,307,052	1,568,253	**191,163**	229,472
	6,716,034	3,998,617	**1,686,253**	1,328,790

For the year ended 31 December 2011, there was no single external customer that accounted for 10% or more of the Group's total turnover (2010: 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: (i) 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; and (ii) revenue from project engineering contracts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2011	2010
	RMB'000	*RMB'000*
Sales of goods	**6,025,955**	3,461,555
Revenue from project engineering contracts	**690,079**	537,062
	6,716,034	3,998,617

6. PROFIT BEFORE TAXATION

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

(a) Finance costs

	2011	2010
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	**11,468**	11,990
Foreign exchange gain	**(4,173)**	(1,638)
Bank charges	**3,438**	1,345
	10,733	11,697

(b) Staff costs (i)

	2011	2010
	RMB'000	*RMB'000*
Salaries, wages and allowances	**681,628**	450,478
Contributions to retirement schemes	**40,770**	33,954
Equity-settled share-based payment expenses	**13,681**	39,897
	736,079	524,329

(c) Other items

	2011	2010
	RMB'000	*RMB'000*
Cost of inventories (i)	**4,833,313**	2,794,101
Auditors' remuneration	**4,795**	5,188
Depreciation of property, plant and equipment (i)	**99,754**	94,095
Amortisation of intangible assets	**8,283**	8,734
Amortisation of lease prepayments	**5,202**	4,272
Net reversal of impairment provision for trade receivables	**(779)**	(10,846)
Impairment losses for other receivables	**–**	511
Write-down of inventories	**14,292**	22,408
Reversal of write-down of inventories	**(4,883)**	(34,421)
Research and development costs	**82,192**	72,022
Operating lease charges for property rental	**4,223**	4,265
Provision for product warranties	**21,145**	17,032

(i) Cost of inventories includes RMB306,839,000 (2010: RMB210,045,000) 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

	2011	2010
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**155,568**	76,254
Over-provision in respect of prior years	**(2,168)**	(1,923)
	153,400	74,331
Deferred tax		
Reversal and origination of temporary differences	**(6,097)**	9,258
	147,303	83,589

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

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

Pursuant to the relevant laws and regulations in the PRC, 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.

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 2011, the Company's certain subsidiaries in the PRC were enjoying the aforesaid tax relief and preferential tax treatment, and accordingly the Company's subsidiaries in PRC were subject to income tax at 15% to 25% (2010: 12.5% to 25%).

Pursuant to the Corporate Income Tax Law of the PRC and its relevant regulations, PRC-resident enterprises are levied withholding income tax at 10% on dividends to their non-PRC-resident corporate investors for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. Under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest of a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%. As at 31 December 2011, deferred tax liability recognised in this regard was RMB45,422,000 (2010: RMB36,480,000).

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

8. EARNINGS PER SHARE

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

	2011	2010
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**567,060**	276,901

	2011	2010
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
Weighted average number of shares for the purpose of diluted earnings per share	**1,873,093,522**	1,874,794,340

9. TRADE AND BILL RECEIVABLES

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

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Current	**1,043,326**	587,507
Less than 1 month past due	**81,071**	92,557
1 to 3 months past due	**8,563**	64,205
More than 3 months but less than 12 months past due	**144,840**	128,479
More than 12 months past due	**75,458**	5,882
Amounts past due	**309,932**	291,123
	1,353,258	878,630

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

10. TRADE AND BILL PAYABLES

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Trade creditors	**1,051,501**	737,620
Bills payable	**241,846**	134,420
	1,293,347	872,040

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

	The Group	
	2011	2010
	RMB'000	*RMB'000*
Due within 3 months or on demand	**1,230,410**	866,926
Due after 3 months but within 12 months	**54,558**	5,114
Due after 12 months	**8,379**	–
	1,293,347	872,040

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

11. DIVIDENDS

A final dividend in respect of 2011 of HK6.00 cents (equivalent to approximately RMB4.88 cents) per ordinary share and HK6.00 cents (equivalent to approximately RMB4.88 cents) per non-redeemable convertible preference share has been proposed by the Directors. The proposed final dividend in respect of 2011 is subject to the approval of shareholders in the forthcoming annual general meeting.

The final dividend in respect of 2011 was proposed after the balance sheet date and accordingly has not been recognised as a liability at the balance sheet date.

