Chongqing Machinery & Electric Co., Ltd.*
重 慶 機 電 股 份 有 限 公 司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02722)

ANNOUNCEMENT OF GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately RMB6,893,290,000
- Gross profit increased by approximately 6.1%
- Equity attributable to shareholders increased by approximately 18.3% to approximately RMB4,045,392,000
- Earnings per share achieved approximately RMB0.16

ANNUAL RESULTS

The board of directors (the "Board") of Chongqing Machinery & Electric Co., Ltd.* (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009 and the comparative figures for the corresponding period of 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	Year ended 31 December **2009** ***RMB'000***	2008 *RMB'000*
Revenue	3	**6,893,290**	5,949,655
Cost of sales		**(5,646,278)**	(4,774,237)
Gross profit		**1,247,012**	1,175,418
Distribution costs		**(253,056)**	(213,005)
Administrative expenses		**(534,386)**	(547,126)
Other gains, net		**47,375**	13,486
Other income	4	**66,606**	35,160
Operating profit		**573,551**	463,933
Finance income		**35,208**	43,904
Finance costs		**(66,620)**	(86,586)
Finance costs, net	5	**(31,412)**	(42,682)
Share of profit of associates		**142,331**	181,306
Profit before income tax		**684,470**	602,557
Income tax expense	6	**(59,914)**	(78,676)
Profit for the year		**624,556**	523,881
Other comprehensive income:			
Recognition of fair value change relating to acquisition of subsidiary		**30,612**	—
Change in fair value of available-for-sale financial assets		**3,227**	(6,442)
Income tax relating to change in fair value of available-for-sale financial assets		**(1,069)**	966
Other comprehensive income for the year, net of tax		**32,770**	(5,476)
Total comprehensive income for the year		**657,326**	518,405
Profit attributable to:			
Equity holders of the Company		**594,277**	503,531
Minority interest		**30,279**	20,350
		624,556	523,881

Total comprehensive income attributable to:			
Equity holders of the Company		**627,047**	498,055
Minority interest		**30,279**	20,350
		657,326	518,405
Earning per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)			
— Basic and diluted	7	0.16	0.16
Dividends proposed after the balance sheet date to all shareholders	8	221,078	—

BALANCE SHEET

As at 31 December 2009

		As at 31 December	
		2009	2008
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,659,174**	1,182,845
Investment properties		**24,108**	26,498
Lease prepayments		**274,741**	279,223
Intangible assets		**84,910**	47,555
Investments in associates		**427,661**	641,597
Deferred income tax assets		**66,891**	72,951
Available-for-sale financial assets		**6,545**	3,318
Other non-current assets		**10,186**	169
		2,554,216	2,254,156
Current assets			
Inventories		**1,290,816**	1,232,120
Trade and other receivables	9	**2,130,646**	1,230,764
Amount due from customers for contract work		**157,766**	181,162
Available-for-sale financial assets		**8,000**	—
Held-to-maturity financial assets		**—**	5,000
Restricted cash		**419,758**	314,190
Cash and cash equivalents		**2,187,362**	2,308,454
		6,194,348	5,271,690
Total assets		**8,748,564**	7,525,846

	Note		
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**3,684,640**	3,684,640
Reserves		**(882,299)**	(952,715)
Retained earnings			
— Proposed final dividend		**221,078**	—
— Others		**1,021,973**	686,420
		4,045,392	3,418,345
Minority interest		**73,880**	52,494
Total equity		**4,119,272**	3,470,839
LIABILITIES			
Non-current liabilities			
Borrowings		**355,968**	273,995
Deferred income		**166,381**	105,312
Deferred income tax liabilities		**11,251**	393
Long-term employee benefit obligations		**144,563**	131,830
		678,163	511,530
Current liabilities			
Trade and other payables	10	**3,013,883**	2,727,724
Amount due to customers for contract work		**14,414**	11,906
Current income tax liabilities		**46,167**	71,279
Borrowings		**843,857**	700,790
Current portion of long-term employee benefit obligations		**13,346**	8,160
Provisions for warranty		**19,462**	23,618
		3,951,129	3,543,477
Total liabilities		**4,629,292**	4,055,007
Total equity and liabilities		**8,748,564**	7,525,846
Net current assets		**2,243,219**	1,728,213
Total assets less current liabilities		**4,797,435**	3,982,369

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to equity holders of the Company					
	Share capital	Other reserves	Retained earnings	Total	Minority interest	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2008	2,679,740	(1,032,248)	218,241	1,865,733	46,542	1,912,275
Comprehensive income						
Profit for the year	—	—	503,531	503,531	20,350	523,881
Other comprehensive income						
Changes in fair value of available-for-sales financial assets, net of tax	—	(5,476)	—	(5,476)	—	(5,476)
Total comprehensive income	—	(5,476)	503,531	498,055	20,350	518,405
Transactions with owners						
Proceeds from issuance of share capital	1,004,900	149,200	—	1,154,100	—	1,154,100
Share issuance costs	—	(99,543)	—	(99,543)	—	(99,543)
Dividends	—	—	—	—	(29,350)	(29,350)
Capital contribution of cash from minority shareholders	—	—	—	—	14,952	14,952
Transfer to reserves	—	35,352	(35,352)	—	—	—
Total transactions with owners	1,004,900	85,009	(35,352)	1,054,557	(14,398)	1,040,159
Balance at 31 December 2008	3,684,640	(952,715)	686,420	3,418,345	52,494	3,470,839

