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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 2014,
The 2014 Final Dividend,
Closure of Register of Members and
Withholding and Payment of Enterprise Income Tax for
Non-resident Enterprises on Distribution of The 2014 Final Dividend**

FINANCIAL HIGHLIGHTS

	2014	2013	
	RMB'000	RMB'000	
		<i>(restated)</i>	
Turnover	11,197,670	10,171,813	+10.1%
Profit attributable to shareholders	1,023,330	979,595	+4.5%
Basic earnings per share	RMB0.529	RMB0.509	
Proposed final dividend per share	HKD0.195	HKD0.120	

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 2014 together with the comparative figures for the year 2013.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

		Year ended 31 December	
		2014	2013
	Note	RMB'000	RMB'000 (restated)
Turnover	4&8	11,197,670	10,171,813
Cost of sales		(9,097,079)	(8,096,447)
Gross profit		2,100,591	2,075,366
Change in fair value of derivative financial instruments		(2,196)	2,359
Other revenue		244,524	228,142
Other income/(expenses), net		4,229	(7,859)
Selling expenses		(325,464)	(274,856)
Administrative expenses		(804,760)	(792,640)
Profit from operations		1,216,924	1,230,512
Finance costs	5	(33,496)	(35,188)
Share of post-tax loss of associates		(1,497)	–
Profit before taxation	5	1,181,931	1,195,324
Income tax expenses	6	(146,868)	(207,584)
Profit for the year		1,035,063	987,740
Attributable to:			
Equity shareholders of the Company		1,023,330	979,595
Non-controlling interests		11,733	8,145
Profit for the year		1,035,063	987,740
Earnings per share	7		
– Basic		RMB0.529	RMB0.509
– Diluted		RMB0.519	RMB0.498

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	As at 31 December 2014	As at 31 December 2013
Note	RMB'000	<i>RMB'000</i> <i>(restated)</i>
Non-current assets		
Property, plant and equipment	2,004,504	2,030,788
Construction in progress	227,072	84,479
Investment property	38,982	–
Lease prepayments	440,373	460,791
Intangible assets	97,020	123,220
Investment in associates	4,457	4,000
Goodwill	129,341	129,341
Other financial assets	–	59
Deferred tax assets	58,123	57,763
	2,999,872	2,890,441
Current assets		
Derivative financial instruments	29	1,104
Inventories	1,955,397	2,494,944
Trade and bills receivables	3,135,729	2,437,086
Deposits, other receivables and prepayments	552,941	800,047
Amounts due from related parties	167,691	80,279
Restricted bank deposits	111,886	133,378
Cash and cash equivalents	1,677,737	1,542,585
	7,601,410	7,489,423
Current liabilities		
Derivative financial instruments	1,511	390
Bank loans and overdrafts	60,499	134,493
Loans from related parties	110,000	385,812
Trade and bills payables	1,856,526	1,856,517
Other payables and accrued expenses	1,850,805	2,077,725
Amounts due to related parties	99,737	65,684
Warranty provision	49,095	42,337
Income tax payable	13,831	32,577
Employee benefit liabilities	148	207
	4,042,152	4,595,742
Net current assets	3,559,258	2,893,681
Total assets less current liabilities	6,559,130	5,784,122

