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 2017, The 2017 Final Dividend, Closure of Register of Members and Withholding and Payment of Enterprise Income Tax for Non-resident Enterprises on Distribution of the 2017 Final Dividend

FINANCIAL HIGHLIGHTS

	2017	2016	
	RMB'000	*RMB'000*	
Revenue	**10,671,276**	7,968,403	33.9%
Profit from operations	**740,475**	665,559	11.3%
Profit/(loss) attributable to shareholders	**417,360**	(928,772)	144.9%
Basic earnings/(loss) per share	**RMB0.215**	(RMB0.480)	144.8%

The Board of Directors (the "**Board**") of CIMC Enric Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") announces the audited financial results of the Group for the year ended 31 December 2017 together with the comparative figures for the year 2016.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

		Year ended 31 December	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Revenue	3 & 8	**10,671,276**	7,968,403
Cost of sales		**(8,874,987)**	(6,564,770)
Gross profit		**1,796,289**	1,403,633
Change in fair value of derivative financial instruments		**10,495**	(3,103)
Other revenue		**214,162**	215,113
Other income, net		**26,000**	86,291
Selling expenses		**(386,774)**	(279,790)
Administrative expenses		**(919,697)**	(756,585)
Profit from operations		**740,475**	665,559
Finance costs	4(a)	**(79,401)**	(106,897)
Impairment provision	5	**(105,549)**	(1,362,915)
Share of post-tax loss of associates		**(245)**	–
Profit/(loss) before taxation	4	**555,280**	(804,253)
Income tax expenses	6	**(135,099)**	(132,427)
Profit/(loss) profit for the year		**420,181**	(936,680)
Attributable to:			
Equity shareholders of the Company		**417,360**	(928,772)
Non-controlling interests		**2,821**	(7,908)
Profit/(loss) for the year		**420,181**	(936,680)
Earnings/(loss) per share	7		
– Basic		**RMB0.215**	(RMB0.480)
– Diluted		**RMB0.213**	(RMB0.480)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit/(loss) for the year	**420,181**	(936,680)
Other comprehensive income for the year		
Items that may be reclassified to profit or loss:		
Currency translation differences	**107,957**	(98,734)
Total comprehensive income for the year	**528,138**	(1,035,414)
Attributable to:		
Equity shareholders of the Company	**525,317**	(1,027,506)
Non-controlling interests	**2,821**	(7,908)
Total comprehensive income for the year	**528,138**	(1,035,414)

CONSOLIDATED BALANCE SHEET
As at 31 December 2017

	Note	As at 31 December **2017** *RMB'000*	2016 *RMB'000*
Non-current assets			
Property, plant and equipment		**2,590,295**	2,148,410
Construction in progress		**129,917**	122,767
Investment property		**18,981**	–
Lease prepayments		**508,963**	430,176
Intangible assets		**230,136**	228,221
Investment in associates		**5,755**	6,000
Goodwill		**273,926**	317,528
Deferred tax assets		**103,930**	92,593
		3,861,903	3,345,695
Current assets			
Derivative financial instruments		**298**	–
Inventories		**3,053,574**	2,248,202
Trade and bills receivables	9	**2,979,199**	2,769,315
Deposits, other receivables and prepayments		**1,568,579**	1,171,474
Amounts due from related parties		**186,899**	173,197
Restricted bank deposits		**265,592**	263,640
Cash and cash equivalents		**2,251,175**	2,916,900
		10,305,316	9,542,728
Current liabilities			
Derivative financial instruments		**–**	10,197
Bank loans		**1,390,308**	177,055
Loans from related parties		**105,000**	875,000
Trade and bills payables	10	**2,432,934**	1,966,345
Other payables and accrued expenses		**3,481,919**	2,539,317
Amounts due to related parties		**127,712**	73,597
Warranty provision		**84,099**	43,563
Other borrowings		**8,163**	–
Income tax payable		**38,278**	50,587
Employee benefit liabilities		**440**	318
		7,668,853	5,735,979
Net current assets		**2,636,463**	3,806,749
Total assets less current liabilities		**6,498,366**	7,152,444

		As at 31 December	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Non-current liabilities			
Bank loans		**–**	1,421,939
Warranty provision		**182,266**	38,524
Deferred tax liabilities		**165,837**	122,562
Deferred income		**254,048**	264,650
Employee benefit liabilities		**3,793**	2,704
Other borrowings		**31,444**	–
		637,388	1,850,379
NET ASSETS		**5,860,978**	5,302,065
CAPITAL AND RESERVES			
Share capital		**17,793**	17,743
Reserves		**5,698,045**	5,140,988
Equity attributable to equity shareholders of the Company		**5,715,838**	5,158,731
Non-controlling interests		**145,140**	143,334
TOTAL EQUITY		**5,860,978**	5,302,065

