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CIMC ENRIC

CIMC Enric Holdings Limited

中集安瑞科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3899)

**ANNOUNCEMENT OF
ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021,
THE 2021 FINAL DIVIDEND,
CLOSURE OF REGISTER OF MEMBERS AND
WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX
FOR NON-RESIDENT ENTERPRISES ON DISTRIBUTION OF THE
2021 FINAL DIVIDEND**

FINANCIAL HIGHLIGHTS			
	2021	2020	
	RMB'000	RMB'000	
Revenue	18,424,763	12,289,567	49.9%
Net Profit	908,392	566,208	60.4%
Profit attributable to shareholders	883,581	579,923	52.4%
Core profit*	948,846	587,884	61.4%
Basic earnings per share	RMB0.447	RMB0.293	52.6%
Proposed final dividend per ordinary share	HKD0.21	HKD0.14	50.0%
* Core profit – Profit for the year but stripping out amortisation of share award scheme expense and CB related finance expenses			

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 2021 together with the comparative figures for the year 2020.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Note	Year ended 31 December	
		2021 RMB'000	2020 RMB'000
Revenue	3	18,424,763	12,289,567
Cost of sales		<u>(15,718,761)</u>	<u>(10,194,844)</u>
Gross profit		2,706,002	2,094,723
Change in fair value of financial instruments		18,949	23,744
Other revenue	4	230,600	225,868
Other income, net	4	131,552	112,775
Net impairment loss on financial assets	5(d)	(76,260)	(128,562)
Selling expenses		(369,984)	(283,205)
Administrative expenses		<u>(1,428,300)</u>	<u>(1,233,352)</u>
Profit from operations		1,212,559	811,991
Finance costs	5(a)	(70,425)	(44,730)
Share of post-tax profit of associates		<u>(2,577)</u>	<u>5,998</u>
Profit before taxation	5	1,139,557	773,259
Income tax expenses	6	<u>(231,165)</u>	<u>(207,051)</u>
Profit for the year		<u>908,392</u>	<u>566,208</u>
Attributable to:			
Equity shareholders of the Company		883,581	579,923
Non-controlling interests		<u>24,811</u>	<u>(13,715)</u>
Profit for the year		<u>908,392</u>	<u>566,208</u>
Earnings per share			
– Basic	7	<u>RMB0.447</u>	<u>RMB0.293</u>
– Diluted	7	<u>RMB0.428</u>	<u>RMB0.293</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Year ended 31 December	
	2021	2020
Note	RMB'000	RMB'000
Profit for the year	908,392	566,208
Other comprehensive income for the year		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	20,503	(28,501)
Share of other comprehensive income of an associate	(16)	1
Total of other comprehensive income for the year, net of tax	20,487	(28,500)
Total comprehensive income for the year	928,879	537,708
Attributable to:		
Equity shareholders of the Company	904,068	551,423
Non-controlling interests	24,811	(13,715)
Total comprehensive income for the year	928,879	537,708

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

		As at 31 December	
		2021	2020
	Note	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		3,219,966	3,069,709
Construction in progress		775,858	366,939
Right-of-use assets		97,144	116,548
Investment properties		46,789	38,700
Lease prepayments		580,997	542,764
Intangible assets		138,036	183,713
Investments in associates and joint ventures		210,099	192,370
Goodwill		256,671	236,801
Deferred tax assets		115,918	99,451
		<u>5,441,478</u>	<u>4,846,995</u>
Current assets			
Inventories		4,312,353	3,924,638
Contract assets		1,251,403	1,001,746
Trade and bills receivables	9	2,949,229	2,389,147
Deposits, other receivables and prepayments		1,212,740	855,325
Amounts due from related parties		194,098	99,366
Financial instruments at fair value through profit or loss		52,892	87,115
Restricted bank deposits		437,129	309,498
Cash and cash equivalents		3,173,351	2,560,890
		<u>13,583,195</u>	<u>11,227,725</u>
Current liabilities			
Financial instruments at fair value through profit or loss		–	1,037
Bank loans		106,595	24,941
Lease liabilities		23,099	24,024
Loans from related parties		301,022	667,506
Other borrowings		5,080	13,449
Trade and bills payables	10	3,302,768	2,461,023
Contract liabilities		2,418,878	2,438,378
Other payables and accrued expenses		1,837,955	1,643,752
Amounts due to related parties		267,238	146,532
Warranty provision		54,476	98,659
Income tax payable		194,158	131,764
		<u>8,511,269</u>	<u>7,651,065</u>

	As at 31 December	
	2021	2020
<i>Note</i>	RMB'000	RMB'000
Net current assets	5,071,926	3,576,660
Total assets less current liabilities	10,513,404	8,423,655
Non-current liabilities		
Bank loans	143,640	270,996
Warranty provision	117,646	86,855
Deferred tax liabilities	96,058	175,337
Deferred income	280,208	282,018
Employee benefit liabilities	4,355	4,413
Loans from related parties	56,125	–
Convertible Bonds	1,234,980	–
Other borrowings	–	36,197
Lease liabilities	80,715	96,481
	2,013,727	952,297
NET ASSETS	8,499,677	7,471,358
CAPITAL AND RESERVES		
Share capital	18,516	18,376
Reserves	8,224,900	7,261,700
Equity attributable to equity shareholders of the Company	8,243,416	7,280,076
Non-controlling interests	256,261	191,282
TOTAL EQUITY	8,499,677	7,471,358

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	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	Other reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020	18,371	446,705	(101,813)	1,124,571	162,982	(376,758)	553,732	5,308,318	-	7,136,108	248,403	7,384,511
Profit for the year	-	-	-	-	-	-	-	579,923	-	579,923	(13,715)	566,208
Other comprehensive income												
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	1	-	1	-	1
Exchange differences on translation of foreign operations	-	-	-	-	-	(28,501)	-	-	-	(28,501)	-	(28,501)
Total comprehensive income for the period	-	-	-	-	-	(28,501)	-	579,924	-	551,423	(13,715)	537,708
Issuance of shares in connection with exercise of share options	5	1,739	-	-	(5,366)	-	-	4,862	-	1,240	-	1,240
Purchase of shares in connection with share award scheme	-	-	(115,454)	-	-	-	-	-	-	(115,454)	-	(115,454)
Shares held for share award scheme – vesting of awarded shares	-	34,257	41,903	-	(34,257)	-	-	-	-	41,903	-	41,903
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	3,500	3,500
Equity-settled share-based transactions	-	-	-	-	6,581	-	-	-	-	6,581	-	6,581
Change in ownership interests in subsidiaries without change of control	-	-	-	-	15,761	-	-	-	-	15,761	(43,636)	(27,875)
Transfer to general reserve	-	-	-	-	-	-	25,701	(25,701)	-	-	-	-
2019 final dividends paid	-	-	-	-	-	-	-	(364,380)	-	(364,380)	-	(364,380)
Dividends distribution made by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,581)	(3,581)
Special reserve	-	-	-	-	-	-	-	-	1,519	1,519	-	1,519
Share of capital reserve of an associate	-	-	-	-	4,306	-	-	-	-	4,306	-	4,306
Increase in capital reserve resulted from share option exercised by subsidiaries	-	-	-	-	1,069	-	-	-	-	1,069	311	1,380
Effect of conversion of a subsidiary from a limit liability company into a joint stock company	-	-	-	-	1,028,711	-	(134,301)	(894,410)	-	-	-	-
Total contributions by and distributions to owners of the company, recognised directly in equity	5	35,996	(73,551)	-	1,016,805	-	(108,600)	(1,279,629)	1,519	(407,455)	(43,406)	(450,861)
At 31 December 2020	<u>18,376</u>	<u>482,701</u>	<u>(175,364)</u>	<u>1,124,571</u>	<u>1,179,787</u>	<u>(405,259)</u>	<u>445,132</u>	<u>4,608,613</u>	<u>1,519</u>	<u>7,280,076</u>	<u>191,282</u>	<u>7,471,358</u>