BUSINESS REVIEW

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

Product portfolio

The three business segments of the Group are primarily carried out by 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
- Natural gas refueling station systems
- Liquefied petroleum gas ("**LPG**") trailers and tanks
- Natural gas compressors
- Project engineering services, e.g. LNG application projects

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

Chemical equipment

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

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

Liquid food equipment

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

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

Operational performance

Due to the continuous growth in global demand for equipment for the storage and transportation of natural gas and specialty gases, particularly in China, the energy equipment segment experienced a robust growth in 2011. With a recovering global economy, the demand for tank containers for transportation of chemicals rose sharply during the year and drove the chemical equipment segment's remarkable surge in turnover. Although, the business environment of liquid food equipment remained challenging, the segment posted an upswing in turnover due to an increase in order intakes. As a result, the turnover for 2011 increased by 68.0% to RMB6,716,034,000 over the previous year (2010: RMB3,998,617,000). The performance of each segment is discussed below.

During the year ended 31 December 2011, the energy equipment segment remained the top grossing segment of the Group with revenue rising by 36.6% to RMB3,268,406,000 (2010: RMB2,391,970,000) and accounted for 48.7% (2010: 59.8%) of the Group's total turnover. Within the segment, CNG equipment was the biggest revenue contributor while LNG equipment was the growth engine of the segment.

The chemical equipment segment recorded a 139.9% increase in turnover to RMB2,874,670,000 (2010: RMB1,198,268,000) and made up 42.8% of the Group's total turnover (2010: 30.0%). Tank container, which is the dominant product of the segment, saw its sales volume doubled during the year and is the main driver for this segment's growth.

The liquid food equipment segment has made a comeback with turnover growing by 40.3% to RMB572,958,000 during the year (2010: RMB408,379,000) in 2011 and accounted for 8.5% of the Group's total turnover (2010: 10.2%).

Gross profit margin and profitability

The energy equipment segment's gross profit margin ("**GP margin**") rose slightly by 1.7 percentage points to 23.8% (2010: 22.1%). The rise in the segment's GP margin was mainly caused by an increase in the GP margin of LNG storage and transportation products within the segment. The LNG storage and transportation products increased its GP margin as these products' average selling price ("**ASP**") rose due to a surge in demand for these products while unit cost rose at a slower pace than ASP.

In relation to the chemical equipment segment, its GP margin saw a further improvement from 12.0% in 2010 to 14.8% in the current year. The demand for tank container had been strong during 2011 owing to a gradually recovering global economy, which resulted in doubling of the sales volume in 2011. More importantly, higher selling price and improved production efficiency boosted the segment's GP margin.

The GP margin for liquid food equipment segment fell to 10.7% (2010: 18.6%). In order to boost sales order intakes, the segment has adopted an aggressive pricing strategy which adversely affected the segment's GP margin.

Due to the different contribution by respective segments on the overall GP margin, the improved GP margin of chemical equipment segment lifted the Group's overall GP margin slightly by 0.1 percentage point to 18.8% (2010: 18.7%).

Profit from operations expressed as a percentage of turnover increased by 1.6 percentage point to 11.0% (2010: 9.4%) which is mainly attributable to the economies of scale that saw both selling and administrative expenses rising at a pace slower than the growth in turnover.

As a result, profit attributable to equity shareholders of the Company for the year reached RMB567,060,000 representing a growth of 104.8% over the previous year (2010: RMB276,901,000).

Research and development

To develop new products and to enhance manufacturing technologies, the Group has undertaken a number of R&D projects in 2011 and devoted RMB82,192,000 (2010: RMB72,022,000) to these.

During the year, the Group conducted twenty R&D projects, for the energy equipment segment, such as CNG ship applications, LNG tanks with a volume of 20,000 cbm, high-pressure tube trailer, and equipment for storage and transportation of industrial gas like silane gas containers. The chemical equipment arm focused on the R&D of special tank containers, carbon steel tank containers and tank containers for refrigerant.

Following the acquisition of Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("**YPDI**", 南京揚子石油化工設計工程有限責任公司), the Group's R&D team has been working closely with YPDI on the overall planning and co-ordination of research and development on project engineering services and integrated solutions as well as product design, such as the natural gas liquefaction plant, petrochemical equipment and storage and transportation projects, and large-volume LNG storage tanks.

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

Production capacity

In the year, the Group invested RMB519,404,000 in capital expenditure. On top of the investments for regular maintenance and production technology improvements amounted to RMB26,577,000, the investment amount of RMB431,052,000 and RMB61,775,000 were attributable to enhancement of production capacity and acquisition activities respectively.

During the year, we have made two strategic acquisitions to expand our core business and strengthen our core competitiveness in the energy and chemical industries. The first acquisition of YPDI enriches our project engineering capability which enables us to expand into upstream customer network; and the second acquisition of Nantong CIMC Transportation & Storage Equipment Co., Ltd. ("**Nantong Transport**", 南通中集

交通儲運裝備製造有限公司) will further increase our production capacity of our existing energy equipment including LNG trailers and other cryogenic transportation and storage products. The achievement of the above acquisitions definitely enables us to maintain leading position in equipment manufacturing. As of 31 December 2011, the capital commitment of the above acquisitions is approximately RMB169,577,000.