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	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 2016	17,733	143,236	1,124,571	138,501	(330,020)	405,141	4,812,841	6,312,003	153,469	6,465,472
Comprehensive income										
Loss for the year	–	–	–	–	–	–	(928,772)	(928,772)	(7,908)	(936,680)
Other comprehensive income										
Currency translation differences	–	–	–	–	(98,734)	–	–	(98,734)	–	(98,734)
Total comprehensive income	–	–	–	–	(98,734)	–	(928,772)	(1,027,506)	(7,908)	(1,035,414)
Issuance of ordinary shares in connection with exercise of share options	10	3,769	–	(1,117)	–	–	–	2,662	–	2,662
Transfer to retained earnings	–	–	–	(103)	–	–	103	–	–	–
Equity-settled share-based transactions	–	–	–	34,467	–	–	–	34,467	–	34,467
Transfer to general reserve	–	–	–	–	–	47,283	(47,283)	–	–	–
Final dividends paid	–	–	–	–	–	–	(162,895)	(162,895)	(2,227)	(165,122)
Total contributions by and distributions to owners of the company, recognised directly in equity	10	3,769	–	33,247	–	47,283	(210,075)	(125,766)	(2,227)	(127,993)
At 31 December 2016	17,743	147,005	1,124,571	171,748	(428,754)	452,424	3,673,994	5,158,731	143,334	5,302,065

	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 2017	**17,743**	**147,005**	**1,124,571**	**171,748**	**(428,754)**	**452,424**	**3,673,994**	**5,158,731**	**143,334**	**5,302,065**
Comprehensive income										
Profit for the year	–	–	–	–	–	–	417,360	417,360	2,821	420,181
Other comprehensive income										
Currency translation differences	–	–	–	–	107,957	–	–	107,957	–	107,957
Total comprehensive income	–	–	–	–	107,957	–	417,360	525,317	2,821	528,138
Issuance of ordinary shares in connection with exercise of share options	50	21,897	–	(6,481)	–	–	–	15,466	–	15,466
Transfer to retained earnings	–	–	–	(3,892)	–	–	3,892	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	1,007	1,007
Equity-settled share-based transactions	–	–	–	16,324	–	–	–	16,324	–	16,324
Transfer to general reserve	–	–	–	–	–	30,837	(30,837)	–	–	–
Dividends distribution made by a subsidiary to non-controlling interests	–	–	–	–	–	–	–	–	(2,022)	(2,022)
Total contributions by and distributions to owners of the company, recognised directly in equity	50	21,897	–	5,951	–	30,837	(26,945)	31,790	(1,015)	30,775
At 31 December 2017	17,793	168,902	1,124,571	177,699	(320,797)	483,261	4,064,409	5,715,838	145,140	5,860,978

NOTES:

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated results set out in this announcement are extract from the financial statements of the Group for the year ended 31 December 2017. 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 all applicable 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 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 are disclosed in the soon published Annual Report 2017.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(i) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses – amendments to HKAS 12
- Disclosure initiative – amendments to HKAS 7
- Disclosure of Interests in Other Entities – amendments to HKFRS 12

The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities.

(ii) New standards and interpretations not yet adopted

The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2017 and have not been early adopted:

	Effective for accounting periods beginning on or after
HKFRS 9 "Financial Instruments"	1 January 2018
HKFRS 15 "Revenue from Contracts with Customers"	1 January 2018
HKFRS 2 (Amendment) "Classification and Measurement of Share-based Payment Transactions"	1 January 2018
HKFRS 4 (Amendment) "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts"	1 January 2018
HKFRS 1 (Amendment) "First time adoption of HKFRS"	1 January 2018
HKAS 28 (Amendment) "Investments in Associates and Joint Ventures"	1 January 2018
HKAS 40 (Amendment) "Transfers of investment property"	1 January 2018
HK (IFRIC) 22 "Foreign Currency Transactions and Advance Consideration"	1 January 2018
HK (IFRIC) 23 "Uncertainty over Income Tax Treatments"	1 January 2019
HKFRS 16 "Leases"	1 January 2019
HKFRS 9 (Amendment) "Prepayment Feature with Negative Compensation"	1 January 2019
Amendments to HKFRS "Annual Improvements to HKFRS Standards 2015–2017 Cycle "	1 January 2019
HKFRS 17 "Insurance Contracts"	1 January 2021
Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations.

3 REVENUE

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.

Revenue 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 revenue during the year is as follows:

	2017 *RMB'000*	2016 *RMB'000*
Sales of goods	**7,561,559**	5,273,462
Revenue from project engineering contracts	**3,109,717**	2,694,941
	10,671,276	7,968,403

4 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

	2017	2016
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	**76,648**	98,331
Bank charges	**2,753**	8,566
	79,401	106,897

(b) Staff costs[(i)]

	2017	2016
	RMB'000	*RMB'000*
Salaries, wages and allowances	**1,418,309**	1,164,743
Contributions to retirement schemes	**64,334**	63,741
Equity-settled share-based payment expenses	**16,324**	34,467
	1,498,967	1,262,951

(c) Other items

	2017	2016
	RMB'000	*RMB'000*
Cost of inventories[(i)]	**5,960,470**	4,309,111
Auditors' remuneration		
– Audit services	**6,816**	6,008
– Non-audit services	**1,309**	1,344
Depreciation of property, plant and equipment[(i)]	**202,951**	190,524
Amortisation of intangible assets	**40,496**	43,036
Amortisation of lease prepayments	**11,813**	10,081
Impairment of goodwill	**38,000**	–
Impairment provision for trade receivables	**69,721**	73,209
Reversal of impairment provision for trade receivables	**(27,924)**	(683)
Impairment provision for receivables from SinoPacific Offshore & Engineering Co., Ltd. ("SOE")	**105,549**	1,362,915
Reversal of impairment provision for other receivables	**(3,388)**	(245)
Write-down of inventories	**37,044**	18,256
Reversal of write-down of inventories	**(14,648)**	(1,816)
Acquisition-related cost	**20,593**	3,289
Research and development costs	**170,529**	146,827
Operating lease charges for property rental	**19,547**	12,874
Provision for product warranties	**116,038**	17,093

(i) Cost of inventories includes RMB427,852,000 (2016: RMB355,503,000) relating to staff costs and depreciation expenses, amount of which is also included in the respective total amounts disclosed separately above.

