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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2013	2012	
	RMB'000	*RMB'000*	
Turnover	**4,828,921**	3,829,173	+26.1%
Profit attributable to shareholders	**467,071**	372,557	+25.4%
Basic earnings per share	**RMB0.248**	RMB0.199	+24.6%

The Board of Directors of CIMC Enric Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the unaudited financial results of the Group for the six months ended 30 June 2013 together with the comparative figures for the corresponding period in 2012.

The interim financial results are unaudited but have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, and the Audit Committee.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Turnover	*5*	**4,828,921**	3,829,173
Cost of sales		**(3,852,713)**	(3,100,211)
Gross profit		**976,208**	728,962
Change in fair value of derivative financial instruments		**1,343**	(2,658)
Other revenue, net	*6*	**83,322**	66,882
Other (expenses)/income, net	*6*	**(141)**	5,457
Selling expenses		**(142,424)**	(99,356)
Administrative expenses		**(328,534)**	(234,861)
Profit from operations		**589,774**	464,426
Finance costs	*7*	**(11,147)**	(7,287)
Profit before taxation	*7*	**578,627**	457,139
Income tax expenses	*8*	**(107,476)**	(80,955)
Profit for the period		**471,151**	376,184
Attributable to:			
Equity shareholders of the Company		**467,071**	372,557
Non-controlling interests		**4,080**	3,627
Profit for the period		**471,151**	376,184
Earnings per share	*9*		
Basic		**RMB0.248**	RMB0.199
Diluted		**RMB0.243**	RMB0.197

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**471,151**	376,184
Other comprehensive income for the period		
Items that may be reclassified to profit or loss:		
Currency translation differences	**(14,345)**	10,377
Total comprehensive income for the period	**456,806**	386,561
Attributable to:		
Equity shareholders of the Company	**452,726**	382,934
Non-controlling interests	**4,080**	3,627
Total comprehensive income for the period	**456,806**	386,561

CONSOLIDATED BALANCE SHEET

As at 30 June 2013

	Note	**At 30 June 2013 *RMB'000* (Unaudited)**	At 31 December 2012 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment	*10*	**1,573,578**	1,575,115
Construction in progress		**216,963**	187,586
Lease prepayments		**324,244**	328,273
Intangible assets		**123,266**	133,976
Prepayments		**28,650**	–
Goodwill		**129,341**	129,341
Deferred tax assets		**50,898**	48,589
Other financial assets		**59**	59
		2,446,999	2,402,939
Current assets			
Derivative financial instruments		**1,358**	15
Inventories	*11*	**2,364,468**	1,974,295
Trade and bills receivable	*12*	**2,214,114**	1,841,547
Deposits, other receivables and prepayments		**487,761**	460,970
Amounts due from related parties		**89,816**	37,031
Cash at bank and in hand	*13*	**720,415**	1,010,385
		5,877,932	5,324,243
Current liabilities			
Bank loans and overdrafts	*14*	**193,534**	263,160
Trade and bills payable	*15*	**1,673,065**	1,351,418
Other payables and accrued expenses		**1,301,924**	1,329,817
Income tax payable		**58,016**	75,173
Amounts due to related parties		**86,829**	75,395
Provisions		**50,982**	20,181
Employee benefit liabilities		**57**	68
		3,364,407	3,115,212
Net current assets		**2,513,525**	2,209,031
Total assets less current liabilities		**4,960,524**	4,611,970

	Note	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Non-current liabilities			
Provisions		**26,502**	50,057
Deferred income		**252,291**	243,988
Employee benefit liabilities		**1,538**	1,677
Deferred tax liabilities		**106,287**	101,328
Bank loans	*14*	**120,483**	137,081
		507,101	534,131
NET ASSETS		**4,453,423**	4,077,839
CAPITAL AND RESERVES			
Share capital		**17,332**	17,282
Reserves		**4,406,085**	4,034,631
Equity attributable to equity shareholders of the Company		**4,423,417**	4,051,913
Non-controlling interests		**30,006**	25,926
TOTAL EQUITY		**4,453,423**	4,077,839