	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000 <i>(restated)</i>
Non-current liabilities		
Bank loans	25,223	36,380
Warranty provision	47,367	43,364
Deferred tax liabilities	98,007	111,467
Deferred income	271,215	268,213
Employee benefit liabilities	1,175	1,682
	<u>442,987</u>	<u>461,106</u>
NET ASSETS	<u>6,116,143</u>	<u>5,323,016</u>
CAPITAL AND RESERVES		
Share capital	17,699	17,376
Reserves	6,052,640	5,271,569
Equity attributable to equity shareholders of the Company	6,070,339	5,288,945
Non-controlling interests	<u>45,804</u>	<u>34,071</u>
TOTAL EQUITY	<u>6,116,143</u>	<u>5,323,016</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to equity shareholders of the Company							Non-controlling interests RMB'000	Total equity RMB'000	
	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
At 1 January 2013 (as previously reported)	17,282	197,080	810,822	62,906	(200,381)	236,672	2,927,532	4,051,913	25,926	4,077,839
Holvrieka (China) Co., Ltd. ("NCLS") under common control combination	-	-	295,495	-	(14,195)	-	(3,071)	278,229	-	278,229
At 1 January 2013 (restated)	17,282	197,080	1,106,317	62,906	(214,576)	236,672	2,924,461	4,330,142	25,926	4,356,068
Comprehensive income										
Profit for the year	-	-	-	-	-	-	979,595	979,595	8,145	987,740
Other comprehensive income										
Currency translation difference	-	-	-	-	12,158	-	-	12,158	-	12,158
Total comprehensive income	-	-	-	-	12,158	-	979,595	991,753	8,145	999,898
Issuance of shares in connection with exercise of share options	94	48,327	-	(13,975)	-	-	-	34,446	-	34,446
Equity-settled share-based transactions	-	-	-	9,554	-	-	-	9,554	-	9,554
Transfer to general reserve	-	-	-	-	-	92,935	(92,935)	-	-	-
2012 final dividend paid	-	(105,993)	-	-	-	-	-	(105,993)	-	(105,993)
Capital injection by previous shareholders of NCLS under common control combination	-	-	29,043	-	-	-	-	29,043	-	29,043
Total contributions by and distributions to owners of the Company recognised directly in equity	94	(57,666)	29,043	(4,421)	-	92,935	(92,935)	(32,950)	-	(32,950)
At 31 December 2013 (restated)	<u>17,376</u>	<u>139,414</u>	<u>1,135,360</u>	<u>58,485</u>	<u>(202,418)</u>	<u>329,607</u>	<u>3,811,121</u>	<u>5,288,945</u>	<u>34,071</u>	<u>5,323,016</u>
At 1 January 2014	17,376	139,414	1,135,360	58,485	(202,418)	329,607	3,811,121	5,288,945	34,071	5,323,016
Comprehensive income										
Profit for the year	-	-	-	-	-	-	1,023,330	1,023,330	11,733	1,035,063
Other comprehensive income										
Currency translation difference	-	-	-	-	(79,015)	-	-	(79,015)	-	(79,015)
Total comprehensive income	-	-	-	-	(79,015)	-	1,023,330	944,315	11,733	956,048
Issuance of shares in connection with exercise of share options	44	19,916	-	(5,729)	-	-	-	14,231	-	14,231
Issue ordinary shares for acquisition	315	-	(315)	-	-	-	-	-	-	-
Cancellation of shares repurchased from open market	(36)	(31,406)	-	-	-	-	-	(31,442)	-	(31,442)
Transfer to retained earnings	-	-	-	(117)	-	-	117	-	-	-
Equity-settled share-based transactions	-	-	-	34,761	-	-	-	34,761	-	34,761
Transfer to general reserve	-	-	-	-	-	43,706	(43,706)	-	-	-
2013 final dividend paid	-	-	-	-	-	-	(180,471)	(180,471)	-	(180,471)
Total contributions by and distributions to owners of the company, recognised directly in equity	323	(11,490)	(315)	28,915	-	43,706	(224,060)	(162,921)	-	(162,921)
At 31 December 2014	<u>17,699</u>	<u>127,924</u>	<u>1,135,045</u>	<u>87,400</u>	<u>(281,433)</u>	<u>373,313</u>	<u>4,610,391</u>	<u>6,070,339</u>	<u>45,804</u>	<u>6,116,143</u>

NOTES:

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated results set out in this announcement are extracted from the financial statements of the Group for the year ended 31 December 2014. The financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

The consolidated financial statements of CIMC Enric Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The consolidated financial statements are prepared in accordance with the applicable disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32) and comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements will be disclosed in the soon published Annual Report 2014.

2 RESTATEMENT FROM COMMON CONTROL COMBINATION

On 10 July 2014, Sound Winner Holdings Limited (“Sound Winner”), a wholly-owned subsidiary of the Company, acquired from CIMC Tank Equipment Investment Holdings Company Limited (“CIMC Tank Equipment”) 100% of the registered capital of Holvrieka (China) Co., Ltd. (“NCLS”). The consideration was satisfied by Sound Winner procuring the allotment and issue of 39,740,566 ordinary shares by the Company to CIMC Tank Equipment.

Since the Company, Sound Winner and NCLS 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 NCLS in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA.

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

The net assets of the combining entities are consolidated using the existing book values from the controlling parties’ perspective. No amount is recognised in respect of goodwill or excess of acquirers’ interest in the net fair value of acquirees’ identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party’s interest.

The consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the previous balance sheet date unless they first came under common control at a later date.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as expenses in the year in which they are incurred.

Reconciliation of the results of operations for the year ended 31 December 2013 and the financial position as at 31 December 2013 previously reported by the Group and the restated amounts presented in the consolidated financial statements are set out below:

	For the year ended 31 December 2013			For the year ended 31 December 2014	
	The Group RMB'000 (as previously reported)	NCLS RMB'000	Elimination RMB'000	The Group RMB'000 (restated)	The Group RMB'000
Results of operations					
Revenue	9,981,462	367,128	(176,777)	10,171,813	11,197,670
Profit from operations	1,202,748	27,764	–	1,230,512	1,216,924
Profit for the year	980,666	7,074	–	987,740	1,035,063
Profit for the year attributable to equity shareholders of the Company	972,521	7,074	–	979,595	1,023,330
Basic earnings per share	0.516	–	–	0.509	0.529
Diluted earnings per share	0.504	–	–	0.498	0.519
Financial position					
	As at 31 December 2013			As at 31 December 2014	
	The Group RMB'000 (as previously reported)	NCLS RMB'000	Elimination RMB'000	The Group RMB'000 (restated)	The Group RMB'000
Current assets	7,068,984	442,340	(21,901)	7,489,423	7,601,410
Total assets	9,560,178	841,646	(21,960)	10,379,864	10,601,282
Current liabilities	4,090,343	527,300	(21,901)	4,595,742	4,042,152
Total liabilities	4,551,508	527,300	(21,960)	5,056,848	4,485,139
Equity attributable to equity shareholders of the Company	4,974,599	314,346	–	5,288,945	6,070,339

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There are no new or amended standards or interpretations that are effective for the first time for the current accounting period of the Group and the Company that have a material impact on the Group and the Company.

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

4 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, excluding value added taxes or other sales taxes and 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:

	2014 RMB'000	2013 RMB'000 (restated)
Sales of goods	8,122,139	7,985,712
Revenue from project engineering contracts	3,075,531	2,186,101
	11,197,670	10,171,813

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2014 RMB'000	2013 RMB'000 (restated)
Interest on bank loans and other borrowings	32,374	35,401
Less: interest capitalised	(2,177)	(3,812)
	30,197	31,589
Bank charges	3,299	3,599
	33,496	35,188

(b) Staff costs⁽ⁱ⁾

	2014 RMB'000	2013 RMB'000 (restated)
Salaries, wages and allowances	1,161,651	1,147,467
Contributions to retirement schemes	59,174	53,610
Equity-settled share-based payment expenses	34,761	9,554
	1,255,586	1,210,631

(c) Other items

	2014 RMB'000	2013 RMB'000 (restated)
Cost of inventories ⁽ⁱ⁾	6,575,650	6,348,610
Auditors' remuneration	5,055	4,891
Depreciation of property, plant and equipment ⁽ⁱ⁾	170,035	159,895
Amortisation of intangible assets	18,942	19,499
Amortisation of lease prepayments	10,629	10,963
Impairment provision for trade receivables	17,491	7,567
Reversal of impairment provision for trade receivables	(319)	(7,998)
Impairment provision for other receivables	-	1,229
Reversal of impairment provision for other receivables	(1,836)	(3,283)
Write-down of inventories	7,611	1,309
Reversal of write-down of inventories	(394)	(1,420)
Research and development costs	183,814	148,211
Operating lease charges for property rental	11,559	9,343
Provision for product warranties	41,459	43,514

- (i) Cost of inventories includes RMB390,172,000 (2013: RMB324,756,000) relating to staff costs and depreciation expenses, amount of which is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6 INCOME TAX EXPENSES

Taxation in the consolidated income statement represents:

	2014 RMB'000	2013 RMB'000 (restated)
Current tax		
Provision for the year	167,269	202,967
Over-provision in respect of prior years	(16,023)	(4,336)
	151,246	198,631
Deferred tax		
Origination and reversal of temporary differences	(4,378)	8,953
	146,868	207,584

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.

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%, except for those which are entitled to a preferential tax treatment applicable to advanced and new technology enterprises at an income tax rate of 15%.

Pursuant to the Tax Law, "Notice of the State Administration of Taxation on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their Bodies of Actual Management" and "Announcement of the State Administration of Taxation on Issues Concerning the Determination of Resident Enterprises on the Basis of Their Actual Management Bodies", the Administration of Local Taxation of Shenzhen Municipality issued an approval under which certain foreign subsidiaries of the Group are regarded as Chinese resident enterprises. Therefore, during the year, the deferred withholding tax liability of approximately RMB59,053,000 previously provided for the distributable profits of PRC subsidiaries was reversed and credited to income tax.

Taxation of subsidiaries in the Netherlands, Belgium, Denmark and Germany are charged at the prevailing rates of 25%, 33.99%, 25% and 30% respectively in the relevant countries and are calculated on a stand-alone basis.

7 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:

	2014 RMB'000	2013 RMB'000 (restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	1,023,330	979,595
	2014	2013 (restated)
Number of shares		
Weighted average number of ordinary shares at 31 December	1,933,527,891	1,753,018,216
Weighted average number of non-redeemable convertible preference shares	–	170,876,712
Weighted average number of shares for the purpose of basic earnings per share	1,933,527,891	1,923,894,838
Effect of dilutive potential ordinary shares in respect of the Company's share option scheme	37,226,678	44,210,436
Weighted average number of shares for the purpose of diluted earnings per share	1,970,754,569	1,968,105,274

8 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 based on the economic characteristics of the business units.