The Group targets to expand the production capacity of its energy equipment in order to tap on the progressive growth of gas source due to more pipelines and costal LNG terminals in operations in the coming years. This target will be principally achieved by organic growth through both expansions of our existing production plants and the construction of new production lines. Accordingly, during the year the capital expenditure mainly went to enhancement of energy equipment production facilities in the PRC which includes acquisition of land and construction of factory buildings for relocating the compressors production plant from the existing location to a newly developed industrial park in Bengbu. In addition, the Group is building a light weight composite cylinder production line in Shijiazhuang, expanding the LNG production facilities in Zhangjiagang and the LPG product plant in Jingmen. In anticipation of increase in demand for tank containers, the Group has also invested in enhancing the production capacities of the tank container production base 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 exported to South-east Asia, Europe and North America. Liquid food products and services are mostly sold in Europe.

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

In order to capitalise the business opportunities in overseas countries and diversify revenue sources, the Group is expanding its overseas markets. During the year, the Group's revenue derived from overseas amounted to RMB3,307,052,000 (2010: RMB1,568,253,000). Special focus remains on emerging markets, such as South-east Asia, Central Asia and South America. The Group has organised visits to several emerging markets recently, so as to gather local market information and meantime promote its products and services.

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

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

Cost control

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

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

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

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.

Moreover, the Group organises regular conferences where customers are encouraged to share their opinion on the Group's products and services.

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

Human resources

At 31 December 2011, the total number of employees of the Group was approximately 7,500. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) were approximately RMB736,079,000 (2010: RMB524,329,000).

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 2011, the Group recorded cash on hand of RMB1,060,996,000 (2010: RMB941,109,000) and bank loans and overdrafts of RMB495,707,000 (2010: RMB121,679,000). A portion of the Group's bank deposits totalling RMB86,940,000 (2010: RMB118,077,000), 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 2011, the Group's bank loans and overdrafts amounted to RMB495,707,000 (2010: RMB121,679,000) and apart from the HKD325,000,000 (equivalent to RMB264,403,000) three-year term loans that bear interest at floating rates, the overall bank loans bear interest at rates from 1.96% to 6.67% per annum and repayable within one year. At 31 December 2011, the Group did not have secured bank loan (2010: secured bank loans of RMB19,769,000 were secured by a pledge of restricted bank deposits which had a carrying amount of RMB19,769,000). As of 31 December 2011, bank loans amounting to RMB492,757,000 (2010: RMB84,564,000) were guaranteed by the Company's subsidiaries.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2010: zero times) as the Group retained a net cash balance of RMB565,289,000 (2010: RMB819,430,000). The decrease in net cash balance is arising from the increment of short term bank loans, which is mainly to fulfill the higher work capital requirement for expanding trade volume. The Group's interest coverage was 63.9 times for the period (2010: 31.5 times) which demonstrates that the Group is fully capable of meeting its interest expense commitments.

During 2011, net cash generated from operating activities amounted to RMB317,595,000 (2010: RMB305,697,000). The Group drew bank loans of RMB1,162,958,000 (2010: RMB39,769,000) and repaid RMB774,533,000 (2010: RMB117,584,000).

Assets and liabilities

At 31 December 2011, total assets of the Group amounted to RMB6,655,018,000 (2010: RMB4,848,476,000) while total liabilities were RMB3,293,673,000 (2010: RMB2,033,833,000). The net asset value rose by 19.4% to RMB3,361,345,000 (2010: RMB2,814,643,000) which was mainly attributable to the net profit of RMB574,591,000 but offset by exchange difference on translation of financial statements denominated in foreign currencies of RMB37,970,000 for the year. As a result, the net asset value per share increased to RMB1.795 at 31 December 2011 from RMB1.503 at 31 December 2010.

Contingent liabilities

At 31 December 2011, the Group did not have any significant contingent liabilities.

Capital commitments

At 31 December 2011, the Group had contracted but not provided for capital commitments of RMB354,350,000 (2010: RMB123,625,000). As of 31 December 2011, the Group did not have authorised but not contracted for capital commitments (2010: Nil).

Foreign exchange exposure

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

Future plans for material investments and expected source of funding

Currently, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and to an extent by bank loans. Concurrently, the Group will take particular caution on the inventory level, credit policy as well as receivable management in order to enhance its future operating cash flow.

The Group has sufficient resources of funding and unutilized banking facilities to meet future capital expenditure and working capital requirement. As of 31 December 2011, the Group had total capital commitments of RMB354,350,000.

