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 2022, THE 2022 FINAL DIVIDEND, CLOSURE OF REGISTER OF MEMBERS, WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES ON DISTRIBUTION OF THE 2022 FINAL DIVIDEND, AND CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

FINANCIAL HIGHLIGHTS

	2022	2021	
Revenue *(RMB'000)*	**19,601,761**	18,424,763	6.4%
Net profit *(RMB'000)*	**1,084,938**	908,392	19.4%
Profit attributable to shareholders *(RMB'000)*	**1,055,062**	883,581	19.4%
Core profit* *(RMB'000)*	**1,227,963**	948,846	29.4%
Basic earnings per share *(RMB)*	**0.528**	0.447	18.1%
Gross profit margin	**17.4%**	14.7%	2.7 ppt
Proposed final dividend per ordinary share *(HKD)*	**0.24**	0.21	14.3%

* Core profit – Profit for the year but stripping out amortisation of share base incentive scheme expense and convertible bonds related imputed interest 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 2022 together with the comparative figures for the year ended 31 December 2021.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 *RMB'000*	2021 *RMB'000*
Revenue	3	**19,601,761**	18,424,763
Cost of sales		**(16,200,321)**	(15,718,761)
Gross profit		**3,401,440**	2,706,002
Other operating income	4(a)	**262,725**	230,600
Other gains, net	4(b)	**41,463**	150,501
Net impairment losses on financial and contract assets	5(d)	**(58,754)**	(76,260)
Selling expenses		**(351,029)**	(369,984)
Administrative expenses		**(1,823,557)**	(1,428,300)
Profit from operations		**1,472,288**	1,212,559
Finance costs	5(a)	**(80,470)**	(70,425)
Share of net post-tax profit/(loss) of associates and joint ventures		**6,484**	(2,577)
Profit before taxation	5	**1,398,302**	1,139,557
Income tax expenses	6	**(313,364)**	(231,165)
Profit for the year		**1,084,938**	908,392
Attributable to:			
Equity shareholders of the Company		**1,055,062**	883,581
Non-controlling interests		**29,876**	24,811
Profit for the year		**1,084,938**	908,392
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
– Basic earnings per share	7	**RMB0.528**	RMB0.447
– Diluted earnings per share	7	**RMB0.468**	RMB0.428

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Profit for the year	**1,084,938**	908,392
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(88,529)**	20,503
Share of other comprehensive income/(loss) of an associate	**57**	(16)
Other comprehensive (loss)/income for the year, net of tax	**(88,472)**	20,487
Total comprehensive income for the year	**996,466**	928,879
Attributable to:		
Equity shareholders of the Company	**972,510**	904,068
Non-controlling interests	**23,956**	24,811
Total comprehensive income for the year	**996,466**	928,879

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

	Note	As at 31 December **2022** ***RMB'000***	2021 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**3,738,485**	3,219,966
Construction in progress		**327,324**	775,858
Right-of-use assets		**140,139**	97,144
Investment properties		**38,906**	46,789
Lease prepayments		**561,331**	580,997
Intangible assets		**138,935**	138,036
Goodwill		**254,166**	256,671
Deferred tax assets		**140,086**	115,918
Interests in associates and joint ventures		**219,716**	210,099
Financial instruments at fair value through profit or loss		**249**	–
Total non-current assets		**5,559,337**	5,441,478
Current assets			
Inventories		**4,636,367**	4,312,353
Contract assets		**1,101,611**	1,251,403
Trade and bills receivables	9	**3,470,415**	2,949,229
Deposits, other receivables and prepayments		**1,644,343**	1,212,740
Amounts due from related parties		**157,009**	194,098
Financial instruments at fair value through profit or loss		**39,541**	52,892
Restricted bank deposits		**382,398**	437,129
Cash and cash equivalents		**5,223,453**	3,173,351
Total current assets		**16,655,137**	13,583,195
Total assets		**22,214,474**	19,024,673
LIABILITIES			
Non-current liabilities			
Bank loans		**76,925**	143,640
Convertible bonds		**1,388,644**	1,234,980
Warranty provision		**96,487**	117,646
Deferred tax liabilities		**119,125**	96,058
Deferred income		**300,567**	280,208
Employee benefit liabilities		**12,583**	4,355
Loans from related parties		**31,812**	56,125
Lease liabilities		**116,251**	80,715
Financial instruments at fair value through profit or loss		**8,837**	–
Total non-current liabilities		**2,151,231**	2,013,727

	Note	As at 31 December 2022 RMB'000	2021 RMB'000
Current liabilities			
Bank loans		**367,774**	106,595
Lease liabilities		**32,667**	23,099
Loans from related parties		**135,715**	301,022
Other borrowings		**–**	5,080
Trade and bills payables	10	**3,492,365**	3,302,768
Contract liabilities		**3,816,213**	2,418,878
Other payables and accrued expenses		**2,010,982**	1,837,955
Amounts due to related parties		**392,156**	267,238
Warranty provision		**50,878**	54,476
Financial instruments at fair value through profit or loss		**92,976**	–
Income tax payable		**144,010**	194,158
Total current liabilities		**10,535,736**	8,511,269
Total liabilities		**12,686,967**	10,524,996
Net assets		**9,527,507**	8,499,677
EQUITY			
Share capital		**18,521**	18,516
Reserves		**9,123,246**	8,224,900
Equity attributable to equity shareholders of the Company		**9,141,767**	8,243,416
Non-controlling interests		**385,740**	256,261
Total equity		**9,527,507**	8,499,677

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	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 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 – safe production fund	–	–	–	–	–	–	–	–	–	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

	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
Other comprehensive income													
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 period	–	–	–	–	–	(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

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 2022. The financial statements are presented in Renminbi ("**RMB**") unless otherwise stated.

The consolidated financial statements of CIMC Enric Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure 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 the soon to be published Annual Report 2022.