Attributable to equity shareholders of the Company

	Shares held for share			Contributed surplus	Capital reserve	Exchange reserve	General reserve fund	Retained earnings	Convertible bonds reserve	Other reserve	Total	Non-controlling interests	Total equity
	Share capital	Share premium	award scheme										
At 31 December 2020	18,376	482,701	(175,364)	1,124,571	1,179,787	(405,259)	445,132	4,608,613	-	1,519	7,280,076	191,282	7,471,358
Profit for the year	-	-	-	-	-	-	-	883,581	-	-	883,581	24,811	908,392
Other comprehensive income													
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	(16)	-	-	(16)	-	(16)
Exchange differences on translation of foreign operations	-	-	-	-	-	20,503	-	-	-	-	20,503	-	20,503
Total comprehensive income for the period	-	-	-	-	-	20,503	-	883,565	-	-	904,068	24,811	928,879
Issuance of shares in connection with exercise of share options	140	48,078	-	-	(9,438)	-	-	-	-	-	38,780	-	38,780
Purchase of shares in connection with share award scheme	-	-	(9,670)	-	-	-	-	-	-	-	(9,670)	-	(9,670)
Disposal of shares held for share award scheme	-	42,872	59,910	-	-	-	-	-	-	-	102,782	-	102,782
Issuance of convertible bond	-	-	-	-	-	-	-	-	123,944	-	123,944	-	123,944
Lapse of share options	-	-	-	-	(380)	-	-	380	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	10,402	10,402
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	32,099	32,099
Equity-settled share-based transactions	-	-	-	-	14,372	-	-	-	-	-	14,372	-	14,372
Transfer to general reserve	-	-	-	-	-	-	52,781	(52,781)	-	-	-	-	-
2020 final dividends paid	-	-	-	-	-	-	-	(235,891)	-	-	(235,891)	-	(235,891)
Dividends distribution made by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,428)	(2,428)
Special reserve	-	-	-	-	-	-	-	-	-	3,165	3,165	-	3,165
Equity-settled share-based transactions of a subsidiary	-	-	-	-	21,790	-	-	-	-	-	21,790	95	21,885
Total contributions by and distributions to owners of the company, recognised directly in equity	140	90,950	50,240	-	26,344	-	52,781	(288,292)	123,944	3,165	59,272	40,168	99,440
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

NOTES:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated results set out in this announcement are extracted from the financial statements of the Group for the year ended 31 December 2021. The financial statements are presented in Renminbi (“RMB”) unless otherwise stated.

The consolidated financial statements of CIMC Enric Holdings Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and requirements of the Hong Kong Companies Ordinance Cap. 622. The 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 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 soon to be published Annual Report 2021.

2. SIGNIFICANT 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 2021:

- Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

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 2021 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 annual periods beginning on or after
Amendments to HKFRS 3, <i>Reference to the conceptual framework</i>	1 January 2022
Amendments to HKAS 16, <i>Property, plant and equipment: Proceeds before intended use</i>	1 January 2022
Amendments to HKAS 37, <i>Onerous contracts – cost of fulfilling a contract</i>	1 January 2022
Annual improvements to <i>HKFRSs 2018–2020 cycle</i>	1 January 2022
Amendments to HKAS 1, <i>Classification of liabilities as current or non-current</i>	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of accounting policies</i>	1 January 2023
HKFRS 17, <i>Insurance Contracts</i>	1 January 2023
Amendments to HKAS 8, <i>Definition of accounting estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023

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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Sales of goods	11,870,349	8,206,712
Revenue from project engineering contracts	6,554,414	4,082,855
	<u>18,424,763</u>	<u>12,289,567</u>

4. OTHER REVENUE AND OTHER INCOME, NET

		2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other revenue			
Government grants	(i)	59,221	62,132
Other operating revenue	(ii)	143,691	141,819
Interest income from bank deposits		27,688	21,917
		<u>230,600</u>	<u>225,868</u>

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

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

		2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other income, net			
Write-back of restructuring liabilities	(i)	32,141	113,564
Foreign exchange loss		(13,820)	(60,003)
Net fair value gain on settlement of derivative financial instruments		75,830	21,750
Gain on disposal of investments in associates		10,174	–
Compensation received		16,181	19,999
Write-back of payables and advances from customers	(ii)	13,868	6,796
Net loss on disposal of property, plant and equipment and lease prepayment		(4,072)	(3,828)
Donation expenses		(485)	(533)
Other net gain		1,735	15,030
		<u>131,552</u>	<u>112,775</u>

- (i) During the year, the Group wrote back restructuring liabilities of RMB32,141,000 in relation to the bankruptcy restructuring of a subsidiary (prior to its acquisition by the Group) since the Group was no longer obliged to settle those amounts (2020: RMB113,564,000).
- (ii) 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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank loans, other borrowings and lease liabilities and convertible bond	61,553	37,007
Less: interest capitalised	(3,200)	(1,995)
Bank charges	12,072	9,718
	<u>70,425</u>	<u>44,730</u>

(b) Staff costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries, wages and allowances	1,739,794	1,589,527
Contributions to retirement schemes	68,666	34,893
Equity-settled share-based payment expenses	37,106	7,961
	<u>1,845,566</u>	<u>1,632,381</u>

(c) **Other items**

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of inventories	11,129,768	6,856,187
Cost from project engineering contracts	4,588,993	3,338,657
Auditor's remuneration		
– Audit services	7,993	7,789
– Non-audit services	5,106	1,767
Depreciation of property, plant and equipment	271,995	281,519
Depreciation of right-of-use assets	24,171	19,305
Amortisation of lease prepayments	15,117	14,766
Amortisation of intangible assets	34,424	43,999
Impairment of intangible assets	28,000	8,000
Impairment of goodwill	–	40,224
Write-down of inventories	18,047	43,616
Reversal of write-down of inventories	(5,541)	(5,869)
Research and development costs	524,570	359,085
Operating lease charges for property rental	8,875	9,761
Provision for product warranties	90,510	73,901
Reversal of provision for product warranties	(52,963)	(36,962)

(d) **Net impairment loss on financial assets**

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Impairment provision for trade receivables	91,316	149,282
Reversal of impairment provision for trade receivables	(74,870)	(50,778)
Impairment provision for contract assets	20,090	28,836
Others	39,724	1,222