5 IMPAIRMENT PROVISION

The amount represents the provisions for impairments which is analysed as below:

	2017	2016
	RMB'000	*RMB'000*
Impairment provision for receivable from the Vendors	**–**	178,634
Impairment provision for receivable from SOE	**105,549**	1,184,281
	105,549	1,362,915

As disclosed in the 2015 Annual Report, an indirect wholly-owned subsidiary of the Company, CIMC Enric Investment Holdings (Shenzhen) Ltd. ("**EIHL**"), entered into an agreement ("**Agreement**") on 27 August 2015 with SOEG PTE LTD ("**SOEG**"), Jiangsu Pacific Shipbuilding Group Co., Ltd. ("**Jiangsu Pacific**") and Evergreen Group Co., Ltd. ("**Evergreen**") (collectively, the "**Vendors**"), pursuant to which the Vendors agreed to sell and EIHL agreed to purchase 100% equity interest in SOE. Afterwards, the Company, SOE and Evergreen entered into a financial assistance framework agreement ("**Financial Assistance Agreement**") which governed the financial assistance provided by the Group to SOE in the form of loans and guarantees.

As the Directors considered certain conditions precedents in the Agreement cannot be fulfilled and the Vendors breached certain material terms of the Agreement, hence the Agreement and the Financial Assistance Agreement were terminated by EIHL. The Company assessed the recoverability of the receivable from the Vendors and the receivable from SOE. For the year ended 31 December 2016, a full of provision of RMB178,634,000 was provided for the receivable from the Vendors, and a substantial provision of RMB1,184,281,000 was provided for receivable from SOE.

The Company, based on the best knowledge available and the repayment capability analysis provided by the Receiver, estimated the recoverable amount of the receivables due from SOE was approximately RMB190,521,000. Accordingly, the Company made a further impairment provision of approximately RMB105,549,000 to write down the receivables due from SOE and recorded this provision amount in the consolidated income statement for the year ended 31 December 2017.

SOE was under receivership by the SOE Insolvency and Liquidation Team (the "**Receiver**") which was appointed by the People's Republic of China ("**PRC**") Court. On 5 July 2017, EIHL, SOE and the Receiver entered into a restructuring investment agreement (the "**Restructuring Plan**") pursuant to which EIHL as the restructuring investor, offered to purchase the major assets of SOE through acquiring the entire equity interest in SOE for a cash consideration of RMB799,800,000. Subsequently, the Restructuring Plan was officially approved by SOE's creditors at the creditors' meeting and the PRC Court on 22 July 2017 and 4 August 2017 respectively and SOE became a direct wholly-owned subsidiary of EIHL on 4 August 2017.

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2017	2016
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**187,954**	218,115
Over-provision in respect of prior years	**(6,973)**	(2,553)
	180,981	215,562
Deferred tax		
Origination and reversal of temporary differences	**(45,882)**	(83,135)
	135,099	132,427

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 rate applicable to advanced and new technology enterprises 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 the Company and all the foreign incorporated subsidiaries with shareholdings in the PRC subsidiaries of the Group are regarded as Chinese resident enterprises. Therefore, during the year, no deferred withholding tax liability was provided for the distributable profits of PRC subsidiaries.

Taxation of subsidiaries in the Netherlands, Belgium, Denmark, Germany, United Kingdom and Singapore are charged at the prevailing rates of 25%, 33.99%, 25%, 30%, 20% and 17% respectively in the relevant countries and are calculated on a stand-alone basis.

(b) **Reconciliation between tax expense and accounting profit at applicable tax rates:**

	2017 *RMB'000*	2016 *RMB'000*
Profit/(loss) before taxation	**555,280**	(804,253)
Notional tax on profit before taxation, calculated at the applicable rates	**141,494**	(194,047)
Effect of tax concessions	**(54,443)**	(25,281)
Tax effect of super deduction	**(12,031)**	(18,902)
Tax effect of non-deductible expenses	**10,488**	17,259
Tax effect of impairment provision for which no deferred tax assets were recognised (i)	**26,387**	340,729
Tax effect of unused tax losses not recognised	**32,169**	15,222
Over-provision in prior years	**(6,973)**	(2,553)
Utilisation of tax losses which no deferred tax assets were recognised before	**(1,992)**	–
Income tax expenses	**135,099**	132,427

(i) It represents the tax effect of the impairment provision of approximately RMB105,549,000 (2016: RMB1,362,915,000) in aggregate recorded by EIHL for the receivables due from the Vendors and SOE (note 5). For the year ended 31 December 2017, the Group did not recognise deferred tax assets of RMB26,387,000 (2016: RMB340,729,000) in respect of the impairment provision as management considered it is uncertain that EIHL will generate sufficient taxable profit to realise these deferred tax assets in foreseeable future.