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Unaudited									
	Attributable to equity shareholders of the Company									
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Contributed surplus** *RMB'000*	**Capital reserve** *RMB'000*	**Exchange reserve** *RMB'000*	**General reserve fund** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2012	17,235	287,517	877,152	60,198	(235,084)	157,149	2,246,360	3,410,527	20,213	3,430,740
Change in equity for the six months ended 30 June 2012:										
Total comprehensive income for the period	–	–	–	–	10,377	–	372,557	382,934	3,627	386,561
Transactions with equity shareholders in their capacity as equity shareholders:										
Equity-settled share-based transactions	–	–	–	5,658	–	–	–	5,658	–	5,658
Transfer to general reserve	–	–	–	–	–	40,011	(40,011)	–	–	–
2011 final dividend paid	–	(116,881)	–	–	–	–	–	(116,881)	–	(116,881)
Distribution to previous shareholders of Nantong Transport under common control combination	–	–	(66,330)	–	–	–	–	(66,330)	–	(66,330)
At 30 June 2012	17,235	170,636	810,822	65,856	(224,707)	197,160	2,578,906	3,615,908	23,840	3,639,748
At 1 January 2013	17,282	197,080	810,822	62,906	(200,381)	236,672	2,927,532	4,051,913	25,926	4,077,839
Change in equity for the six months ended 30 June 2013:										
Total comprehensive income for the period	–	–	–	–	(14,345)	–	467,071	452,726	4,080	456,806
Transactions with equity shareholders in their capacity as equity shareholders:										
Issuance of shares in connection with exercise of shares options	50	28,352	–	(8,170)	–	–	–	20,232	–	20,232
Equity-settled share-based transactions	–	–	–	4,539	–	–	–	4,539	–	4,539
Transfer to general reserve	–	–	–	–	–	44,842	(44,842)	–	–	–
2012 final dividend paid	–	(105,993)	–	–	–	–	–	(105,993)	–	(105,993)
At 30 June 2013	17,332	119,439	810,822	59,275	(214,726)	281,514	3,349,761	4,423,417	30,006	4,453,423

NOTES:

1. STATEMENT OF COMPLIANCE

The consolidated results set out in this announcement are extracted from the interim financial information of CIMC Enric Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2013. The financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

The interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The interim financial information is unaudited, but has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

On 17 February 2012, Nantong CIMC Tank Equipment Co., Ltd. ("Nantong Tank"), a wholly-owned subsidiary of the Company, acquired from CIMC Vehicle (Group) Co., Ltd. and CIMC Tank Equipment Investment Holdings Company Limited 75% and 25%, respectively, of the issued share capital of Nantong CIMC Transportation & Storage Equipment Co., Ltd. ("Nantong Transport") for an aggregate consideration of RMB66,330,000.

Since the Company, Nantong Tank and Nantong Transport are ultimately controlled by China International Marine Containers (Group) Co., Ltd. ("CIMC") both before and after the abovementioned acquisition, this acquisition is regarded as "common control combination". Accordingly, the Company has applied merger accounting to account for the acquisition of Nantong Transport in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combination" issued by the HKICPA.

In applying merger accounting, the consolidated financial statements incorporate the financial statement items of the combining entities in which common control combination occurs as if they has been combined from the date when the combining entities first came under the control of the controlling party.

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 as described in those annual financial statements.

There are no amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

Certain new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2013 and have not been early adopted by the Group.

The Directors of the Company anticipate that the adoption of the new and revised standards and amendments to standards may result in new or amended presentation and disclosures on the financial statements but will have no significant impact on the Group's results and financial position. The Directors of the Company will adopt the new and revised standards and amendments to standards when they become effective.

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: this segment specialises in the manufacture and sale of a wide range of equipment for the storage, transportation, processing and distribution of natural gas such as compressed natural gas trailers, seamless pressure cylinders, liquefied natural gas ("LNG") trailers, LNG storage tanks, liquefied petroleum gas ("LPG") tanks, LPG trailers, natural gas refuelling station systems and natural gas compressors.

- Chemical equipment: this segment specialises in the manufacture and sale of a wide range of equipment, such as tank containers, for the storage and transportation of liquefied or gasified chemicals.

- Liquid food equipment: this segment specialises in the engineering, manufacture and sale of stainless steel tanks for storage and processing liquid food such as beer, fruit juice and milk.