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
Provision for the year	331,136	228,655
Over-provision in respect of prior years	(4,225)	(9,139)
	326,911	219,516
Deferred tax		
Origination and reversal of temporary differences	(95,746)	(12,465)
	231,165	207,051

- (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 deferred withholding tax liability was provided for the distributable profits of PRC subsidiaries.
- (iv) Taxation of subsidiaries in the Netherlands, Belgium, Denmark, Germany, United Kingdom and Singapore are charged at the prevailing rates of 25%, 25%, 22%, 30%, 19% 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:

	2021	2020
	RMB’000	RMB’000
Profit before taxation	<u>1,139,557</u>	<u>773,259</u>
Notional tax on profit before taxation, calculated at the applicable rates	318,117	267,437
Effect of tax concessions (a-(ii))	(74,629)	(70,463)
Super deduction for research and development expenditure	(45,904)	(18,453)
Tax effect of non-deductible expenses	16,335	16,437
Tax effect of tax losses and temporary differences not recognised as deferred tax assets	25,657	27,129
Over-provision in prior years	(4,225)	(9,139)
Utilisation of tax losses which no deferred tax assets were recognised before	<u>(4,186)</u>	<u>(5,897)</u>
Income tax expenses	<u>231,165</u>	<u>207,051</u>

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:

	2021	2020
	RMB’000	RMB’000
Earnings		
Earnings for the purposes of basic earnings per share	883,581	579,923
Earnings for the purposes of diluted earnings per share	<u>854,453</u>	<u>579,923</u>

	2021	2020
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	1,977,473,449	1,976,552,191
Effect of dilutive potential ordinary shares in respect of the Company's share option and share award schemes	<u>16,913,164</u>	<u>5,729,471</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u><u>1,994,386,613</u></u>	<u><u>1,982,281,662</u></u>

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 for the storage, transportation, processing and distribution of natural gas such as compressed natural gas trailers, seamless pressure cylinders, liquefied natural gas ("LNG") trailers, LNG storage tanks, liquefied petroleum gas ("LPG") tanks, LPG trailers, natural gas refuelling station systems and natural gas compressors; and the provision of engineering, procurement and construction services for the natural gas industry. This segment also provides hydrogen storage and transportation equipment.
- **Chemical and environmental:** Wide range of equipment, such as tank containers, for the storage and transportation of liquefied or gasified chemicals.
- **Liquid food:** this segment specialises in the engineering, manufacture and sale of stainless steel tanks for storage and processing liquid food such as beer, fruit juice and milk and the provision of engineering, procurement and construction services for the brewery industry as well as other liquid food industries.

(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, bank loans and certain liabilities unallocated to an individual reportable segment.

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

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

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

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

	Clean energy		Chemical and environmental		Liquid food		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	9,716,085	7,001,558	3,793,827	2,026,944	3,420,465	2,727,872	16,930,377	11,756,374
Inter-segment revenue	56	867	135,540	68,314	-	-	135,596	69,181
Reportable segment revenue	9,716,141	7,002,425	3,929,367	2,095,258	3,420,465	2,727,872	17,065,973	11,825,555
Timing of revenue recognition								
At a point in time	6,565,979	5,647,441	3,929,367	2,095,258	16,213	-	10,511,559	7,742,699
Over time	3,150,162	1,354,984	-	-	3,404,252	2,727,872	6,554,414	4,082,856
Reportable segment profit (adjusted profit from operations)	455,284	300,626	366,074	215,796	541,259	534,396	1,362,617	1,050,818
Interest income from bank deposits	17,291	16,257	1,460	2,417	1,065	36,785	19,816	55,459
Interest expense	(24,624)	(12,966)	(8,091)	(3,087)	(2,829)	(1,895)	(35,544)	(17,948)
Depreciation and amortisation for the year	(212,265)	(227,728)	(36,114)	(29,030)	(44,857)	(73,196)	(293,236)	(329,954)
Reportable segment assets	10,520,722	9,466,270	2,995,798	2,114,071	3,265,343	2,729,631	16,781,863	14,309,972
Additions to non-current assets during the year	798,187	246,365	170,884	175,711	50,001	68,758	1,019,072	490,834
Reportable segment liabilities	5,140,791	5,022,805	1,137,206	809,636	1,706,877	1,765,515	7,984,874	7,597,956

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue		
Reportable segment revenue	17,065,973	11,825,555
Elimination of inter-segment revenue	(135,596)	(69,181)
Unallocated revenue	1,494,386	533,193
	<u>18,424,763</u>	<u>12,289,567</u>
Consolidated revenue	<u>18,424,763</u>	<u>12,289,567</u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit		
Reportable segment profit	1,362,617	1,050,818
Elimination of inter-segment profit	(2,864)	(10,029)
	<u>1,359,753</u>	<u>1,040,789</u>
Reportable segment profit derived from Group's external customers	1,359,753	1,040,789
Finance costs	(70,425)	(44,730)
Share of post-tax profit of associates	(2,577)	5,998
Unallocated operating income and expenses	(147,194)	(228,798)
	<u>1,139,557</u>	<u>773,259</u>
Consolidated profit before taxation	<u>1,139,557</u>	<u>773,259</u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Assets		
Reportable segment assets	16,781,863	14,309,972
Elimination of inter-segment receivables	(34,337)	(229,898)
	<u>16,747,526</u>	<u>14,080,074</u>
Deferred tax assets	115,918	99,451
Unallocated assets	2,161,229	1,895,195
	<u>19,024,673</u>	<u>16,074,720</u>
Consolidated total assets	<u>19,024,673</u>	<u>16,074,720</u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Liabilities		
Reportable segment liabilities	7,984,874	7,597,956
Elimination of inter-segment payables	(34,337)	(229,898)
	<u>7,950,537</u>	<u>7,368,058</u>
Income tax payable	194,158	131,764
Deferred tax liabilities	96,058	175,337
Convertible bonds	1,234,980	–
Unallocated liabilities	1,049,263	928,203
	<u>10,524,996</u>	<u>8,603,362</u>
Consolidated total liabilities	<u>10,524,996</u>	<u>8,603,362</u>

(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, prepayments, and goodwill ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and 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	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
PRC (place of domicile)	<u>9,095,732</u>	<u>6,349,932</u>	<u>4,640,844</u>	<u>4,054,587</u>
United States	1,260,730	821,783	7	7
European countries	2,520,792	2,150,007	474,284	500,526
Asian countries (other than PRC)	2,459,281	920,316	2,133	54
Other American countries	2,660,825	1,750,762	–	–
Other countries	<u>427,403</u>	<u>296,767</u>	<u>–</u>	<u>–</u>
	<u>9,329,031</u>	<u>5,939,635</u>	<u>476,424</u>	<u>500,587</u>
	<u>18,424,763</u>	<u>12,289,567</u>	<u>5,117,268</u>	<u>4,555,174</u>

For the year ended 31 December 2021, there was no single external customer that accounted for 10% or more of the Group's total revenue (2020: one).

