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 2023, THE 2023 FINAL DIVIDEND, CLOSURE OF REGISTER OF MEMBERS, WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES ON DISTRIBUTION OF THE 2023 FINAL DIVIDEND, PROPOSED CHANGE OF AUDITOR AND PROPOSED ADOPTION OF THE NEW ARTICLES OF ASSOCIATION

FINANCIAL HIGHLIGHTS

	2023	2022	
Revenue *(RMB'000)*	**23,626,279**	19,601,761	20.5%
Net profit *(RMB'000)*	**1,163,561**	1,084,938	7.2%
Profit attributable to shareholders *(RMB'000)*	**1,113,972**	1,055,062	5.6%
Core profit* *(RMB'000)*	**1,281,381**	1,227,963	4.4%
Basic earnings per share *(RMB)*	**0.554**	0.528	4.9%
Gross profit margin	**15.7%**	17.4%	(1.7) ppt
Proposed final dividend per ordinary share# *(HKD)*	**0.30**	0.24	25.0%

* Core profit – Profit for the year but stripping out share-based payment expenses and convertible bonds related interest expenses

\# Proposed final dividend per ordinary share of HKD0.30 is equivalent to approximately RMB0.27, the actual RMB amount depends on exchange rate at the time of payment

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 2023 together with the comparative figures for the year ended 31 December 2022.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
Revenue	3 & 8	**23,626,279**	19,601,761
Cost of sales		**(19,905,455)**	(16,200,321)
Gross profit		**3,720,824**	3,401,440
Other operating income	4(a)	**331,689**	262,725
Other (losses)/gains, net	4(b)	**(136,790)**	41,463
Reversal of impairment losses/(impairment losses) on financial and contract assets	5(d)	**36,479**	(58,754)
Selling expenses		**(467,140)**	(351,029)
Administrative expenses		**(1,960,235)**	(1,823,557)
Profit from operations		**1,524,827**	1,472,288
Finance costs	5(a)	**(93,536)**	(80,470)
Share of results of associates and a joint venture		**25,997**	6,484
Profit before taxation	5	**1,457,288**	1,398,302
Income tax expenses	6	**(293,727)**	(313,364)
Profit for the year		**1,163,561**	1,084,938
Attributable to:			
Equity shareholders of the Company		**1,113,972**	1,055,062
Non-controlling interests		**49,589**	29,876
Profit for the year		**1,163,561**	1,084,938
Earnings per share for profit attributable to the ordinary equity holders of the Company:	7		
– Basic earnings per share		**RMB0.554**	RMB0.528
– Diluted earnings per share		**RMB0.499**	RMB0.468

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Profit for the year	**1,163,561**	1,084,938
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**744**	(88,529)
Share of other comprehensive income of an associate	**–**	57
Other comprehensive income/(loss) for the year, net of tax	**744**	(88,472)
Total comprehensive income for the year	**1,164,305**	996,466
Attributable to:		
Equity shareholders of the Company	**1,114,729**	972,510
Non-controlling interests	**49,576**	23,956
Total comprehensive income for the year	**1,164,305**	996,466

CONSOLIDATED BALANCE SHEET

As at 31 December 2023

	Note	As at 31 December **2023** ***RMB'000***	2022 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**3,837,906**	3,738,485
Construction in progress		**606,581**	327,324
Right-of-use assets		**141,006**	140,139
Investment properties		**37,557**	38,906
Lease prepayments		**545,755**	561,331
Intangible assets		**217,461**	138,935
Goodwill		**293,714**	254,166
Deferred tax assets		**166,574**	140,086
Interests in associates and a joint venture		**623,862**	219,716
Financial instruments at fair value through profit or loss		**1,714**	249
Total non-current assets		**6,472,130**	5,559,337
Current assets			
Inventories		**4,776,509**	4,636,367
Contract assets		**2,237,236**	1,101,611
Trade and bills receivables	9	**3,660,256**	3,470,415
Deposits, other receivables and prepayments		**2,157,619**	1,644,343
Amounts due from related parties		**66,438**	157,009
Financial instruments at fair value through profit or loss		**35,722**	39,541
Term and restricted bank deposits		**1,183,323**	382,398
Cash and cash equivalents		**6,998,191**	5,223,453
Total current assets		**21,115,294**	16,655,137
Total assets		**27,587,424**	22,214,474
LIABILITIES			
Non-current liabilities			
Bank loans		**385,038**	76,925
Convertible bonds		**–**	1,388,644
Warranty provision		**112,231**	96,487
Deferred tax liabilities		**257,786**	119,125
Deferred income		**310,748**	300,567
Employee benefit liabilities		**4,482**	12,583
Loans from related parties		**–**	31,812
Lease liabilities		**125,623**	116,251
Financial instruments at fair value through profit or loss		**611**	8,837
Total non-current liabilities		**1,196,519**	2,151,231

	Note	As at 31 December	
		2023	2022
		RMB'000	*RMB'000*
Current liabilities			
Bank loans		**93,500**	367,774
Convertible bonds		**1,452,871**	–
Lease liabilities		**25,908**	32,667
Loans from related parties		**695,526**	135,715
Trade and bills payables	10	**4,441,204**	3,492,365
Contract liabilities		**4,442,324**	3,816,213
Other payables and accrued expenses		**2,069,149**	2,010,982
Amounts due to related parties		**512,955**	392,156
Warranty provision		**66,579**	50,878
Financial instruments at fair value through profit or loss		**140,728**	92,976
Income tax payable		**76,517**	144,010
Total current liabilities		**14,017,261**	10,535,736
Total liabilities		**15,213,780**	12,686,967
Net assets		**12,373,644**	9,527,507
EQUITY			
Share capital		**18,521**	18,521
Reserves		**11,213,731**	9,123,246
Equity attributable to equity shareholders of the Company		**11,232,252**	9,141,767
Non-controlling interests		**1,141,392**	385,740
Total equity		**12,373,644**	9,527,507

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity shareholders of the Company												
	Share capital *RMB'000*	Share premium *RMB'000*	Shares held for share award scheme *RMB'000*	Contributed surplus *RMB'000*	Capital reserve *RMB'000*	Exchange reserve *RMB'000*	General reserve fund *RMB'000*	Retained earnings *RMB'000*	Convertible bonds reserve *RMB'000*	Other reserve *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 31 December 2021	18,516	573,651	(125,124)	1,124,571	1,206,131	(384,756)	497,913	5,203,886	123,944	4,684	8,243,416	256,261	8,499,677
Profit for the year	–	–	–	–	–	–	–	1,055,062	–	–	1,055,062	29,876	1,084,938
Share of other comprehensive income of an associate	–	–	–	–	–	–	–	57	–	–	57	–	57
Exchange differences on translation of foreign operations	–	–	–	–	–	(82,609)	–	–	–	–	(82,609)	(5,920)	(88,529)
Total comprehensive income for the year	–	–	–	–	–	(82,609)	–	1,055,119	–	–	972,510	23,956	996,466
Issuance of shares in connection with exercise of share options	5	7,574	–	–	(2,215)	–	–	–	–	–	5,364	–	5,364
Shares held for share award scheme – vesting of awarded shares	–	39,355	36,765	–	(38,397)	–	–	–	–	–	37,723	–	37,723
Effect of conversion of a subsidiary from a limit liability company into a joint stock company	–	–	–	–	189,935	–	(22,937)	(166,998)	–	–	–	–	–
Lapse of share options	–	–	–	–	(3,844)	–	–	3,844	–	–	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(7,956)	(7,956)
Capital contribution from non-controlling interests	–	–	–	–	136,210	–	–	–	–	–	136,210	146,030	282,240
Equity-settled share-based transactions	–	–	–	–	66,897	–	–	–	–	–	66,897	–	66,897
Transfer to general reserve	–	–	–	–	–	–	164,510	(164,510)	–	–	–	–	–
2021 final dividends paid	–	–	–	–	–	–	–	(364,258)	–	–	(364,258)	–	(364,258)
Dividends distribution made by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(32,663)	(32,663)
Special reserve – safe production fund	–	–	–	–	–	–	–	–	–	5,605	5,605	–	5,605
Equity-settled share-based transactions of subsidiaries	–	–	–	–	38,300	–	–	–	–	–	38,300	112	38,412
Total contributions by and distributions to owners of the company, recognised directly in equity	5	46,929	36,765	–	386,886	–	141,573	(691,922)	–	5,605	(74,159)	105,523	31,364
At 31 December 2022	18,521	620,580	(88,359)	1,124,571	1,593,017	(467,365)	639,486	5,567,083	123,944	10,289	9,141,767	385,740	9,527,507

	Attributable to equity shareholders of the Company												
	Share capital	Share premium	Shares held for share award scheme	Contributed surplus	Capital reserve	Exchange reserve	General reserve fund	Retained earnings	Convertible bonds reserve	Other reserve	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022	18,521	620,580	(88,359)	1,124,571	1,593,017	(467,365)	639,486	5,567,083	123,944	10,289	9,141,767	385,740	9,527,507
Profit for the year	-	-	-	-	-	-	-	1,113,972	-	-	1,113,972	49,589	1,163,561
Exchange differences on translation of foreign operations	-	-	-	-	-	757	-	-	-	-	757	(13)	744
Total comprehensive income for the year	-	-	-	-	-	757	-	1,113,972	-	-	1,114,729	49,576	1,164,305
Shares held for share award scheme – vesting of awarded shares	-	42,536	36,312	-	(39,939)	-	-	-	-	-	38,909	-	38,909
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	39,563	39,563
Lapse of share options	-	-	-	-	(5,063)	-	-	5,063	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-	-	107,060	(107,060)	-	-	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	1,271,131	-	-	-	-	-	1,271,131	786,977	2,058,108
Equity-settled share-based transactions	-	-	-	-	33,664	-	-	-	-	-	33,664	-	33,664
2022 final dividends paid	-	-	-	-	-	-	-	(432,899)	-	-	(432,899)	-	(432,899)
Dividends distribution made by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(115,150)	(115,150)
Special reserve – safe production fund	-	-	-	-	-	-	-	-	-	9,115	9,115	-	9,115
Transaction with non-controlling interests	-	-	-	-	(9,253)	-	-	-	-	-	(9,253)	9,253	-
Purchase of shares in connection with share award scheme	-	-	(4,380)	-	-	-	-	-	-	-	(4,380)	-	(4,380)
Equity-settled share-based transactions of subsidiaries	-	-	-	-	41,837	-	-	-	-	-	41,837	914	42,751
Others	-	-	-	-	27,632	-	-	-	-	-	27,632	(15,481)	12,151
Total contributions by and distributions to owners of the company, recognised directly in equity	-	42,536	31,932	-	1,320,009	-	107,060	(534,896)	-	9,115	975,756	706,076	1,681,832
At 31 December 2023	18,521	663,116	(56,427)	1,124,571	2,913,026	(466,608)	746,546	6,146,159	123,944	19,404	11,232,252	1,141,392	12,373,644

NOTES

1 BASIS OF PREPARATION

The consolidated results set out in this announcement are extracted from the financial statements of the Group for the year ended 31 December 2023. The consolidated 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**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for the certain financial assets and liabilities (including derivative instruments), which are measured at fair value.