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 2022:

- Amendments to HKFRS 3, Update reference to the conceptual framework
- Amendments to HKAS 16, Proceeds before intended use
- Amendments to HKAS 37, Onerous contracts – cost of fulfilling a contract
- Amendments to Accounting Guideline 5, Merger accounting for common control combinations
- Annual improvements to HKFRS standards 2018–2020 cycle

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 2022 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 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKFRS 4	Extension of the temporary exemption from applying HKFRS 9 and HKFRS 4	1 January 2023
HK Interpretation 5	Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendment to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HKFRS 17 and amendments to HKFRS 17	Insurance contract	1 January 2023
Amendments to HKFRS 16	Leases on sale and lease back	1 January 2024
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:

	2022	2021
	RMB'000	*RMB'000*
Sales of goods	**12,832,262**	11,870,349
Revenue from project engineering contracts	**6,769,499**	6,554,414
	19,601,761	18,424,763

4 OTHER OPERATING INCOME AND OTHER GAINS, NET

		2022	2021
		RMB'000	*RMB'000*
(a) Other operating income			
Government grants	(i)	**100,470**	59,221
Other operating revenue	(ii)	**137,825**	143,691
Interest income from bank deposits		**24,430**	27,688
		262,725	230,600

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

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

	2022	2021
	RMB'000	*RMB'000*
(b) Other gains, net		
Foreign exchange gain/(loss)	**213,153**	(13,820)
Net fair value (loss)/gain on financial instruments at fair value through profit or loss	**(209,211)**	94,779
Write-back of restructuring liabilities (i)	**26,303**	32,141
Write-back of payables and advances from customers (ii)	**3,496**	13,868
Net gain/(loss) on disposal of property, plant and equipment and lease prepayment	**6,993**	(4,072)
Compensation received	**4,720**	16,181
Gain on disposal of investment in an associate	**747**	10,174
Gain on disposal of investment in subsidiaries	**135**	–
Donation expenses	**(493)**	(485)
Other net (loss)/gain	**(4,380)**	1,735
	41,463	150,501

(i) During the year, the Group wrote back restructuring liabilities of RMB26,303,000 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 (2021: RMB32,141,000).

(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

	2022	2021
	RMB'000	*RMB'000*
Interest on bank loans, loans from related parties and other borrowings	**35,656**	53,723
Interest on lease liabilities	**3,606**	4,482
Interest on convertible bonds	**37,716**	3,348
Less: interest capitalised	**(3,374)**	(3,200)
Bank charges	**6,866**	12,072
	80,470	70,425

(b) Staff costs

	2022	2021
	RMB'000	*RMB'000*
Salaries, wages and allowances	**1,822,739**	1,739,794
Contributions to retirement schemes	**123,218**	68,666
Equity-settled share-based payment expenses	**105,309**	37,106
	2,051,266	1,845,566

(c) Other items

	2022	2021
	RMB'000	*RMB'000*
Cost of inventories	**10,931,814**	11,129,768
Cost from project engineering contracts	**5,268,507**	4,588,993
Auditor's remuneration		
– Audit services	**12,400**	7,993
– Non-audit services	**4,285**	5,106
Depreciation of property, plant and equipment	**306,488**	271,995
Depreciation of right-of-use assets	**36,400**	24,171
Amortisation of lease prepayments	**15,981**	15,117
Amortisation of intangible assets	**26,850**	34,424
Impairment of intangible assets	**–**	28,000
Impairment losses on construction in progress	**42,122**	–
Write-down of inventories	**36,574**	18,047
Reversal of write-down of inventories	**(4,876)**	(5,541)
Research and development costs	**557,968**	524,570
Operating lease charges for property rental	**11,699**	8,875
Provision for product warranties	**104,699**	90,510
Reversal of provision for product warranties	**(90,175)**	(52,963)

(d) Net impairment losses on financial and contract assets

	2022	2021
	RMB'000	*RMB'000*
Impairment provision for trade receivables	**98,854**	91,316
Reversal of impairment provision for trade receivables	**(62,038)**	(74,870)
Impairment provision for contract assets	**16,529**	20,090
Reversal of impairment provision for contract assets	**(2,032)**	–
Impairment provision for other receivables	**12,417**	39,724
Reversal of impairment provision for other receivables	**(4,976)**	–
	58,754	76,260

6 INCOME TAX EXPENSES

(a) Taxation in the consolidated income statement represents:

	2022	2021
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**334,471**	331,136
Adjustments for current income tax of prior years	**(17,331)**	(4,225)
	317,140	326,911
Deferred tax		
Origination and reversal of temporary differences	**(3,776)**	(95,746)
	313,364	231,165

(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 25%, 25%, 22%, 30%, 19%, 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:

	2022	2021
	RMB'000	*RMB'000*
Profit before taxation	**1,398,302**	1,139,557
Notional tax on profit before taxation, calculated at the applicable rates	**382,593**	318,117
Effect of tax concessions (a(ii))	**(129,156)**	(74,629)
Super deduction for research and development expenditure	**(42,946)**	(45,904)
Tax effect of non-deductible expenses	**34,202**	16,335
Tax effect of tax losses not recognised as deferred tax assets	**52,816**	25,657
Tax effect of temporary differences not recognised as deferred tax assets	**37,852**	–
Adjustments for current income tax of prior years	**(17,331)**	(4,225)
Utilisation of tax losses which no deferred tax assets were recognised before	**(4,666)**	(4,186)
Income tax expenses	**313,364**	231,165

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:

	2022	2021
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic earnings per share	**1,055,062**	883,581
Earnings for the purposes of diluted earnings per share	**1,003,448**	854,453

	2022	2021
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**1,997,107,907**	1,977,473,449
Effect of dilutive potential ordinary shares in respect of the convertible bonds and the Company's share option and share award schemes	**148,126,518**	16,913,164
Weighted average number of shares for the purpose of diluted earnings per share	**2,145,234,425**	1,994,386,613

	2022	2021
	RMB	*RMB*
Earnings per share		
Basic earnings per share	**0.528**	0.447
Diluted earnings per share	**0.468**	0.428

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 the provision of key equipment research and development and manufacturing, and professional consulting services in relation to 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.

During the year, due to change in internal organisational structure, the Group's natural gas processing and treatment and distribution integrated solutions and related services have been reclassified from unallocated to the Clean Energy segment and peripheral logistics services from unallocated to the Liquid Food segment. Accordingly, the corresponding periods' comparative figures have been restated.

(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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**10,591,120**	11,210,471	**5,241,667**	3,793,827	**3,619,638**	3,420,465	**19,452,425**	18,424,763
Inter-segment revenue	**–**	56	**63,329**	135,540	**–**	–	**63,329**	135,596
Reportable segment revenue	**10,591,120**	11,210,527	**5,304,996**	3,929,367	**3,619,638**	3,420,465	**19,515,754**	18,560,359
Timing of revenue recognition								
At a point in time	**7,428,433**	8,060,365	**5,304,996**	3,929,367	**33,270**	16,213	**12,766,699**	12,005,945
Over time	**3,162,687**	3,150,162	**–**	–	**3,586,368**	3,404,252	**6,749,055**	6,554,414
Reportable segment profit (adjusted profit from operations)	**316,607**	440,467	**832,522**	366,074	**439,340**	541,259	**1,588,469**	1,347,800
Interest income from bank deposits	**8,056**	17,291	**6,346**	1,460	**334**	1,065	**14,736**	19,816
Interest expense	**(12,172)**	(24,624)	**(5,175)**	(8,091)	**(7,192)**	(2,829)	**(24,539)**	(35,544)
Depreciation and amortisation for the year	**(262,983)**	(212,265)	**(39,095)**	(36,114)	**(47,523)**	(44,857)	**(349,601)**	(293,236)
Reportable segment assets	**12,306,206**	11,615,347	**3,802,275**	2,995,798	**4,709,411**	3,265,343	**20,817,892**	17,876,488
Additions to non-current assets during the year	**331,497**	246,365	**106,547**	175,711	**42,152**	68,758	**480,196**	490,834
Reportable segment liabilities	**6,407,380**	5,500,841	**1,444,547**	1,137,206	**2,537,281**	1,706,877	**10,389,208**	8,344,924