7 EARNINGS/(LOSS) PER SHARE

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

	2017 *RMB'000*	2016 *RMB'000*
Earnings/(loss)		
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share	**417,360**	(928,772)

	2017	2016
Number of shares		
Weighted average number of shares for the purpose of basic earnings/(loss) per share	**1,939,576,170**	1,936,489,910
Effect of dilutive potential ordinary shares in respect of the Company's share option scheme	**16,443,232**	–
Weighted average number of shares for the purpose of diluted earnings/(loss) per share	**1,956,019,402**	1,936,489,910

No potential ordinary shares for the year ended 31 December 2016 were dilutive since their conversion to ordinary shares would result in a decrease in loss per share.

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 and engineering

- Chemical equipment

- Liquid food equipment

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management, which is the Group's chief operating decision-maker, monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include non-current assets and current assets with the exception of deferred tax assets and certain assets unallocated to an individual reportable segment. Segment liabilities include non-current liabilities and current liabilities with the exception of income tax payable, deferred tax liabilities, bank loans and certain liabilities unallocated to an individual reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted profit from operations". To arrive at the Group's profits, the reporting segments' adjusted profits from operations are further adjusted for items not specifically attributed to an individual reportable segment, such as finance costs, share of post-tax loss of associates, impairment provision in relation to the receivables from the Vendors and SOE, directors' remuneration, auditors' remuneration and other head office or corporate administrative expenses.

In addition to receiving segment information concerning adjusted profit from operations, management is provided with segment information concerning revenue (including inter-segment sales), interest income from bank deposits, interest expenses, depreciation and amortisation, impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

	Energy equipment and engineering		Chemical equipment		Liquid food equipment		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**4,958,683**	3,241,382	**3,026,389**	2,471,644	**2,686,204**	2,255,377	**10,671,276**	7,968,403
Inter-segment revenue	**14,348**	2,391	**119,437**	68,925	**–**	3,111	**133,785**	74,427
Reportable segment revenue	**4,973,031**	3,243,773	**3,145,826**	2,540,569	**2,686,204**	2,258,488	**10,805,061**	8,042,830
Reportable segment profit (adjusted profit from operations)	**109,567**	65,636	**433,959**	411,644	**339,249**	259,151	**882,775**	736,431
Interest income from bank deposits	**5,406**	6,219	**886**	25,041	**2,842**	3,580	**9,134**	34,840
Interest expense	**(4,270)**	(8,025)	**(10,770)**	(25,013)	**(957)**	(7,294)	**(15,997)**	(40,332)
Depreciation and amortisation for the year	**(157,215)**	(147,527)	**(40,984)**	(40,982)	**(56,392)**	(54,510)	**(254,591)**	(243,019)
Reportable segment assets	**9,200,987**	6,776,022	**1,873,827**	2,126,082	**2,915,838**	2,944,387	**13,990,652**	11,846,491
Additions to non-current assets during the year	**705,277**	190,803	**48,966**	38,232	**27,021**	96,262	**781,264**	325,297
Reportable segment liabilities	**4,307,024**	2,810,174	**1,007,373**	851,249	**1,856,260**	1,790,889	**7,170,657**	5,452,312

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

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**10,805,061**	8,042,830
Elimination of inter-segment revenue	**(133,785)**	(74,427)
Consolidated revenue	**10,671,276**	7,968,403

	2017	2016
	RMB'000	*RMB'000*
Profit/(loss)		
Reportable segment profit	**882,775**	736,431
Elimination of inter-segment profit	**(4,670)**	(10,366)
Reportable segment profit derived from Group's external customers	**878,105**	726,065
Finance costs	**(79,401)**	(106,897)
Impairment provision	**(105,549)**	(1,362,915)
Share of post-tax loss of associates	**(245)**	–
Unallocated operating income and expenses	**(137,630)**	(60,506)
Consolidated profit/(loss) before taxation	**555,280**	(804,253)

	2017	2016
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**13,990,652**	11,846,491
Elimination of inter-segment receivables	**(249,202)**	(160,800)
	13,741,450	11,685,691
Deferred tax assets	**103,930**	92,593
Unallocated assets	**321,839**	1,110,139
Consolidated total assets	**14,167,219**	12,888,423

	2017	2016
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**7,170,657**	5,452,312
Elimination of inter-segment payables	**(249,202)**	(160,800)
	6,921,455	5,291,512
Income tax payable	**38,278**	50,587
Deferred tax liabilities	**165,837**	122,562
Unallocated liabilities	**1,180,671**	2,121,697
Consolidated total liabilities	**8,306,241**	7,586,358

(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**	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
PRC (place of domicile)	**5,250,822**	3,672,203	**3,321,318**	2,816,156
United States	**897,465**	641,639	**87**	–
European countries	**1,641,137**	1,219,934	**410,802**	427,678
Asian countries (other than PRC)	**1,308,558**	987,134	**1,031**	–
Other American countries	**1,280,914**	1,314,892	**–**	–
Other countries	**292,380**	132,601	**–**	–
	5,420,454	4,296,200	**411,920**	427,678
	10,671,276	7,968,403	**3,733,238**	3,243,834

For the year ended 31 December 2017, there was no single external customer that accounted for 10% or more of the Group's total revenue (2016: one).