The preparation of consolidated 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 to be published Annual Report 2023.

2 CHANGES IN ACCOUNTING POLICIES

(a) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for their annual reporting period commencing 1 January 2023:

- Amendments to HKFRS 17 – Insurance Contracts
- Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to HKAS 8 – Definition of Accounting Estimates
- Amendments to HKAS 12 – International Tax Reform – Pillar Two Model Rules
- Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the amended standards does not have a significant impact on the consolidated financial statements.

(b) New standards and amendments not yet adopted

Certain new accounting standards and amendments have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January, 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January, 2024
Amendments to HKFRS 16	Lease liability in sale and leaseback	1 January, 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 January, 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	1 January, 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January, 2025
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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 clean energy, chemical and environmental and liquid food industries.

Revenue represents: (i) the sales value of goods sold after allowances for returns of goods, excluding value-added tax 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:

	2023	2022
	RMB'000	*RMB'000*
Sales of goods	**14,752,277**	12,832,262
Revenue from project engineering contracts	**8,874,002**	6,769,499
	23,626,279	19,601,761

4 OTHER OPERATING INCOME AND OTHER (LOSSES)/GAINS, NET

		Note	2023 *RMB'000*	2022 *RMB'000*
(a)	**Other operating income**			
	Government grants	(i)	**76,949**	100,470
	Other operating revenue	(ii)	**123,443**	137,825
	Interest income from bank deposits		**131,297**	24,430
			331,689	262,725

(i) Government grants represent various forms of incentives and subsidies given to the Company's subsidiaries by the PRC government, which includes the recognition of deferred government grants amounting to RMB26,971,000 (2022: RMB23,637,000).

(ii) Other operating revenue consists mainly of income earned from the sale of scrap materials and provision of maintenance services and subcontracting services.

		2023 *RMB'000*	2022 *RMB'000*
(b)	**Other (losses)/gains, net**		
	Foreign exchange (loss)/gain	**(21,304)**	213,153
	Net fair value loss on financial instruments at fair value through profit or loss	**(148,522)**	(209,211)
	Write-back of restructuring liabilities	**–**	26,303
	Write-back of payables and advances from customers (i)	**7,845**	3,496
	Net (losses)/gains on disposal of property, plant and equipment and lease prepayment	**(14,295)**	6,993
	Compensation received	**28,992**	4,720
	Gain on disposal of investment in an associate	**1,853**	747
	Gain on disposal of investment in subsidiaries	**–**	135
	Donation expenses	**(453)**	(493)
	Other net gains/(losses)	**9,094**	(4,380)
		(136,790)	41,463

(i) Amounts represented the write-back of long aged payables and advances from customers.

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans and loans from related parties	**43,109**	35,656
Interest on lease liabilities	**3,104**	3,606
Interest on convertible bonds	**41,404**	37,716
Less: interest capitalised	**(1,668)**	(3,374)
Bank charges	**7,587**	6,866
	93,536	80,470

(b) Staff costs

	2023	2022
	RMB'000	*RMB'000*
Salaries, wages and allowances	**1,922,146**	1,822,739
Contributions to retirement schemes	**169,983**	123,218
Equity-settled share-based payment expenses	**76,416**	105,309
	2,168,545	2,051,266

(c) Other items

	2023	2022
	RMB'000	*RMB'000*
Cost of inventories	**13,316,349**	10,931,814
Cost from project engineering contracts	**6,589,106**	5,268,507
Auditor's remuneration		
– Audit services	**7,242**	12,400
– Non-audit services	**3,085**	4,285
Depreciation of property, plant and equipment	**329,866**	306,488
Depreciation of right-of-use assets	**37,470**	36,400
Amortisation of lease prepayments	**15,605**	15,981
Amortisation of intangible assets	**30,046**	26,850
Impairment losses on construction in progress	**–**	42,122
Impairment losses on property, plants and equipment	**4,362**	–
Write-down of inventories	**74,986**	36,574
Reversal of write-down of inventories	**(3,491)**	(4,876)
Research and development costs	**690,440**	557,968
Operating lease charges for property rental	**20,029**	11,699
Provision for product warranties	**116,152**	104,699
Reversal of provision for product warranties	**(58,808)**	(90,175)

(d) Reversal of impairment losses/(impairment losses)on financial and contract assets

	2023	2022
	RMB'000	*RMB'000*
Impairment provision for trade receivables	**(72,222)**	(98,854)
Reversal of impairment provision for trade receivables	**63,272**	62,038
Impairment provision for contract assets	**(12,440)**	(16,529)
Reversal of impairment provision for contract assets	**31,680**	2,032
Impairment provision for other receivables	**(132)**	(12,417)
Reversal of impairment provision for other receivables	**26,321**	4,976
	36,479	(58,754)

6 INCOME TAX EXPENSES

(a) Taxation in the consolidated income statement represents:

	2023	2022
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**221,576**	334,471
Adjustments for current income tax of prior years	**(34,610)**	(17,331)
	186,966	317,140
Deferred tax		
Origination and reversal of temporary differences	**106,761**	(3,776)
	293,727	313,364

(i) 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.

(ii) 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%.

(iii) 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 withholding tax liability was provided for the distributable profits of PRC subsidiaries.

(iv) Taxation of subsidiaries in the Netherlands, Belgium, Denmark, Germany, United Kingdom, Canada, United States and Singapore are charged at the prevailing rates of 26%, 25%, 22%, 29%, 25%, 31%, 21% 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:

	2023 *RMB'000*	2022 *RMB'000*
Profit before taxation	**1,457,288**	1,398,302
Notional tax on profit before taxation, calculated at the applicable rates	**393,469**	382,593
Effect of tax concessions	**(126,786)**	(129,156)
Super deduction for research and development expenditure	**(55,848)**	(42,946)
Tax effect of non-deductible expenses	**19,351**	34,202
Tax effect of tax losses not recognised as deferred tax assets	**82,381**	52,816
Tax effect of temporary differences not recognised as deferred tax assets	**19,238**	37,852
Adjustments for current income tax of prior years	**(34,610)**	(17,331)
Utilisation of tax losses which no deferred tax assets were recognised before	**(3,468)**	(4,666)
Income tax expenses	**293,727**	313,364

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:

	2023 *RMB'000*	2022 *RMB'000*
Earnings		
Earnings for the purposes of basic earnings per share	**1,113,972**	1,055,062
Earnings for the purposes of diluted earnings per share	**1,076,966**	1,003,448

	2023	2022
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**2,009,829,866**	1,997,107,907
Effect of dilutive potential ordinary shares in respect of the convertible bonds and the Company's share option and share award schemes	**149,166,446**	148,126,518
Weighted average number of shares for the purpose of diluted earnings per share	**2,158,996,312**	2,145,234,425

	2023	2022
	RMB	*RMB*
Earnings per share		
Basic earnings per share	**0.554**	0.528
Diluted earnings per share	**0.499**	0.468

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, which is the Group's chief operating decision-maker, 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.

- Clean energy: this segment specialises in the manufacture and sale of a wide range of equipment and construction for the storage, transportation, application, processing and distribution of natural gas, liquefied petroleum gas ("**LPG**") and hydrogen such as compressed natural gas and hydrogen trailers, seamless pressure cylinders, liquefied natural gas ("**LNG**") trailers, LNG and hydrogen storage tanks, LPG tanks, LPG trailers, natural gas and hydrogen refuelling station systems and natural gas compressors; and the provision of engineering, procurement and construction services for the natural gas and hydrogen industries; the design, production and sale of small and medium-sized offshore liquefied gas carriers; natural gas and hydrogen processing and distribution services and the provision of value-added services for the clean energy industry.

- Chemical and environmental: this segment specialises in the manufacture and sale of a wide range of equipment, such as tank containers, for the storage and transportation of liquefied or gaseous chemicals and powder chemicals; the provision of maintenance and value-added service for tank containers; and explores business in environmental protection.

- Liquid food: this segment specialises in the engineering, manufacture and sale of stainless steel tanks for storage and processing liquid food such as beer, distilled spirits, fruit juice and milk; the provision of turnkey service for the brewery industry as well as other liquid food industries; and the provision of peripheral logistics service.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, 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, convertible bonds 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 profit of associates, directors' remuneration, auditors' remuneration and other head office or corporate administrative expenses.

In addition to receive 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 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.