- Energy equipment
- Chemical equipment
- Liquid food equipment

(a) Segment results, assets and liabilities

	Energy equipment		Chemical equipment		Liquid food equipment		Total	
	2014 RMB'000	2013 RMB'000 (restated)	2014 RMB'000	2013 RMB'000 (restated)	2014 RMB'000	2013 RMB'000 (restated)	2014 RMB'000	2013 RMB'000 (restated)
Revenue from external customers	5,422,026	5,371,550	3,313,910	3,092,929	2,461,734	1,707,334	11,197,670	10,171,813
Inter-segment revenue	1,376	13,324	85,480	108,328	-	-	86,856	121,652
Reportable segment revenue	5,423,402	5,384,874	3,399,390	3,201,257	2,461,734	1,707,334	11,284,526	10,293,465
Reportable segment profit (adjusted profit from operations)	600,997	756,380	484,800	497,941	249,661	115,473	1,335,458	1,369,794
Interest income from bank deposits	5,007	1,364	5,477	5,882	5,460	7,542	15,944	14,788
Interest expense	(6,928)	(9,419)	(2,271)	(2,168)	(18,290)	(15,360)	(27,489)	(26,947)
Depreciation and amortisation for the year	(115,452)	(108,929)	(31,442)	(28,379)	(52,284)	(52,728)	(199,178)	(190,036)
Reportable segment assets	6,048,600	5,958,303	2,077,285	2,011,298	2,372,517	2,324,409	10,498,402	10,294,010
Additions to non-current assets during the year	188,096	204,380	112,282	49,953	88,257	91,718	388,635	346,051
Reportable segment liabilities	2,503,883	2,755,846	588,893	596,611	1,154,667	1,357,581	4,247,443	4,710,038

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

	2014 RMB'000	2013 RMB'000 (restated)
Revenue		
Reportable segment revenue	11,284,526	10,293,465
Elimination of inter-segment revenue	(86,856)	(121,652)
Consolidated turnover	11,197,670	10,171,813

	2014 RMB'000	2013 RMB'000 (restated)
Profit		
Reportable segment profit	1,335,458	1,369,794
Elimination of inter-segment profit	(12,968)	(22,181)
	<hr/>	<hr/>
Reportable segment profit derived from Group's external customers	1,322,490	1,347,613
Finance costs	(33,496)	(35,188)
Share of post-tax loss of associates	(1,497)	–
Unallocated operating income and expenses	(105,566)	(117,101)
	<hr/>	<hr/>
Consolidated profit before taxation	1,181,931	1,195,324
	<hr/>	<hr/>
	2014 RMB'000	2013 RMB'000 (restated)
Assets		
Reportable segment assets	10,498,402	10,294,010
Elimination of inter-segment receivables	(48,781)	(73,193)
	<hr/>	<hr/>
	10,449,621	10,220,817
Deferred tax assets	58,123	57,763
Unallocated assets	93,538	101,284
	<hr/>	<hr/>
Consolidated total assets	10,601,282	10,379,864
	<hr/>	<hr/>
	2014 RMB'000	2013 RMB'000 (restated)
Liabilities		
Reportable segment liabilities	4,247,443	4,710,038
Elimination of inter-segment payables	(48,781)	(73,193)
	<hr/>	<hr/>
	4,198,662	4,636,845
Income tax liabilities	13,831	32,577
Deferred tax liabilities	98,007	111,467
Unallocated liabilities	174,639	275,959
	<hr/>	<hr/>
Consolidated total liabilities	4,485,139	5,056,848
	<hr/>	<hr/>

(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	
	2014 RMB'000	2013 RMB'000 (restated)	2014 RMB'000	2013 RMB'000 (restated)
PRC (place of domicile)	6,203,719	5,866,687	2,601,359	2,487,350
United States	912,285	909,063	–	–
European countries	1,380,714	1,988,594	338,780	343,432
Asian countries (other than PRC)	1,241,259	1,208,759	–	–
Other American countries	1,322,058	111,856	–	–
Other countries	137,635	86,854	–	–
	4,993,951	4,305,126	338,780	343,432
	11,197,670	10,171,813	2,940,139	2,830,782

For the year ended 31 December 2014, there was no single external customer that accounted for 10% or more of the Group's total turnover (2013: nil).

9 TRADE AND BILLS RECEIVABLES

	2014 RMB'000	2013 RMB'000 (restated)
Trade debtors and bills receivables	3,192,176	2,500,684
Less: allowance for doubtful debts	(56,447)	(63,598)
	<u>3,135,729</u>	<u>2,437,086</u>

(a) Ageing analysis

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

	2014 RMB'000	2013 RMB'000 (restated)
Current	2,331,097	1,777,590
Less than 1 month past due	146,710	228,679
1 to 3 months past due	278,644	109,068
More than 3 months but less than 12 months past due	304,281	243,914
More than 12 months past due	74,997	77,835
Amounts past due	804,632	659,496
	<u>3,135,729</u>	<u>2,437,086</u>

Trade and bills 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.