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

	2022	2021
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**19,515,754**	18,560,359
Elimination of inter-segment revenue	**(63,329)**	(135,596)
Unallocated revenue	**149,336**	–
Consolidated revenue	**19,601,761**	18,424,763

	2022	2021
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**1,588,469**	1,347,800
Elimination of inter-segment profit	**(3,823)**	(2,864)
Reportable segment profit derived from Group's external customers	**1,584,646**	1,344,936
Finance costs	**(80,470)**	(70,425)
Share of net post-tax profit/(loss) of associates and joint ventures	**6,484**	(2,577)
Unallocated operating income and expenses	**(112,358)**	(132,377)
Consolidated profit before taxation	**1,398,302**	1,139,557

	2022	2021
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**20,817,892**	17,876,488
Elimination of inter-segment receivables	**(6,542)**	(34,337)
	20,811,350	17,842,151
Deferred tax assets	**140,086**	115,918
Unallocated assets	**1,263,038**	1,066,604
Consolidated total assets	**22,214,474**	19,024,673

	2022	2021
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**10,389,208**	8,344,924
Elimination of inter-segment payables	**(6,542)**	(34,337)
	10,382,666	8,310,587
Income tax payable	**144,010**	194,158
Deferred tax liabilities	**119,125**	96,058
Convertible Bond	**1,388,644**	1,234,980
Unallocated liabilities	**652,522**	689,213
Consolidated total liabilities	**12,686,967**	10,524,996

(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**	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC (place of domicile)	**8,995,216**	9,095,732	**4,721,293**	4,640,844
United States	**2,121,782**	1,260,730	**7**	7
European countries	**2,564,086**	2,520,792	**476,447**	474,284
Asian countries (other than PRC)	**3,426,382**	2,459,281	**1,788**	2,133
Other American countries	**2,000,278**	2,660,825	**–**	–
Other countries	**494,017**	427,403	**–**	–
	10,606,545	9,329,031	**478,242**	476,424
	19,601,761	18,424,763	**5,199,535**	5,117,268

For the year ended 31 December 2022, there was no single external customer that accounted for 10% or more of the Group's total revenue (2021: nil).

(d) Assets and liabilities related to contracts with customers

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

	2022	2021
	RMB'000	*RMB'000*
Contract assets	**1,180,636**	1,325,555
Loss allowance	**(79,025)**	(74,152)
Total contract assets	**1,101,611**	1,251,403
Contract liabilities – Products	**1,221,282**	1,205,686
Contract liabilities – Project engineering contracts	**2,594,931**	1,213,192
Total contract liabilities	**3,816,213**	2,418,878

(i) Significant changes in contract assets and liabilities

Contract assets balances of the Group decreased as at 31 December 2022 as the Group had delivered several projects at the end of 2022.

The significant increase of contract liabilities of the Group was due to advances from customers relating to several large-scale engineering projects undertaken by the Group during the year ended 31 December 2022.

(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.

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
– Product offerings	**1,098,056**	1,461,219
– Project engineering contracts	**825,406**	765,276
	1,923,462	2,226,495

9 TRADE AND BILLS RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	3,372,209	2,833,114
Less: allowance for expected credit loss	(264,132)	(295,096)
	3,108,077	2,538,018
Bills receivables (i)	362,338	411,211
	3,470,415	2,949,229

(i) As at 31 December 2022, amounts of RMB220,474,000 represent bank acceptance bills classified as financial assets at fair value through other comprehensive income, which the Group had discounted or endorsed to financial institutions for treasury management purposes (2021: RMB104,475,000). Amounts of RMB80,110,000 and RMB61,754,000 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 (2021: RMB25,091,000 and RMB281,645,000).

As at 31 December 2022, amounts of RMB41,673,000 and RMB29,302,000 (2021: RMB47,018,000 and RMB8,135,000) 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:

	2022	2021
	RMB'000	*RMB'000*
Current	2,784,761	2,441,212
Less than 3 months past due	417,634	241,337
More than 3 months but less than 12 months past due	183,634	134,948
More than 1 year but less than 2 years past due	46,959	86,752
More than 2 years but less than 3 years past due	34,185	32,947
More than 3 years but less than 5 years past due	3,242	12,033
Amounts past due	685,654	508,017
	3,470,415	2,949,229

Trade and bills receivables are expected to be settled within one year. In general, debts are due for payment upon 30 to 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 2022 and 31 December 2021 approximated their fair values.

(c) Impairment and risk exposure

The loss allowance decreased by RMB30,964,000 from RMB295,096,000 as at 1 January 2022 to RMB264,132,000 as at 31 December 2022 for trade receivables.

10 TRADE AND BILLS PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade creditors	**2,970,755**	2,763,209
Bills payables	**521,610**	539,559
	3,492,365	3,302,768

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

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**2,487,962**	2,309,723
3 months to 12 months	**826,202**	827,661
Over 12 months	**178,201**	165,384
	3,492,365	3,302,768

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

11 DIVIDENDS

Final dividend of RMB364,258,000 in relation to the year ended 31 December 2021 was paid in 2022.