(d) **Assets and liabilities related to contracts with customers**

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Contract assets	1,325,555	1,055,808
Loss allowance	<u>(74,152)</u>	<u>(54,062)</u>
Total contract assets	<u>1,251,403</u>	<u>1,001,746</u>
Contract liabilities – Products	1,205,686	1,601,943
Contract liabilities – Project engineering contracts	<u>1,213,192</u>	<u>836,435</u>
Total contract liabilities	<u>2,418,878</u>	<u>2,438,378</u>

(i) **Significant changes in contract assets and liabilities**

The increase of contract assets of the Group was due to unbilled service costs relating to engineering projects undertaken by the Group at the end of 2021.

Magnitude of contract liabilities balances of the Group decreased as at 31 December 2021 as the Group had delivered several large-scale projects and recognised the related revenue at the end of 2021.

(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.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
– Product offerings	1,461,219	1,091,463
– Project engineering contracts	<u>765,276</u>	<u>1,049,815</u>
	<u><u>2,226,495</u></u>	<u><u>2,141,278</u></u>

9. **TRADE AND BILLS RECEIVABLES**

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade debtors receivables	2,833,114	2,340,898
Less: allowance for doubtful debts	<u>(295,096)</u>	<u>(328,561)</u>
	2,538,018	2,012,337
Bills receivables (i)	<u>411,211</u>	<u>376,810</u>
	<u><u>2,949,229</u></u>	<u><u>2,389,147</u></u>

As at 31 December 2021, amounts of RMB104,475,000 represent bank acceptance bills classified as financial assets at fair value through other comprehensive income, which the Group had discounted or endorsed them with financial institutions for treasury management purposes (2020: RMB376,810,000). Amounts of RMB25,091,000 and RMB281,645,000 represent trade acceptance bills and bank acceptance bills, respectively classified as financial assets at amortised cost, which the Group has intended to hold them for mature purpose (2020: nil).

As at 31 December 2021, amounts of RMB47,018,000 and RMB8,135,000 represent bank acceptance bills and trade acceptance bills, respectively, which the Group had endorsed them with financial institutions but they did not meet the criteria of derecognition. As a result, the amounts remained on-book as RMB47,018,000 and RMB8,135,000 on the financial statements (2020: RMB96,122,000 for the bank acceptance bills).

(a) **Ageing analysis**

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current	<u>2,441,212</u>	<u>1,859,835</u>
Less than 3 months past due	241,337	190,409
More than 3 months but less than 12 months past due	134,948	202,477
More than 1 year but less than 2 years past due	86,752	98,042
More than 2 years but less than 3 years past due	32,947	14,721
More than 3 years but less than 5 years past due	<u>12,033</u>	<u>23,663</u>
Amounts past due	<u>508,017</u>	<u>529,312</u>
	<u><u>2,949,229</u></u>	<u><u>2,389,147</u></u>

Trade and bills receivables are expected to be settled within one year. In general, debts are due for payment within 30-90 days after the bill is issued. Subject to negotiation, credit terms up to twelve months are available for certain customers with well-established trading and payment records on a case-by-case basis.

(b) **Fair values of trade and bills receivables**

The carrying amounts of the Group's trade and bills receivables as at 31 December 2021 and 31 December 2020 approximated their fair values.

(c) **Impairment and risk exposure**

The loss allowance decreased by RMB33,465,000 from RMB328,561,000 as at 1 January 2021 to RMB295,096,000 as at 31 December 2021 for trade receivables.

10. TRADE AND BILLS PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade creditors	2,763,209	2,203,357
Bills payables	<u>539,559</u>	<u>257,666</u>
	<u><u>3,302,768</u></u>	<u><u>2,461,023</u></u>

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	2,309,723	2,022,138
3 months to 12 months	827,661	260,230
Over 12 months	165,384	178,655
	<u>3,302,768</u>	<u>2,461,023</u>

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

11. DIVIDENDS

Final dividend of RMB235,891,000 in relation to the year ended 31 December 2020 was paid in 2021.

A final dividend in respect of the year ended 31 December 2021 of HKD0.21 (equivalent to approximately RMB0.17) per share has been proposed by the Directors. The proposed final dividend in respect of 2021 is subject to the approval of shareholders in the forthcoming annual general meeting. These financial statements do not reflect this dividend payable as it was not approved as at the balance sheet date.

BUSINESS REVIEW

The Group is principally engaged in the design, development, manufacturing, engineering, sales and operation of, and the provision of technical maintenance 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.

2021 is a year of continuous recovery of China's macro economy. During the year, the domestic pandemic prevention and control was steady in general, the foreign investment and trade industry continued to bullish, and high-tech industries were further developed. In 2021, China's GDP increased by 8.1% year-on-year, representing an increase of 5.9 percentage points compared with 2020.

Clean Energy

2021 is a typical year, and as the "first year of carbon neutrality and emission peak", which has a profound impact on the clean energy industry. Natural gas is considered as the cleanest fossil energy with rich application scenarios, complete infrastructure, relatively stable supply and diversified supply sources. The carbon emission intensity of natural gas is about 25% lower than that of petroleum and about 40% lower than that of coal. Driven by the dual carbon policy, the strategic position of natural gas as a clean alternative energy for low-carbon transformation has become a consensus. China is a major natural gas consumer with natural gas consumption of 360 billion cubic meters in 2021, representing a year-on-year increase of 12.6%. In terms of hydrogen energy, 2021 is a year of comprehensive improvement and implementation of hydrogen energy industry policies, with comprehensive updates from the central government's subsidy policies to the planning rules of local governments. Five central ministries and commissions jointly launched the demonstration application of fuel cells, and clarified the specific mechanism for three demonstration application city clusters and subsidies at the national level. Subsequently, the local government also followed up and issued regulations on industrial planning and ancillary subsidies.

Benefiting from the diversified and in-depth layout for upstream and downstream of the clean energy sector, including LNG, LPG and industrial gas, the active trading of related gases during the year improved the sales of storage and transportation equipment. Against the backdrop of carbon neutrality and emission peak, the transformation of China's energy structure has accelerated. The proportion of natural gas consumption in primary energy will continue to increase, and there is a broad space for future development. The Company is the only key equipment manufacturer and integrated engineering services provider in China claiming full natural gas industry lay out. It is believed that the Company will continue to benefit from the positive development of China's natural gas industry in the future. As an important supplement to piped natural gas, LPG is an important energy source for rural fuel and catering fuel, which is significantly more economical than natural gas in rural areas. 2021 Central Document No.1 proposed to comprehensively promote rural revitalization, promote gas to villages, and support for the construction of safe and reliable rural gas tank stations and micro-pipe network gas supply system. Under the background of China's rural revitalization

strategy and the requirements of equalization of basic public services between urban and rural areas, rural gas will present many development opportunities during the “14th Five-Year Plan” period. The Company will actively cooperate with customers to assist the implementation of rural intelligent micro-pipe network pilot.