(a) Segment results, assets and liabilities

	Energy equipment		Chemical equipment		Liquid food equipment		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**2,521,843**	1,999,792	**1,507,202**	1,430,445	**799,876**	398,936	**4,828,921**	3,829,173
Inter-segment revenue	**8,493**	178	**45,649**	–	**–**	–	**54,142**	178
Reportable segment revenue	**2,530,336**	1,999,970	**1,552,851**	1,430,445	**799,876**	398,936	**4,883,063**	3,829,351
Reportable segment profit (adjusted profit from operations)	**332,882**	276,711	**232,928**	201,524	**58,865**	18,334	**624,675**	496,569

	Energy equipment		Chemical equipment		Liquid food equipment		Total	
	At 30 June 2013	At 31 December 2012	**At 30 June 2013**	At 31 December 2012	**At 30 June 2013**	At 31 December 2012	**At 30 June 2013**	At 31 December 2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment assets	**5,333,535**	4,769,012	**1,932,018**	1,773,157	**965,165**	1,017,975	**8,230,718**	7,560,144
Reportable segment liabilities	**2,489,127**	2,315,456	**647,085**	612,691	**359,597**	342,251	**3,495,809**	3,270,398

(b) **Reconciliations of reportable segment revenue, profit, assets and liabilities**

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**4,883,063**	3,829,351
Elimination of inter-segment revenue	**(54,142)**	(178)
Consolidated turnover	**4,828,921**	3,829,173

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**624,675**	496,569
Elimination of inter-segment profits	**(9,135)**	(3,780)
Reportable segment profit derived from the Group's external customers	**615,540**	492,789
Finance costs	**(11,147)**	(7,287)
Unallocated operating income and expenses	**(25,766)**	(28,363)
Consolidated profit before taxation	**578,627**	457,139

	At 30 June	At 31 December
	2013	2012
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**8,230,718**	7,560,144
Elimination of inter-segment receivables	**(81,790)**	(90,753)
	8,148,928	7,469,391
Deferred tax assets	**50,898**	48,589
Unallocated assets	**125,105**	209,202
Consolidated total assets	**8,324,931**	7,727,182

	At 30 June	At 31 December
	2013	2012
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**3,495,809**	3,270,398
Elimination of inter-segment payables	**(81,790)**	(90,753)
	3,414,019	3,179,645
Income tax payable	**58,016**	75,173
Deferred tax liabilities	**106,287**	101,328
Unallocated liabilities	**293,186**	293,197
Consolidated total liabilities	**3,871,508**	3,649,343

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

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) revenue from sale of goods after allowance for return 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 the turnover during the period is as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Sales of goods	**3,815,192**	3,185,876
Revenue from project engineering contracts	**1,013,729**	643,297
	4,828,921	3,829,173

6. OTHER REVENUE, NET AND OTHER (EXPENSES)/INCOME, NET

(a) Other revenue, net

		Six months ended 30 June	
		2013	2012
	Note	***RMB'000***	*RMB'000*
Government grants	*(i)*	**25,077**	7,434
Other operating revenue, net	*(ii)*	**50,933**	49,590
Interest income from bank deposits		**7,312**	9,858
		83,322	66,882

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

(ii) Other operating revenue, net consists mainly of net income earned from subcontracting service and sale of scrap materials.

(b) Other (expenses)/income, net

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Net gain on disposal of property, plant and equipment	**125**	4
Charitable donations	**(15)**	(177)
Other net income	**4,196**	1,342
Foreign exchange (loss)/gain	**(4,447)**	4,288
	(141)	5,457

7. PROFIT BEFORE TAXATION

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

(i) Finance costs

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	**9,123**	6,743
Bank charges	**2,024**	544
	11,147	7,287

(ii) Other items

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Depreciation of property, plant and equipment	**77,965**	53,248
Amortisation of intangible assets	**10,611**	7,805
Amortisation of lease prepayments	**4,030**	3,561
Impairment provision for trade receivables	**7,313**	10,060
Reversal of impairment provision of trade receivables	**(1,751)**	(4,505)
Reversal of impairment provision of other receivables	**(160)**	–
Write-down of inventories	**–**	10
Reversal of write-down of inventories	**(1,356)**	(845)
Research and development expenses	**63,710**	48,438
Operating lease charges for property rental	**5,529**	2,091
Provision for product warranties	**21,564**	18,100
Equity-settled share-based payment expenses	**4,539**	5,657
Transaction cost in relation to acquisition of a subsidiary	**–**	49