	Clean energy		Chemical and environmental		Liquid food		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**14,907,121**	10,591,120	**4,414,336**	5,241,667	**4,292,702**	3,619,638	**23,614,159**	19,452,425
Inter-segment revenue	**–**	–	**44,491**	63,329	**–**	–	**44,491**	63,329
Reportable segment revenue	**14,907,121**	10,591,120	**4,458,827**	5,304,996	**4,292,702**	3,619,638	**23,658,650**	19,515,754
Timing of revenue recognition								
At a point in time	**10,254,475**	7,428,433	**4,458,827**	5,304,996	**71,346**	33,270	**14,784,648**	12,766,699
Over time	**4,652,646**	3,162,687	**–**	–	**4,221,356**	3,586,368	**8,874,002**	6,749,055
Reportable segment profit (adjusted profit from operations)	**560,536**	316,607	**703,394**	832,522	**446,250**	439,340	**1,710,180**	1,588,469
Interest income from bank deposits	**30,154**	8,056	**57,063**	6,346	**35,281**	334	**122,498**	14,736
Interest expense	**(23,260)**	(12,172)	**(6,986)**	(5,175)	**(937)**	(7,192)	**(31,183)**	(24,539)
Depreciation and amortisation for the year	**(282,166)**	(262,983)	**(42,025)**	(39,095)	**(51,131)**	(47,523)	**(375,322)**	(349,601)
Reportable segment assets	**15,176,516**	12,306,206	**5,548,587**	3,802,275	**4,633,142**	4,709,411	**25,358,245**	20,817,892
Additions to non-current assets during the year	**567,907**	331,497	**76,804**	106,547	**204,232**	42,152	**848,943**	480,196
Reportable segment liabilities	**9,391,170**	6,407,380	**905,358**	1,444,547	**2,117,627**	2,537,281	**12,414,155**	10,389,208

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

	2023	2022
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**23,658,650**	19,515,754
Elimination of inter-segment revenue	**(44,491)**	(63,329)
Unallocated revenue	**12,120**	149,336
Consolidated revenue	**23,626,279**	19,601,761

	2023	2022
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**1,710,180**	1,588,469
Elimination of inter-segment profit	**(4,703)**	(3,823)
Reportable segment profit derived from Group's external customers	**1,705,477**	1,584,646
Finance costs	**(93,536)**	(80,470)
Share of results of associates and a joint venture	**25,997**	6,484
Unallocated operating income and expenses	**(180,650)**	(112,358)
Consolidated profit before taxation	**1,457,288**	1,398,302

	2023	2022
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**25,358,245**	20,817,892
Elimination of inter-segment receivables	**(9,422)**	(6,542)
	25,348,823	20,811,350
Deferred tax assets	**166,574**	140,086
Unallocated assets	**2,072,027**	1,263,038
Consolidated total assets	**27,587,424**	22,214,474

	2023	2022
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**12,414,155**	10,389,208
Elimination of inter-segment payables	**(9,422)**	(6,542)
	12,404,733	10,382,666
Income tax payable	**76,517**	144,010
Deferred tax liabilities	**257,786**	119,125
Convertible bonds	**1,452,871**	1,388,644
Unallocated liabilities	**1,021,873**	652,522
Consolidated total liabilities	**15,213,780**	12,686,967

(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, right-of-use assets, intangible assets, construction in progress, lease prepayments, investment properties, 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 construction in progress, and the location of the operation to which they are allocated, in the case of lease prepayments, prepayments, intangible assets, right-of-use assets and goodwill.

	Revenues from external customers		**Specified non-current assets**	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC (place of domicile)	**12,178,415**	8,995,216	**5,056,587**	4,721,293
United States	**1,392,543**	2,121,782	**–**	7
European countries	**3,246,945**	2,564,086	**624,889**	476,447
Asian countries (other than PRC)	**3,340,034**	3,426,382	**218**	1,788
Other American countries	**2,884,489**	2,000,278	**–**	–
Other countries	**583,853**	494,017	**–**	–
	11,447,864	10,606,545	**625,107**	478,242
	23,626,279	19,601,761	**5,681,694**	5,199,535

For the year ended 31 December 2023, there was no single external customer that accounted for 10% or more of the Group's total revenue (2022: nil).

(d) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2023	2022
	RMB'000	*RMB'000*
Contract assets	**2,292,362**	1,180,636
Loss allowance	**(55,126)**	(79,025)
Total contract assets	**2,237,236**	1,101,611
Contract liabilities – Sales of goods	**1,930,258**	1,221,282
Contract liabilities – Project engineering contracts	**2,512,066**	2,594,931
Total contract liabilities	**4,442,324**	3,816,213

(i) Changes in contract assets and liabilities

Contract assets balances of the Group increased as at 31 December 2023 as the Group had several ongoing projects at the end of 2023.

The increase of contract liabilities of the Group was due to down payment received from customers relating to several large-scale engineering projects undertaken by the Group during the year ended 31 December 2023.

(ii) Revenue recognised in relation to contract liabilities

The following table discloses the amount of revenue recognised in the current reporting period relating to carried-forward contract liabilities.

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
– Sales of goods	**1,164,505**	1,098,056
– Project engineering contracts	**1,903,124**	825,406
	3,067,629	1,923,462

9 TRADE AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**3,549,837**	3,372,209
Less: allowance for excepted credit loss	**(267,366)**	(264,132)
	3,282,471	3,108,077
Bills receivables (i)	**377,785**	362,338
	3,660,256	3,470,415

(i) As at 31 December 2023, amounts of RMB292,804,000 represent bank acceptance bills classified as financial assets at fair value through other comprehensive income, which the Group had endorsed to financial institutions for treasury management purposes (31 December 2022: RMB220,474,000). Amounts of RMB39,683,000 and RMB45,298,000 represent trade acceptance bills and bank acceptance bills, respectively classified as financial assets at amortised cost, which the Group has intended to hold until maturity (31 December 2022: RMB80,110,000 and RMB61,754,000).

As at 31 December 2023, amounts of RMB23,094,000 and RMB6,903,000 (31 December 2022: RMB41,673,000 and RMB29,302,000) represent bank acceptance bills and trade acceptance bills, respectively, which the Group had endorsed to financial institutions but they did not meet the criteria of derecognition, therefore, the amounts remained on-book.

(a) Ageing analysis

An ageing analysis of trade and bills receivables based on due date (net of allowance for expected credit loss) is as follows:

	2023	2022
	RMB'000	*RMB'000*
Current	**3,021,998**	2,784,761
Less than 3 months past due	**337,288**	417,634
More than 3 months but less than 12 months past due	**239,681**	183,634
More than 1 year but less than 2 years past due	**33,243**	46,959
More than 2 years but less than 3 years past due	**24,084**	34,185
More than 3 years but less than 5 years past due	**3,962**	3,242
Amounts past due	**638,258**	685,654
	3,660,256	3,470,415

Trade and bills receivables are expected to be settled within one year. In general, debts are due for payment upon 30–90 days after billing. Subject to negotiation, credit terms up to twelve months are available for certain customers with well-established trade and payment history on a case-by-case basis.

(b) Fair values of trade and bills receivables

The carrying amounts of the Group's trade and bills receivables as at 31 December 2023 and 31 December 2022 approximated their fair values.

(c) Impairment and risk exposure

The loss allowance increased by RMB3,234,000 from RMB264,132,000 as at 1 January 2023 to RMB267,366,000 as at 31 December 2023 for trade receivables.

10 TRADE AND BILLS PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade creditors	**3,801,102**	2,970,755
Bills payables	**640,102**	521,610
	4,441,204	3,492,365

An ageing analysis of trade and bills payables of the Group as at the end of each of the year, based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**3,429,315**	2,487,962
3 months to 12 months	**697,272**	826,202
Over 12 months	**314,617**	178,201
	4,441,204	3,492,365

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

11 DIVIDENDS

Final dividend of RMB432,899,000 in relation to the year ended 31 December 2022 was paid in 2023.

A final dividend in respect of the year ended 31 December 2023 of HKD0.30 (equivalent to approximately RMB0.27, the actual RMB amount depends on exchange rate at the time of payment) per share has been proposed by the Directors. The proposed final dividend in respect of 2023 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The financial and operational data highlights of the Group for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022 are as follows:

Key financial data	2023	2022	Change %
Revenue *(RMB'000)*	**23,626,279**	19,601,761	20.5%
Revenue from clean energy segment *(RMB'000)*	**14,907,121**	10,591,120	40.8%
Revenue from chemical and environmental segment *(RMB'000)*	**4,414,336**	5,241,667	(15.8)%
Revenue from liquid food segment *(RMB'000)*	**4,292,702**	3,619,638	18.6%
Gross profit *(RMB'000)*	**3,720,824**	3,401,440	9.4%
Net profit *(RMB'000)*	**1,163,561**	1,084,938	7.2%
Profit attributable to shareholders *(RMB'000)*	**1,113,972**	1,055,062	5.6%
Core profit* *(RMB'000)*	**1,281,381**	1,227,963	4.4%
Basic earnings per share *(RMB)*	**0.554**	0.528	4.9%

* Core profit[1] – Profit for the year but stripping out share-based payment expenses and convertible bonds related interest expenses.

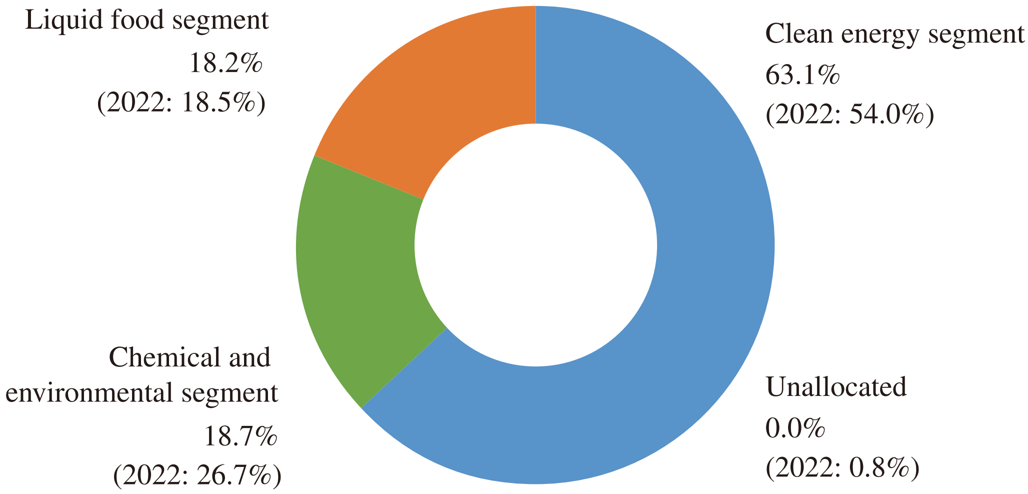
1 Core profit is a non-HKFRS measure facilitating the evaluation of financial performance of the Group's core operations. Such non-HKFRS measure may be defined differently from similar terms used by other companies.