In recent years, the IMO’s emission reduction goals and measures have become more stringent, driving the global shipping industry to accelerate the realization of carbon reduction goals. Green shipping is increasingly showing great market potential. As a leading provider of integrated solutions for small-to-medium sized liquefied gas carriers and oil-to-gas conversion for vessel, we acquired the relevant assets of Fengshun Ship in August 2021, which supplemented precious resources such as shipyards and docks, improved the quality and efficiency of order taking and delivery, and delivered 3 clean energy bunkering vessels to customers during the year. In the future, we will continue to contribute to the green and high-quality development of the shipping industry with high-quality clean energy vessels. At the same time, the “14th Five-Year Development Plan for Water Transport”, the “14th Five-Year Development Plan for Pearl River Shipping” and the “14th Five-Year Development Plan for Yangtze River Shipping” issued by the Ministry of Transport mentioned that it is necessary to strengthen the prevention and control of ship pollution, and promote the application of new energy and clean energy power ships, which has brought broad opportunities for relevant oil-to-gas conversion vessel service providers. During the year, the Company’s oil-to-gas conversion vessel business involved the Yangtze River, Xijiang River, Pearl River and the Beijing-Hangzhou Grand Canal, and achieved strategic demonstration breakthroughs of oil-to-gas conversion vessel business in inland waterway.

Hydrogen energy is an effective way for China to reduce the dependence on fossil energy and ensure energy security, help achieve the goal of “dual carbon” and promote high-quality development. The Company has positioned hydrogen energy as one of the important development directions. During the year, the Company continued to actively promote the layout in various segments of the entire hydrogen energy industry chain through endogenous growth and external cooperation, and provided various hydrogen storage and distribution and hydrogenation equipment for the Beijing Winter Olympic Games; the Company also cooperated with well-known enterprises or research institutions such as Angang Steel, Hexagon Purus, Dalian Institute of Chemical Physics and Panasonic Corporation to carry out cooperation in different fields such as hydrogen production, on-board hydrogen cylinders and hydrogen combined heat and power system, and comprehensively deployed the core equipment and services for hydrogen energy production, storage, transportation, processing and application. At the same time, the Company conducted technical reserves for the core development route of hydrogen energy with potential, and strived for first-mover advantages to seize the market opportunities brought by the full outbreak of hydrogen energy in the PRC market.

Chemical and Environmental

The rebound of global trade and the recovery of the chemical industry during the year led to a significant increase in the demand for tank containers in the global market. Under the COVID-19 pandemic, the global political and economic landscape has changed drastically. The National People's Congress and the Chinese People's Political Consultative Conference proposed a new development pattern of "dual circulation", in which logistics, as a social circulation system, is of great significance in the dual circulation development pattern. Driven by demand, policy and technology, multimodal transport will be an important way for China's long distance transportation development in the medium and long term, and will become an important transportation method and practical guarantee for bulk materials. On the other hand, China's chemical industrial parks are gradually becoming standardized and clustered. The Company will focus on domestic large-scale chemical industrial parks and large-scale chemical logistics loading and unloading ports to build a comprehensive after-sales container market service network and provide customers with full life cycle technical services.

In order to maintain the sustainable development of the economy, China has increasingly strengthened its enforcement and supervision of environmental pollution, which has brought more development opportunities to the advanced environmental protection industry. Relying on long-established advanced manufacturing capabilities, the Company has begun to actively explore environmental protection business in recent years. In the future, relying on the accumulation of environmental protection technology and the research and development of high-end environmental protection equipment, the Company will vigorously expand the business of harmless disposal and resource recycling of industrial hazardous waste and general solid waste.

In 2021, the Company announced the spin-off of CIMC Safe Tech (a subsidiary mainly engaged in chemical and environmental business) and was seeking an independent IPO listing on the China A-share market. As disclosed in the announcement of the Company dated 31 December 2021, CIMC Safe Tech has submitted the application materials in respect of its A-shares listing, including the Prospectus of CIMC Safeway Technologies Co., Ltd. for the Initial Public Offering of Shares and Listing on the ChiNext Market (Application Proof) (the "**A-Shares Prospectus**"), to the Shenzhen Stock Exchange, and has received a letter of acceptance issued by the Shenzhen Stock Exchange. The Company wishes to further consolidate the global leadership of the chemical and environmental business in the chemical tank container business, increase the proportion of revenue in the PRC market and explore new opportunities in the environmental protection field through separate listing of the relevant business from A shares, so as to provide a good platform for business development, employee incentives and capital market financing.

Liquid Food

The revenue of liquid food segment was mostly generated from overseas. Despite the challenges such as the pandemic, the Company has successfully secured orders from various places around the world due to the growth in demand for liquid food equipment and our diversified business layout in the early stage and a number of projects undertaken by the Company have also made good progress. It is worth sharing that we have also made some breakthroughs in the Chinese Baijiu business, laying a good foundation for the subsequent expansion of the Chinese Baijiu business.

Driven by retail modernization and diversified consumption trends, the outlook for the alcoholic beverage market remains positive, especially the growth opportunities presented in the Asian and American markets. With the diversification of consumer trends, consumers have shown strong interest in trying craft beer, hard seltzer and whisky. We will seize the market trend in a timely manner, continue to implement the development strategy of vertically consolidating our leading position in the turnkey capability of brewery, horizontally expanding the business opportunities in other liquid food industries such as distilled spirits, baijiu, hard seltzer, fruit juice, dairy products and biopharmaceuticals in non-beer businesses, and actively seek new merger and acquisition opportunities to improve our turnkey capability of projects from different industries, so as to prepare for the development of multi-category liquid food equipment market.

The backlog of the company by the end of 2021 surged 31.4% to reach RMB14.9 billion. The backlog for Clean Energy, Chemical and Environmental and Liquid Food segments reached RMB8.0 billion, RMB2.6 billion and RMB4.3 billion respectively, representing the growth rate of 14.2%, 85.1% and 46.9% year over year for each business segments. The Backlog for Hydrogen business was RMB130 million by end of 2021.

FINANCIAL REVIEW

Revenue

During 2021, with novel coronavirus (“**COVID-19**”) pandemic largely under control, China’s domestic economy along with global economic activities and international trading activities recovered. Moreover, with many of the travel restrictions relaxed in the period, production process at our facilities as well as construction at client’s properties were largely normalised, benefited from which, the Group’s three business segments grew steadily during the period. As a result, the Group’s consolidated revenue for 2021 rebounded by 49.9% to RMB18,424,763,000 (2020: RMB12,289,567,000). The performance of each segment is discussed below:

Driven by favourable government policies, the demand for energy transportation equipment and storage equipment increased significantly. The clean energy segment's revenue for 2021 surged by 38.8% to RMB9,716,085,000 (2020: RMB7,001,558,000). With the good control of the pandemic in the second quarter, China's social economy has grown rapidly, and strong internal demand promotes the consumption of coal, natural gas and electricity. Driven by this, the sales of LNG tank containers, LPG vehicles and spherical tanks increased. Due to the rapid development of the hydrogen energy industry, the demand for the Company's hydrogen storage and distribution equipments and hydrogen refueling station equipments and engineering projects increased. In 2021, the Company's hydrogen-related business grew by 37% year-on-year to RMB175 million. The segment remains the top grossing segment and contributed 52.7% (2020: 57.0%) of the Group's total revenue.

The recovery of international trade due to the relief of the COVID-19 pandemic and a significant increase in prices of chemicals and derivatives have spurred the demand for chemical tank containers in 2021; therefore, the chemical and environmental segment's revenue posted a surge of 87.2% to RMB3,793,827,000 (2020: RMB2,026,944,000). The segment made up 20.6% of the Group's total revenue (2020: 16.5%).