FUTURE PLAN AND STRATEGIES

After the 2008 global downturn, the world economy has been undergoing a gradual recovery. China recently took step to stimulate its economy by cutting the state's bank reserve requirements. It is expected that the Chinese government is confident in achieving its growth and inflation targets for 2012 with the modest monetary and fiscal easing policy.

The economic landscape of 2012 will continue to face uncertainties, the Group remains prudently optimistic about the outlook of the sectors it is engaged in. The Group strives to be a world-leading manufacturer of specialised equipment and provider of related project engineering services in energy, chemical and liquid food industries.

The Group will continue to expand its core business and strengthen its core competitiveness to further consolidate its leading market position in equipment manufacturing. In addition, the Group has been proactively seeking new revenue sources to attain long-term and healthy growth. The Group's business portfolio will be enhanced through the materialisation of two acquisition arrangements entered into in the second half of 2011.

Developing its own ability to offer project engineering services and one-stop solutions is one of the Group's key strategies. With over 10 years' experience and the advanced qualifications in design and project engineering possessed by YPDI, the Group believes that the acquisition will enhance its engineering service capability, and enable it to expand into the upstream customer network. YPDI will become the Group's engineering business platform for the energy and chemical industries, and provide the relevant engineering services and integrated solutions for its existing and potential customers. The acquisition of YPDI has been completed in January 2012.

The Group will step up its effort in exploring project engineering business and largely focus on the development of cryogenic tanks, refilling station projects, small and medium scale liquefaction, petrochemical gas storage, gas processing projects and chemical spherical tanks.

In order to enhance its production capacity of LNG trailers and other cryogenic transportation and storage products, the Group entered into equity transfer agreements with certain subsidiaries of China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), to acquire the entire equity interest in Nantong Transport. Nantong Transport possesses the production capability and the license in the PRC to manufacture pressure vessels, and has been acknowledged by its customers in terms of high quality products and services in the special vehicle industry. The Group believes that it will benefit from the synergy brought by the acquisition in terms of manufacturing technologies and economies of scale, and will have its competitive position in the energy equipment sector further strengthened. The acquisition of Nantong Transport has been completed in February 2012.

China has for years heavily promoted natural gas consumption with significant investments being poured into the natural gas industry. Embracing the rapid growth of gas consumption in China, the Group has invested actively in building new plants to enlarge its production capacity scale, so as to satisfy the accelerating demand for natural gas storage and transportation equipment. These new plants are expected to be gradually completed and put into operation in 2012.

For the chemical equipment segment, the Group's special tank containers have received extensive recognition by its customers and enable such products to develop quickly. The Group remains committed in maintaining its leading position in tank container manufacturing business and will pursue more business opportunities through development of various tank containers and proactive marketing strategies.

Expansion of export business is also the Group's long-term development strategy. The Group plans to further penetrate into the international market and open up more business in emerging markets to achieve a sustainable growth in sales.

Looking forward to the year ahead, the global economy will be facing challenges due to the debt crisis in Europe, the slow economic recovery in the United States, the political instability in the Middle East, as well as the anticipated slowdown of economic growth in China. Confronted with these uncertainties, extra efforts will be put into implementing a number of stringent cost control measures and internal control policies to maintain the Group's competitiveness.

In addition, the Group will continuously pay attention to cash flow planning and control through tighter control on inventory levels and trade receivables, and at the same time, the Group will maintain good relationship with commercial banks and, if necessary, obtain banking facilities for financing investment activities.

As for the production aspect, the Group will continue its manufacturing technology improvement programs which can contribute to reduction in production costs and enhancement of production efficiency and product quality.

On the back of the dedication of the staff, its future development strategies, its leading market position and solid fundamentals, the Group is well prepared to cope with the challenges ahead, grasp business opportunities and bring long-term returns to its shareholders.

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 2011.

The Company's corporate governance report is set out in the soon published Annual Report 2011. 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 2011.

PROPOSED FINAL DIVIDEND

The Board is pleased to propose a final dividend in respect of 2011 of HK6.00 cents per ordinary share and HK6.00 cents per non-redeemable convertible preference share, subject to the approval of shareholders in the forthcoming annual general meeting to be held on Friday, 18 May 2012.

CLOSURE OF REGISTER OF MEMBERS

To ascertain shareholders' entitlements to the proposed final dividend, the register of members of the Company will be closed from Thursday, 24 May 2012 to Friday, 25 May 2012 (both days inclusive). In order to qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716,17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 23 May 2012.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

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

DIRECTORS

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

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

Hong Kong, 19 March 2012

The Annual Report 2011 will be dispatched to the shareholders and published on the websites of the Company and the Stock Exchange as soon as practicable.