FINANCIAL REVIEW

Revenue

During 2023, stimulated by favourable factors such as the recovery of domestic natural gas consumption and recovery of the Chinese economy and favourable government policies, the Group's clean energy and liquid food segments grew steadily during the year. At the same time, the slowdown in demand for tank containers has negatively impacted our chemical and environmental segment. As a result, the Group's consolidated revenue for 2023 rose by 20.5% to RMB23,626,279,000 (2022: RMB19,601,761,000). The performance of each segment is discussed below:

Revenue breakdown by segment



With the continuous tightening of the country's requirements for environmental protection, energy conservation and emission reduction, the demand for LNG and industrial gases in many fields continues to grow, driving the sales of our storage and transportation equipment such as on-vehicle LNG fuel tanks, cryogenic storage tanks, industrial gas storage tanks and tank containers. As a result, the clean energy segment's revenue for 2023 rose by 40.8% to RMB14,907,121,000 (2022: RMB10,591,120,000), among which the hydrogen related business's revenue grew by 59.0% year-on-year to RMB700,493,000. The clean energy segment remained the top grossing segment and contributed 63.1% (2022: 54.0%) of the Group's total revenue.

With international logistics gradually recovering, the global demand for and supply of tank containers have reached a balance and demand for new containers gradually returned to a normal level. As a result, the chemical and environmental segment's revenue was down slightly by 15.8% to RMB4,414,336,000 (2022: RMB5,241,667,000). The segment made up 18.7% of the Group's total revenue (2022: 26.7%).

During 2023, benefitting from the increase in newly signed orders, the liquid food segment's revenue saw an increase of 18.6% to RMB4,292,702,000 during the year (2022: RMB3,619,638,000). The segment accounted for 18.2% of the Group's total revenue (2022: 18.5%).

The unallocated revenue was RMB12,120,000 (2022: RMB149,336,000) and made up 0.0% of the Group's total revenue (2022: 0.8%)

The Group's accumulated new orders received in 2023 and the backlog orders by the end of 2023 reached a record high, with a total of RMB26,639 million new orders signed in 2023 and the backlog orders of RMB22,850 million by the end of 2023. In particular, orders for the clean energy segment increased significantly, with new orders signed for the clean energy segment reaching RMB18,573 million during the period and the backlog orders by the end of 2023 amounting to RMB16,637 million. Among them, the new orders signed for hydrogen business in 2023 and the backlog orders by the end of 2023 were RMB831 million and RMB335 million, respectively. In 2023, the new orders for chemical and environmental and liquid food segments amounted to RMB3,304 million and RMB4,762 million, respectively, and the backlog orders by the end of 2023 amounted to RMB1,138 million and RMB5,075 million, respectively.

Gross Profit Margin and Profitability

The Group's overall gross profit margin ("**GP margin**") fell to 15.7% in 2023 from 17.4% in 2022. While clean energy segment's GP margin rose slightly, chemical and environmental and liquid food segments' decreased at varying degrees. The clean energy segment's GP margin increased slightly to 12.8% (2022: 12.5%), which was mainly attributable to the increase in revenue from overseas customers. During the year, the GP margin of chemical and environmental segment decreased to 21.0% (2022: 22.8%), which was mainly due to the global tank container supply and demand have reached a balance, the demand for standard tank containers has returned to normal, which has declined from the high level in 2022, and the capacity utilisation rate of the production line reduced, affecting the gross profit margin. The GP margin of the liquid food segment decreased to 20.7% (2022: 24.0%), which was mainly because of delay in progress of some projects and rise in certain costs. These were in turn caused by certain overseas clients postponing their investments where their respective government adopted an interest rate hike policy.

Profit from operations expressed as a percentage of revenue fell to 6.5% (2022: 7.5%), which was mainly due to a decrease in GP margin.

Other operating income totalling RMB331,689,000 in 2023 (2022: RMB262,725,000) consisted of interest income from bank deposits, government grants and other operating revenue. The rise in other operating income during the year was mainly attributed to an increase in interest income from bank deposits.

Selling expenses increased by 33.1% to RMB467,140,000 (2022: RMB351,029,000). Such expenses comprised provision for product warranty, royalty fee, human resources, commission and other expenses directly attributable to selling activities. Selling expenses increased mainly because of a rise in provision for product warranty, after-sale service charges and staff cost in line with an expanding scale of sales activities.

Administrative expenses rose by 7.5% to RMB1,960,235,000 (2022: RMB1,823,557,000) which was mainly due to increase in salaries and wages, legal and professional fees and research and development spending.

During the year, impairment losses on financial and contract assets turned to a gain of RMB 36,479,000 (2022: losses of RMB58,754,000) and the improvement was mainly attributable to the strengthening of the Group's credit control measures.

Other net losses of RMB136,790,000 in 2023 (2022: gains of RMB41,463,000) mainly comprised foreign exchange loss/gain, net fair value losses on financial assets at fair value through profit or loss, compensation received, write-back of payables and advances from customers, loss on disposal of property, plant and equipment, charitable donations and miscellaneous losses. The change in 2023 was mainly due to foreign exchange gains turning into losses during the year.

During 2023, finance costs increased by 16.2% to RMB93,536,000 (2022: RMB80,470,000). Finance costs mainly comprised interest on bank loans, loans from related parties and zero coupon convertible bonds of RMB87,617,000 (2022: RMB76,978,000). The rise in interest expenses was mainly due to an increase in the amount of loans during the year.

Tax expenses for the Group decreased by 6.3% to RMB293,727,000 in 2023 (2022: RMB313,364,000). This fall was mainly attributable to the increase in profit contribution from advanced and new technology enterprises in China who enjoy a preferential income tax rate of 15% instead of the normal rate of 25%.

Liquidity and Financial Resources

As at 31 December 2023, the cash and cash equivalents of the Group amounted to RMB6,998,191,000 (2022: RMB5,223,453,000). A portion of the Group's bank deposits totaling RMB1,183,323,000 (2022: RMB382,398,000), which had more than three months of maturity at acquisition, were restricted for investments purposes or for guarantee of banking facilities. The Group has maintained sufficient cash on hand for repayment of bank loans as they fall due and continued to take a prudent approach in future development and capital expenditure. The Group has been cautiously managing its financial resources and constantly reviews and maintains an optimal gearing level.

As at 31 December 2023, the Group's bank loans and overdrafts amounted to RMB478,538,000 (2022: RMB444,699,000) and other than the long-term bank loans that are repayable in 2036, the remaining are repayable from within one year to five years. All bank loans bore interest at rates from 2.70% to 4.14% per annum (2022: 2.95% to 4.50%).

As at 31 December 2023, the Group did not have any secured bank loan (2022: nil) nor any bank loan that was guaranteed by the Company's subsidiaries (2022: nil). As at 31 December 2023, loans from related parties amounted to RMB695,526,000 (2022: RMB167,527,000), which are unsecured, interest bearing from 2.95% to 4.75% per annum (2022: 3.5% to 4.75%) and repayable within one year.

As at 31 December 2023, the Group's convertible bonds amounted to RMB1,452,871,000 (31 December 2022: RMB1,388,644,000) and recognised imputed interest expenses of RMB41,404,000 for this year (2022: RMB37,716,000). With effect from 3 June 2023 following the payment of final dividend for the year ended 31 December 2022, the convertible bond's conversion price has been adjusted from HKD11.49 to HKD11.15 pursuant to the terms and conditions of the convertible bonds. The maximum number of Shares issuable by the Company upon conversion of all the outstanding convertible bonds amounted to 150,672,645 Shares as at 31 December 2023, representing an increase of 4,458,546 Shares as compared to 2022 (31 December 2022: 146,214,099 Shares). In accordance with the terms and conditions of the convertible bonds, the convertible bonds were reclassified from non-current liabilities to current liabilities in the consolidated financial statements as at 31 December 2023. No conversion of the convertible bonds had been made since the issue of convertible bonds and up to 31 December 2023.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2022: zero times) as the Group retained a net cash balance of RMB4,371,256,000 (2022: RMB3,222,583,000). The increase in net cash balance was mainly attributable to a cash inflow from operating cash and financing which is partially offset by the cash outflow from investing during the year.

The Group's interest coverage was 17.6 times for the year (2022: 19.1 times), which represented a decrease that was mainly due to an increase in interest expense for the year. However, 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 2023, net cash generated from operating activities amounted to RMB1,780,476,000 (2022: RMB2,561,009,000), by consistently applying the right measures and controls, the Company is confident to maintain a net operating cash inflow in the long run.

The net cash used in investing activities amounted to RMB2,081,077,000 (2022: RMB483,946,000), this is mainly due to the payment for acquisition of property, plant, equipment and construction in progress, acquisition of subsidiaries, investment in associates, settlement of derivative financial instruments and placement of term deposits which totaled RMB2,720,783,000 (2022: RMB592,046,000).

During the year, the net cash generated from financing activities amounted to RMB1,979,683,000 (2022: outflow of RMB77,084,000), this is mainly due to the capital contribution from non-controlling interests which amounted to RMB2,077,364,000 (2022: RMB 265,418,000). This increase was mainly due to CIMC Safeway Technologies Co., Ltd.* ("**CIMC Safe Tech**") completed its initial public offering ("**IPO**") on the Shenzhen Stock Exchange. The Group drew bank loans and loans from related parties totaling RMB1,182,130,000 (2022: RMB711,955,000) and repaid RMB627,849,000 (2022: RMB728,042,000). In 2023, a final dividend of approximately RMB432,899,000 (2022: RMB364,258,000 was paid for the financial year 2021) was paid for the financial year of 2022.