Balance at 1 January 2009	3,684,640	(952,715)	686,420	3,418,345	52,494	3,470,839
Comprehensive income						
Profit for the year	—	—	594,277	594,277	30,279	624,556
Other comprehensive income						
Recognition of fair value change relating to acquisition of subsidiary	—	30,612	—	30,612	—	30,612
Changes in fair value of available-for-sales financial assets, net of tax	—	2,158	—	2,158	—	2,158
Total other comprehensive income	—	32,770	—	32,770	—	32,770
Total comprehensive income	—	32,770	594,277	627,047	30,279	657,326
Transactions with owners						
Dividends	—	—	—	—	(9,049)	(9,049)
Capital contribution of cash from minority shareholders	—	—	—	—	156	156
Transfer to reserves	—	37,646	(37,646)	—	—	—
Total transactions with owners	—	37,646	(37,646)	—	(8,893)	(8,893)
Balance at 31 December 2009	3,684,640	(882,299)	1,243,051	4,045,392	73,880	4,119,272

NOTES:

1. General Information

Chongqing Machinery & Electric Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in manufacturing and sales of commercial vehicle parts and components, general machinery, machinery tools and power equipment. The Group has operations mainly in the People's Republic of China (the "PRC" or "China").

The Company was established in the PRC on 27 July 2007 as a joint stock company with limited liability as part of the reorganisation of Chongqing Machinery and Electronic Holding (Group) Co., Ltd. ("CQMEHG") in preparation for a listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited. CQMEHG is a state-owned enterprise established in the PRC and has been directly under the administration and control of the State-Owned Assets Supervision and Administration Commission of Chongqing Municipal Government. The address of the Company's registered office is No. 155, Zhongshan Third Road, Yu Zhong District, Chongqing 400015, the PRC.

The H shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 13 June 2008.

These consolidated financial statements are presented in RMB, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 10 April 2010.

2. Basis of preparation and accounting policies

The consolidated financial statements of Chongqing Machinery & Electric Co, Ltd. have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets which are carried 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 judgment in the process of applying the Group's accounting policies.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended HKFRSs as of 1 January 2009:

- HKFRS 7 'Financial instruments - Disclosures' (amendment) - effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- HKAS 1 (revised). 'Presentation of financial statements' - effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- HKAS 23 (amendment), ‘Borrowing costs’ - effective 1 January 2009. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. The Group has already adopted the policy in prior years to capitalise eligible borrowings costs, including borrowing costs of funds borrowed generally and used for the purpose of obtaining a qualifying asset, therefore the revised standard has no material impact on the Group’s financial statements.

- HKFRS 8, ‘Operating segments’ - effective 1 January 2009. HKFRS 8 replaces HKAS 14, ‘Segment reporting’, and aligns segment reporting with the requirements of the US standard SFAS 131, ‘Disclosures about segments of an enterprise and related information’. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated by management to groups of cash-generating units on a segment level, the change in reportable segments has required a reallocation of goodwill of RMB15,380,000 from the ‘commercial vehicle parts’ operating segment to ‘all other segments’. Comparatives for 2008 in Note 3 have been restated. However, such restatement in note disclosure does not have any impact on the balance sheets.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group’s accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

- HK(IFRIC)17, ‘Distribution of non-cash assets to owners’ (effective on or after 1 July 2009). The interpretation is part of the HKICPA’s annual improvements project published in May 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group and the Company will apply HK(IFRIC) 17 from 1 January 2010. It is not expected to have a material impact on the Group’s or the Company’s financial statements.

- HKAS 27 (revised), ‘Consolidated and separate financial statements’, (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (revised) prospectively to transactions with minority interest from 1 January 2010.

- HKFRS 3 (revised), ‘Business combinations’ (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

- HKAS 38 (amendment), 'Intangible Assets' (effective from 1 July 2009). The amendment is part of the HKICPA's annual improvements project published in May 2009 and the Group and the Company will apply HKAS 38 (amendment) from the date HKFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group's or the Company's financial statements.

- HKFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. The Group and the Company will apply HKFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or the Company's financial statements.

- HKAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) not withstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group and the Company will apply HKAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or the Company's financial statements.

- HKFRS 2 (amendments), 'group cash-settled share-based payment transactions' (effective from 1 January 2010). In addition to incorporating HK(IFRIC)-Int 8, 'Scope of HKFRS 2', and HK(IFRIC)-Int 11, 'HKFRS 2 - group and treasury share transactions', the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

3. Revenue and Segment Information

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group.

The segment information provided to the operating management committee for the reportable segments for the year ended 31 December 2009 is as follows:

	Engines	Gear boxes	Hydroelectric generation equipment	Electrical wires and cables	General machinery	Machinery tools	High-voltage transformers	All other segments	Total Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	986,195	650,542	299,459	1,713,276	1,174,308	1,324,632	—	754,549	6,902,961
Inter-segment revenue	—	—	—	(6,534)	—	(3,137)	—	—	(9,671)
Revenue from external customers	986,195	650,542	299,459	1,706,742	1,174,308	1,321,495	—	754,549	6,893,290
Operating profit	253,446	37,314	47,988	72,708	102,890	74,922	—	(15,717)	573,551
Finance income	6,738	474	3,364	4,015	3,621	4,996	—	12,000	35,208
Finance costs	301	(4,576)	(5,139)	(13,132)	(9,004)	(15,349)	—	(19,721)	(66,620)
Share of profit from associates	—	(3,311)	—	—	19,409	—	112,113	14,120	142,331
Profit before income tax									684,470
Income tax expense	(12,993)	(5,681)	(3,750)	(9,565)	(12,171)	(14,630)	—	(1,124)	(59,914)
Profit for the year									624,556