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Current income tax	**102,890**	79,722
Deferred income tax	**4,586**	1,233
	107,476	80,955

No provision has been made for Hong Kong Profits Tax as the Group does not have assessable profits subject to Hong Kong Profits Tax during the period. Profits of the Group's operating subsidiaries are subject to income taxes 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 People's Republic of China ("PRC") are subject to statutory income tax rate of 25%.

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 of 15%.

Pursuant to the Tax Law and its relevant regulations, PRC-resident enterprises are levied withholding income tax at 10% on dividends to their non-PRC-resident corporate investors. 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 30 June 2013, deferred tax liability recognised in this regard was RMB36,543,000 (31 December 2012: RMB27,965,000).

Taxation of Dutch, Belgian, Danish and German subsidiaries are charged at the current rates of 25%, 33.99%, 25% and 30% respectively ruling in the relevant countries and are calculated on a stand-alone basis.

9. 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:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**467,071**	372,557

	Six months ended 30 June	
	2013	2012
Number of shares		
Weighted average number of ordinary shares	**1,537,235,511**	898,520,140
Weighted average number of non-redeemable convertible preference shares	**344,585,635**	974,573,382
Weighted average number of shares for the purpose of basic earnings per share	**1,881,821,146**	1,873,093,522
Effect of dilutive potential ordinary shares in respect of the Company's share options scheme *(note 16)*	**42,938,088**	13,960,833
Weighted average number of shares for the purpose of diluted earnings per share	**1,924,759,234**	1,887,054,355

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the addition of property, plant and equipment (including transfer from construction in progress) of the Group amounted to RMB85,513,000 (six months ended 30 June 2012: RMB110,613,000). Items of property, plant and equipment with net book value totalling RMB134,000 were disposed of during the six months ended 30 June 2013 (six months ended 30 June 2012: RMB7,000), resulting in a gain on disposal of RMB125,000 (six months ended 30 June 2012: RMB4,000).

11. INVENTORIES

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Raw materials	**908,733**	724,437
Consignment materials	**109,978**	54,439
Work in progress	**813,833**	666,997
Finished goods	**531,924**	528,422
	2,364,468	1,974,295

12. TRADE AND BILLS RECEIVABLE

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

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Current	**1,644,001**	1,484,583
Less than 1 month past due	**118,715**	82,773
1 to 3 months past due	**47,313**	53,889
More than 3 months but less than 12 months past due	**313,274**	142,376
More than 12 months past due	**90,811**	77,926
Amounts past due	**570,113**	356,964
	2,214,114	1,841,547

Trade and bills receivable (net of impairment losses for bad and doubtful debts) 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.

13. CASH AT BANK AND IN HAND

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Cash in hand and demand deposits	**632,604**	945,475
Restricted bank deposits within three months of original maturity	**879**	8,017
Bank overdrafts	**–**	(184)
Cash and cash equivalents	**633,483**	953,308
Restricted bank deposits with original maturity of more than three months	**86,932**	56,893
Add back bank overdrafts	**–**	184
	720,415	1,010,385

14. BANK LOANS AND OVERDRAFTS

At 30 June 2013, the bank loans and overdrafts were repayable as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Within 1 year or on demand	**193,534**	263,160
After 1 year but within 2 years	**119,483**	137,081
After 2 years but within 5 years	**1,000**	–
	120,483	137,081
	314,017	400,241

All the bank loans and overdrafts were unsecured. The annual rate of interest charged on the bank loans ranged from 2.34% to 6.15% for the six months ended 30 June 2013 (six months ended 30 June 2012: 2.36% to 6.89%).