Assets and Liabilities

As at 31 December 2023, total assets of the Group amounted to RMB27,587,424,000 (2022: RMB22,214,474,000) while total liabilities were RMB15,213,780,000 (2022: RMB12,686,967,000). The net asset value rose by 29.9% to RMB12,373,644,000 (2022: RMB9,527,507,000), which was mainly attributable to CIMC Safe Tech's IPO on the Shenzhen Stock Exchange and net profit RMB1,163,561,000 which was partially offset by dividend pay-out of RMB432,899,000. As a result, the net asset value per share increased from RMB4.697 at 31 December 2022 to RMB6.101 at 31 December 2023.

Contingent Liabilities

As at 31 December 2023, the Group had outstanding procurement performance guarantees issued by relevant banks totaling RMB3,328,102,000 (31 December 2022: RMB1,257,969,000). Apart from these, the Group did not have other material contingent liabilities.

Future Plans for Source of Funding and Capital Commitments

Traditionally, 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 external borrowings (such as bank loans, related party loans and convertible bonds). In addition, CIMC Safe Tech (one of the Company's subsidiaries) successfully completed its IPO and attracted funding from non-controlling interests that boosted the Group's source of funding during 2023. 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. As at 31 December 2023, the Group had contracted but not provided for capital commitments of RMB347,159,000 (2022: RMB184,949,000). As of 31 December 2023, the Group did not have any authorised but not contracted for capital commitments (31 December 2022: nil).

Foreign Exchange Exposure

The Group is exposed to foreign currency risk primarily through trade transactions that are denominated in currencies other than its functional currency. The currencies giving rise to this risk to the Group 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 can enter into foreign exchange forward contracts with reputable financial institutions to hedge foreign exchange risk.

Capital Expenditure

In 2023, the Group invested RMB1,411,788,000 (2022: RMB501,722,000) in capital expenditure for expansion of production capacity, general maintenance of production capacity and new business ventures. The clean energy, chemical and environmental and liquid food segments invested RMB1,112,488,000, RMB88,904,000 and RMB208,224,000, respectively (2022: RMB382,516,000, RMB77,184,000 and RMB36,022,000 respectively) in this regard during the year. Other unallocated business invested RMB2,172,000 in aggregate during the year (2022: RMB6,000,000).

Significant Investment Held and Future Plans for Material Investment and Capital Assets

During the year ended 31 December 2023, the Group did not have any significant investment, and there was no plan for other material investments or additions of capital assets as at the date of this announcement.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the year ended 31 December 2023, CIMC Safe Tech successfully completed its initial public offering on the Shenzhen Stock Exchange which constituted a deemed disposal in CIMC Safe Tech's equity interest by the Company. Save as disclosed above, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures.

Charge on Assets

As at 31 December 2023, no property, plant and equipment was pledged.

Employees and Remuneration Policies

As at 31 December 2023, the total number of employees of the Group was approximately 11,000 (2022: approximately 10,500). Total staff costs (including directors' emoluments, retirement benefits scheme contributions and equity-settled share-based payment expenses) were approximately RMB2,168,545,000 (2022: RMB2,051,266,000).

As an equal opportunity employer, the Group's remuneration and bonus policies are determined with reference to the performance, qualifications, and experience of individual employee and prevailing market rate. Other benefits include contributions to statutory mandatory provident fund scheme to employees in Hong Kong, contributions to government pension schemes to employees in Mainland China, and operation of various qualified defined benefit pension plans which are funded through payments to insurance companies for employees in Europe.

During the year ended 31 December 2023, no Directors waived their remuneration.

BUSINESS REVIEW

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

BUSINESS REVIEW BY SEGMENTS

Clean Energy

Onshore Clean Energy Business

CIMC Enric is the leading key equipment manufacturer and integrated engineering services provider in China covering full natural gas industry layout and is capable of providing one-stop system solutions. Having been highly recognized by our customers, we are one of those with the highest market share in all product lines. For instance, we are leading in China in terms of production and sales volume of storage and transportation equipment for LNG, LPG, CNG and industrial gases.

In 2023, benefiting from domestic policy support and favourable factors such as the recovery of natural gas consumption and stabilised LNG prices, the onshore clean energy business achieved good growth in all aspects of the industrial chain. Particularly, in terms of terminal application, the demand for on-vehicle LNG cylinders was boosted by the surge in the LNG heavy-duty truck market, and new and delivered orders both grew significantly, with the cumulative new orders for on-vehicle LNG cylinders nearing RMB1.29 billion, representing a YoY increase of 39 times. The newly constructed production line for on-vehicle LNG cylinders has also commenced operation in the first quarter of 2024, with a maximum annual production capacity of 200,000 on-vehicle LNG cylinders. In addition, the Group continued to strengthen the expansion of clean energy multi-energy complementary business, and established Shanghai Energy System Company during the period to expand its low-carbon comprehensive energy service business around four major areas, namely industrial energy conservation, building energy conservation, agricultural energy conservation and mobile energy supply, and has successfully developed its own SL Blue Sky series and AM Amethyst series of modularised intelligent low-carbon energy station products, to provide customers with zero-carbon, safe and intelligent integrated energy system solutions with the support from CIMC's EQC Digital Intelligent Energy System platform.

The midstream storage and transportation equipment and engineering business also achieved outstanding results. With the increase in domestic natural gas consumption, the market demand for storage and transportation equipment has picked up. Against the backdrop of enhancing energy security, LNG emergency peak-shaving storage projects remain a key direction of construction. During the period, the Group won the bid for several natural gas peak-shaving storage projects, including a 29,000m^3 natural gas peak-shaving storage station in Shaanxi Province and the Shenzhen Natural Gas Peak-shaving Storage Phase II Expansion EPC Project.

The Group has also strengthened the construction of its onshore clean energy overseas marketing network and accelerated the expansion of overseas markets, setting up overseas offices in the Americas, Europe, Africa and Southeast Asia to enhance the influence of its international brand and service capabilities, as well as actively exploring the Middle East market during the period. In terms of overseas business, the Group's overseas revenue from onshore clean energy business hit a record high of over RMB2 billion in 2023, representing a year-on-year growth of 30%. The Group has signed the first EPC order for an overseas LNG liquefaction plant, and the revenue from its overseas engineering business has increased significantly by 40%. In addition, the Group made another breakthrough in the field of gas energy storage, winning the bid for the Key Technology Research and Demonstration – Compressed Air Storage System project under the "integration of source, network, load and storage" program of Three Gorges Corporation, which will provide new high-pressure gas storage equipment for the Corporation.

In the business fields related to upstream processing and operation, relying on the advantages of energy equipment and engineering such as liquefied modules, storage and transportation equipment as well as the existing client resource advantage, the Group has developed diversified non-traditional gas sources (including coke oven gas, wellhead gas, coalbed gas and other marginal gases) by focusing on high-quality resources in different regions, and has expanded and established three major gas production bases in Northwest China, Northeast China, Southwest China, so as to realise a value-added business pattern featuring the "production, storage, transportation and refuelling +" closed-loop operation from the upstream resource end to the terminal-application end, as well as the integrated industry interaction powered by digitisation and intelligence. During the period under review, following the demonstrative cooperation with Angang Steel, the Group successfully replicated the model of coke oven gas to hydrogen co-production LNG project with Shougang Shuigang and Lingang Steel, which is expected to commence production successively from 2024 onwards, realising the large-scale production of LNG and high-purity hydrogen. Leveraged on the Group's capability for integrated solutions of marginal gas processing and distribution, the Group continued to diversify its gas supply channels and achieved rapid growth in business scale during the period.

Offshore Clean Energy Business

The Group has proprietary design and manufacturing capabilities for a complete range of IMO C-type tank products in the world, and can independently complete the design and building of liquefied gas vessels and liquid cargo tanks. The Group has outstanding design and manufacturing capabilities in the fields of small and medium-sized gas carriers, LNG bunkering vessels, large-sized ethane carriers, IMO C-type liquid cargo tanks and LNG fuel tanks and marine oil and gas modules. And it is a world leader in the niche market of the small and medium-sized liquefied gas vessels with the top-ranking global market share, offering a product chain that covers full pressurised, semi-refrigerated & semi-pressurised carriers for various liquefied gases such as LPG, ethane, LEG, LNG and liquid ammonia, as well as LNG bunkering vessels.

In 2023, the Group's offshore clean energy business fully benefitted from the booming growth in the industry brought about by the development of global green shipping. During the period under review, the Group's new shipbuilding orders for clean fuel or dual-fuel vessels, as well as the corresponding orders for on-vessel LNG fuel tanks and liquid cargo tanks, grew significantly. The offshore clean energy business centre secured nearly 20 new building and optional vessel orders for its main vessel types, namely liquefied gas vessels and clean energy-powered vessels, including four 40,000m^3 LPG/liquid ammonia carriers (MGC vessels), one 12,500m^3 LNG bunkering vessel, 2+2 1,450 TEU LNG dual-fuel container vessels for European shipowners, 2+2 ethylene/ethane carriers for Singaporean shipowners and four 12,500T dual-fuel dry bulk carriers signed with CSC Cargo Co., Ltd. etc. The Group also achieved doubled new orders for on-vessel LNG liquid cargo tanks and fuel tanks, and during the year, the Group customised the development of the 3,400m^3 stainless steel LNG marine fuel tank that can use methanol or ammonia alternatively, and successfully covered the full range of ABC-type liquid cargo tanks, delivering the largest LNG B-type marine cargo tank in China. In 2021, the Group acquired the assets of shipyards and terminals along the Yangtze River through asset acquisitions, completing the related capacity expansion and deployment. The Group is also in the best position to embrace the long-term booming industry cycle and business explosion, having successfully constructed and delivered the first 8,200m^3 LNG bunkering vessel at the upgraded new plant during the year.