A final dividend in respect of the year ended 31 December 2022 of HKD0.24 (equivalent to approximately RMB0.21) per share has been proposed by the Directors. The proposed final dividend in respect of 2022 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 2022 together with the comparative figures for the year ended 31 December 2021 are as follows:

Key financial data	2022	2021	Change %
Revenue *(RMB'000)*	**19,601,761**	18,424,763	6.4%
Revenue from clean energy segment *(RMB'000)*	**10,591,120**	11,210,471	(5.5)%
Revenue from chemical and environmental segment *(RMB'000)*	**5,241,667**	3,793,827	38.2%
Revenue from liquid food segment *(RMB'000)*	**3,619,638**	3,420,465	5.8%
Gross profit *(RMB'000)*	**3,401,440**	2,706,002	25.7%
Net profit *(RMB'000)*	**1,084,938**	908,392	19.4%
Profit attributable to shareholders *(RMB'000)*	**1,055,062**	883,581	19.4%
Core profit* *(RMB'000)*	**1,227,963**	948,846	29.4%
Basic earnings per share *(RMB)*	**0.528**	0.447	18.1%

Newly signed orders△	2M 2023	2M 2022	Change %
Total *(RMB million)*	**3,204**	2,895	10.7%
– Clean energy segment	**2,110**	1,738	21.4%
– Hydrogen business	**88.8**	80.6	10.2%
– Chemical and environmental segment	**809**	900	(10.1)%
– Liquid food segment	**285**	257	10.9%

Orders on hand	As at 31 December 2022	As at 31 December 2021	Change %
Total *(RMB million)*	**17,609**	14,886	18.3%
– Clean energy segment	**10,839**	7,993	35.6%
– Hydrogen business	**299**	150	99.3%
– Chemical and environmental segment	**2,477**	2,608	(5.0)%
– Liquid food segment	**4,293**	4,285	0.2%

* Core profit[1] – Profit for the year but stripping out amortisation of share base incentive scheme expense and convertible bonds related imputed interest expenses.

[1] The 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.

△ Newly signed orders are the cumulative orders newly received in the first two months of 2023 ("**2M 2023**") and the corresponding period of 2022 ("**2M 2022**").

FINANCIAL REVIEW

Revenue

During 2022, benefitting from recovery of overseas economy and increased international trading activities, the Group's Chemical and Environmental and Liquid Food segments grew steadily during the year. At the same time, the slow down of China's domestic economy negatively impacted our Clean Energy segment, whose revenue was mainly generated from domestic market. As a result, the Group's consolidated revenue for 2022 rose by 6.4% to RMB19,601,761,000 (2021: RMB18,424,763,000). The performance of each segment is discussed below:

The Clean Energy segment's revenue for 2022 slightly declined by 5.5% to RMB10,591,120,000 (2021: RMB11,210,471,000). The Russo-Ukrainian conflict has bumped up natural gas prices globally and thus impacted domestic demand for natural gas, especially LNG. Weak domestic LNG consumption affected transportation-related and application product sales. As a result, the sales of LNG tank containers, LPG vehicles and spherical tanks decreased. Due to rapid development of the hydrogen energy industry, demand for the Company's hydrogen storage and distribution equipment and hydrogen refueling station equipment and engineering projects increased. In 2022, the Company's hydrogen-related business grew by 152.4% year-on-year to RMB440,427,000. Moreover, the recovery of global economy and international trade also boosted the segments' export which partially offset the weak domestic sales. The segment remains the top grossing segment and contributed 54.0% (2021: 60.8%) of the Group's total revenue.

The recovery of international trade has spurred the demand for chemical tank containers in 2022; therefore, the Chemical and Environmental segment's revenue posted a surge of 38.2% to RMB5,241,667,000 (2021: RMB3,793,827,000). The segment made up 26.7% of the Group's total revenue (2021: 20.6%).

During 2022, the Liquid Food segment's operations (especially on-site construction works) had been mostly back on schedule and benefitting from the increase of newly signed orders, the Liquid Food segment's revenue saw an increase of 5.8% to RMB3,619,638,000 during the year (2021: RMB3,420,465,000). The segment accounted for 18.5% of the Group's total revenue (2021: 18.6%).

The accumulated new orders received in the first two months of 2023 by the Group was RMB3,204 million, increased by 10.7% comparing with the same period of 2022. The new orders for each of Clean Energy, Chemical and Environmental and Liquid Food segments reached RMB2,110 million, RMB809 million and RMB285 million, representing year-on-year changes of 21.4%, -10.1% and 10.9%, respectively. The newly signed orders for hydrogen business in the first two months of 2023 was RMB88.8 million, increased by 10.2% comparing with the same period of 2022.

The orders on hand by the end of 2022 for the Group was RMB17,609 million, representing a year-on-year increase of 18.3%. The orders on hand for each of Clean Energy, Chemical and Environmental and Liquid Food segments reached RMB10,839 million, RMB2,477 million and RMB4,293 million, representing year-on-year changes of 35.6%, -5.0% and 0.2%, respectively. The orders on hand for hydrogen business by the end of 2022 was RMB299 million, increased significantly by 99.3% comparing with those by the end of 2021.

Gross Profit Margin and Profitability

The Group's overall gross profit margin ("**GP margin**") rose to 17.4% in 2022 from 14.7% in 2021. This was mainly because both clean energy and Chemical and Environmental segment's GP margin increased which was offset to a certain extent by the fall in Liquid Food segment's GP margin. The Clean Energy segment's GP margin increased slightly to 12.5% (2021: 11.6%), which was mainly attributable to the increase of overseas revenue for onshore clean energy business. During the year, the GP margin of Chemical and Environmental segment increased to 22.8% (2021: 14.4%), which was mainly due to appreciation of USD against RMB and better economy of scales brought on by strong market demand for chemical tank containers. As the segment's key products, tank containers, are mostly denominated in USD, USD's appreciation in turn increased the revenue reported in RMB. On the other hand, the lack of completion of large project during the year caused the GP margin of the Liquid Food segment to decline slightly to 24.0% (2021: 24.9%).

Profit from operations expressed as a percentage of revenue increased to 7.5% (2021: 6.6%), which was mainly due to an increase in GP margin.

Other operating income totalling RMB262,725,000 in 2022 (2021: RMB230,600,000) consisted of interest income from bank deposits, government grants and other operating revenue. The rise in other operating revenue during the year was mainly attributed to an increase in government grants.

Selling expenses decreased by 5.1% to RMB351,029,000 (2021: RMB369,984,000). Such expenses comprised provision for product warranty, royalty fee, human resources, commission and other expenses directly attributable to selling activities. Selling expenses decreased mainly because of a drop in product repair expenses during the year.

Administrative expenses rose by 27.7% to RMB1,823,557,000 (2021: RMB1,428,300,000) which was mainly due to the increase in equity-settled share-based payment expenses, salaries and wages, legal and professional fees and research and development spending.

Net impairment losses on financial and contract assets declined to RMB58,754,000 (2021: RMB76,260,000) and was mainly attributable to the improvement in the Group's credit control measures.

Other net gains of RMB41,463,000 in 2022 (2021: RMB150,501,000) mainly comprised write-back of restructuring liabilities, foreign exchange 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, gain on disposal of property, plant and equipment, charitable donations and various miscellaneous income. The decrease in other net gains in 2022 was mainly due to increase in loss on settlement of derivative financial instruments and loss on fair value of derivative financial instruments which were offset to certain extent by the increase in foreign exchange gain.