15. TRADE AND BILLS PAYABLE

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Trade creditors	**1,532,645**	1,153,218
Bills payable	**140,420**	198,200
	1,673,065	1,351,418

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

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Within 3 months	**1,559,388**	1,268,128
3 months to 12 months	**97,027**	63,256
Over 12 months	**16,650**	20,034
	1,673,065	1,351,418

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

16. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 12 July 2006 whereby the directors of the Company are authorised, at their discretion, to invite eligible persons to take up options at a consideration of HKD1.00 to subscribe for shares of the Company. Each option gives the holder the right to subscribe for one ordinary share in the Company.

On 11 November 2009, 43,750,000 share options were granted to certain eligible persons of the Group. The options outstanding at 30 June 2013 had an exercise price of HKD4.00 and a weighted average remaining contractual life of 6.37 years. 28,338,000 options had become exercisable on 11 November 2011.

On 28 October 2011, 38,200,000 share options were granted to certain eligible persons of the Group. The options outstanding at 30 June 2013 had an exercise price of HKD2.48 and a weighted average remaining contractual life of 8.33 years. 40%, 30% and 30% of 35,850,000 options will become exercisable on 28 October 2013, 2014 and 2015, respectively.

No option was granted during the six months ended 30 June 2013.

17. DIVIDENDS

Final dividend of RMB105,993,000 in relation to the year ended 31 December 2012 was paid in June 2013 (2012: RMB116,881,000).

The Board of Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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 eight 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" and "Ziemann".

Operational performance

Turnover

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 continued its robust growth in the first half of 2013. With gradual recovery of the global economy, demand for the dominant product of the chemical equipment segment i.e. tank containers, has also improved which in turn caused the segment to record a growth. The business environment of liquid food equipment industry has improved and coupled with the acquisition of certain assets from Ziemann Group which broadened the Group's product line-up, the segment posted a surge in turnover. As a result, the turnover for the first half of 2013 increased by 26.1% to RMB4,828,921,000 over the same period of previous year (corresponding period in 2012: RMB3,829,173,000). The performance of each segment is discussed below:

During the six months ended 30 June 2013, the energy equipment segment remained the top grossing segment of the Group with revenue rose by 26.1% to RMB2,521,843,000 (corresponding period in 2012: RMB1,999,792,000) and accounted for 52.2% (corresponding period in 2012: 52.2%) of the Group's total turnover. LNG products are the main revenue contributors of this segment.

The chemical equipment segment recorded a growth of 5.4% at RMB1,507,202,000 (corresponding period in 2012: RMB1,430,445,000) with a gradual global economic recovery. The segment made up 31.2% of the Group's total turnover (corresponding period in 2012: 37.4%).

Despite only accounting for 16.6% of the Group's total turnover (corresponding period in 2012: 10.4%), the liquid food equipment segment has outshone the other two segments by posting a growth of 100.5% to RMB799,876,000 during the period (corresponding period in 2012: RMB398,936,000). As a result of emerging market exploration and the contribution from Ziemann International GmbH, the liquid food equipment segment reported a surge in turnover.

Gross profit margin and profitability

The energy equipment segment's gross profit margin ("GP margin") fell slightly by 0.8 percentage points to 21.0% (corresponding period in 2012: 21.8%). A change in the product mix with LNG products overtaking CNG products as the largest sales contributor during the period caused the segment's GP margin to change slightly.

In relation to the chemical equipment segment, its GP margin saw a further improvement from 17.5% in the same period last year to 18.8% during the period. This is mainly attributable to the falling price of stainless steel, the key raw materials, during the period.

The GP margin for liquid food equipment segment rebounded from 10.7% to 20.5% during the period. Last year, the Group established Ziemann International GmbH for the acquisition of certain assets from Ziemann Group which boosted the segment's GP margin in two ways. Firstly, the acquisition lifted the GP margin as the Group has diversified into full range brewery equipment and turnkey projects for breweries which command higher GP margin. Secondly, the acquisition in certain extent reduces competition in the liquid food equipment market as Ziemann Group used to be one of the Group's competitors in this segment.

Due to the different contribution by respective segments on the overall GP margin, the improved GP margins of both chemical and liquid food equipment segments lifted the Group's overall GP margin slightly by 1.2 percentage points to 20.2% (corresponding period in 2012: 19.0%).