In terms of oil-to-gas conversion projects for inland waterway vessels, the Group delivered a total of 29 oil-to-gas vessels at the beginning of the year 2023, being the largest delivery in China in a single batch. During the period, the Group also entered into strategic agreements with partners such as Wuhan Changjiang Ship Design Institute (武漢長江船舶設計院) of the CSC Group and Jining Energy Development Group Limited (濟寧能源發展集團有限公司), focusing on the national development plan of green and intelligent ships, adopting the concept of green and intelligent shipbuilding and building green and intelligent ships, building digital workshops and intelligent factories to lead the "digital and intelligent transformation" of inland waterway shipbuilding, vigorously promoting the modularisation, standardisation and mass manufacturing of ships, accelerating the upgrading and iterating of inland waterway ships, and was committed to the eco-friendly upgrading of the Yangtze River and the Beijing-Hangzhou Grand Canal. In the second half of 2023, the demand for methanol-fueled vessels increased in the inland waterway new-energy vessel market, and the Group also strengthened its technology reserves and market development of methanol-fueled vessels, and was awarded the Accreditation-in-Principle (AIP) certificate for methanol-fueled tooling systems by the Det Norske Veritas (DNV). During the period, the inland waterway clean energy business centre also steadily promoted green methanol projects and made breakthroughs in site selection, business model and technology development.

Hydrogen Energy Business

The Group is a leading provider of hydrogen storage and transportation equipment and engineering services in China. Since 2006, the Group has commenced the hydrogen energy business with products covering various areas such as "production, storage, transportation, refuelling and application". As an international leading supplier of hydrogen energy equipment and solutions, the Group continued to expand its layout and development in the upstream, midstream and downstream fields of the hydrogen energy industry during the year, and made continuous improvement to its capability of integrated solutions.

In terms of upstream hydrogen production, leveraged on the Group's equipment manufacturing and service capabilities in the clean energy sector, the Group has successfully joined hands with Shougang Shuigang and Lingang Steel to develop a joint production of hydrogen and LNG from coke-oven gas project, which is a successful replication of the project model of effectively utilising industrial by-product gases for the production of clean energy. The first project with Angang Steel is expected to be put into production in 2024, which will realise the large-scale supply of high-purity hydrogen and LNG as well as the promotion of their application, and the Group will also develop "end-to-end" integrated services around this project. In the hydrogen production equipment sector, the Group successfully launched a 1,200m^3/h alkaline electrolyser in early 2023, while a skid-mounted methanol-hydrogen production equipment was also launched during the year. The Group will continue to proactively engage in the hydrogen production equipment sector and continuously improve its layout in hydrogen energy equipment.

In terms of midstream business, liquid hydrogen storage and transportation equipment sector was the Group's key direction of development in 2023. The group standard for mobile liquid hydrogen transport containers which the Group has taken the lead in drafting was officially released in the first half of the year, followed by the adoption of China's first corporate standard for "Mobile Vacuum Insulated Liquid Hydrogen Pressure Vessel", China's first 40m^3 commercial liquid hydrogen tank truck and 40-foot liquid hydrogen tank container were launched successfully, as milestones of the key R&D program of the Ministry of Science and Technology. Currently, the Group has a number of orders for liquid hydrogen storage and transportation equipment in hand, which will commence delivery in 2024. In the field of high-pressure hydrogen storage and transportation equipment, the Group continued to lead the development in the industry with a leading market share, successfully launching the first 30MPa hydrogen tube bundle container in China and achieving mass shipments, and achieving mass deliveries of 99/103MPa stationary hydrogen storage vessels, with positive feedback from the market. The industrialisation of 30MPa hydrogen tube bundle container has significantly reduced the cost of hydrogen transportation. In terms of hydrogen storage spherical tanks, with the launching of a large number of green hydrogen and green ammonia projects in China, the Group's medium-pressure hydrogen storage spherical tanks and liquid ammonia storage spherical tanks business also saw rapid growth, with a number of bids for hydrogen and liquid ammonia storage spherical tank projects won by the Group. Among them, the Group delivered 6 sets of 1,500m^3 of medium-pressure hydrogen storage spherical tanks in the first batch of green hydrogen demonstration projects in the Huadian Damaoqi Wind and Solar Hydrogen Generation Project Spherical Tank Hydrogen Storage EPC Engineering (華電達茂旗風光制氫項目球罐儲氫EPC工程) in Inner Mongolia, forming a wide influence in the industry, and realising the same-year delivery of the project in the same year of winning the tender, which has brought the Group to a new level in terms of technology standard and engineering capability.

In terms of the downstream application, the national standards for the "On-vehicle Compressed Hydrogen Carbon Fiber-wrapped Cylinders with Plastic Inner Tube" and the "Regular Inspection and Evaluation of On-vehicle Compressed Hydrogen Fiber-wrapped Cylinders", which CIMC Enric participated the compilation, were officially released and will be formally implemented from 1 June 2024. The construction of production base for Type IV on-vehicle hydrogen cylinders and supply system of CIMC Hexagon has also been completed in March 2024. Currently, the Type Ⅲ on-vehicle hydrogen cylinders on sale cover different specifications ranging from 110L to 390L, and the business scale continued to grow at a rapid pace with increasing market share; at the same time, hydrogen fuel cell heavy-duty trucks and hydrogen fuel cell smart rail tram equipped with the Group's Type IV on-vehicle hydrogen supply systems have been successively exported to Australia and Malaysia, respectively. In terms of hydrogen refuelling stations, the Group successfully delivered Hong Kong's first skid-mounted hydrogen refuelling station project and ancillary hydrogen tube bundle trailer, as well as Hong Kong's first double-decker hydrogen bus with Type IV on-vehicle hydrogen supply system, which contributed to the commissioning of Hong Kong's first hydrogen refuelling station and the first hydrogen bus, and opened up Hong Kong's hydrogen urban transportation application scenario.

Chemical and Environmental

On 11 October 2023, the Group successfully spun off its chemical and environmental business, which was successfully listed on the ChiNext Market of the Shenzhen Stock Exchange under the name of "CIMC Safe Tech (CIMC Safeway Technologies Co., Ltd.)". After the spin-off and listing, CIMC Safe Tech continued to undertake the Group's chemical and environmental business, which would continue to be controlled by CIMC and CIMC Enric and would be consolidated into their financial statements.

This segment specializes in the research and development, manufacture and sale of a wide range of tank containers for chemical liquids, liquefied gases and powder commodities, and at the same time in the provision of cleaning, annual inspection, repair services, conversion, renovation and other after-sales services for tank containers, and the provision of customized information services for tank containers based on the Internet of Things technology. In 2023, CIMC Safe Tech, spun off by the Group, was successfully listed on the ChiNext Market of the Shenzhen Stock Exchange, and the chemical and environmental business embraced a new chapter with the support of the capital market. However, at the same time, the segment is also facing global geopolitical tensions, steel market volatility, exchange rate changes and other factors and challenges that may lead to a slowdown in economic growth and increased volatility in market demand. In response to these challenges, this segment has successfully consolidated its market shares and achieved sustainable development by strengthening research and development and innovation, optimizing supply chain management, upgrading production line layout, enhancing production flexibility, strengthening comprehensive quality management and digital operation and other strategies.

Although changes in the external environment of the market resulted in a decline in sale volumes of tank containers, the Company's main product, the Company maintained its leading position in the global market. The segment developed, manufactured and sold a full range of tank container products, covering standard stainless steel liquid tank containers, special stainless steel liquid tank contains, carbon steel gas tank containers, carbon steel powder tank containers, etc., and possessed the industry-leading tank container research and development and manufacturing capabilities. The global market share of the tank container products has been ranked first for many consecutive years, and the Company has been awarded the Manufacturing Industry Champion Demonstration Enterprise by the Ministry of Industry and Information Technology. Adhering to the business philosophy of sustainable development, this segment is committed to the "safe, green, intelligent and lightweight" technological development direction, and has been exploring and applying new technologies, new processes and new energy for energy saving and environmental protection. In 2023, the Company responded to the national green and environmental protection policies and constructed the first near-zero VOC emission coating powder spray line in the industry, whose mass production has been successfully realized.

In 2023, this segment won the "China Patent Excellence Awards" and "Grade AAA Appraisal Certificate for Management System Featuring the Integration of Informationisation and Industrialisation" at the national level, and was also honored as "Jiangsu Provincial Excellent Enterprise" and "Jiangsu Provincial Green Development Leading Enterprise" in Jiangsu Province, a major manufacturing province, and "Nantong Advanced Enterprise in Stabilizing Foreign Trade" and "Nantong Advanced Unit in Intelligent Renovation and Digital Transformation" at the municipal level as well, which were not only a recognition of craftsmanship and manufacturing achievements, but also an affirmation of efforts in green development. In terms of business model, following the concept of "Manufacturing + Service + Intelligence", the segment has been expanding our after-market service capability and implementing our strategic deployment around the chemical park. The intelligent business, especially the "Tankmiles" brand, continued to show a rapid upward trend, with a number of intelligent products such as digital sensors, digital display instruments, smart terminals and ethylene glycol heating and cooling systems achieving mass application in intelligent tank containers.

In addition, this segment has also actively explored industry-university-research cooperation with universities, and has established cooperative relationships with Shanghai Jiaotong University, Institute of Optoelectronics, Peking University and other organizations, providing a strong research and development support and innovative impetus for the future business development. Based on our strong manufacturing capability and strict quality control system, this segment also successfully expanded into the medical equipment component manufacturing field, especially applications in NMR imaging equipment.

Liquid Food

The liquid food segment is active in several types of turnkey projects globally, including beer, distilled spirits, solid fermentation (baijiu/condiments), juice, dairy and others, positioning itself well to benefit from positive global trends and key consumption drivers.

This segment specializes in the engineering, manufacture and sale of stainless steel tanks for storage and processing liquid food such as beer, distilled spirits, juices and milk; These products & services are incorporated in the provision of large turnkey engineering, procurement and construction (EPC) solutions projects, including the provision of peripheral logistics service, for the brewery industry as well as other liquid food industries.

The period under review has seen significant developments and accomplishments across various business lines of our operations, reflecting our commitment to excellence and innovation. Throughout this time frame, our focus remained steadfast on delivering exceptional turnkey solutions to our clients worldwide, while exploring new markets and expanding our capabilities.

In Mexico and Thailand, our turnkey brewery projects have continued to thrive, underscoring our expertise and reliability in delivering EPC solutions. We've successfully completed several projects, including turnkey brewery installations and expansion initiatives, solidifying our position as a trusted partner in the global brewing industry.

Our efforts to further diversify into non-beer markets have yielded promising results, particularly in the distilled spirits and juice sectors. With a steady influx of backlog orders and the successful execution of significant projects, we've demonstrated our adaptability and versatility in catering to diverse client needs.