The carrying amounts of trade and bills receivables approximate their fair values.

10 TRADE AND BILLS PAYABLES

	2014 RMB'000	2013 RMB'000 (restated)
Trade creditors	1,675,450	1,518,764
Bills payables	181,076	337,753
	<u>1,856,526</u>	<u>1,856,517</u>

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

	2014 RMB'000	2013 RMB'000 (restated)
Within 3 months	1,580,333	1,643,183
3 months to 12 months	246,642	187,104
Over 12 months	29,551	26,230
	<u>1,856,526</u>	<u>1,856,517</u>

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

11 DIVIDENDS

The final dividend of approximately RMB180,471,000 (HKD0.12 per share) in respect of the year ended 31 December 2013 was paid in 2014. A final dividend in respect of the year ended 31 December 2014 of HKD0.195 (equivalent to approximately RMB0.155) per share has been proposed by the Directors. The proposed final dividend in respect of 2014 is subject to the approval of shareholders in the forthcoming annual general meeting. These financial statements do not reflect this dividend payable as it was proposed after the balance sheet date.

BUSINESS REVIEW & PROSPECTS

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 names “Holvrieka” and “Ziemann”.

Operational performance

Turnover

The energy equipment segment, despite losing its growth momentum temporarily in the first half of 2014 due to the Chinese macroeconomic situation and natural gas price reform, recorded a rebound in the second half and full year revenue remained stable comparing with 2013. With a gradually recovering global economy, the chemical equipment segment's turnover recorded a modest growth. As the segment has grown from equipment manufacturer to turnkey solution provider since the acquisition of certain assets from Ziemann Group in 2012, resulting in strong order intake, the liquid food equipment segment recorded a robust growth in turnover. As a result, the turnover of the Group for 2014 increased by 10.1% to RMB11,197,670,000 over the previous year (2013: RMB10,171,813,000). The performance of each segment is discussed below.

Energy equipment remains the top grossing segment of the Group, its turnover remained stable at RMB5,422,026,000 (2013: RMB5,371,550,000) and accounted for 48.4% (2013: 52.8%) of the overall turnover. LNG products were the main revenue contributor of this segment during the year and EPC projects have been steadily increasing its revenue contribution.

Chemical equipment segment's turnover rose by 7.1% to RMB3,313,910,000 over the previous year (2013: RMB3,092,929,000) and contributed 29.6% (2013: 30.4%) of the overall turnover, making it the second top grossing segment of the Group.

Turnover of liquid food equipment segment increased by 44.2% to RMB2,461,734,000 (2013: RMB1,707,334,000) and contribution to the Group's overall turnover increased from 16.8% in the previous year to 22.0%.

Gross profit margin and profitability

The energy equipment segment's gross profit margin ("GP margin") fell slightly by 1.6 percentage points to 19.8% (2013: 21.4%). A change in the product mix with EPC projects and LPG products increasing their sales contribution during the year caused the segment's GP margin to decline.

In relation to the chemical equipment segment, its GP margin saw a decline of 2.6 percentage points to 16.2% (2013: 18.8%) mainly due to change in product mix with standardised tank containers increased its revenue contribution.

The GP margin for liquid food equipment segment remained stable at 19.8% (2013: 20.0%).

Due to the different contribution by respective segments on the overall GP margin, as both energy and chemical segments recorded decline in their respective GP margin, the Group's overall GP margin fell slightly by 1.6 percentage points to 18.8% (2013: 20.4%).

Profit from operations expressed as a percentage of turnover declined slightly by 1.2 percentage points to 10.9% (2013: 12.1%) which is mainly attributable to the lower GP margin.

Tax expenses for the Group dropped by 29.3% mainly because of reversal of prior years' deferred tax expenses upon the Company and certain of its investment holding subsidiaries being recognised as Chinese Resident Enterprises by the relevant Chinese tax authority in 2014.

As a result, profit attributable to equity shareholders of the Company for the year reached RMB1,023,330,000, representing a growth of 4.5% over the previous year (2013: RMB979,595,000).

Prospects

The global economy expanded during 2014 at a moderate and uneven pace. It is estimated that the global GDP growth of 2014 would be approximately 2.6%, which is a bit lower than the estimates of major international financial organisations at the beginning of the year. The GDP of China recorded a growth of 7.4% in 2014, also representing its slowest growth in more than two decades.

Looking ahead, the Chinese government has expected a slower but greener and more sustainable “new normal” growth of economy. The Chinese government estimated the GDP growth of China to be around 7% in 2015, while the global GDP growth is estimated to be around 3% by major international financial organisations. Despite the economic challenges persist, the Group remains prudently optimistic about the outlook of the sectors it is engaged in.