Depreciation on property, plant and equipment and investment properties	**10,850**	**19,135**	**7,824**	**13,566**	**15,288**	**27,117**	**—**	**18,325**	**112,105**
Amortisation of lease prepayments and intangible assets	**3,095**	**3,413**	**781**	**2,126**	**3,923**	**1,595**	**—**	**530**	**15,463**
(Write-back)/write down of inventories	**(222)**	**123**	**—**	**233**	**1,774**	**1,505**	**—**	**295**	**3,708**
(Reversal of)/provision for impairment on trade and other receivables	**(5,687)**	**2,246**	**1,997**	**(211)**	**3,704**	**(14,928)**	**—**	**589**	**(12,290)**
Total assets	**367,516**	**924,832**	**664,576**	**977,756**	**2,109,997**	**1,262,538**	**248,003**	**2,193,346**	**8,748,564**
Total assets include:									
Investments in associates	**—**	**—**	**—**	**—**	**73,728**	**—**	**248,003**	**105,930**	**427,661**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**25,416**	**250,344**	**17,509**	**57,135**	**233,336**	**64,544**	**—**	**47,558**	**695,842**

The segment information for the year ended 31 December 2008 is as follows:

	Engines	**Gear boxes**	**Hydroelectric generation equipment**	**Electrical wires and cables**	**General machinery**	**Machinery tools**	**High-voltage transformers**	**All other segments**	**Total Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	1,121,456	—	301,216	1,280,839	1,212,098	1,177,302	—	875,666	5,968,577
Inter-segment revenue	—	—	—	(8,152)	—	(10,770)	—	—	(18,922)
Revenue from external customers	1,121,456	—	301,216	1,272,687	1,212,098	1,166,532	—	875,666	5,949,655
Operating profit	263,918	—	46,602	51,843	92,755	77,570	—	(68,755)	463,933
Finance income	4,711	—	3,319	6,392	6,547	3,447	—	19,488	43,904
Finance costs	830	—	(6,064)	(26,306)	(11,073)	(15,675)	—	(28,298)	(86,586)
Share of profit from associates	—	26,333	—	—	11,503	—	141,702	1,768	181,306
Profit before income tax									602,557
Income tax expense	(59,143)	—	(2,882)	(5,605)	(4,758)	(179)	—	(6,109)	(78,676)
Profit for the year									523,881

Depreciation on property, plant and equipment and investment properties	10,769	—	9,030	12,361	11,835	21,030	—	14,659	79,684
Amortisation of lease prepayments and intangible assets	—	—	771	334	3,787	1,769	—	4,804	11,465
(Write-back)/write down of inventories	(1,806)	—	—	—	3,230	1,406	—	8,096	10,926
Provision for/(reversal of) impairment on trade and other receivables	1,601	—	(5,455)	439	3,592	868	—	(462)	583
Total assets	806,205	256,413	658,967	732,229	1,960,530	1,072,423	257,039	1,782,040	7,525,846
Total assets include:									
Investments in associates	—	256,413	—	—	56,569	—	257,039	71,576	641,597
Additions to non-current assets (other than financial instruments and deferred tax assets)	14,440	—	2,877	64,517	140,644	83,255	—	65,251	370,984

The entity is domiciled in the PRC. The result of its revenue from external customers in the PRC for the 12 months ended 31 December 2009 is approximately RMB6,844,389,000 (for the year ended 31 December 2008: RMB5,849,197,000), and the total of its revenue from external customers from other countries is approximately RMB48,901,000 (for the year ended 31 December 2008: RMB100,458,000).

At 31 December 2009 and 31 December 2008, all the non-current assets are located in the PRC.

4. Other income

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Government grants in relation to		
— tax refunds	**11,627**	11,107
— further development of manufacturing technology	**37,102**	8,412
— relocation for environment protection	**10,100**	12,110
— others	**7,777**	3,531
	66,606	35,160

5. Finance costs, net

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Finance income		
— Interest income on short-term bank deposits	**35,208**	43,904
Interest expense:		
— Bank borrowings wholly repayable within five years	**(64,666)**	(73,037)
— Bank borrowings wholly repayable after five years	**(1,642)**	(14,115)
— Finance lease liabilities	**(812)**	(257)
Less: amounts capitalised on qualifying assets	**1,803**	2,631
	(65,317)	(84,778)
Net exchange loss	**(1,303)**	(1,808)
Net finance costs	**(31,412)**	(42,682)

6. Income tax expense

The amount of income tax expense charged to the income statement represents:

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Current income tax:		
— PRC enterprise income tax	**(46,118)**	(84,490)
Deferred tax	**(13,796)**	5,814
	(59,914)	(78,676)

7. Earnings per share

	Year ended 31 December	
	2009	2008
Profit attributable to equity holders of the Company *(RMB'000)*	**594,277**	503,531
Weighted average number of ordinary shares in issue *(thousand)*	**3,684,640**	3,224,061
Basic and diluted earnings per share *(RMB per share)*	**0.16**	0.16

In determining the weighted average number of shares in issue for the year ended 31 December 2008, the 2,679,740,000 shares, existing as at 1 January 2008, were adjusted by the 1,004,900,000 shares issued on 13 June 2008, which were outstanding for six and a half months.

Diluted earnings per share is equal to basic earnings per share as there were no potential dilutive ordinary shares outstanding for all periods presented.

8. Dividends

	As at 31 December	
	2009	2008
	RMB'000	*RMB'000*
Dividends proposed after the balance sheet date:		
— final dividend	**221,078**	—

The Board of Directors, in a meeting held on 10 April 2010, proposed to distribute a final dividend for 2009 to equity holders of the Company of approximately RMB221,078,000 (RMB0.06 per share), based on total number of shares which are in issue as at 31 December 2009. Such dividend is to be approved at the Annual General Meeting on 15 June 2010. These financial statements do not reflect this dividend payable.