In line with our strategic growth objectives, we've directed into new markets, including solid state fermentation and biopharmaceuticals, leveraging our expertise to secure initial projects and establish a foothold in these promising sectors. The ongoing development of these markets presents opportunities for expansion and long-term success.

2023 has been the year where we as a group started the earthworks and groundbreaking for our new to build greenfield facility in Mexico. The site will be located in Saltillo, Coahuila, just half an hour west of Monterrey. The new facility will support the Latin and North American market from a sales, project management, manufacturing and service perspective. We will build approximately a 6,000 sq.m. manufacturing plant with the possibility to further expand in the near future.

Additionally, we have opened two project management offices, respectively in Brazil and Japan, in order to be able to win and deliver more projects in their liquid food & beverages markets.

In the distillation market, particularly in whisky production, we've witnessed rapid growth, notably in regions like China. By securing important whisky projects, we've reinforced our leadership position and set benchmarks for excellence in the industry. Additionally, our focus on providing comprehensive EPC systems and solutions emphasizes our commitment to delivering value beyond conventional tank provision.

Our venture into the pharmaceutical sector has seen notable progress, with the commencement of key projects for leading producers of metered dose inhalants. These initiatives stress our capability to adapt our expertise to diverse industries and contribute meaningfully to critical sectors such as healthcare.

In November 2023, CLPT acquired the majority of the shares of Künzel Maschinenbau, renowned for its expertise in malt handling and grist mills for breweries. This strategic move enhances the group's brewery solutions portfolio, reflecting CLPT's commitment to excellence. The acquisition fosters collaboration, combining the Group's global presence with Künzel's specialized knowledge and complementary capabilities. Together, we anticipate expanding into new markets and enhancing our product offerings, ensuring continued customer satisfaction.

Looking ahead, we remain focused on growing and strengthening our position in all of our operational markets, with a keen emphasis on securing significant projects. Moreover, with the advantage of our state-of-the-art facilities, including the new workshops, we are planning to further expand our footprint in the solid state fermentation and pharmaceutical industries, driving sustained growth and value creation.

In summary, the period under review has been marked by notable achievements, strategic advancements, and a firm commitment to excellence across all facets of our business. As we navigate the evolving landscape of the global market, we remain dedicated to surpassing expectations, driving innovation, and fostering enduring partnerships that leads us toward a future of continued success.

Future Plans and Strategies

Clean Energy

The global energy industry is entering a new phase of rapid development in its green and low-carbon transformation. Countries are taking green and clean development, as well as achieving carbon neutrality, as a significant opportunity and key strategy to enhance economic competitiveness, increase international influence, and seize technological leadership. The COP28 conference recognized "the need for deep, rapid, and sustained reductions in greenhouse gas emissions in line with the 1.5-degree Celsius temperature control target". It called on nations to triple renewable energy capacity globally and double the global average annual rate of energy efficiency improvements by 2030; accelerate efforts globally towards materialising net zero emission energy systems, utilize zero-and low-carbon fuels well before or around mid-21st century; transition away from fossil fuels in energy systems, in a just, orderly and equitable manner, accelerate action in this critical decade, so as to achieve net zero emission by 2050 which was set at the COP28 conference in keeping with the science; accelerate the development of zero- and low-emission technologies, including, inter alia, renewables, nuclear, emission reduction technologies such as carbon capture and utilization and storage (CCUS); and accelerate the reduction of emissions from road transport via a range of means, including through development of infrastructure and rapid deployment of zero- and low-emission vehicles.

Natural gas, with its stable supply and broad applications, is acknowledged as the principal energy source for fostering clean and low-carbon economic and social development in achieving the carbon emission peak. It is also considered as the optimal transitional energy to support the rapid advancement of renewable energy in achieving the carbon neutrality. Benefiting from the increasing global LNG receiving capacity, improving infrastructure, and decreasing transportation costs, demand for LNG in the global market is on an upward trajectory. The International Energy Agency (IEA) predicts that LNG will replace coal as the world's second largest energy source in the global energy structure from 2030 to 2035, and the global demand for LNG will continue to grow in the long term. Shell's LNG Outlook 2024 predicts that global demand for LNG will continue to rise after 2040, with an estimated rise of over 50% to around 625–685 million tons a year by 2040, fueled by industrial demands in China and economic growth in South and Southeast Asian countries. The IEA expects that in 2024, there will be a "strong growth" in global natural gas demand compared to 2023, primarily due to colder temperatures and declining prices. The anticipated growth rate for global natural gas demand in 2024 is 2.5%, which is more resilient than the 0.5% growth observed in 2023. According to industry reports, China's apparent natural gas consumption is estimated to grow 6%-8% in 2024.

In the process of achieving dual-carbon goal, renewable energy sources such as hydrogen energy are poised for accelerated growth in scale and application. The Global Energy Interconnection Development and Cooperation Organization forecasts that by 2050, the worldwide demand for green hydrogen will hit 360 million tons, and hydrogen energy is anticipated to achieve extensive intercontinental and intracontinental optimization and distribution, with a transportation volume of approximately 50 million tons. Meanwhile, as the technical costs in respect of green hydrogen production and the CCUS continue to decline, the global production of green ammonia and green methanol is expected to reach 80 million and 60 million tons, respectively, by 2050.

The International Maritime Organization (IMO) has introduced new regulations that, effective from 1 January 2023, ships must secure an Energy Efficiency Existing Ship Index (EEXI) certification for energy efficiency. Additionally, they are required to gather data on CO_2 emissions and report the Carbon Intensity Indicator (CII) for annual operations. The IMO has also set the critical time point for achieving net-zero emissions "by or around, i.e. close to, 2050", and the targets of reducing the total annual GHG emissions from international shipping by at least 20%, striving for 30%, by 2030 compared to 2008 levels, and achieving an adoption of zero or near-zero GHG emissions technologies and fuels, representing at least 5%, striving for 10%, of the energy used by international shipping. This implies a reduction in the consumption of traditional fuel oils by 20 to 40 million tons within the shipping industry. These new regulations are focused on emission reductions throughout the entire lifecycle of ships, with alternative fuels such as LNG, methanol, and liquid ammonia, along with new energy-saving technologies emerging as the primary choices for new ship constructions. According to the China Shipbuilding Industry Association, under the influence of emission reduction regulations, nearly half of the new ship orders are either using or preparing to use alternative fuels, and approximately a quarter of the orders incorporate one or more energy-saving technologies. As 2030 approaches, the greening trend of fleets are expected to accelerate, with the shipbuilding industry increasingly taking a proactive stance in its green transformation. It is also imperative to implement the strategies of "Gasification of the Yangtze River" and "Gasification of the Pearl River" for inland waterways.

Under the global trend of green development, sectors including industry, construction, and transportation (including shipping) are required to expedite their low-carbon transition to remain competitive in a future defined by carbon emission peak and carbon neutrality. With new technologies, models, and challenges in energy development both at home and abroad, the clean energy business of the Group also embraces new growth opportunities. In the future, the Group will remain committed to expanding its expertise in the smart equipment manufacturing, engineering services, and integrated solutions for renewable energy sources such as natural gas, hydrogen energy, green methanol and green ammonia, so as to help our customers across various niches of the industry chain to smoothly achieve low-carbon transformation. Through continuous technological research and innovation, we aim to promote the large-scale application of clean energy in a faster, more efficient and safer way.

In the upstream business segment, the Group will actively promote the implementation of demonstration projects and acquire new projects for producing clean alternative fuels such as hydrogen, LNG, and green methanol. In the midstream storage and transportation segment, the Group will bolster its research and development capabilities to maintain its leading position in the markets for LNG, gaseous hydrogen, liquid hydrogen, liquid ammonia and methanol storage and transportation. The Group will also proactively explore emerging business areas such as energy storage. For downstream application, the Group will facilitate the application of LNG heavy-duty trucks and hydrogen fuel cell vehicles in the transportation sector. The Group will also accelerate the development of distributed energy comprehensive services and expand into diversified application scenarios, helping customers in industries such as manufacturing, construction and agriculture to reduce carbon emissions and save energy, thus accelerating the decarbonization process. By upgrading the entire industry chain covering "production, storage, transportation, refuelling and application", the Group aims to achieve an "end-to-end" closed-loop operation and value addition for its clean energy business. In addition, the Group will also drive the development and platform construction of smart energy equipment, connecting clean energy equipment to achieve digital and intelligent management, and fostering new energy internet business models.

In response to the development challenges in the green upgrade of global shipping and inland waterways, the Group will continuously develop new technologies and processes and comprehensively drive industry transformation and green development across all stages of alternative fuel production, transportation, storage and refuelling. The Group will also actively capitalize on the high-growth phase of the shipbuilding industry, further enhancing its product portfolio to cover a comprehensive range of small and medium-sized liquefied gas carriers, dual-fuel ships powered by clean energy, LNG bunkering vessels, and LNG fuel tanks for marine applications.

In the overseas market, the Group will continue to intensify its efforts in expansion, with initial results being achieved in the proactive deployment in recent years. The Group will keep enhancing its overseas sales network and the matrix of products and engineering services, and put efforts on market expansion in Asia-Pacific, Europe, North and South America, Africa, and the Middle East, to fully seize the development opportunities in the global market.

Chemical and Environmental

With the rapid development of the new energy industry and the strong support on the high-end technology industries by the state, the future development strategy of this segment will focus on a number of key areas to cope with the rapid growth and changes in market demand. The growth in demand for new energy battery electrolytes and the rise of high-tech industries such as chips and semi-conductors indicate that the market for electrolyte tank containers and electronic grade inner liner tank containers will be expanded further. At the same time, the development policies of domestic multimodal transport will further highlight the advantages of tank container transportation, enabling users in the new energy industry to turn to the use of tank container equipment for logistics transportation. In addition, we will actively enter the biopharmaceutical industry by developing pharmacy grade tank container products and utilizing our experience in high-precision welding in the medical field to expand into new businesses in the medical testing, industrial and scientific research fields.