As COVID-19 pandemic related restrictions eased off in most countries during the year, the liquid food segment's operations (especially on-site construction works) had been mostly back on schedule. Moreover, benefiting from the increase of newly signed orders, the liquid food segment's revenue saw an increase of 25.4% to RMB3,420,465,000 during the year (2020: RMB2,727,872,000). The segment accounted for 18.6% of the Group's total revenue (2020: 22.2%).

Gross profit margin and profitability

The clean energy segment's gross profit margin ("GP margin") declined slightly to 12.3% (2020: 13.2%), which was mainly due to increase in cost of raw materials. During the year, the GP margin of chemical and environmental segment declined to 14.4% (2020: 18.0%), which was mainly due to depreciation of USD against RMB and increase in cost of raw materials. As the segment's key products, tank containers, are mostly denominated in USD and its depreciation in turn lowers the revenue reported in RMB. On the other hand, the lack of completion of large project during the year and rise in cost of raw materials caused the GP margin of the liquid food segment to decline to 24.9% (2020: 28.4%). As all three segments' GP margin fell at varying degrees causing the Group's overall GP margin to decline by 2.3 percentage points to 14.7% (2020: 17.0%).

Profit from operations expressed as a percentage of revenue remained stable at 6.6% (2020: 6.6%), despite a decline in GP margin. This is because most expense items increased in a slower rate than that of revenue.

Other revenue totalling RMB230,600,000 in 2021 (2020: RMB225,868,000) consisted of bank interest income, government grants and other operating revenue. The rise in other revenue during the year was mainly caused by increase in interest income.

Selling expenses rose by 30.6% to RMB369,984,000 (2020: RMB283,205,000). Such expenses comprise provision for product warranty, royalty fee, human resources, commission and other expenses directly attributable to selling activities. Selling expenses increase mainly because of rebound in commission, advertising and promotion expenses due to increased level of promotional activities and business travelling following partial relaxation of COVID-19 pandemic related social distancing measures.

Administrative expenses rose by 15.8% to RMB1,428,300,000 (2020: RMB1,233,352,000) which was mainly due to the increase in salaries and wages, equity-settled share-based payment expenses and research and development spending.

Impairment loss on financial assets declined to RMB76,260,000 (2020: RMB128,562,000) as the recoverability of trade receivables has improved comparing with 2020 due to the gradual recovery of the global economy after easing of the COVID-19 pandemic.

Other net income of RMB131,552,000 in 2021 (2020: RMB112,775,000) comprised write-back of restructuring liabilities, foreign exchange loss, gain on settlement of derivative financial instruments, compensation received, write-back of payables and advances from customers, loss on disposal of property, plant and equipment, charitable donations and various miscellaneous income. The increased in other net income in 2021 was mainly due to the a drop in foreign exchange loss and increase in gain on settlement of derivative financial instruments which were largely offset by the decline in write-back of restructuring liabilities of a subsidiary (originated prior to its acquisition by the Group).

During 2021, finance costs increased by 57.4% to RMB70,425,000 (2020: RMB44,730,000). Finance costs mainly comprised interest on bank loans, loans from related parties and convertible bonds of RMB61,553,000 (2020: RMB37,007,000). The rise in interest expenses was mainly due to the increased level of bank loans and loans from related parties during the year.

Tax expenses for the Group rose by 11.6 % to RMB231,165,000 in 2021 (2020: RMB207,051,000). This rise was mainly due to increase profit before taxation.

Liquidity and financial resources

At 31 December 2021, the cash and cash equivalents of the Group amounted to RMB3,173,351,000 (2020: RMB2,560,890,000). A portion of the Group's bank deposits totalling RMB437,129,000 (2020: RMB309,498,000), which had more than three months of maturity at acquisition, were restricted for guarantee of banking facilities. The Group has maintained sufficient cash on hand for repayment of bank loans 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.

At 31 December 2021, the Group's bank loans and overdrafts amounted to RMB250,235,000 (2020: RMB295,937,000) and other than the three-year bank loans, the remaining are repayable within one year. Apart from the USD-denominated syndicated bank loan and the HKD-denominated loans that bear interest at floating rates, the overall bank loans bear interest at rates from 1.54% to 4.45% per annum (2020: 1.75% to 4.5%). At 31 December 2021, the Group did not have any secured bank loan (2020: nil) nor any bank loan that was guaranteed by the Company's subsidiaries (2020: nil). As at 31 December 2021, loans from related parties amounted to RMB357,147,000 (2020: RMB667,506,000), which are unsecured, interest bearing from 3.8% to 4.75% per annum (2020: 3.8% to 4.75%) and repayable from within one year to four years.

On 30 November 2021, the Group issued zero-coupon convertible bonds in the aggregate principal amount of HKD1,680,000,000 and are due 2026. The bonds may be converted into shares of the Company at an initial conversion price of HKD11.78 per share and assuming full conversion, the bonds will be convertible into 142,614,601 shares. At 31 December 2021, the carrying amount of the bonds amounted to RMB1,234,980,000.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2020: zero times) as the Group retained a net cash balance of RMB1,757,260,000 (2020: RMB1,857,297,000). The decreased in net cash balance was mainly attributable to decrease in operating cash inflow and an increase in investing outflow which partially offset by the increase in financing inflow during the year. The Group's interest coverage was 19.5 times for the year (2020: 23.1 times), which represents a decline that was mainly due to a higher interest expense comparing with the previous year. Certainly, the Group's profit from operation and strong operating cash flow demonstrate that the Group is fully capable of meeting its interest expense commitments.

During 2021, net cash generated from operating activities amounted to RMB434,651,000 (2020: RMB960,082,000). The Group drew bank loans and loans from related parties totaling RMB2,982,453,000 (2020: RMB3,126,913,000) and repaid RMB3,334,235,000 (2020: RMB3,131,552,000). Moreover, the issuance of convertible bonds on 30 November 2021 generated net proceeds of RMB1,356,104,000. In addition, cash proceeds were recorded from the issuance of ordinary shares on exercise of share options of RMB38,812,000 (2020: RMB1,240,000) and from disposal of unvested shares under the 2018 Restricted Share Award Scheme of RMB102,782,000 (2020: nil) respectively. In 2021, a final dividend of approximately RMB235,891,000 (2020: RMB364,380,000) was paid for the financial year 2019) was paid for the financial year of 2020.

Assets and liabilities

At 31 December 2021, total assets of the Group amounted to RMB19,024,673,000 (2020: RMB16,074,720,000) while total liabilities were RMB10,524,996,000 (2020: RMB8,603,362,000). The net asset value rose by 13.8% to RMB8,499,677,000 (2020: RMB7,471,358,000) which was mainly attributable to net profit RMB908,392,000 which was partially offset by dividend pay-out of RMB235,891,000. As a result, the net asset value per share increased from RMB3.715 at 31 December 2020 to RMB4.192 at 31 December 2021.

Contingent liabilities

As at 31 December 2021, the Group had outstanding performance guarantees issued by relevant banks totalling RMB1,335,928,000 (31 December 2020: RMB771,653,000). Apart from these, the Group did not have other material contingent liabilities.