9. Trade and other receivables

	As at 31 December	
	2009	2008
	RMB'000	*RMB'000*
Trade and bills receivables *(a)*	**2,005,622**	1,178,539
Less: provision for impairment of trade receivables	**(226,639)**	(235,974)
Trade and bills receivables - net	**1,778,983**	942,565
Deposits paid	**45,764**	15,915
Less: provision for impairment of deposits paid	**(10,031)**	(9,707)
Deposits paid - net	**35,733**	6,208
Prepayments	**216,235**	192,122
Staff advances	**29,560**	28,898
Other receivables due from related parties	**4,468**	27,816
Others	**83,660**	55,223
Less: provision for impairment of receivables other than trade receivables and deposits paid	**(17,993)**	(22,068)
	2,130,646	1,230,764

(a) Ageing analysis of the trade and bills receivables at respective balance sheet dates are as follows:

	As at 31 December	
	2009	2008
	RMB'000	*RMB'000*
Less than 30 days	**542,618**	243,261
31 days to 90 days	**618,005**	307,708
91 days to 1 year	**474,759**	364,287
1 year to 2 years	**179,945**	83,697
2 years to 3 years	**40,673**	37,384
Over 3 years	**149,622**	142,202
	2,005,622	1,178,539

As at 31 December 2009 and 2008, full provision has been made by the Group for trade receivables aged over 3 years.

Trade receivables that are less than nine months past due are generally not considered individually impaired. As at 31 December 2009, trade receivables of approximately RMB541,097,000 (2008: RMB343,890,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The analysis of ageing, which were counted from the day of recognition of trade receivables, is as follows:

	As at 31 December	
	2009	2008
	RMB'000	*RMB'000*
91 days to 1 year	**412,706**	313,726
1 year to 2 years	**125,034**	26,390
2 year to 3 years	**3,357**	3,774
	541,097	343,890

As at 31 December 2009, trade receivables of RMB303,902,000 (2008: RMB283,680,000) were individually impaired and provided for. The amount of the provision was RMB226,639,000 as at 31 December 2009 (2008: RMB235,974,000). The individually impaired receivables mainly relate to certain customers, which are in difficult financial situations. It was assessed that a portion of the receivables is expected to be recovered based on the past collection history under similar circumstances. The ageing of these receivables is as follows:

	As at 31 December	
	2009	2008
	RMB'000	*RMB'000*
91 days to 1 year	**62,053**	50,561
1 year to 2 years	**54,911**	57,307
2 years to 3 years	**37,316**	33,610
Over 3 years	**149,622**	142,202
	303,902	283,680

(b) There is no concentration of credit risk with respect to the Group's trade receivables, as the Group has a large number of customers which are nationally dispersed.

(c) The carrying amounts of the current portion of trade and other receivables approximate their fair value.

(d) Movement on the provision for impairment of trade and other receivables is as follows:

Trade receivables	**Year ended 31 December**	
	2009	2008
	RMB'000	*RMB'000*
At beginning of the year	**235,974**	253,009
(Reversal of)/provision for impairment of receivables	**(8,667)**	1,384
Acquisition of subsidiary	**1,261**	—
Receivables written off during the year as uncollectible	**(1,929)**	(18,419)
At end of the year	**226,639**	235,974

Deposits paid	**Year ended 31 December**	
	2009	2008
	RMB'000	*RMB'000*
At beginning of the year	**9,707**	14,877
Provision for/(reversal of) impairment of receivables	**324**	(5,170)
At end of the year	**10,031**	9,707

Other items	**Year ended 31 December**	
	2009	2008
	RMB'000	*RMB'000*
At beginning of the year	**22,068**	17,699
(Reversal of)/provision for impairment of receivables	**(3,947)**	4,369
Receivables written off during the year as uncollectible	**(128)**	-
At end of the year	**17,993**	22,068

The Group has recognised the provision for impairment of receivables in administrative expenses in the income statement.

10. Trade and other payables

	As at 31 December	
	2009	2008
	RMB'000	*RMB'000*
Trade and bills payables	**1,635,227**	1,183,519
Other taxes payables	**139,682**	115,601
Other payables	**245,587**	284,822
Accrued payroll and welfare	**165,818**	166,878
Advances from customers	**569,682**	666,147
Advances from government	**257,887**	310,757
	3,013,883	2,727,724

As at 31 December 2008 and 2009, the ageing analysis of the trade and bills payables was as follows:

	As at 31 December	
	2009	2008
	RMB'000	*RMB'000*
Less than 30 days	**610,364**	282,486
31 days than 90 days	**446,478**	347,045
91 days to 1 year	**481,287**	468,927
1 year to 2 years	**42,385**	52,625
2 years to 3 years	**16,210**	11,163
Over 3 years	**38,503**	21,273
	1,635,227	1,183,519

CHAIRMAN'S STATEMENT

On behalf of the Board of the Company, I am pleased to present the audited consolidated financial results of the Group for the year ended 31 December 2009 to all shareholders.

RESULTS REVIEW

In 2009, the global economy remained sluggish due to the fallout of the global financial crisis in 2008. The Group was also confronted with severe challenges. However, the management of the Group managed to turn crisis into opportunity by adopting various proactive and effective measures to address these challenges. Leveraging on relentless efforts from the management and all employees, the Group's business recovered at a fast pace in the second half of the year 2009.