9 TRADE AND BILLS RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade debtors and bills receivables	**3,234,179**	2,984,715
Less: allowance for doubtful debts	**(254,980)**	(215,400)
	2,979,199	2,769,315

Ageing analysis

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

	2017	2016
	RMB'000	*RMB'000*
Current	**1,718,040**	1,697,877
Less than 1 month past due	**246,119**	47,148
1 to 3 months past due	**376,786**	280,974
More than 3 months but less than 12 months past due	**282,535**	338,841
More than 12 months past due	**355,719**	404,475
Amounts past due	**1,261,159**	1,071,438
	2,979,199	2,769,315

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

	2017	2016
	RMB'000	*RMB'000*
Trade creditors	**2,143,575**	1,645,745
Bills payables	**289,359**	320,600
	2,432,934	1,966,345

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

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**2,139,727**	1,560,219
3 months to 12 months	**186,677**	275,664
Over 12 months	**106,530**	130,462
	2,432,934	1,966,345

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

11 DIVIDENDS

No dividend in respect of the year ended 31 December 2016 was paid in 2017. A final dividend in respect of the year ended 31 December 2017 of HKD0.08 (equivalent to approximately RMB0.07) per share has been proposed by the Directors. The proposed final dividend in respect of 2017 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 not approved as at the balance sheet date.

BUSINESS REVIEW

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

Product portfolio

The three business segments of the Group mainly comprise the following products under different brand names:

Energy equipment and engineering

- Liquefied natural gas ("**LNG**") trailers and tanks
- Natural gas refueling station systems
- Compressed natural gas ("**CNG**") seamless pressure cylinders
- CNG trailers
- Liquefied petroleum gas ("**LPG**") trailers and tanks
- Natural gas compressors
- Project engineering services, e.g. LNG related projects
- IMO Type C Tank
- LNG, LPG and liquefied ethylene gas ("**LEG**") carriers
- Marine oil and gas module

Energy equipment and engineering service are mainly provided under the brand names of "**Enric**", "**Sanctum**", "**Hongtu**", "**CIMC Tank**" and "**YPDI**".

Chemical equipment

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

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

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 "**Ziemann Holvrieka**" and "**Briggs**".

OPERATIONAL PERFORMANCE

Revenue

Gradual recovery of the international oil price and favourable policies announced by the PRC Government boosted the consumption of natural gas in China during 2017. This in turn caused the demand for natural gas equipment, especially LNG equipment, to increase during the year; thus, resulting in the surge of energy equipment and engineering segment's revenue during the year. The rise in demand for tank containers caused the chemical equipment segment to post an increase in revenue during the year. The liquid food equipment segment's revenue increased in 2017 partly due to inorganic growth resulting from the acquisition of Briggs Group Limited in June 2016 and partly from organic growth. As a result, the revenue for 2017 rose by 33.9% to RMB10,671,276,000 (2016: RMB7,968,403,000). The performance of each segment is discussed below:

During the year, the energy equipment and engineering segment's revenue rose by 53.0% to RMB4,958,683,000 (2016: RMB3,241,382,000). The increase in import of LNG substantially boosted the demand for LNG trailers. While the widening of the price differential between natural gas and oil, caused natural gas vehicle related products like on-vehicle LNG fuel tanks to record a robust rebound in demand during 2017. At the same time the expansion into marine LNG module business and LNG tank containers, as a new LNG storage and transportation medium, also contributed to the growth in natural gas equipment's revenue during the year. The segment remains the top grossing segment and accounted for 46.4% of the Group's total revenue (2016: 40.7%).

The chemical equipment segment's revenue increased by 22.4% to RMB3,026,389,000 (2016: RMB2,471,644,000) due to an increase in the sales volume of tank containers. The segment made up 28.4% of the Group's total revenue (2016: 31.0%).

The liquid food equipment segment's revenue posted a growth of 19.1% to RMB2,686,204,000 during the year (2016: RMB2,255,377,000) due to both inorganic growth from an acquisition in 2016 and organic growth of its original business. The segment accounted for 25.2% of the Group's total revenue (2016: 28.3%).

Gross profit margin and profitability

The energy equipment and engineering segment's gross profit margin ("**GP margin**") fell slightly to 13.9% (2016: 15.2%). The decline was mainly the result of a change in product mix. As for the chemical equipment segment, its GP margin saw a slight decline from 18.7% last year to 16.9% in 2017. This was attributable to the average selling price of tank containers increased slower than the unit cost during the year. The GP margin for liquid food equipment segment slightly rose to 22.1% during the year due to improved efficiency in project execution (2016: 19.9%). Despite a rise in the liquid food equipment segment's GP margin, the decline in both the energy equipment and engineering and the chemical equipment segments' GP margins caused the Group's overall GP margin to fall by 0.8 percentage point to 16.8% (2016: 17.6%).

Profit from operations expressed as a percentage of revenue decreased by 1.5 percentage points to 6.9% (2016: 8.4%) which is mainly attributable to the lower GP margin and the increase of selling expenses at a faster rate than revenue during the year.

The Group purchased the major assets of SinoPacific Offshore & Engineering Co., Ltd. ("**SOE**") through acquiring the entire equity interest in SOE on 4 August 2017 and renamed it Nantong CIMC SinoPacific Offshore & Engineering Co., Ltd. (南通中集太平洋海洋工程有限公司") on 15 August 2017. Based on the repayment capability analysis provided by the receiver, the recoverable amount of the Financial Assistance was estimated to be approximately RMB190,521,000. Therefore, the Group made an additional provision for impairment of RMB105,549,000 during the year.