Upholding the belief of "becoming an outstanding leader in the fields of global chemical logistics and environmental protection", this segment will thoroughly follow the strategic direction of "innovation-oriented, intelligent renovation and digital transformation, tank containers linking the world, green development", and will continue to increase its investment in the research and development of technology and vigorously expand the tank container application market as well. Leveraging the application of more intelligent technologies and equipments and leaner production line layout, the production efficiency will be enhanced, the working environment will be improved, the human-computer collaboration will be realized, and the labor intensity will be reduced. In addition, a data-driven decision-making mechanism will be constructed via digital transformation and upgrading to further improve the level of integrated management.

On the basis of consolidating the tank container manufacturing business, this segment will also focus on improving the level of intelligence in products, and use the Internet of Things technology to help customers improve operational efficiency and facilitate intelligent logistics. The segment is planning to accelerate the global layout of tank container after-sales services and provide customers with full lifecycle services, so as to expand our brand influence, enhance our competitiveness, and offer customers better value-added services, therefore further improving customer satisfaction and loyalty.

In terms of the environmental protection business, this segment will continue to optimize its business layout and continue to explore potential opportunities in the waste recycling of urban mines and rare and precious metals, etc. It is committed to promoting a sustainable industrial model and contributing to the sustainable development of the society and the environment.

Liquid Food

The segment's vision is driven by its core purpose, to be the best in the world for safe, efficient, and sustainable liquid processing solutions. Specific strategic themes were identified to continue the segment's profitable growth path throughout 2024 and beyond.

Main ambition for the business unit is to enhance the current business operations, strengthen product portfolio, explore new market opportunities, especially in non-beer business like solid state fermentation, and seek for geographical expansion opportunities through a better global footprint, product and market diversification, as well as product innovations, either organically or via mergers and acquisitions. China market (further) development will get more attention through focusing on markets/industries with our extended EPC capabilities and solutions, product and service portfolio.

The segment has set ambitious goals on sustainability, broken down into six key pillars. This sustainability strategy drives a range of initiatives, including the reduction of our own carbon footprint, complying with international ESG standards, actively supporting our clients in their journey towards net-zero and investing in a talented, diverse and engaged workforce.

THE 2023 FINAL DIVIDEND

Having taken into account the Group's continued business development and efforts to increase return to shareholders, the Board proposed the dividend payout ratio to be increased to approximately 50% for the year ended 31 December 2023 (2022: approximately 40%).

The Board recommended a final dividend in respect of 2023 of HKD0.30 (equivalent to approximately RMB0.27, the actual RMB amount depends on exchange rate at the time of payment; 2022: HKD0.24) (the "**2023 Final Dividend**") per ordinary share payable in cash on or about 28 June 2024 to shareholders whose names appear on the register of members of the Company on 3 June 2024 (the "**Record Date**"), subject to shareholders' approval in the forthcoming annual general meeting ("**AGM**") on 20 May 2024.

Closure of Register of Members

To ascertain shareholders' entitlements to the 2023 Final Dividend, the register of members of the Company will be closed from Wednesday, 29 May 2024 to Monday, 3 June 2024 (both days inclusive). In order to qualify for the 2023 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 Tuesday, 28 May 2024.

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, 13 May 2024 to Monday, 20 May 2024 (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, 10 May 2024.

Withholding and Payment of Enterprise Income Tax for Non-resident Enterprises on Distribution of the 2023 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 2023 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 2023 Final Dividend after deducting an enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2023 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 Tuesday, 28 May 2024.

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 2023 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 2023, the Company complied with all the code provisions set out in part 2 of Appendix C1 to the Rules (the "**Listing 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 2023. Details of each of the audit committee, the remuneration committee, the nomination committee and sustainable committee of the Company are also given in the same report.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established with written terms of reference in compliance with Appendix C1 to the Listing Rules. The Audit Committee is responsible for assisting the Board to conduct an independent review of the effectiveness of financial reporting procedures, the internal control system and risk management system of the Group to review the course of audit and to discharge any other duties designated by the Board.

The Audit Committee has reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 December 2023 and reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

The Audit Committee comprises Ms. Wong Lai, Sarah, Mr. Tsui Kei Pang, Mr. Wang Caiyong and Mr. Yang Lei, who are independent non-executive Directors.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's results for the year ended 31 December 2023 as set out in the announcement have been agreed by PricewaterhouseCoopers (the "**Auditor**") to the amounts set out in the Group's audited consolidated financial statements. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Auditor on the announcement.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2023, the trustee of Share Award Scheme 2020 purchased 700,000 shares on the Stock Exchange pursuant to the terms of the trust deed under the Share Award Scheme 2020.

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2023.

MATERIAL EVENT DURING THE REPORTING PERIOD

Proposed spin-off of CLPT and application for quotation on the NEEQ and preparation for listing on the BSE

The Company proposed to spin-off and separate list the liquid food business of the Group by way of a separate A shares listing on a stock exchange in the People's Republic of China. In this connection, the Company and China International Marine Containers (Group) Co., Ltd. ("**CIMC**") have applied for, and the Stock Exchange has confirmed that the Company and CIMC may proceed with the proposed spin-off (the "**Proposed Spin-off**") of CIMC Liquid Process Technologies Co., Ltd. (中集安瑞醇科技股份有限公司) ("**CLPT**") under Practice Note 15 of the Listing Rules.

On 29 December 2023, CLPT submitted an application to National Equities Exchange and Quotations Co., Ltd. (全國中小企業股份轉讓系統有限責任公司) ("**NEEQ Co., Ltd.**") for quotation of its shares on the National Equities Exchange and Quotations System (全國中小企業股份轉讓系統) ("**NEEQ**"). The application was accepted by the NEEQ Co., Ltd. on the same day. No new share of CLPT will be issued in relation to the Proposed Spin-off on NEEQ.

Subject to, among others, the regulatory requirements, the prevalent market conditions and the strategic development needs, the listing plan of CLPT is to apply for the direct connect review and supervision mechanism applicable to the NEEQ and the Beijing Stock Exchange ("**BSE**"), which means that CLPT will apply for the quotation of its shares on the NEEQ first, and after the quotation on the NEEQ, it will apply for the public issuance of its shares to unspecified qualified investors through the direct connect mechanism and the listing of these shares on the BSE; or apply for listing on the BSE through other methods as permitted by policies of the BSE.

As at the date of this announcement, the application for quotation on the NEEQ is still under process.

For further details, please refer to the announcement of the Company dated 24 February 2023 and the joint announcement of the Company and CIMC dated 29 December 2023.

DIRECTORS

On 24 August 2023, Ms. Yien Yu Yu, Catherine resigned to be an independent non-executive Director and the chairman of the audit committee of the Company as she would like to pursue a new career development. Ms. Wong Lai, Sarah has been appointed as an independent non-executive Director and the chairman of the audit committee with effect from 24 August 2023. For further details, please refer to the announcement of the Company dated 24 August 2023.

As at the date of this announcement, the Board consists of Mr. Gao Xiang (Chairman) as non-executive Director; Mr. Yang Xiaohu (President) as executive Director; Mr. Yu Yuqun, Mr. Zeng Han and Mr. Wang Yu as non-executive Directors; and Mr. Tsui Kei Pang, Mr. Wang Caiyong, Mr. Yang Lei and Ms. Wong Lai, Sarah as independent non-executive Directors.

PROPOSED CHANGE OF AUDITOR

RETIREMENT OF AUDITOR

The Board announces that PricewaterhouseCoopers ("**PwC**") will retire as the auditor of the Company upon expiration of its current term of office at the conclusion of the forthcoming AGM of the Company and the Board has resolved not to re-appoint PwC as the auditor of the Company at the forthcoming AGM. As PwC has served as the auditor of the Company for twelve consecutive years, the Board and the Audit Committee consider that the rotation of its auditor after an appropriate period of time is a good corporate governance practice and will enhance the independence of the auditor.

The Company is incorporated under the laws of Cayman Islands and to the knowledge of the Board there is no requirement under the laws of Cayman Islands for the retiring auditor to confirm whether or not there is any circumstance connected with their retirement which they consider should be brought to the attention of the Company's members and creditors. PwC has therefore not issued such confirmation. Both the Board and the Audit Committee have confirmed that there are no disagreements or unresolved matters between the Company and PwC, and that there are no other matters in respect of the retirement of PwC that need to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its sincere gratitude to PwC for its professional and quality services rendered to the Company in the past years.

APPOINTMENT OF NEW AUDITOR

The Audit Committee, having reviewed the credentials of KPMG, including its qualification, experience and manpower, considers that KPMG possesses the essential audit experience to perform its duties as the auditor of the Company.

The Board therefore resolved, with the recommendation of the Audit Committee, to appoint KPMG as the new auditor of the Company following the retirement of PwC with effect from the conclusion of the forthcoming AGM and until the conclusion of the next AGM, subject to the approval by the Shareholders at the forthcoming AGM.

The proposed change of auditor will be put forward for approval by the Shareholders by way of ordinary resolution at the forthcoming AGM.

PROPOSED ADOPTION OF THE NEW ARTICLES OF ASSOCIATION

The Board proposed to amend the existing amended and restated article of association of the Company (the "**Existing Articles of Association**") for the purposes of, among others, (i) updating and bringing the Existing Articles in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from 31 December 2023 and (ii) incorporating certain housekeeping changes (the "**Proposed Amendments**"). Accordingly, the Board proposed to adopt the new amended and restated articles of association which consolidates the Proposed Amendments in substitution for, and to the exclusion of, the Existing Articles of Association in their entirety (the "**New Articles of Association**").

The Proposed Amendments and the adoption of the New Articles of Association are subject to the approval of the Shareholders by way of special resolution at the forthcoming AGM and will become effective upon the approval by the Shareholders at the AGM.

A circular containing, among others, details of the aforesaid Proposed Amendments and the proposed change of auditors of the Company, together with a notice convening the AGM, will be published and despatched to the Shareholders upon request in due course.

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

Hong Kong, 25 March 2024

The Annual Report 2023 will be published on the websites of the Company and the Stock Exchange and dispatched to the Shareholders upon request as soon as practicable.