Profit from operations expressed as a percentage of turnover increased by 0.1 percentage point to 12.2% (corresponding period in 2012: 12.1%) which is mainly attributable to an improved GP margin despite both selling and administrative expenses rose faster than the growth in turnover.

Research and development

In the six months ended 30 June 2013, several research and development ("R&D") projects and manufacturing technology enhancement projects were undertaken at the same time. The Group devoted RMB63,710,000 (corresponding period in 2012: RMB48,438,000) to the R&D of new products and manufacturing technologies.

Following the acquisition of Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("YPDI"), the Group's R&D team has been working closely with YPDI on the overall planning and coordination of R&D on turnkey engineering projects as well as product design.

Moreover, following the acquisition of certain assets from Ziemann Group, the Group has benefited from broader resources and advanced technologies on the R&D of comprehensive turnkey solutions for processing and distribution of liquid food.

The Group also pays much effort to optimise product design. To save transportation costs and enhance its profitability, the Group has focused on developing lightweight products with advanced technology. Progress has also been made on developing key components in-house rather than procuring them externally, which in turn shortens production cycle and ensures product quality.

Regarding product development, the energy equipment segment conducted R&D projects for LNG refueling station systems, LNG ship tanks and composite cylinder for hydrogen storage. The chemical equipment arm focused on the development of special tank containers and lightweight tank containers. Besides, through close strategic cooperation between the Group's R&D team and external professionals from a research institute and a steel manufacturer in the PRC, the Group targets to develop its own high-strength steel for transportable pressure vessels.

Apart from in-house R&D efforts, in order to strengthen the Group's prime position in the market and promote a sustainable development of the industries it engaged in, the Group has participated in the establishment of several national and/or industrial standards for products such as natural gas trailers, tank containers for liquefied gas, tank containers for hazardous liquids and cryogenic liquids.

The Group also possesses certain patented technologies in different countries to protect its invention and know-how. At 30 June 2013, the Group held exclusive rights to a portfolio of over 310 patents, of which 47 patents are newly obtained during the period.

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

Production capacity

In the first half of 2013, the Group invested RMB146,474,000 in capital expenditure. On top of the investments for regular maintenance and production technology improvements amounted to RMB71,144,000, the amount of RMB75,330,000 were attributable to enhancement of production capacity.

Based on National Development and Reform Commission ("NDRC") latest policy on gas utilisation, the bullish outlook of LNG equipment was further confirmed. City-gas distribution and natural gas vehicle ("NGV") refueling continue to be favoured with priority usage of natural gas resources. Over the past two years, the Group has already undergone a series of expansion activities on production capacity to capture and secure the growing demand for CNG/LNG storage equipment resulting from the acceleration of natural gas distribution and usage. On top of the existing product portfolio, a range of new products, such as modular liquefaction equipment, small LNG storage tanks (anjietong) and advance models of CNG/LNG trailers, have been released to the market and contributed revenue during the period.

In the first half of 2013, the Group commenced another wave of production capacity enhancement on natural gas refueling station and LNG fuel tank to fulfill the needs and demands triggered by the NGV boom in the PRC. The Group has invested to double up the production capacity of LNG fuel tank in both Zhangjiagang and Shijiazhuang, and to provide additional capacity for natural gas refueling station production in Langfang.

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 both North and South America. While the production bases of liquid food products are established in Europe, its products and services are sold worldwide.

The Group is committed to build a broad 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, Sinopec, CNOOC, China Resources Gas, ENN Energy, China Railway Group, Cronos, 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 period, the Group's revenue derived from overseas amounted to RMB2,155,712,000 (corresponding period in 2012: RMB1,790,088,000). 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 allows 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 the tight monetary conditions in China.

The Group will also adopt some proactive sales and marketing approaches to enlarge its market share, for example, building of market information database, collaborative sales mechanism and major customer management programme.

Cost control

With firm determination to maximise cost efficiency, the Group continues to implement cost control and management enhancement programmes. Benefiting from economies of scale as well as successful implementation of the above programmes, 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. An inventory collaboration team has also been formed to monitor the inventory level and procurement process. During the period, 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.

Moreover, the Group will implement a flexible cost forecast programme among its subsidiaries, to achieve tighter cost control and more accurate and efficient budgeting. Such programme emphasises on the relationship between different productivity levels and types of cost involved.