Future plans for source of funding and capital commitments

Currently, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and to an extent by external borrowings (such as bank loans, related party loans and convertible bonds). 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 2021, the Group had contracted but not provided for capital commitments of RMB49,394,000 (2020: RMB40,049,000). As of 31 December 2021, the Group did not have any authorised but not contracted for capital commitments (31 December 2020: 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 2021, the Group invested RMB986,909,000 (2020: RMB628,590,000) in capital expenditure for expansion of production capacity, general maintenance of production capacity and new business ventures. The clean energy segment, chemical and environmental segment and liquid food segment invested RMB695,740,000, RMB100,539,000 and RMB44,751,000 respectively (2020: RMB162,213,000, RMB113,538,000 and RMB73,213,000 respectively) in this regard during the year. In addition, the Group had capital expenditure of RMB145,879,000 (2020: RMB144,333,000) that was not specific to any of the three business segments.

Employees and Remuneration Policies

As at 31 December 2021, the total number of employees of the Group was approximately 9,900 (2020: approximately 9,900). Total staff costs (including Directors' emoluments retirement benefits scheme contributions and equity-settled share-based payment expenses) were approximately RMB1,845,566,000 (2020: RMB1,632,381,000).

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.

PROSPECTS AND FUTURE STRATEGIES

Looking forward, the Company will continue to improve the development pattern of one core and two wings of clean energy with natural gas and hydrogen energy as the main development path, chemical environment with intelligent manufacturing and service as the direction, and liquid food with the goal of building a global multi-category turnkey project capability. In the three principal segments of clean energy, chemical and environmental and liquid food, we will adhere to take scientific and technological innovation as the core driving force, and continue to provide customers with integrated solutions and services underpinned by key equipment, which is high-tech, high-quality, reliable, intelligent. We strive to become an industry-leading technology-driven enterprise that creates new value in the sectors in which we operate, and to make people’s lives better by supporting green energy transition and sustainable environment.

Clean Energy

Onshore clean energy sector

The pace of global carbon emission reduction and carbon neutrality is accelerating. At present, more than 130 countries and regions have proposed climate targets of “Zero Carbon” or “Carbon Neutrality”. Under the constraints of China’s dual carbon goals, natural gas, as a clean and primary fossil energy, will become an important tool for China to slow down the growth of carbon emissions. Natural gas will play an important role in China’s “Path of Carbon Neutrality”.

In the context of carbon neutrality, the “coal-to-gas conversion” process in China’s industrial and transportation sectors has accelerated, and clean environmental protection policies have been introduced frequently in various regions, boosting the demand for natural gas in the industrial power generation sector. On the other hand, the central and downstream of the Yangtze River, Central China and other regions promoted winter heating, which drove the growth of heating gas consumption by residents in the southern region. The Economic Research Institute of CNPC estimates that China’s natural gas consumption will increase to 420 to 440 billion cubic meters by 2025, with an average annual increase of over 20 billion cubic meters, representing a growth rate of approximately 6%. In connection with supply, China will continue to promote the construction of natural gas production, supply, storage and sales system during the “14th Five-Year Plan” period, and it is expected that the domestic natural gas supply will continue to grow steadily. The rapid construction of coastal LNG terminals will also drive the steady increase of LNG import volume in China. In general, the

supply and demand of natural gas in China will maintain a relatively rapid growth during the “14th Five-Year Plan” period, which is beneficial to the relevant storage equipment business of the Company.

In connection with transportation equipment business, LNG tank containers are suitable for storage and transportation, and can be used as temporary gas storage facilities by giving full play to the advantages of long storage time of tank containers, and quickly respond to the gas demand of end customers through inventory disposal. With the introduction and continuous improvement of documents such as the “Safe Transportation Requirements for Fully-loaded LNG Movable Tank Containers (Trial)”, and the “Work Plan for Promoting the Development, Optimization and Adjustment of Transportation Structure of Multimodal Transport (2021–2025)” issued by the State Council in January 2021, LNG tank container railway transportation is expected to be launched, and the breakthrough in the fully-loaded transportation mode of LNG tank container will drive the rapid growth of LNG tank container demand, and there will be broader room of development for LNG tank containers. On the other hand, due to the development of China’s chemical raw materials towards light weight in recent years, LPG, as a more economical and environmentally friendly raw material than naphtha and coal, has been widely used. The continuous expansion of the production capacity of LPG deep processing plants has also led to the continuous growth of the demand for LPG as chemical raw materials, which supported the continuous growth of domestic LPG demand and drove the development of LPG trailers and related markets. In February 2021, “Opinions of the State Council of the PRC on Comprehensively Promoting Rural Revitalization and Accelerating Agricultural and Rural Modernization” issued by the State Council clearly stated for the first time that “promote gas to villages, and support for the construction of safe and reliable rural gas tank stations and micro-pipe network gas supply system”, and the relevant equipment such as LPG belt pump tankers are expected to usher in a broad market.

In connection with downstream application, the sales volume of LNG heavy duty trucks is expected to maintain a moderate growth due to the implementation of environmental protection policies in various regions, emission upgrade and elimination of obsolete vehicles. Meanwhile, the booming express delivery industry also stimulated the demand for LNG logistics vehicles.

Looking forward, we will continue to adhere to the business development strategy of “equipment manufacturing + project engineering service + integrated solution”, actively follow the national policies, further strengthen the advantages of the whole natural gas industry chain layout, while continuously adjusting and optimizing the high-pressure equipment business including industrial gases, electron gas and CNG, actively expand overseas business, and seize new opportunities from the field of processing and applications of unconventional natural gas.

Offshore clean energy sector

With the rapid development of the global trade and shipping industry, vessel emissions have become one of the important sources of air pollution in shipping route areas and port cities. The International Maritime Organization (IMO) requires that the sulphur content of marine fuel oil in the world should be reduced to 0.5% from 2020. Compared with the use of such low-sulfur oil, LNG fuel can achieve better emission reduction and lower operating costs. The LNG bunkering vessel industry at home and abroad is emerging. After years of exploration and development, it has been booming.

In the domestic market, the gradual implementation of “oil-to-gas conversion” projects such as “Gasification of the Yangtze River” and “Gasification of the Pearl River” has promoted the green development of inland waterway shipping. According to “The Subsidy Implementation Plan for the Renovation to LNG-powered Vessels under the Green Development Demonstration Project of Inland Waterway Shipping in Guangdong Province”, Guangdong Province will arrange subsidies of approximately RMB550 million for the transformation of existing or under-construction inland waterway transportation vessels from Guangdong into LNG powered vessels.

As a leading provider of small and medium-sized liquefied gas carriers and marine fuel oil to gas conversion services for vessels, the Company will focus on the field of liquefied gas offshore storage and transportation, providing marine fuel oil to gas conversion solutions for vessels for domestic and foreign leading inland waterway shipping companies as well as small and medium-sized clean energy carriers and bunkering vessels to help them realize the transformation and upgrading of green shipping, and consolidate its leading market position in the field of offshore clean energy equipment.