Income tax expenses for the Group rose slightly by 2.0% to RMB135,099,000 for the year (2016: RMB132,427,000) which was mainly caused by the increase in profit contribution from the liquid food equipment segment whose income tax rates are higher than the other two segments.

Prospects

Since mid-2016, the recovery of global economy has been further strengthened. Approximately 120 economies (which accounted for 75% of the global GDP) reported faster year-on-year economic growth for 2017, which is a period of broadest global economic growth since 2010. This was underpinned by a notably higher global economic growth rate, ongoing improvements in the labour market, moderate increase in global consumer prices, rising bulk commodity prices, improved growth rates for international trade and so on. International Monetary Fund upped its 2017 global growth forecast to 3.7% in "World Economic Outlook", who believes the strong growth momentum is expected to sustain through 2018 and 2019, and revised the global growth rate upward to 3.9% for these two years accordingly.

The Chinese economy has been an instrumental force behind the robust global economic growth. According to the National Bureau of Statistics, China's full-year GDP for 2017 amounted to RMB82,700 billion, representing an annual growth rate of 6.9%, which makes China a leader among the major economies. It is worth noting that China's economic development in 2017 was chiefly characterised by the gradual consolidation of its transition from high-speed to high-quality growth.

Under the favourable context of global economic recovery and high-quality economic growth in China, the Group would adhere to the philosophy of sustainable development of clean energy, green logistics and beautiful life. We would continue to pursue the vision of becoming "a respected world-leading enterprise in energy/chemical/food industries", to contribute to the healthy development of the global energy, chemical and liquid food industries, to contribute to a better living and to create value for the Company's stakeholders.

Energy equipment and engineering

During 2017, natural gas has grown into a hot topic, news about natural gas reforms, satellite supply stations, coal-to-gas conversion, pollution management, and also regional "gas shortage" in China have attracted many attentions. To some extent, the stable supply of natural gas has become one of the most important livelihood issues. Despite the ups and downs, China's natural gas market has gone through the stage of most rapid growth during 2017, whether in terms of market liberalisation or natural gas consumption.

Given the recovery of international oil price and the positive Chinese economy, a series of policies in favour of the development of natural-gas-related industry have been announced and implemented intensively, pushing China's natural gas consumption back on track to rapid growth. According to National Development and Reform Commission, China produced 148.7 billion cubic metres and imported 92.0 billion cubic metres of natural gas in 2017, representing year-on-year growth of 8.5% and 27.6%, respectively, while the volume of natural gas consumption increased to 237.3 billion cubic metres, with a year-on-year growth of 15.3%. Moreover, natural gas consumption is expected to maintain high growth in the long run, as BP Energy predicts that natural gas will overtake coal as the world's second largest energy source by 2035 and account for a larger share of primary energy. Therefore, we believe that the energy equipment and engineering segment is and will remain in a phase of rapid growth of the natural gas industry especially liquified natural gas.

In view of such favourable prospect, the Group's energy equipment and engineering segment will continue to pursue strategies such as internal optimisation, capacity consolidation and business collaboration, etc, as it strengthens and expands its existing capabilities in key equipment manufacturing, engineering services and solutions, to strategically covering the whole natural gas industry value chain, more particularly, to cover LNG marine applications such as the small-medium sized multi-gas carriers, LNG marine fuel tank series and offshore engineering/oil gas treatment module. In the meantime, the segment strives to develop other natural-gas-oriented business such as clean fuel storage and transportation equipment manufacturing, on-vehicle fuel tank manufacturing and the integrated solution for distributed energy application. The segment also actively explores other clean energy business opportunities in order to sustain a stable business development.

Chemical equipment

With advantages such as leak-proof, safety, eco-friendliness, recyclability, long service life, versatility with intermodal transportation for a diverse range of products and economic efficiency, tank container has been widely used in the European and American markets for years. Meanwhile, hazardous chemicals in China are transported via traditional modes with potential safety hazards such as tank trucks, drum barrels or bags, resulting in numerous serious accidents. Meanwhile, the Chinese government is applying more stringent requirements in the control of hazardous chemical transportation and, with the nation's standards gradually converging with international standards, the prospect of tank container usage in China is growing.

In May 2017, a full freight of liquefied chemicals was exported from Xinjiang to Europe via the "Xinjiang-Europe-Mediterranean" Sino-European rail freight service for the first time, using tank containers manufactured by the Group. The facilitation of liquefied chemical trading in tank containers between China and Europe, would promote the sharing of resources and the economic development of countries along the routes.

In the longer term, the global chemical industry is expected to sustain steady growth following the gradually stabilising global economy as well as developments of the emerging markets. The global investment in chemical products is expected to recover gradually. Tank container as a safe, economical, eco-friendly and digitalised means of logistics will be the future development trend. Moreover, the advance in science and technology will result in the development of new chemical products which in turn will raise the demand for tank containers.

In view of the above, the chemical equipment segment of the Group would be engaged in offering chemical logistic solutions, targeting one-stop service for clients, with an aim to cement its leading position in the global market. On one hand, the segment will enhance its production efficiency and general competitiveness through innovations in manufacturing technology, cost control and optimised production. On the other hand, it will also provide in-depth after-sales services, while exploring new possibilities of the tank container business from internet-of-things (IOT) technology, helping clients to build digitalised operation system and improve their operating efficiency.