Looking back to 2009, market demand was languish amid the worldwide economic downturn. The Group's revenue for first half of 2009 was 11% lower than the same period of 2008. However, as the PRC government implemented macro control measures in a timely manner, the Group's principal business recovered quarter by quarter. In 2009, the PRC government adopted a loose monetary policy, uplifted the export tax rebate rate for several times and vigorously invested RMB4 trillion in power, transportation, environmental protection, medical care, education and infrastructure sectors to stimulate economy and maintain growth. As a result, the Group's revenue for 2009 was 15.9% higher than the same period of 2008. The Group's business has seen recovery at a rapid pace.

During the period, commercial vehicle parts and components, power equipment and CNC machine tools segments, which are three of our four major business segments, have recorded fast growth. The general machinery segment suffered from minor contraction due to deficient demand and shrinking export. In addition, profit from associates decreased due to the inclusion of profit from Qijiang Gear Transmission Co., Ltd. ("Qijiang Gear") into the Company's revenue from principal operation after 51% equity interest in Qijiang Gear was acquired by the Company, which resulted in a decrease in investment income.

Revenue of the Group for the year ended 31 December 2009 was approximately RMB6,893.3 million (2008: RMB5,949.7 million), representing an increase of approximately RMB943.6 million or approximately 15.9% over last year. Profit attributable to shareholders of the Company amounted to approximately RMB594.3 million (2008: RMB503.5 million), representing an increase of approximately RMB90.8 million or approximately 18% over last year.

During the period, the Group's administrative expenses accounted for 7.8% of the revenue while distribution and selling expenses accounted for 3.7%, generally decreased as compared with the financial results of last year. The Group kept a healthy financial position during the period. As at 31 December 2009, total cash and bank deposits of the Group amounted to approximately RMB2,607.1 million, slightly lower than last year by 0.6%.

For the year ended 31 December 2009, earnings per share was approximately RMB0.16 (2008: RMB0.16). Total assets amounted to approximately RMB8,748.6 million (2008: RMB7,525.8 million), while total liabilities amounted to approximately RMB4,629.3 million (2008: RMB4,055 million). Total equity attributable to the shareholders was approximately RMB4,045.4 million (2008: RMB3,418.3 million). Net asset value per share was approximately RMB1.12 (2008: RMB0.94).

BUSINESS REVIEW AND OUTLOOK

Commercial vehicle parts and components (engine, gear box and other products)

The PRC government first moved to revitalized the domestic automobile industry since the fourth quarter in 2008 and adopted a new standard for emission of automobile exhaust gas. This enabled the industry to take the lead in the recovery. The commercial vehicle parts and components business of the Group has seen remarkable recovery. Meanwhile, market demand for engine sector resumed growth in second half of 2009 as driven by power, shipping and construction machinery industries as well as the acceleration of product mix adjustment. In 2009, the commercial vehicle parts and components business generally grew its sales by 25.5% as compared with 2008, mainly due to the inclusion of approximately RMB650.5 million of profit from Qijiang Gear into this segment's revenue after 51% equity interest in Qijiang Gear was acquired by the Company during the period. It is expected that China will continue its favourable policies for automobile consumption in 2010. Leveraging on the construction of domestic infrastructures and acceleration of urbanization, market demand is expected to thrive. The business is projected to keep growing, but at a slower pace. Overall, this segment will record a steady growth.

During the period, the Group acquired 102,000,000 shares (equivalent to 51% equity interest) in Qijiang Gear and 5,140,800 shares (equivalent to 24.48% equity interest) in Qijiang Qi-Chi Forging Co. Ltd ("Qijiang Forging") at a total consideration of RMB256.61 million. Upon completion of the acquisition, the Group held 100% equity interest in Qijiang Gear and 48% equity interest in Qijiang Forging directly. As a result, Qijiang Gear became a wholly-owned subsidiary of the Group. The Group through Qijiang Gear held the remaining 52% equity interest in Qijiang Forging, and Qijiang Forging also became a wholly-owned subsidiary of the Group. The complete acquisition of equity interest of the two companies would help the Group to implement its independent development strategy for commercial vehicle parts and components business or attract world-renowned companies with more advanced technology for restructuring and growth.

In 2010, the Group will continue to expand investment for independent R&D, put more efforts in new product development and proactively develop high efficiency diesel engine and gear transmission system products. The Group will vigorously promote the commercial operations, e.g. QSK high powered diesel engine new products and city bus gear boxes, so as to cater for the market demand. Further, the Group will accelerate the quality upgrade by developing proprietary vehicle air suspension system, braking system and steering system, which will be the Group's key products for exploring new market in future.

Power equipment (hydroelectric generation equipment, electrical wires, cables and materials, high voltage transformer and other products)

As China gradually invested RMB4 trillion in construction of infrastructure in 2009, expansion of power network and refurbishment of existing construction facilities, recovery of real estate market, together with the independent R&D technology advantage and the designation by National Development and Reform Commission as national level of its production base for impact-type hydroelectric turbine generators with high hydraulic heads, the segment saw series of favourable factors. During the period, the Company launched many new products to meet the rapidly increasing market demand. Especially, wire and cable business had seen robust demand. In 2009, sales of power equipment business increased by 21.1% as compared with last year. It is expected in the year 2010 that hydroelectric turbine generators business will keep stable growth as supported by more favourable policies of the State for construction of infrastructures in transportation, energy and power industries. Meanwhile, as production technology improves, and demands from European Union and Southeast Asia increase, more hydroelectric turbine generators will be exported. As driven by the real estate market, wire and cable business is likely to keep rapid growth through exploration of new business and new market as well as expansion of production capacity of electrical ceramics products. As production capacity expands and user industries increases, non-ferrous metal powders business is to witness fast growth due to the robust demand. However, large high voltage transformer business is expected to contract due to the intensifying competition from domestic peers with rapid growth.