Energy equipment

The most critical issues of the natural gas industry in 2014 included the Chinese government's natural gas pricing reforms and the significant decline in international oil price. On 28 February 2015, the National Development and Reform Commission of China announced the adjustment of the city-gate tariff for non-residential gas, with the merging of the base-volume tariff and incremental-volume tariff. With effect from 1 April 2015, the base-volume tariff will increase by RMB0.02-0.04/m³ but the incremental-volume tariff will drop significantly by RMB0.44/m³. It is a strong indication that the Chinese government determines to cut the natural gas price to a level that makes natural gas competitive with other alternative fuels in the short term. In case the oil price remains weak in a longer term, it is expected that the Chinese government would continue to follow the gas price linkage formula, which would maintain the natural gas price competitiveness in China. The Group believes that its energy equipment segment will benefit from the recent natural gas price cut, nevertheless the natural gas industry will continue to encounter challenges in 2015. Given the absolute environmental benefits of natural gas over other fossil fuels and together with the supportive policies for natural gas consumption by the Chinese government, the Group is highly confident on the long-term prospects of the natural gas industry in China. The Group's energy equipment segment will proactively implement marketing strategies to promote its business in China and overseas markets, and meantime explore more new revenue sources, for instance, business opportunities in the energy-related sectors.

During a weak oil price environment, the Group sees deal opportunities for expansion at more reasonable acquisition costs. The energy equipment segment will consider acquisition opportunities if they are a good strategic fit and available at a right price. The Group is well-prepared to cope with the uncertainty and will turn challenges into opportunities for development.

Chemical equipment

The chemical industry contributes a large portion to the global GDP and is closely linked to the macroeconomic conditions. On the back of a gradually recovering global economy, the Group's chemical equipment segment, with tank containers as its major product, has recorded modest growth in recent years. The Group expects that the standard tank container business may fluctuate with the cyclical nature of the chemical market in 2015.

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 a healthy and sustainable growth in revenue, the chemical equipment segment will step up its effort to develop special and high-end tank containers, such as LNG tank containers.

Liquid food equipment

Through the dedicated efforts to integrate business and operational structures with assets acquired from Ziemann Group in 2012, the business portfolio of the Group's liquid food equipment segment has broadened beyond providing processing equipment for beer and other liquid food manufacturers to offering comprehensive turnkey solutions to its customers. The segment achieved encouraging results in 2014 and the Group expected that the segment's growth will continue at a good pace in 2015.

Besides, through the acquisition of NCLS in the second half of 2014, the liquid food equipment segment has expanded its presence in the growing China market. The acquisition will also facilitate the segment to introduce advanced manufacturing technologies and process automation from Europe to China.

FINANCIAL RESOURCES REVIEW

Liquidity and financial resources

At 31 December 2014, the cash and cash equivalents of the Group amounted to RMB1,677,737,000 (2013: RMB1,542,585,000). A portion of the Group's bank deposits totalling RMB111,886,000 (2013: RMB133,378,000), which had more than three months of maturity at acquisition, were restricted for guarantee of banking facilities. The Group has maintained sufficient cash on hand for repayment of bank loans and loans from related parties 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 2014, the Group's bank loans and overdrafts amounted to RMB85,722,000 (2013: RMB170,873,000), other than the RMB25,223,000 two-year term loan for capital expenditure, the remaining is repayable within one year. Apart from the term loans dominated in HKD that bear interest at floating rates, the overall bank loans bear interest at rates from 1.98% to 6.15% per annum. At 31 December 2014, the Group did not have secured bank loan (2013: Nil). As of 31 December 2014, bank loans amounting to RMB85,722,000 (2013: RMB169,368,000) were guaranteed by the Company's subsidiaries. As at 31 December 2014, loans from related parties amounted to RMB110,000,000 (2013: RMB385,812,000), which are unsecured, interest bearing from 4.90% to 5.25% (2013: 5.35% to 6.00%) per annum and repayable within one year.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2013: zero times) as the Group retained a net cash balance of RMB1,593,901,000 (2013: RMB1,119,278,000). The increase in net cash balance is mainly attributable to a considerable amount of down payments for significant projects, as well as the reduction of capital expenditure resulting from the completion of large scale expansion projects over the previous years. Apart from this, the management dedicates its effort to continuously improve the cash management to minimise finance cost. As a result, bank loans recorded a reduction at year end. The Group's interest coverage was 40.1 times for the year (2013: 38.8 times) which demonstrates that the Group is fully capable of meeting its interest expense commitments.

During 2014, net cash generated from operating activities amounted to RMB1,088,522,000 (2013: RMB1,136,600,000). The Group drew bank loans of RMB409,020,000 (2013: RMB461,150,000) and repaid RMB492,666,000 (2013: RMB747,071,000). A payment of final dividend in respect of the financial year 2013 were approximately RMB180,471,000.