Customer service

The Group values long-standing relationship with customers. Customer service centres have been established in various cities in the PRC and timely delivery of after-sales services and technical support are 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 high pressure cylinder trailers in Xi'an, Shenyang, Haikou, Xinjiang and Yangzhou, the PRC. Construction of an additional examination centre in Guangzhou is scheduled to start in the second half of 2013. 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 30 June 2013, the total number of employees of the Group was approximately 9,500 (corresponding period in 2012: approximately 8,080). Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) were approximately RMB547,699,000 (corresponding period in 2012: RMB425,452,000).

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 2012.

FINANCIAL RESOURCES REVIEW

Liquidity and financial resources

At 30 June 2013, the Group recorded cash on hand of RMB720,415,000 (31 December 2012: RMB1,010,385,000) and bank loans and overdrafts of RMB314,017,000 (31 December 2012: RMB400,241,000). A portion of the Group's bank deposits totalling RMB86,932,000 (31 December 2012: RMB56,893,000), 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 30 June 2013, the Group's bank loans and overdrafts amounted to RMB314,017,000 (31 December 2012: RMB400,241,000), other than the HKD240,000,000 (equivalent to RMB191,172,000) three-year term loan and the RMB1,000,000 three-year term loans for capital expenditure, the remaining is repayable within one year. Apart from the three-year term loan dominated in HKD that bear interest at floating rates, the overall bank loans bear interest at rates from 2.34% to 6.15% per annum. At 30 June 2013, the Group did not have any bank loan secured by assets in pledge (31 December 2012: Nil). As of 30 June 2013, bank loans amounting to RMB314,017,000 (31 December 2012: RMB400,057,000) were guaranteed by the Company's subsidiaries.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (31 December 2012: zero times) as the Group retained a net cash balance of RMB406,398,000 (31 December 2012: RMB610,144,000). The decrease in net cash balance is arising from the increment of inventory, which is mainly to fulfill the higher working capital requirement for expanding trade volume. The Group's interest coverage was 64.4 times for the period (corresponding period in 2012: 68.8 times) which demonstrates that the Group is fully capable of meeting its interest expense commitments.

During the period, net cash used in operating activities amounted to RMB1,076,000; whilst RMB54,395,000 generated from operating activities for the same period last year. The Group drew bank loans of RMB234,207,000 (corresponding period in 2012: RMB658,038,000) and repaid RMB316,696,000 (corresponding period in 2012: RMB533,667,000). A payment of final dividend in respect of the financial year 2012 were approximately RMB105,993,000. In addition, cash proceeds amounted to RMB20,232,000 arose from the issuance of ordinary shares on exercise of share options.

Assets and liabilities

At 30 June 2013, total assets of the Group amounted to RMB8,324,931,000 (31 December 2012: RMB7,727,182,000) while total liabilities were RMB3,871,508,000 (31 December 2012: RMB3,649,343,000). The net asset value rose by 9.2% to RMB4,453,423,000 (31 December 2012: RMB4,077,839,000) which was mainly attributable to the net profit of RMB471,151,000, but offset by exchange difference on translation of financial statements denominated in foreign currencies of RMB14,345,000 and dividend payment of RMB105,993,000 for the period. As a result, the net asset value per share increased to RMB2.362 at 30 June 2013 from RMB2.170 at 31 December 2012.

Contingent liabilities

At 30 June 2013, the Group did not have any significant contingent liabilities.

Capital commitments

At 30 June 2013, the Group had contracted but not provided for capital commitments of RMB51,254,000 (31 December 2012: RMB90,611,000). As of 30 June 2013, the Group did not have authorised but not contracted for capital commitments (31 December 2012: 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 continuously take particular caution on the inventory level, credit policy as well as receivable management in order to enhance its future operating cash flow. The Group has sufficient resources of funding and unutilised banking facilities to meet future capital expenditure and working capital requirement. As of 30 June 2013, the Group had total capital commitments of RMB51,254,000.