Liquid food equipment

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

The acquisition of Briggs Group Limited in 2016, with headquarters located in the UK, strengthened the segment's process capabilities with extensive process design knowledge in breweries, pharmaceutics and distilleries. Integration of Briggs is an ongoing process and has proven to be successful, already resulting in projects with an extended scope in the distilling and pharmaceutical markets of North and South Americas.

The segment will continue to enhance the branding of "Ziemann Holvrieka" and "Briggs". Under the objective of a unified corporate image, the segment position itself as "engineers, enthusiasts, consultants and enablers" whose major capacity is to know customers business right down to the last detail. By acting and thinking sustainably, the segment will continue to implement marketing strategies to improve the market positioning as well as increase brand awareness and customer intimacy.

FINANCIAL RESOURCES REVIEW

Liquidity and financial resources

At 31 December 2017, the cash and cash equivalents of the Group amounted to RMB2,251,175,000 (2016: RMB2,916,900,000). A portion of the Group's bank deposits totalling RMB265,592,000 (2016: RMB263,640,000), 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 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 2017, the Group's bank loans and overdrafts amounted to RMB1,390,308,000 (2016: RMB1,598,994,000) and are all repayable within one year. Apart from the syndicated bank loan denominated in USD and the term loan denominated in HKD that bear interest at floating rates, the overall bank loans bear interest at rates from 3.35% to 4.35% per annum. At 31 December 2017, the Group did not have any secured bank loan (2016: Nil). As of 31 December 2017, the Group had no bank loans that were guaranteed by the Company's subsidiaries (2016: RMB40,000,000). As at 31 December 2017, loans from related parties amounted to RMB105,000,000 (2016: RMB875,000,000), which are unsecured, interest bearing from 1.75% to 4.60% (2016: 4.35% to 4.65%) per annum and repayable within one year.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2016: zero times) as the Group retained a net cash balance of RMB755,867,000 (2016: RMB442,905,000). The rise in net cash balance was mainly attributable to an increase in the amount of advance payments received from customers. The Group's interest coverage was 9.6 times for the year (2016: 6.7 times) which represents an improvement that was mainly due to a higher operating profit and a lower interest expenses comparing with the previous year. Certainly, the Group's profit from operation and strong operating cash flow demonstrate that the Group is fully capable of meeting its interest expense commitments.

During 2017, net cash generated from operating activities amounted to RMB845,097,000 (2016: RMB1,079,743,000). The Group drew bank loans and loans from related parties totalling RMB795,865,000 (2016: RMB2,054,916,000) and repaid RMB1,697,225,000 (2016: RMB1,415,341,000). No final dividend in respect of the financial year 2016 were declared or paid in 2017. In addition, cash proceeds amounted to RMB15,466,000 (2016: RMB2,662,000) arose from the issuance of ordinary shares on exercise of share options.

Assets and liabilities

At 31 December 2017, total assets of the Group amounted to RMB14,167,219,000 (2016: RMB12,888,423,000) while total liabilities were RMB8,306,241,000 (2016: RMB7,586,358,000). The net asset value rose by 10.5% to RMB5,860,978,000 (2016: RMB5,302,065,000) which was mainly attributable to net profit RMB420,181,000 and capital contribution from exercise of option of RMB15,466,000 and was partially offset by exchange difference on translation of financial statements denominated in foreign currencies of RMB107,957,000 for the year. As a result, the net asset value per share increased to RMB3.017 at 31 December 2017 from RMB2.737 at 31 December 2016.

Contingent liabilities

At 31 December 2017, the Group had outstanding balance of guarantees issued by relevant banks totalling RMB994,460,000 (2016: RMB779,018,000). Apart from these, the Group did not have other material 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 some extent by loans from banks and related parties. At the same time, the Group will continuously take particular caution on the inventory level and credit policy, as well as further strengthening its 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 2017, the Group had contracted but not provided for capital commitments of RMB52,649,000 (2016: RMB28,779,000). As of 31 December 2017, the Group did not have any authorised but not contracted for capital commitments (2016: 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 which expose the Group to this risk are primarily US dollar 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 and Engineering

Given the recovery of international oil price and the growing Chinese economy, a series of policies in favour of the development of natural-gas-related industry have been announced and implemented intensively since mid-2016, pushing China's natural gas consumption back on track to rapid growth. To alleviate the seasonal disparities between gas supply and demand and prevent "gas-supply shortage" during winter from happening again, the Chinese government will pursue a natural gas supply strategy which emphasises import via gas pipeline and LNG receiving terminal, and both conventional and unconventional sources, with a view to accelerate LNG supply and to significantly boost the peak-shaving capacity in major cities during peak consumption seasons, while contributing to the fulfilment of goals set out in "Natural Gas Development 13th Five Year Plan".

The segment follows a strategy of expansion from domestic to international market and extend coverage through the entire industry value chain, which is highly consistent with Chinese national natural gas supply strategy as mentioned above. Thus, the segment would continue with its endeavours to connect the upstream, mid-stream and downstream natural gas industry value chain, develop comprehensive LNG and LPG business chains, adjust and optimise its pressure vessels business chain with an equal emphasis on hydrogen, electron gas and CNG. The segment also captures opportunities from the development of unconventional natural gas sources and LNG marine applications, aiming to maintain competitiveness.

In the meantime, to seize opportunities arising from the growing trend of low-carbon economy and accelerated pace of clean energy application around the world, the segment will further consolidate its overseas energy business and commit greater resources to the clean energy sector, especially nuclear and hydrogen energy applications as well as energy storage and distribution. The segment also considers cooperation with leading players in the industry to gain more expansion.