During 2022, finance costs increased by 14.3% to RMB80,470,000 (2021: RMB70,425,000). Finance costs mainly comprised interest on bank loans, loans from related parties, lease liabilities and zero coupon convertible bonds ("**CB**") of RMB76,978,000 (2021: RMB61,553,000). The rise in interest expenses was mainly due to the recognition of imputed interest expenses on CB for the full year for 2022 comparing with only one month for 2021.

Tax expenses for the Group rose by 35.6% to RMB313,364,000 in 2022 (2021: RMB231,165,000). This rise was mainly due to increase profit before taxation.

Liquidity and Financial Resources

As at 31 December 2022, the cash and cash equivalents of the Group amounted to RMB5,223,453,000 (2021: RMB3,173,351,000). A portion of the Group's bank deposits totalling RMB382,398,000 (2021: RMB437,129,000), 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.

As at 31 December 2022, the Group's bank loans and overdrafts amounted to RMB444,699,000 (2021: RMB250,235,000) and other than the five-year bank loans, the remaining are repayable within one year. Apart from the HKD-denominated loans that bear interest at floating rates, the overall bank loans bear interest at rates from 2.95% to 4.50% per annum (2021: 1.54% to 4.45%).

As at 31 December 2022, the Group did not have any secured bank loan (2021: nil) nor any bank loan that was guaranteed by the Company's subsidiaries (2021: nil). As at 31 December 2022, loans from related parties amounted to RMB167,527,000 (2021: RMB357,147,000), which are unsecured, interest bearing from 3.5% to 4.75% per annum (2021: 3.8% to 4.75%) and repayable from within one year to two years.

As at 31 December 2022, the Group's CB amounted to RMB1,388,644,000 (31 December 2021: RMB1,234,980,000) recognised imputed interest expenses of RMB37,716,000 for this year (2021: RMB3,348,000). With effect from 7 June 2022 following the payment of final dividend for the year ended 31 December 2021, the CB's conversion price has been adjusted from HKD11.78 to HKD11.49 pursuant to the terms and conditions of the CB. The maximum number of Shares issuable by the Company upon conversion of all the outstanding CB amounted to 146,214,099 Shares as at 31 December 2022, representing an increase of 3,599,498 Shares as compared to 2021 (31 December 2021: 142,614,601 Shares). No conversion of the CB had been made since the issue of CB and up to 31 December 2022.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2021: zero times) as the Group retained a net cash balance of RMB3,222,583,000 (2021: RMB1,325,909,000). The increase in net cash balance was mainly attributable to a cash inflow from operating cash which is partially offset by the cash outflow from investing and financing during the year.

The Group's interest coverage was 19.1 times for the year (2021: 19.5 times), which represented a decline that was mainly due to a higher interest expense comparing with the previous year. 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 2022, net cash generated from operating activities amounted to RMB2,561,009,000 (2021: RMB434,651,000), mainly attributable to the increase in contract liabilities. 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 RMB483,946,000 (2021: RMB557,612,000), this is mainly due to the payment for acquisition of non-current assets for production and operation and intangible assets which totaled to amount RMB459,398,000 (2021: RMB759,500,000).

During the year, the net cash used in financing activities amounted to RMB77,084,000 (2021: inflow of RMB753,689,000), this is mainly due to the lower amount of net drawdown of bank loans and loans from related parties. The Group drew bank loans and loans from related parties totaling RMB711,955,000 (2021: RMB2,982,453,000) and repaid RMB728,042,000 (2021: RMB3,334,236,000). In addition, cash proceeds were recorded from the issuance of ordinary shares on exercise of share options of RMB5,364,000 (2021:RMB38,780,000) and there were no disposal of unvested shares under the 2018 Restricted Share Award Scheme during the year (2021: RMB102,782,000). In 2022, a final dividend of approximately RMB364,258,000 (2021: RMB235,891,000 was paid for the financial year 2020) was paid for the financial year of 2021.

Assets and Liabilities

As at 31 December 2022, total assets of the Group amounted to RMB22,214,474,000 (2021: RMB1 9,024,673,000) while total liabilities were RMB12,686,967,000 (2021: RMB10,524,996,000). The net asset value rose by 12.1% to RMB9,527,507,000 (2021: RMB8,499,677,000), which was mainly attributable to net profit RMB1,084,938,000 which was partially offset by dividend pay-out of RMB364,258,000. As a result, the net asset value per share increased from RMB4.192 at 31 December 2021 to RMB4.697 at 31 December 2022.

Contingent Liabilities

As at 31 December 2022, the Group had outstanding performance guarantees issued by relevant banks totaling RMB1,257,969,000 (31 December 2021: RMB1,335,928,000). 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 2022, the Group had contracted but not provided for capital commitments of RMB184,949,000 (2021: RMB49,394,000). As of 31 December 2022, the Group did not have any authorised but not contracted for capital commitments (31 December 2021: 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 2022, the Group invested RMB501,722,000 (2021: RMB841,019,000) 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 RMB382,516,000, RMB77,184,000 and RMB36,022,000 respectively (2021: RMB695,729,000, RMB100,539,000 and RMB44,751,000 respectively) in this regard during the year. Other unallocated business invested RMB6,000,000 in aggregate during the year (2021: nil).

Employees and Remuneration Policies

As at 31 December 2022, the total number of employees of the Group was approximately 10,500 (2021: approximately 9,900). Total staff costs (including directors' emoluments, retirement benefits scheme contributions and equity-settled share-based payment expenses) were approximately RMB2,051,266,000 (2021: RMB1,845,566,000).

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.

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 sector

CIMC Enric is the only key equipment manufacturer and integrated engineering services provider in China covering full natural gas industry lay out and capable of providing one-stop system solutions. Having been highly recognized by our customers, we are one of those with highest market share in different 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 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 manufactured by the Group as well as the existing client base, the Group has developed the operation businesses of clean or new energy such as marginal natural gas (independent development of low economic isolated well gas, coalbed gas, etc.) by focusing on high-quality resources in regions such as Northwest China, Shanxi, Shaanxi, Northeast China, East China and South China. The Group has also realized the closed-loop operation of "production, supply, storage and distribution" from the upstream resource end to the terminal application scenario and built the integrated business operation and service capability of clean energy. In 2022, domestic oil and gas enterprises continued to strengthen the exploration and development and increase the storage and production capacity, expanded supply potential based on domestic resources, and enhanced the guarantee capacity of natural gas production. As a result, the proportion of domestic natural gas consumption has increased. In addition, as the domestic natural gas price has been at a high level for most of the time under the background of the Russo-Ukrainian conflict, the Group's revenue from upstream related natural gas processing and distribution business still recorded outstanding results.