FUTURE PLAN AND STRATEGIES

During the period, the world economy has been undergoing a gradual recovery, yet the recovery will continue to face uncertainties. Even though China's GDP growth for the first half 2013 was 7.6%, economists expect economic recovery in the rest of 2013 is subject to certain upside and downside risks such as the sensitivity to the US fiscal policy. Recently, the State Council of China announced a series of new measures to support the growth of environmental and energy conservation sectors. The Chinese government is confident in achieving its growth and inflation targets for 2013 with modest monetary policy easing and expansionary fiscal policy.

The Group remains prudently optimistic about the outlook of the sectors it is engaged in. The Group strives to become 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 expects its business portfolio and leading market position will be reinforced through the organic and acquisition development in 2013.

In the first half of 2013, China has consumed 81.5 billion cubic metres ("bcm") of natural gas, representing a 13.1% increment. China has also reported a surge of 24.6% in natural gas import to approximately 24.7 bcm over the same period last year. According to the International Energy Agency forecasts, between 2012 and 2035 China will spend about USD240 billion on gas infrastructure relating to transmission and distribution and the LNG supply chain. Furthermore, due to the concern for air pollution, cost saving and the promotion of natural gas as vehicle fuel by China's oil and gas enterprises, the demand for natural gas application equipment, such as LNG fuel tanks are stimulated definitely. The Group is also well prepared for the potential huge demand for LNG equipment for LNG vessels. Probably, the development of LNG vessels in China may provide the next growth driver for LNG equipment manufacturers like CIMC Enric. Embracing the Chinese government's plan to boost natural gas consumption with significant investment being poured into the natural gas industry, the Group's new plants in Shijiazhuang and Langfang of Hebei province and Bengbu of Anhui province have come into operation gradually from the third quarter of 2012 which enhanced its production capacity and competitiveness. The Group will further enhance its production capacity mindfully for coping with the industry's future development.

Developing its own ability to offer turnkey engineering services is one of the Group's important strategies. With over 10 years' experience and the advanced qualifications in design and project engineering possessed by YPDI, the Group will step up its effort in exploring more turnkey projects and largely focus on the development of cryogenic tanks, refueling station projects, small and medium scale liquefaction, petrochemical gas storage, gas processing projects, chemical spherical tanks and special vessels for nuclear energy.

The Group's chemical equipment segment will remain committed in maintaining its leading position in tank container manufacturing business by controlling production costs, improving quality and enhancing operational efficiency. To pursue more business opportunities, the segment will input more resources to the development of special tank containers and exploration of more business opportunities especially in China through proactive marketing strategies.

The outlook of the global liquid food industry is still positive, especially in developing countries like China. With the anticipation of a steady growth of the industry, the Group's liquid food equipment arm will continue to implement extension strategies to broaden its customer base. The Group will make use of the resources of Ziemann International GmbH in terms of brand name, market network, manufacturing technologies, process automation and project reference for complementing its development both in international and China market.

Expansion of overseas market has been the Group's long term development strategy. The Group will monitor continuously the market trend in North America and Asia and translate the new market opportunities into business returns in the foreseeable future.

Confronted with economic 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. The Group will continue to control its working capital by tightening inventory level and trade receivables.

As for the production aspect, the Group will also persist in its manufacturing technology improvement programmes and the ONE (Optimisation Never Ending) production programme which can contribute to reduction in production costs and sustainable enhancement of production efficiency and product quality.

As released by Fortune China magazine in July 2013, the Group is delighted that CIMC Enric ranked 450 in the list of China's Fortune 500 companies, which means the Group has been among large enterprises in China, in terms of earnings and financial strength.

Thanks to the shareholders and customers for their trust and support and thanks to all directors and employees for their dedication and good work. The Group endeavours to capture opportunities ahead and continue to grow and bring the best returns to its shareholders.

CORPORATE GOVERNANCE

The Company complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), throughout the six months ended 30 June 2013.

The latest corporate governance report of the Company is set out in the Annual Report 2012. Details of each of the audit committee, the remuneration committee and the nomination committee of the Company are also provided in the same report.

The audit committee of the Company has reviewed and discussed with management the unaudited financial report of the Group for the period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, 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 as a non-executive Director; 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, 20 August 2013

The Interim Report 2013 will be dispatched to the shareholders and published on the websites of the Company and the Stock Exchange.