In addition, cash proceeds amounted to RMB14,231,000 arose from the issuance of ordinary shares on exercise of share options. During the year, net cash payment in respect of on-market share repurchase amounted to RMB31,442,000.

Assets and liabilities

At 31 December 2014, total assets of the Group amounted to RMB10,601,282,000 (2013: RMB10,379,864,000) while total liabilities were RMB4,485,139,000 (2013: RMB5,056,848,000). The net asset value rose by 14.9% to RMB6,116,143,000 (2013: RMB5,323,016,000) which was mainly attributable to the net profit of RMB1,035,063,000, but partially offset by exchange difference on translation of financial statements denominated in foreign currencies of RMB79,015,000 for the year. As a result, the net asset value per share increased to RMB3.167 at 31 December 2014 from RMB2.815 at 31 December 2013.

Contingent liabilities

At 31 December 2014, the Group did not have any significant contingent liabilities.

Future plans for source of funding and capital commitments

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. At the same time, 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.

At 31 December 2014, the Group had contracted but not provided for capital commitments of RMB123,875,000 (2013: RMB49,198,000). As of 31 December 2014, the Group did not have authorised but not contracted for capital commitments (2013: 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 currencies giving rise to this risk to the Group are primarily US dollars and Euro. 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 AND STRATEGIES

Energy equipment

The long-term prospect of China's natural gas industry remains broadly positive and will unavoidably attract more competitors. Superior industry qualifications, good reputation, sound track record, thorough competitor analysis, differentiated products and services, strong sales and marketing team and advanced R&D capability, all of which the Group possesses, will become the decisive competitive advantages over rivals. The Group also strives to assist customers to create additional value by focusing on what they need and targets to offer one-stop solutions to its customers.

China's LNG vessel market is expected to further expand under the Chinese government's favourable policies. To capture the business opportunities, in 2015, we will make use of the Group's land and infrastructure in Nantong for the establishment of production base for on-board LNG fuel tanks, LNG refueling equipment for LNG vessels and related equipment.

The prices for the unconventional gas sources, which requires delivery in the form of CNG or LNG, may have more competitiveness under the Chinese government's natural gas pricing reforms. With the advanced capabilities in design and project engineering possessed by the Group, the energy equipment segment will step up its effort to explore more EPC (engineering, procurement and construction) business for unconventional gas sources, such as small-scale liquefaction systems.

The demand for on-vehicle LNG fuel tanks for trucks, coaches and buses in China is expected to continue to grow. The Group's energy equipment segment will devote resources to launch more quality products to broaden its customer portfolio for on-vehicle LNG fuel tanks.

The energy equipment segment will continue to lead industry associations in the China market, for example, hosting or attending trade fairs and conferences, with an aim to lead industry development and drive initiatives to enhance the industry standards. It will also continue to participate in the establishment of national and/or industry standards for products.

Expansion of overseas markets is the Group's another development strategy. Under the Chinese government's "one belt, one road" plan, the energy equipment segment will monitor continuously market opportunities in South-east Asia and Russia, especially for CNG products and refueling station systems.

The energy equipment segment will also constantly devote to reducing production costs and enhancing production efficiency through implementation of manufacturing technology improvement programmes.

Meanwhile, by providing referral arrangement for finance lease and factoring services, the energy equipment segment will be able to solicit and retain more customers especially under this competitive business environment and tight monetary conditions in China.

Chemical equipment

The Group's chemical equipment segment is committed to maintain its leading position in tank container manufacturing and will continue to seek cost advantage over competitors by optimising product design and production processes. For instance, the segment will increase the use of standardised components to maintain cost efficiency.

Apart from the production aspects, the chemical equipment segment strives to build customer trust and confidence in its products by increasing communication and contacts with customers. The segment has held and will continue to hold conferences for the tank container industry, where provide great opportunities for industry players to discuss issues and development trends of the industry, as well as exchange of ideas for product development.

The Group will continue to facilitate the transmission of knowhow, technological expertise and market networks between its subsidiaries in China and Europe. Under a Sino-European product development programme, the Group successfully developed LNG tank containers with international standards and successfully exported the final products to the United States in 2014. The segment will continue to explore business opportunities for LNG tank containers and other special and high-ended tank containers in the international markets.

Liquid food equipment

The Group's liquid food equipment segment has become a provider of comprehensive turnkey solutions to beer and other liquid food producers, following the integration of certain assets acquired from Ziemann Group in 2012. Apart from the market of beer, juice and dairy products, the segment targets to expand its business to the market of high-ended products such as medical and biochemical products. A dedicated team will be established to support the business development.

In addition, the segment will continue to enhance the branding of Holvrieka and Ziemann. Under the objective of a single corporate entity, the segment will continue to implement marketing strategies to improve the market positioning as well as increase brand awareness and customer intimacy.