In 2009, in the process of quality upgrade, the Group has promoted and launched commercial operations of new product projects. Main projects include commercialization of impact type wheel CNC machine-shaping technology, development of 800KV and above ultra-high voltage transformer, high-voltage electrical ceramics, 1 million kilowatts ultra-critical generating units, wind power generating units, copper bar for nuclear power generating units and special copper materials, and cables for 2MW wind power generating units. The Group will enhance the leading position of its technology in the industry, which will provide more market potentials for the Group's products in 2010.

General machinery (industrial pumps, gas compressors, separation machines, refrigeration machines and industrial fans)

In 2009, general machinery business was impaired by the lingering economic recession. Though the Group enhanced the construction of distribution and after-sale service network for more market share, the business was negatively impacted by the insufficient demand from steel and metallurgical industries as well as shrinking export. In 2009, sales of general machinery business generally decreased by 3.1% as compared with last year. In 2010, as steel and metallurgical industries is expected to recover, especially driven by growing industries such as petrochemical, natural gas, environmental protection, aviation, nuclear power and wind power, the Group is expected to receive more new orders by virtue of its niche market positioning advantage and vigorous market demand. The business is expected to pick up its fast growing momentum in 2010, while the intensified competition will drag its gross profit level down.

In 2010, the Group expects that the PRC government is to implement mandatory environmental protection measures in respect of nine industries with overcapacity, including cement, coal and steel, etc. so as to strictly execute its emission reduction targets, in response to the Copenhagen Climate Change Summit held by the United Nations in December 2009. In order to meet the emission reduction requirements, enterprises have to buy new environmental protection, automatic and efficient equipments. To promote diversified products, the Group has commenced production of wind power rotor blade at multiple wind sites for hanging products, obtained the safety certification of pump products for nuclear power generation and completed research and development on centrifugal charging pump and water pressure test pump of diode end-pump for nuclear power station. Technical innovation projects including development and trial production of mother-son CNG station, flat automatic discharge centrifuges, hermetic scraper centrifuges and 2-3MW wind power rotor blade, research and development of AP1000 cold water units for the 3rd generation nuclear power station as well as 2nd generation fan products have achieved expected results. These enabled the Company to achieve expected competitive advantage in market expansion.

CNC machine tools (gear-producing machines, complex precision metal-cutting tools, CNC lathes and machine centers)

Demand for CNC machine tools gradually recovered in 2009. As the central government had implemented a stimulus package aiming for stabilizing and stimulating economy and expanding domestic demand in the second half of 2009, this business growth was visibly driven up by the rapid growth in automobile market. Automobile and wind power industries saw stronger demand for gear-producing machines, which boosted the market demand. In 2009, sales of CNC machine tools business generally increased by 13.3% as compared with last year. In 2010, CNC machine tools business is expected to benefit from the recovery of China's economy, especially the rising demand from automobile sector. Meanwhile, material technical improvement projects in agricultural machinery, construction machinery, mining machinery and wind power will provide strong supports for the business to achieve stable growth. Accordingly, the business is projected to maintain steady increase in operating revenue and profit.

In order to seize the opportunities from the rapidly developing wind power industry and strong demand for large high precision CNC machine tools, we will further increase investment in technical improvement and step up new product development. Especially, the successful development and sale of large and high-end CNC gear-producing machines like YD31125CNC6 and Y31320CNC6 will provide strong support for new market and sector expansion. At the same time, we will strengthen mid and high-end lathe development, and aim for trial production of the mid to large CNC lathes with specification over Φ500 and Φ630. Meanwhile, we will facilitate product mix upgrade, accelerate R&D for large module gear hobbing cutter, large module hard alloy mobile facer and large module gear shaping cutter, and strive for early mass production. Especially, the Company successfully entered into an acquisition agreement with Precision Technologies Group Limited on 10 March 2010. Leveraging on its product integration advantages, we are confident that the Group is well positioned to expand its market share in 2010, especially to penetrate into high-end market and gradually substitute imported products in 2010.

DEVELOPMENT STRATEGY

The Group will develop and implement the following development strategies in 2010:

(I) Accelerate adjustment and upgrade to transform growth mode

The Group continuously put great efforts in adjustment of industry structure, product mix, capital structure and organization structure, and completed upgrade in industry, technology, product, talents and management, so as to establish diversified core industry, technology, product and market, thus improving its core competitiveness and fostering new growth points with international advanced standard in China. Meanwhile, it aims to improve profitability by focusing on uplifting both production and efficiency.

(II) Speed up project construction to upgrade core technology and production capacity

The Group is to further push ahead the construction of projects financed by the proceeds from the initial public offering, and concentrate its strength and resources to accelerate 10 key projects, including the air suspension system under construction, copper powder, high-voltage electrical ceramics, hydroelectric turbine generators, high pressure compressors and CNC machine tools, which will bolster the Group's sustainable development and improve the overall profitability of the Group. More efforts will be put in the introduction and digestion of core technology, cooperation in R&D and independent innovation. At the same time, we will step up implementation of the matured projects, and the establishment of strategic technological support and reservation for rolling development of projects, so as to enhance core technology and production capacity.

(III) Accelerate R&D of high value-added products to improve profitability

By virtue of its existing technology and R&D resources, the Group will further speed up the development of products with high profitability and growth. Through carrying out in-depth cooperation with colleges and institutions, solid technological supports will be rendered for technological innovation of business segment. Meanwhile, we strive to build and foster our brands. Especially, we attach great importance to R&D of high powered diesel engine, rotor blade, cable and copper bar for wind power generation, pump and special cold water units for nuclear power station, 800KV ultra-high voltage transformer and high speed dry cutting gear hobbing machine, and proactively introduce them to market for improvement of the Group's profitability.