Hydrogen energy section

With the support of multiple favorable national and local policies, China’s hydrogen energy industry is expected to enter a period of rapid growth, hydrogen energy will become an important part of China’s energy system, and it is expected to achieve continuous penetration in transportation, industry and other fields, creating a relatively broad economic market. According to the 2020 White Paper on China’s Hydrogen Energy and Fuel Cell Industry issued by the China Hydrogen Energy Alliance, it is expected that hydrogen energy will account for 20% of China’s terminal energy consumption by 2060.

The Company will deploy blue hydrogen and green hydrogen production equipment and related hydrogen production services and continue to promote the research and development progress of new products, provide the market with more efficient high pressure hydrogen storage and transportation technology and equipment, and actively reserve civil liquid hydrogen storage and transportation technology and products. In terms of on-board hydrogen supply system, the joint venture established by the Company and Hexagon Purus will complete the construction of the production base. In the field of hydrogen refueling stations, the Company will vigorously promote the research and development and promotion of

hydrogen refueling station products, strengthen market expansion, and actively participate in demonstration projects. At the same time, the Company will also vigorously expand various new hydrogen energy businesses such as methanol hydrogen production, improve the industrial chain layout, and move towards the goal of technology-based hydrogen energy business.

Chemical and Environmental

With the recovery of the global economy, the market demand for tank containers will rebound significantly. In terms of the domestic market, the “the 14th Five Year Development Guidelines for Chemical Industry Park and the Medium and Long-term Development Outlook 2035” issued by the Chemical Industry Park Working Committee of the China Petrochemical Federation in June 2021 proposed that China’s chemical industry park will leap from standardized development to high-quality development, creating “five key projects” of industrial development, green construction, intelligent construction, standardized construction and high-quality development in the chemical industry park. The five world-class petrochemical industry clusters are basically shaped, and the focus is to cultivate 70 chemical industry parks with first-class competitiveness. This shows that the chemical industry in China is facing a period of opportunities for huge development, and the trend of concentration of chemical plant parks will not change in the future, which will bring opportunities for the Company’s chemical tank container and after-sales service business.

This segment will continue to increase its investment in the research and development of technology around the strategic target of transforming and upgrading to the advanced manufacturing industry, and vigorously expand the application fields of tank containers while consolidating its leading position in the tank container market. Through the establishment of all-round and full life-cycle customer partnership, upgrading of production line manufacturing capacity, modularised operation and lean management, the segment further consolidated the comprehensive competitiveness of the tank container business and maintained its leading position in the industry. While consolidating the tank equipment manufacturing business, the segment actively improved the intelligence of products, and used the Internet of Things technology to help customers improve operational efficiency and realize intelligent logistics; accelerated the global layout of tank container after-sales services, provided customers with full life cycle services, further expanded the brand influence of the enterprise, enhanced the competitiveness of the enterprise, provided customers with better value-added experience services, and further improved customer satisfaction and loyalty.

This segment is entering the environmental industry – an emerging industry that integrates equipment manufacturing, engineering and operation services, which has large market potentials and considerable profitability. In particular, the area of industrial solid waste recycling and comprehensive utilisation, which has high entry barrier in terms of technology and qualification, presents an enormous potential for development.

The chemical and environmental segment of the Group will, based on the core competence of equipment manufacturing, take technological invention in environmental protection sector as the core competitive strength and hazardous waste disposal business as the key development orientation, to build up its capacity in whole-industry-chain. The segment would expand towards two business dimensions of “waste recycling + ecological environment service” and engage in large-scale, standardised and intensive operations to strive for a leaping development in the environmental business.

Liquid Food

In the future, the liquid food segment will further strengthen its competitive position in the process equipment business with focus on global expansion, by utilizing its core technology, skills, services and resources to enhance the development of EPC and turnkey services. The segment strives to strengthen its position as a leading player in the food & beverage industry, aspiring to become a global solutions partner for key customers in the industry.

Based on its ongoing review on the development strategy, the liquid food segment is realizing a two-dimensional development of vertically and deeply enhancing its ability to offer turnkey solutions for the brewery/distilling sector and horizontally expanding other non-beer liquid food businesses. In terms of vertical development, the segment continues to enhance its capabilities to offer turnkey solutions for brewing/distilling and strives to develop and deliver such services and products to our customers. In terms of horizontal development, the segment strives to proactively develop businesses for other liquid food industries apart from beer, such as juice, hard seltzer, baijiu, and other markets with growth potential. In order to better serve the customers, the segment will continue to conduct research and provide the most reliable, economical and innovative products and overall solutions to help customers achieve high-efficiency, low-cost and sustainable production with the highest quality and safety standards.

The accumulated new orders received by the end of 2021 for the Company was RMB21.3 billion, recorded a year over year growth rate of 50.1%. The new orders for each of Clean Energy, Chemical and Environmental and Liquid Food segment reached RMB11.4 billion, RMB5.1 billion and RMB4.8 billion, representing the year over year increase of 29.6%, 92.8% and 74.4% respectively. The new orders for Hydrogen business by the end of 2021 was RMB230 million.

THE 2021 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 approximately 40% for the year 2021 (2020: approximately 40%).

The Board recommended a final dividend in respect of 2021 of HKD0.21 (2020: HKD0.14) (the “**2021 Final Dividend**”) per ordinary share payable in cash on or about 28 June 2022 to shareholders whose names appear on the register of members of the Company 6 June 2022 (the “**Record Date**”), subject to shareholders’ approval in the forthcoming general meeting (“**AGM**”) on 20 May 2022.

Closure of Register of Members

To ascertain shareholders' entitlements to the 2021 Final Dividend, the register of members of the Company will be closed from Monday, 30 May 2022 to Monday, 6 June 2022 (both days inclusive). In order to qualify for the 2021 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 27 May 2022.

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, 16 May 2022 to Friday, 20 May 2022 (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 13 May 2022.

Withholding and Payment of Enterprise Income Tax for Non-resident Enterprises on Distribution of the 2021 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 2021 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 2021 Final Dividend after deducting an enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2021 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 27 May 2022.

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 2021 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 2021, the Company complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company's corporate governance report is set out in the soon published Annual Report 2021. Details of each of the audit committee, the remuneration committee and the nomination committee of the Company are also given in the same report.

The audit committee has reviewed and discussed with management the annual results and the audited financial statements for the year ended 31 December 2021.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2021, the trustee of Share Award Scheme 2020 purchased on the Stock Exchange a total of 39,198,000 shares for a total consideration of approximately HKD141,808,517.95 (equivalent to approximately RMB114,546,460.38) pursuant to the terms of the trust deed under the Share Award Scheme 2020.

DIRECTORS

As at the date of this announcement, the Board consists of Mr. Gao Xiang (Chairman) as non-executive Director, Mr. Yang Xiaohu (General Manager) as executive Director; Mr. Yu Yuqun, Mr. Wang Yu and Mr. Zeng Han as non-executive Directors; and Ms. Yien Yu Yu, Catherine, Mr. Tsui Kei Pang, Mr. Zhang Xueqian and Mr. Wang Caiyong as independent non-executive Directors.

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

Hong Kong, 23 March 2022

The Annual Report 2021 will be dispatched to the shareholders and published on the websites of the Company and the Stock Exchange as soon as practicable.