In the field of midstream storage and transportation engineering and equipment, under the background of global geopolitical conflicts driving up energy prices and the shift of European natural gas supply from pipeline import to LNG import, the investment and construction of overseas LNG import and export storage and transportation equipment and related infrastructure have been strongly driven. During the year, the Group strengthened the investment of resources in the field of overseas energy engineering and equipment, expanded its leading position in the domestic market, and won many overseas large cryogenic storage tank projects; the Group has also made good progress in several major demonstration projects of clean energy, including providing special equipment for the first "new carbon dioxide energy storage verification project" in China, which marked a substantial step in the field of new energy storage equipment; the pump tankers and small tanks developed by the Group for the rural micro pipeline network project have been delivered and put into operation in Qinghai and Changsha; the Group also signed a memorandum of understanding regarding green methanol cooperation with a global shipping logistics giant to help the transformation and upgrading of green and clean fuel for shipping. In terms of equipment sales, although the sluggish domestic LNG market demand has led to a decline in the sales of the Group's LNG trailers and LNG tank containers, the strong demand in the CNG market has resulted in a significant increase in the sales of the Group's high-pressure gas vessels and high-pressure gas trailers and other equipments. In terms of overseas business, in 2022, the Group's revenue from the overseas onshore clean energy business reached a record high of RMB1.54 billion; the revenue from relevant overseas market accounted for 20.4% of the revenue from onshore clean energy business, representing a year-on-year increase of 3.8 percentage points.

In terms of downstream application, on the one hand, the demand for cryogenic storage tanks of industrial gases such as oxygen cylinders has risen sharply during the year under review, and the sales volume has increased steadily; on the other hand, the economic downturn and the reduction of the source of transportation goods have led to a decline in the demand for LNG heavy-duty truck market. According to market data, in 2022, 37,300 natural gas heavy-duty trucks were sold in the market, representing a year-on-year decrease of 37%, and the sales of LNG cylinders of the Group also declined. In the later stage, with the overall recovery of the macro-economy, the increasing requirements for heavy-duty truck emissions and the gradual return of LNG market prices to normal, the LNG heavy-duty truck market is expected to return to normal level, which will drive the sales of LNG cylinders.

Offshore clean energy sector

The Group is a world leader in the niche market of the small to medium-sized liquefied gas vessels with the top-ranking global market share, offering a product chain that covers full pressurized, semi-refrigerated & semi-pressurized carriers for various liquefied gases such as LPG, ethane, LEG and LNG, as well as LNG bunkering vessels.

In terms of international market, during the year, the Group delivered one 7,500m^3 LNG carrier, two 5,000m^3 LPG carriers and one of the world's largest 20,000m^3 LNG carrier and bunkering vessel. At the same time, the Group actively promoted technological innovation, and realized the first application of high manganese steel to the development and manufacturing of the deck fuel tanks of 7,200m^3 LNG bunkering vessel in China, to help reduce costs and increase efficiency; the Group has launched the first B-type LNG liquid cargo tank project in China, consolidating its leading position in the liquid cargo tank market, enriching the possibility of its liquefied gas cargo tank solutions, and providing customers with a full range of solutions including C-type cargo tanks/B-type cargo tanks. In addition, ammonia, methanol and hydrogen, as the alternative fuels to promote decarbonization in the shipping industry, are being discussed in the industry. Thanks to the advance layout and leading comprehensive strength, the Group signed a memorandum of understanding with a customer to build an ammonia fuel bunkering vessel this year. During the year, the Group obtained new orders for the construction of three vessels.

In terms of domestic market, the year 2022 recorded the maximum delivery of oil-to-gas conversion vessels in the past years in China, and the "Gasification of Pearl River (氣化珠江)" has made breakthrough progress. The Group delivered a total of 78 oil-to-gas conversion vessels, including 59 vessels in the Xijiang River basin and 19 vessels in the Yangtze River basin, successfully completing the important task of "Gasification of Pearl River" assigned by the Department of Transportation of Guangdong Province. At the same time, the Group has completed the important strategic deployment in the Pearl River, the Yangtze River, the Beijing-Hangzhou Grand Canal and other major waterway systems. During the year, the Group further improved the iterative updating of LNG vessels and equipment, and developed a variety of products according to the hydrological characteristics of various regions. Among them, the cold energy utilization module developed by the Group has completed the test, the module has the capability to provide solutions for onshore and offshore scenarios, which can greatly improve the comprehensive energy utilization efficiency for customers.

Hydrogen energy sector

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 hydrogen storage, transportation, refueling 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 great progress in many aspects of the industrial chain.

In terms of hydrogen production, the Group actively developed green hydrogen production equipment and launched the first 1,200Nm^3/h alkaline electrolyzer. In terms of storage and transportation, the sales volume of our champion products, hydrogen tube trailer, stationary hydrogen storage vessels and spherical tanks, continuously maintained the leading position in the market, and successfully developed 30MPa hoop-wrapped tube bundle containers, 99MPa and 103MPa stationary hydrogen storage vessels. These products have reached the international leading level, filled the domestic gap, and achieved mass sales. During the year, the production capacity upsurge in green hydrogen projects has led to a significant year-on-year increase of 92% in orders on hand for hydrogen storage equipment, and it is expected to maintain rapid growth in 2023. The construction of the Group's sample tank for civil liquid hydrogen manufacturing and certification has been completed, and the enterprise standards and design scheme of the liquid hydrogen tanker has passed the compliance review by the industry technical association as the first manufacturer; the Group has completed the research and development of the third generation of small skid-mounted 35MPa hydrogen refueling devices, and put into operation successfully in Foshan, Guangdong province; the Group won the bids for several hydrogen refueling station and hydrogen refueling mother station projects; the Group also provided multiple comprehensive hydrogen energy solutions for the first zero-carbon smart energy application demonstration project. At the same time, the Group actively carried out strategic cooperation with customers in North China and South China, successfully provided the first hydrogen fuel cell double-decker bus in Hong Kong with Type IV on-vehicle hydrogen cylinders and supply systems, and successively completed the signing and delivery of export orders for Type IV on-vehicle hydrogen supply systems in the second half of the year.

Chemical and Environmental

In 2022, in the face of challenges from various factors such as global geopolitics, fluctuations in raw material markets and exchange rate, the global economic growth slowed down, and market demand fluctuated considerably. By vigorously promoting R & D and innovation, strengthening supply chain management, further improving flexible production capability, strengthening comprehensive budget management and other measures adopted by the segment, the sales volume of the main product of tank containers has been greatly increased and the market share has been further consolidated, with the global leading position maintained. The profitability was steadily increased, and the operation continued to improve.