(IV) Expedite capital operation, actively promote joint venture, cooperation, merger, acquisition and reorganization

We will promote merger, acquisition, reorganization, joint venture and cooperation so as to realize the Group's adjustment in equity structure, industry structure and product mix. We will proactively press ahead joint venture and cooperation, stably proceed with merger and acquisition projects, thus enhancing the strength and image of the Group during the year 2010.

(V) Enhance market analysis and forecast to explore new market

We will vigorously reinforce macro economy forecast and analysis, track industry development trend, follow up market dynamics, and enhance research and judgment to secure orders. By promoting intensive sales, we aim to expand customer network and lower marketing cost. We will leverage on state export tariff policy to explore the international market and expand export. Meanwhile, we are to enhance reaction capacity of our marketing team in marketing strategy, so as to accommodate the changing operating environment. The sales performance incentive mechanism will be improved while building of distribution and after-sale service network will be enhanced. The Group will continue to increase investment in distribution and service network, encourage and support distributors to become our loyal partners and explore new market.

(VI) Speed up the promotion of lean management to improve management standards

We will improve the internal risk control system of the Group, promote lean management, consolidate the existing results, build up lean talents team, concept and culture, and establish a long-term mechanism to improve the management standards of the Company. By integrating the management function of operating departments, we aim to improve efficiency, enhance management on budget and financial analysis, and optimize cost control. Meanwhile, we attach importance to operation quality of assets, and dedicate to improve efficiency of capital turnover, return on net assets and return on equity. Facilitating capital concentration effect, we will tighten fund control and lower financing costs. Through stringent procurement management, improvement of product quality, reduction of quality and loss, we strive to reduce cost and improve efficiency.

Principal Business Orders

Since the second half of 2009, part of the Group's business has resumed normal sales, production and operation. As of March 2010, principal business orders of the Company had exceeded 55% of the planned product quantity target for 2010, especially, industrial pumps, hydroelectric generators and gear-producing machines had covered their scheduled product quantity target for 2010, which created favorable conditions for achievement of the annual sales target for 2010.

Stable Raw Material Prices Beneficial to Cost Control

The Group has over 4,700 suppliers, covering commercial vehicle parts and components, power equipment, general machinery and CNC machine tools segments. We will continue to promote the implementation of "Toyota Production System". We concentrated raw material procurement, gradually shifting from the large procurement through wholesalers in the past to direct purchase from steel and copper producers. Purchase price and production cost were effectively reduced, thus achieving higher operating profit margin. We expect that raw material prices will keep stable through 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

Operating Analysis

Commercial vehicle parts and components

During the reporting period, the PRC government first moved to revitalize the domestic automobile industry since the second half of 2009, adopted a new standard for the emission of automobile exhaust gas and introduced a series of preferential policies aiming at boosting the development of the automobile industry. The Group has experienced noticeable growth in this segment. Due to the rapidly rising demand for diesel engine from building construction, industries, transportation infrastructure and shipping sectors, commercial vehicle parts and components segment kept a steady sales growth. Revenue for the year amounted to approximately RMB2,101.6 million, an increase of approximately RMB427.1 million or approximately 25.5% as compared with approximately RMB1,674.5 million for 2008.

During the period, the Group accelerated the construction of its investment project - Automobiles Air Suspension Technology Renovation Project (Phase I) with new automobile air suspension products stepping into experimental stage. On 5 February 2009, the Company entered into an agreement with Shanghai Electric (Group) Corporation to further acquire 102,000,000 shares (equivalent to 51% equity interest) in Qijiang Gear and 5,140,800 shares (equivalent to 24.48% equity interest) in Qijiang Forging at a total consideration of RMB256.61 million. Upon the acquisition, Qijiang Gear became a wholly-owned subsidiary of the Group. The Group through Qijiang Gear held the remaining 52% equity interest in Qijiang Forging, therefore Qijiang Forging also became a wholly-owned subsidiary of the Group. In future, the Group would be able to implement its independent development strategy for commercial vehicle parts and components business or attract world-renowned companies with more advanced technology for restructuring and development.

Power equipment

During the reporting period, sales of the power equipment segment maintained a stable growth, mainly due to the significant increase in revenue from wires and cables segment. Revenue for the year amounted to approximately RMB2,295.9 million, an increase of approximately RMB399.3 million or approximately 21.1% as compared with approximately RMB1,896.6 million for 2008.

During 2009, technical renovations completed by the Group included the Technical Innovation Project for Commercialization Production Base of Hydroelectric Equipment Complete Systems (Phase I) and the Production Technology Innovation Project for Copper and Copper Based Powder (Phase I). Plants of Chongqing Pigeon Electric-porcelain Company Limited (重慶鴿牌電瓷有限公司) had been relocated and put into production.

General Machinery

During the reporting period, revenue form general machinery segment such as centrifugers, gas compressors, refrigeration machines and industrial fans business was affected by depressed market demand and declined exports. Turnover for the year amounted to approximately RMB1,174.3 million, a decrease of approximately RMB37.8 million or approximately 3.1% as compared with approximately RMB1,212.1 million for 2008.

During 2009, the Group had wholly relocated Chongqing General Industry (Group) Co., Ltd. and production base for rotor blades used for large wind power generators into Chayuan New District Industrial Park of Chongqing City and put them into production.

