

[For Immediate Release]



(stock code: 3899)

CIMC Enric Announces 2020 Interim Results
Actively responded to challenges and
adhered to the principle of sound management

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change
	2020 RMB'000	2019 RMB'000	
Revenue	5,319,352	6,584,418	-19.2%
Profit from operations	287,778	505,899	-43.1%
Profit for the period	205,230	387,433	-47.0%
Profit attributable to shareholders	215,993	382,879	-43.6%
Earnings per share	RMB	RMB	
– Basic	0.109	0.196	-44.4%

(20 August 2020 – Hong Kong) - CIMC Enric Holdings Limited (“CIMC Enric” or “the Group”, SEHK stock code: 3899), today announces its unaudited interim results for the six months ended 30 June 2020.

Chairman and Executive Director of CIMC Enric Mr. Gao Xiang commented, “The outbreak of COVID-19 pandemic has affected the global economic activities and international trading activities severely , and the Group’s business development has also been affected to a certain extent. As a result, the revenue for 1H2020 decreased by 19.2% to RMB 5,319,352,000 (1H2019: RMB 6,584,418,000).”

OPERATIONAL PERFORMANCE

Profit attributable to shareholders decreased 43.6% to RMB 215,993,000 (1H2019: RMB 382,879,000). Basic earnings per share was RMB 0.109 (1H2019: basic earnings per share RMB 0.196).

The clean energy segment's revenue dropped by 4.1% to RMB 2,993,243,000 (1H2019: RMB 3,120,071,000). This was mainly because of the delay in delivery and fulfillment of customers' order due to the suspension of production and on-site work caused by the COVID-19 lockdown measures. However, this was mitigated to some extent by the rise in the sales of on-vehicle LNG fuel tanks in response to an increased demand for LNG-powered heavy-duty trucks with China adopting a more stringent vehicle emission standard. The segment remains the top grossing segment and accounted for 56.3% (1H2019: 47.4%) of the Group's total revenue.

The chemical and environmental segment's revenue decreased by 44.5% to RMB 1,072,219,000 (1H2019: RMB1,932,867,000). As the two years of 2017 and 2018 recorded substantial revenue increases, the demand for standard tank containers has been declining since the second half of 2019. Another reason was the pandemic's negative impact on international trade. The segment accounted for 20.2% of the Group's total revenue (1H2019: 29.4%).

The liquid food segment's revenue posted a decline of 32.2% to RMB 1,021,611,000 during the period (1H2019: 1,507,136,000). Since most of the liquid food segment's business involvement on-site construction, there were a large degree of delay in performing on-site construction work during the period and project and projection deliveries were behind schedule. The segment accounted for 19.2% of the Group's total revenue (1H2019: 22.9%).

PROSPECTS

Clean Energy Segment

Benefitting from the rapid control over the outbreak of COVID-19 in China, the economic recovery in China has been under way since the second quarter of 2020 with positive outlook in general. Natural gas consumption in China for the first half of 2020 grow by 4% YoY to 155.6 billion cubic metres. Meanwhile, the domestic LNG consumption increased by 24% YoY to 15.24 million tonnes in the first half of 2020, which bolstered a significant growth in demand for LNG transportation, storage and down-stream application equipments.

With the increasingly strict regulation of ecological environment in China, industrial coal-to-gas conversion, natural gas heating and natural gas as fuel in transportation will leave natural gas an enormous space for development. It is expected that the proportion of natural gas in primary energy consumption will continue to grow during the "14th Five-Year Plan" period. With IMO regulations to reduce sulphur oxides emissions came into force, more ships are converting to dual-fuel or LNG powered system. In the long run, the Group's clean energy segment will benefit from many positive factors in general and maintain stable and rapid development.

Focusing on the future, Adhering to the core business of "equipment manufacturing + project engineering service + integrated solution" as the main path, the segment will actively track with national policies, and strategically covers the entire natural gas industry value chain. In the meantime, to seize opportunities arising from the growing trend of low-carbon economy and accelerated pace of clean energy application around the world, the segment will further integrate its overseas energy business and commit greater resources to the clean energy sector, such as marine gas storage and transportation and LNG powered ships, etc. The segment is seeking strategic cooperation with Hexagon, a company listed in Norway, to co-develop the market of transportation and storage equipment for hydrogen in China, with an aim to create a new momentum for growth.