In recent years, the segment has regarded green development as the core competitiveness of the sustainable corporate development. In the process of production and operation, we have been constantly seeking new technologies, new processes and new energy for energy saving and environmental protection; every year, we invest a large amount of money in environmental improvement and treatment of exhaust, smoke, dust, noise, wastewater, solid waste and other inspects in our operation sites. We have always attached great importance to SGIL (Safety-Green-Intelligent-Lightweight) product research and development in the corporate development, always adhered to the HSE concept of "safety and health, and green operation", and actively created a green development environment of honesty, trust and law-abiding. During the year, we've been honored the "2022 Jiangsu Provincial Green Factory".

At the same time, the segment accelerated the extension of tank container manufacturing to "service + intelligence", and actively expanded after-sales service and intelligent product business. This segment has set up several depots around logistics hubs or chemical clusters, and CIMC Safeway Tank Container Service (Lianyungang) Co., Ltd. was established and put into operation during the year. The segment has also actively promoted an intelligent element "Tankmiles" brand, and its business has shown a rapid upward trend. Positioning systems, digital sensors, digital display meters, smart terminals and Internet of Things platforms have begun to be applied in batches in intelligent tank containers. The "Tankmiles" chiller system and in-transit monitoring solutions with independent intellectual property rights developed by the segment have won the trust of customers in the new energy battery electrolyte industry.

Liquid Food

The Liquid Food segment reported a moderate performance throughout 2022, mainly due to the good process of the projects in hand and the optimization programs that have strengthened internal collaboration and supported bottom line growth.

During the period under review, turnkey brewery projects in Mexico, a turnkey brewery project for malt-flavored beverage and hard seltzer in USA, a hard seltzer project in Mexico, process design and equipment projects for greenfield tequila distilleries in Mexico, a turnkey brewery and experience center project in Cambodia, as well as a process design and equipment project for greenfield malt and grain distillery and a carbon-neutral whisky distillery demonstration project in China have been well processed. And the segment also applied carbon neutrality turnkey service and delivered Budweiser's largest craft brewery in the Asia-Pacific Region.

The segment has secured steady backlog orders in the non-beer market like distilled spirits and juice by the end of 2022. New significant projects have been awarded for the upcoming years. In addition, the development of new markets, such as baijiu and biopharmaceutical, are ongoing and initial projects have been secured from the market.

Future Plans and Strategies

Clean Energy

Onshore clean energy sector

At present, the world is setting off a new round of energy revolution, and the energy structure is transforming towards a cleaner, lower carbon, safer and more efficient direction. As a relatively clean fossil fuel, natural gas is an important transitional energy to achieve the goal of carbon neutrality. The development of natural gas is of great significance for carbon emission reduction and energy security transformation. 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.

With the gradual transformation of the global energy consumption pattern and the increasing demand for LNG in Europe and Asia, countries continue to actively promote the construction of LNG import terminals, while major export countries are accelerating the construction of LNG export terminals. The growing demand for LNG in Europe will create new business opportunities for LNG suppliers in Sub-Saharan Africa in the next five years, where the expansion of LNG infrastructure is crucial to release the local demand and export of natural gas in the region.

The 14th Five-Year Plan for Modern Energy System (2021–2025) (《「十四五」現代能源體系規劃》(2021–2025年)) issued by the PRC pointed out the need to improve gas storage capacity and natural gas supply capacity. The two important ways to achieve this goal are to increase domestic natural gas production and build more complete natural gas infrastructure, including LNG terminal. With the recovery of the domestic economy and the impact of the dual control policy of energy consumption, the demand for industrial and civil natural gas is expected to resume growth. On the other hand, the PRC has always maintained a significant global leading position in capital investment in the energy industry. At the beginning of this year, coastal private refineries have seen continuous production. Such domestic and overseas demand will drive the continuous growth of the Group's equipment and engineering businesses such as cryogenic storage tanks and spherical tanks. In addition, the "2023 No. 1 Document of the Central Government" (《2023中央一號文件》) was released, in which it was again proposed to "promote the coordinated construction and management of universal service facilities such as county power supply and gas supply in urban and rural areas, and promote the extension of municipal pipe network and rural micro pipeline network to the households in areas where conditions permit". This is also the second time, after the "rural micro pipeline network" was first written into the No. 1 Document of the Central Government in 2021, that the construction of "rural micro pipeline network" was included in the important strategic deployment of comprehensively promoting rural revitalization.

Under the trend of low carbon and the global energy crisis, many countries have reconsidered the application of nuclear energy. The International Energy Agency (IEA) estimated that the global nuclear installed capacity will reach three times of the current level by 2050. The Blue Book of the Report on the Development of China's Nuclear Energy 2022 (《中國核能發展報告(2022)》) stated that the scale of nuclear power plants under construction in the PRC continues to maintain the world's leading position. It is expected that there will still be a large increase in the scale of nuclear power installations during the 14th Five-Year Plan period, and the nuclear power industry chain is expected to usher in rapid development. The pace of approval of nuclear power units in the PRC has also accelerated since 2022. The Group's products include uranium fluoride storage and transportation containers and new fuel assembly transportation containers, which are expected to fully benefit from this trend.

In the face of the challenging domestic and international energy development trends, the Group actively adjusted its development strategy, leveraged on the all-round industrial layout advantages of "production, storage, transportation and refueling" and application scenarios, strengthened the research and development of key equipment and core technology and the industry leading position in the domestic market; while combined with the current product distribution and existing after-sales network in the foreign market, vigorously expanded the Asia-Pacific, Europe, North and South America and Africa markets, and fully grasped the global market opportunities.

Offshore clean energy sector

Since 1 January 2023, the International Maritime Organization (IMO) has officially implemented the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Index (CII), which has stimulated the industry's demand for the construction and conversion of clean energy vessels. According to the statistics of Vessel Value in January 2022, only 21.7% of vessels in the existing active fleets (bulk carriers, crude oil tankers and container ships) meet the requirements of EEXI. For vessels that cannot directly meet the emission targets, they can only be achieved by limiting the power of the main engine, reducing the speed, installing energy-saving devices or using clean energy. In addition to LNG fuel, clean energy such as hydrogen fuel, methanol and liquid ammonia are also becoming new choices for the shipping industry under the global trend of green and low-carbon transformation.

In terms of the domestic market, the Yangtze River and the Pearl River shipping has long used diesel, heavy oil, etc. as the fuel for vessels. Compared with the vessels using LNG as the fuel, their comprehensive pollution emissions are 70% higher. It is imperative to accelerate the oil-to-gas conversion of the Yangtze River and the Pearl River shipping, and implement the strategies of "Gasification of Yangtze River" and "Gasification of Pearl River". According to the relevant planning, by 2035, the total capacity of 7 LNG terminals along the middle and lower reaches of the Yangtze River will be 13 million tons/year, requiring at least 80 small LNG carriers with a capacity of more than 6,000m^3. In addition, according to the newly building and renovation data of LNG-powered vessels published by the market, it is estimated that the number of LNG-powered vessels in the PRC will reach 2,469 by 2027.