The Group will continue to transfer advanced manufacturing technologies and knowhow from Europe to its Chinese operations. After the acquisition of NCLS in the second half of 2014, the liquid food equipment segment will work on the integration of the Ziemann technology with NCLS, through development of training programmes and exchange programmes for project teams, engineers and technicians.

The Group recognises the importance of innovation and considers innovation as a growth driver. The liquid food equipment segment has developed process innovations and has participated in trade exhibitions to present the innovations to the market. For example, the Group developed the "Ice Age" technology which permits the regenerative cooling of brewery equipment and achieved significant energy and cost savings for breweries. In future, the segment targets to develop innovative products for mash filtration, milling system, energy projects, smart conveyor and fast fermentation.

Last but not least, the liquid food equipment segment will adopt measures to continuously improve its existing products to strive for competitive advantage over rivals. The segment will also consider the possibility of the insourcing and outsourcing by assessing the costs and benefits carefully.

THE 2014 FINAL DIVIDEND

Having taken into account the Group's continued business growth and long-term future development, the Board is pleased to propose a higher dividend payout for 2014 to reflect the Group's efforts to increase return on equity.

The Board recommends a final dividend in respect of 2014 of HKD0.195 (2013: HKD0.12) (the "**2014 Final Dividend**") per ordinary share payable in cash on or about 22 June 2015 to shareholders whose names appear on the register of members of the Company on 1 June 2015 (the "**Record Date**"), subject to shareholders' approval in the forthcoming annual general meeting ("**AGM**") on 20 May 2015.

Closure of register of members

To ascertain shareholders' entitlements to the 2014 Final Dividend, the register of members of the Company will be closed from Thursday, 28 May 2015 to Monday, 1 June 2015 (both days inclusive). In order to qualify for the 2014 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 27 May 2015.

Withholding and payment of enterprise income tax for non-resident enterprises on distribution of the 2014 Final Dividend

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China" (the "**Enterprise Income Tax Law**"), "Notice of the State Administration of Taxation on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their Bodies of Actual Management" and "Announcement of the State Administration of Taxation on Issues Concerning the Determination of Resident Enterprises on the Basis of Their Actual Management Bodies", the Administration of Local Taxation of Shenzhen Municipality issued an approval under which the Company is regarded as a Chinese Resident Enterprise, effective from the year 2013.

Pursuant to the Enterprise Income Tax Law and the "Implementation Regulations for the Enterprise Income Tax Law of the People's Republic of China", the Company is required to withhold and pay 10% enterprise income tax when it distributes the 2013 final dividend and dividends in subsequent years to its non-resident enterprise shareholders.

The withholding and payment obligation lies with the Company. Therefore, the Company will implement enterprise income tax withholding and payment when it distributes the 2014 Final Dividend and dividends in subsequent years.

In respect of all shareholders whose names appear on the Company's register of members as at the Record Date who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company will distribute the 2014 Final Dividend after deducting an enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2014 Final Dividend payable to any natural person shareholders whose names appear on the Company's register of members as at the Record Date.

If any resident enterprise (as defined in the Enterprise Income Tax Law) listed on the Company's register of members which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold and pay the said 10% enterprise income tax, it shall lodge with Computershare Hong Kong Investor Services Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend that it is entitled, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on Wednesday, 27 May 2015.

The Company is in the process of seeking confirmation from the relevant PRC authorities regarding the arrangement relating to withholding tax, if any, in respect of the 2014 Final Dividend to be paid by the Company to the investors of the Shanghai Stock Exchange who invest in the shares in the Company listed on the Main Board of the Stock Exchange. The Company will make further announcement(s) as soon as practicable after such arrangement is finalised.

Investors should read this announcement carefully. If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold and pay the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of members on the Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of withholding and payment of enterprise income tax.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2014, 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 on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company's corporate governance report is set out in the soon published Annual Report 2014. 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 2014.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2014, the Company repurchased 4,558,000 shares on Stock Exchange at an aggregate consideration of HKD39,582,238.80. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month of the repurchases	Total number of the ordinary shares repurchased	Highest price paid per share <i>HKD</i>	Lowest price paid per share <i>HKD</i>	Aggregate consideration <i>HKD</i>
September 2014	4,558,000	8.93	8.10	39,582,238.80
	<u>4,558,000</u>			<u>39,582,238.80</u>

All 4,558,000 shares repurchased were cancelled on delivery of the share certificates during the year. The relevant aggregate consideration of HKD39,582,238.80 was paid out from the Company's capital and reserves accounts.

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the year.

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 Eric Holdings Limited
Zhao Qingsheng
Chairman

Hong Kong, 20 March 2015

The Annual Report 2014 will be dispatched to the shareholders and published on the websites of the Company and the Stock Exchange as soon as practicable.