Chemical and Environmental Segment

The overall demand of tank container has maintained at a relatively stable level, with replacement and upgrade of conventional transportation mode for chemical industry, using a green logistics mode with safer, more economical, more environmental-friendly and smarter applications to transport dangerous goods will become the big trend of chemical transportation industry. Further, as the number of new chemical mediators and derivatives continue to emerge in line with the development of chemical industry, a relatively significant growth in special tank container market is expected.

In 2020, overall demand for tank container plunges due to the impacts of the global outbreak of COVID-19, further deteriorating competitive landscape in the market. As tank container manufacturing is going through an industry reshuffle, this segment has to withstand short-term pressure. However, in the long run, the Group has been deeply engaged in the tank container business for many years, with high-quality products and rich experience, the market position will be further consolidated. In recent years, escalating effort has been putting in maintaining clean water, dealing with air pollution, soil pollution and industrial solid wastes by the government in China, providing on-going favorable causes for development of the enterprises engaged in environmental related sector.

In terms of future plans and strategies, the Group will continue to enhance R&D and market development. On top of cementing our leading position in the market for standard tank containers, we will endeavour to develop special tank containers. Besides, the Group will also actively strive to introduce intelligent features to its products, aiming to help customers enhance their operating efficiency and materialise intelligent logistics with the use of internet of things. Quickened global expansion will take place to increase our global market share. This segment endeavours to enter the environmental industry – an emerging industry that integrates equipment manufacturing, engineering and operation services, which has large market potentials, considerable profitability. Given our core capacity of equipment manufacturing as the foundation, our technological invention in environmental protection sector as the core competitive strength and our hazardous waste disposal business as the key development direction, the segment will build up its capacity in whole-industry-chain, facilitating innovative development of environmental protection business.

Liquid Food Segment

Through the renowned brands of “Ziemann Holvrieka”, “Briggs”, “DME”, “NSI” and “McMillan”, the Group’s Liquid food segment possesses competitive strengths which are derived from its world-leading capabilities in design, manufacture and project engineering of breweries, brewery equipment and distilleries, proven business results and global brand influence. Meanwhile, the diverse geographic locations of production facilities in Europe and China have afforded a solid ability in global coordination over production, procurement, operation and regional marketing.

Integration of Briggs has proven to be successful. In the first half of 2020, the segment also acquired 100% equity interest in McMillan (Coppersmiths & Fabricators) Ltd., a manufacturer of copper distilling and brewing equipments in the UK, such move will effectively consolidate segment’s liability in supplying the whole value chain of the distilled liquor industry. The Group aim to become the largest supplier worldwide to the distilled liquor, industry, striving to generate more opportunities for revenue and profit growth.

In the future, the liquid food segment will expand globally and diversify to equipment and project

engineering for the manufacturing of food items other than beer, following a two-dimensional approach covering vertically beer production and horizontally other liquid food businesses, leveraging its core technologies and strengths in EPC contracting. Also, the liquid food segment constantly reviews and develops its strategy, to gain opportunities in which it can excel and enhance its business position.

Mr. Gao Xiang concluded, “Although the first half of 2020 the business environment is relatively serious, however, with the steady recovery of Chinese economy, We believe CIMC Enric will have tremendous growth opportunities in the clean energy, chemical and environmental and liquid food industries in the second half of 2020. The Group will actively seize market opportunities and strive to achieve technological innovation to meet various market challenges and deliver outstanding returns for shareholders.”

About CIMC Enric Holdings Limited

CIMC ENRIC Holdings Limited is engaged in the design, development, manufacturing, engineering and sales, as well as provision of technical maintenance services for, a wide range of transportation, storage and processing equipment used in the clean energy, chemical & environmental, liquid food industries. The company has set up a comprehensive marketing network with global coverage. After nearly ten years of steady development, the company is now world’s No. 1 player in both production and sales of ISO liquid tanks as well as high pressure gas storage and transportation equipments, and China’s No. 1 player in the business scale of cryogenic facilities, without disregarding the production and sales volumes of CNG, LNG and LPG energy storage and transportation equipments. For further information, please visit: <http://www.enricgroup.com/en/>

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