As a leading provider of small and medium-sized liquefied gas carriers, various clean energy power vessels and bunkering vessels, the Group has been committed to improving the intelligent level of shipbuilding, and continues to deploy various new alternative fuels including green methanol, liquid ammonia and hydrogen energy, consolidate the leading market position in the field of offshore clean energy equipment, and help out with the decarbonization process of domestic and foreign customers.

Hydrogen energy sector

Entering into 2023, Henan, Shanghai, Zhejiang, Hubei, Guangxi, Jiangxi, Hunan and other provinces have intensively introduced a number of policy guidelines for hydrogen industry. The further improvement of the local level industrial planning of hydrogen energy in China will help ensure the smooth implementation of projects in hydrogen energy industry in various regions and promote the three-dimensional coordinated development of upstream, midstream and downstream industries. Specifically, green hydrogen production and its application in the chemical industry are expected to increase rapidly, and the construction of hydrogen refueling stations will be further accelerated. Combined with the hydrogen energy planning of local governments, the number of fuel cell vehicles in China is expected to reach 80,000 in 2025.

Looking forward, the Group will focus on making new breakthroughs in the bottleneck of the hydrogen energy industry: it will deploy blue hydrogen and green hydrogen production equipment and related hydrogen production services, complete the technical reserve of two routes for hydrogen production from electrolytic water and build a "Jiangsu-Hebei" North-South dual layout of electrolyzer production base; it will 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; it will provide advanced and efficient on-vehicle hydrogen supply system, accelerate the construction of production base in China, and also actively expand overseas markets; it will vigorously promote research and development of hydrogen refueling stations, strengthen market expansion, and actively participate in demonstration projects; and it will develop more application scenarios such as hydrogen combined heating and power systems.

Chemical and Environmental

With the rapid deployment of the new energy industry, the demand for battery electrolyte is growing rapidly, which will stimulate the demand for electrolyte tank containers to a certain extent. The high-end high-tech industries strongly supported by the state, such as chips and semiconductors, are booming, which will also give rise to an increase in the demand for electronic grade coated tank containers. At the same time, with the implementation of policies related to the development of domestic multimodal transport, the advantages of tank container transportation are becoming increasingly obvious, and more and more domestic users in the new energy industry are turning to the use of tank container equipment for transportation.

This segment will continue to increase its investment in the research and development of technology, vigorously expand the application fields of tank containers and expedite intelligent reform and digital transformation to achieve excellent operation and management, thus further enhancing the comprehensive competitiveness of the tank container business and maintaining its leading position in the industry. While consolidating the tank container manufacturing business, the segment has been actively improving the intelligence of products, and using the Internet of Things technology to help customers improve operational efficiency and realize intelligent logistics. The segment has been accelerating the global layout of tank container after-sales services and provides customers with full life cycle services, so as to further expand the brand influence, enhance the competitiveness, offer better value-added experience services and further improve customer satisfaction and loyalty.

In the context of promoting carbon neutrality, improving the recycling efficiency of scrap metal is an inevitable requirement for the development of circular economy. China is a country with large metal consumption, and it is also a country where metal resources are relatively scarce. In order to improve the recycling rate and utilization rate of scrap metal resources, China vigorously promotes the development of "circular economy" to create a green, environment-friendly, and conservation-oriented social system, as a result, scrap metal recycling industry will usher in huge development space and industry opportunities. The market size of metal recycling in industrial waste recycling has reached RMB140 billion in 2021, and it is expected that its market size will exceed RMB250 billion in 2025. The segment will focus on the waste recycling of non-ferrous metals, and at the same time enter the promising environmental protection equipment industry when opportunities arise.

Liquid Food

The segment's core purpose is to provide 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 2023 and beyond.

Main focus is to enhance the current business operations, strengthen product portfolio, explore new market opportunities, especially in non-beer business like distilled spirits and baijiu, and seek for geographical expansion opportunities like Latin American market through a better global footprint, product and market diversification, as well as product innovations, either organically or via mergers and acquisitions. China market will be attached more importance with new breakthroughs in Baijiu EPC capacity. The incremental market space brought about by the carbon neutral transformation will also be among the most concerned directions.

THE 2022 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 ended 31 December 2022 (2021: approximately 40%).

The Board recommended a final dividend in respect of 2022 of HKD0.24 (2021: HKD0.21) (the "**2022 Final Dividend**") per ordinary share payable in cash on or about 28 June 2023 to shareholders whose names appear on the register of members of the Company 2 June 2023 (the "**Record Date**"), subject to shareholders' approval in the forthcoming general meeting ("**AGM**") on 17 May 2023.

Closure of Register of Members

To ascertain shareholders' entitlements to the 2022 Final Dividend, the register of members of the Company will be closed from Monday, 29 May 2023 to Friday, 2 June 2023 (both days inclusive). In order to qualify for the 2022 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 25 May 2023.

Moreover, for determination of the entitlement to attend and vote at the AGM, the transfer books and register of members will be closed from Wednesday, 10 May 2023 to Wednesday, 17 May 2023 (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 Tuesday, 9 May 2023.

Withholding and Payment of Enterprise Income Tax for Non-resident Enterprises on Distribution of the 2022 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 2022 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 2022 Final Dividend after deducting an enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2022 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 25 May 2023.

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 2022 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 2022, the Company complied with all the code provisions set out in part 2 of 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 2022. 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 14 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 2022 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. Yien Yu Yu, Catherine, 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 2022 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 2022, the trustee of Share Award Scheme 2020 did not purchase any 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 2022.

DIRECTORS

On 30 September 2022, Mr. Zhang Xueqian ceased to be an independent non-executive Director and a member of each of the audit committee, remuneration committee and nomination committee of the Company due to the expiry of his term of appointment. Mr. Yang Lei has been appointed as an independent non-executive Director and a member of each of the audit committee, remuneration committee and nomination committee. For further details, please refer to the announcement of the Company dated 30 September 2022.

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 Ms. Yien Yu Yu, Catherine, Mr. Tsui Kei Pang, Mr. Wang Caiyong and Mr. Yang Lei as independent non-executive Directors.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Board announces that the principal place of business in Hong Kong of the Company has been changed to Suites 1902–3, 19th Floor, Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong, with effect from 23 March 2023. The telephone and fax numbers of the Company will remain unchanged.

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

Hong Kong, 23 March 2023

The Annual Report 2022 will be dispatched to the shareholders and published on the websites of the Company and the Stock Exchange as soon as practicable.