Chemical Equipment

Europe and US have been the major markets for tank containers as this sophisticated logistical system designed for chemicals have been established in these regions for years. With ongoing economic growth in emerging markets, such as China, Southeast Asia, India and Russia, the chemical sector in these markets have experienced rapid growth. In addition, there has been a steadily growing demand for tank containers in other emerging markets.

Contrary to the extensive application of tank containers in European and US markets, the chemical transportation sector in China mostly remains on traditional transportation modes such as tank trucks, drum barrels and bags, and consequently the demand for tank containers had been lower in Chinese market compared to those in European and American countries. This condition has improved in recent years as the relevant authorities have announced policies to encourage the use of tank container, by promoting construction of logistics infrastructure facilities, the establishment of pilot demonstration project and construction of hub terminals respectively. Such initiatives will facilitate stronger penetration of tank containers in China's logistics industry.

The chemical equipment segment will continue to devote effort into R&D and market exploration, so as to expand the scope of application of special tank containers and to maintain a leading market position in standard tank containers. By building supply chains that are efficient, mutually beneficial and of high quality, the segment seeks to establish comprehensive partnerships with clients through the whole service cycle, to implement full-scale upgrade of its manufacturing capabilities, to further consolidate competitiveness and thus to stay ahead of the industry. While consolidating its equipment manufacturing business, the segment will actively explore the potential in providing more intelligent products by utilising internet-of-things (IOT) technology, helping clients to build a digitalised operation system and improve their operating efficiency.

Liquid Food Equipment

In the future, the liquid food equipment segment will expand globally and diversify to equipment and project engineering for the manufacturing of food items other than beer, following a two-dimensional approach covering vertically beer production and horizontally other liquid food businesses, leveraging its core technologies and strengths in EPC contracting. The acquisition of Briggs Group Limited in 2016, with headquarters located in the U.K., has enabled the business segment to tap into breweries, pharmaceutical and distilleries sectors on a global basis, as well as to provide process design and turnkey project engineering services for certain sub-sectors. Hence, the segment will actively explore business development in these new sectors in the future, striving to generate more opportunities for revenue and profit growth.

The liquid food equipment segment constantly reviews and develops its strategy, to gain opportunities in which it can excel and enhance its business position. For vertical diversification, the segment continues to enhance its capabilities to offer turnkey solutions for brewing and strives to develop and deliver such services and products to our customers. For horizontal diversification, the segment strives to proactively develop businesses for other liquid food industries apart from beer, such as juice storage, transportation and dairy product processing.

THE 2017 FINAL DIVIDEND

Having taken into account the Group's continued business development and efforts to increase return on equity, the Board proposes to maintain a stable dividend payout ratio for the year 2017.

The Board recommended a final dividend in respect of 2017 of HKD0.08 (2016: Nil) (the "**2017 Final Dividend**") per ordinary share payable in cash on or about 25 June 2018 to shareholders whose names appear on the register of members of the Company on 1 June 2018 (the "**Record Date**"), subject to shareholders' approval in the forthcoming annual general meeting ("**AGM**") on 18 May 2018.

Closure of Register of Members

To ascertain shareholders' entitlements to the 2017 Final Dividend, the register of members of the Company will be closed from Monday, 28 May 2018 to Friday, 1 June 2018 (both days inclusive). In order to qualify for the 2017 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 Friday, 25 May 2018.

Moreover, for determination of the entitlement to attend and vote at the AGM, the transfer books and register of members will be closed from Monday, 14 May 2018 to Friday, 18 May 2018 (both days inclusive), during which period no transfer of Shares will be effected. In order to determine the identity of Shareholders who are entitled to attend and vote at the AGM, all Share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 11 May 2018.

Withholding and Payment of Enterprise Income Tax for Non-resident Enterprises on Distribution of the 2017 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.

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 2017 Final Dividend after deducting an enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2017 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 Friday, 25 May, 2018.

With respect to individual investors of Shanghai-Hong Kong Stock Connect who hold Shares through HKSCC Nominees Limited, Hong Kong Securities Clearing Company Limited will pay the amount of the 2017 Final Dividend net of the 10% enterprise withholding tax to China Securities Depository and Clearing Corporation Limited for dividend distribution in accordance with relevant requirements under the Notice Regarding Tax Policies Related to the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》) and Notice Regarding Tax Policies Related to the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》) jointly published by the Ministry of Finance of the PRC, State Administration of Taxation of the PRC and China Securities Regulatory Commission.

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 2017, 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 2017. 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 2017.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

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

DIRECTORS

As at the date of this announcement, the Board consists of Mr. Gao Xiang (Chairman) and Mr. Yang Xiaohu (General Manager) as executive Directors; Mr. Jin Jianlong, Mr. Yu Yuqun, Mr. Wang Yu and Mr. Jin Yongsheng as non-executive Directors; and Mr. Wong Chun Ho, Mr. Tsui Kei Pang and Mr. Zhang Xueqian as independent non- executive Directors.

By order of the Board
CIMC Enric Holdings Limited
Gao Xiang
Chairman

Hong Kong, 21 March 2018

The Annual Report 2017 will be dispatched to the shareholders and published on the websites of the Company and the Stock Exchange as soon as practicable.