Meanwhile, the Group commenced production of wind power rotor blade multiple wind sites for hanging products. Chongqing Pump Industry Co.,Ltd ("Chongqing Pump") successfully developed centrifugal upward injection pump and water pressure test pump which are important equipments for nuclear power stations and obtained certification from experts. Expected results have been achieved in technology renovation of Mother-son CNG Station and flat automatic discharge centrifuges. More market share could be expected through market development assisted by adjustment to product structure and development of new products.

CNC machine tools

During the reporting period, the CNC machine tools business was driven by rapid growth in automobile market with revenue from gear processing machines, complex precision metal-cutting tools, CNC lathes and machine centers businesses growing stably. Turnover for the year amounted to approximately RMB1,321.5 million, an increase of approximately RMB155 million or approximately 13.3% as compared with approximately RMB1,166.5 million for 2008.

Product mix of CNC machine tools segment experienced appropriate consolidation in 2009, including the Production Technical Innovation Project (I) for Large Precise High-speed CNC Gear-Producing Machine, the Technical Innovation Project (Phase I) for Modern High-Precision, High-Efficiency and Special-Purpose Tool, the R&D Manufacturing Technology Innovation Project (Phase I) for φ300~φ500 Serial Medium CNC Lathe and Turning and Milling Machining Centers. The Company has adjusted its strategy to increase investment in technology development for key industries, and will in particular manufacture heavy CNC machine tools and cutting tools for wind power and heavy chemical industries etc. In order to facilitate development of a diversified product structure, the Group accelerated R&D of large module gear hobbing cutter, large module hard alloy mobile facer and large module gear shaping cutter, with an aim to realizing commercial production and sales as soon as possible.

On 28 December 2009, Chongqing Machine Tools (Group) Co., Ltd. and the Construction Management Office of B Section of Chayuan New District Industrial Park of Nan'an District, Chongqing City, the PRC entered into an investment agreement (the "Agreement") in respect of acquisition of land with site area of approximately 285,081 sq. m.(approximately 427.62 mu) at consideration of no less than RMB480 per sq.m. for construction of new machine tools production base. The Agreement considered to be effective upon the acquisition of the land through public "tender, auction and listing-for-sale". For details of the Agreement, please refer to the announcement of the Company dated 8 January 2010.

Sales

For the year ended 31 December 2009, the Group's total revenue amounted to approximately RMB6,893.3 million, an increase of approximately RMB943.6 million or approximately 15.9% as compared with approximately RMB5,949.7 million for 2008.

Overall, the revenue of commercial vehicle parts and components was approximately RMB2,101.6 million (accounting for approximately 30.5% of total revenue), an increase of approximately 25.5% from last year; revenue of power equipments was approximately RMB2,295.9 million (accounting for approximately 33.3% of total revenue), an increase of approximately 21.1%; revenue of CNC machine tools was approximately RMB1,321.5 million (accounting for 19.2% of total revenue), an increase of approximately 13.3%; and revenue of general machinery was approximately RMB1,174.3 million (accounting for approximately 17% of total revenue), a decrease of approximately 3.1%; however the revenue increased as a whole.

Gross profit

The gross profit for 2009 was approximately RMB1,247 million, increased by approximately RMB71.6 million or approximately 6.1%, as compared with approximately RMB1,175.4 million for last year, accounting for approximately 18.1% of sales.

As compared with last year, although gross profit for general machinery and CNC machine tools decreased in 2009, gross profit and the proportion of sales of commercial vehicle parts and components and power equipment increased, with their gross profit margins increased from 24.8% and 8.4% last year to 25.9% and 8.6% respectively. As such, our total gross profit increased from last year. Due to the increase in the proportion of business with lower gross profit margin, the overall gross profit margin for the year slightly dropped from 19.8% last year to 18.1%, representing a decrease of 1.7 percentage points.

Other income and gains

The other income and gains for 2009 were approximately RMB114 million, an increase of approximately RMB65.4 million or approximately 134.6%, as compared with approximately RMB48.6 million for last year, mainly due to the increase in disposal gains of financial assets at fair value through profit and loss amounting to approximately RMB31.5 million and government subsidies for the Group's development amounting to approximately RMB37.1 million.

Selling and administrative expenses

The selling and administrative expenses for 2009 were approximately RMB787.4 million, an increase of approximately RMB27.3 million or approximately 3.6%, as compared with approximately RMB760.1 million for last year. The selling and administrative expenses accounted for approximately 11.4% of sales, a decrease of approximately 1.4 percentage points as compared with 12.8% for last year.

During the year, our selling costs recorded increased by approximately RMB40.1 million over last year, mainly due to the increase in selling and distribution costs including transportation expenses, costs for the sales staff and various marketing expenses. Administrative expenses decreased by approximately RMB12.7 million over last year, primarily due to a decrease of approximately RMB45.3 million in R&D expenses as compared with last year, and a decrease of approximately RMB22.6 million in assets depreciation and listing fee, which was partially offset by the increase of approximately RMB8.7 million of employees dismissal benefit expenses during the year.

Operating profit

The operating profit for 2009 was approximately RMB573.6 million, an increase of approximately RMB109.7 million or approximately 23.6%, as compared with approximately RMB463.9 million for last year. Eliminating the effect of one-off gains included in other income and gains, operating profit increased by approximately RMB44.4 million, or approximately 10.7%, over last year.

Finance costs

Interest expenses for 2009 were approximately RMB66.6 million, a decrease of approximately RMB20 million or approximately 23.1%, as compared with approximately RMB86.6 million for last year, mainly due to the decrease in lending rate for the reporting period.

Share of profits of associated companies

The Company's share of profits of associated companies for the year ended 31 December 2009 was approximately RMB142.3 million, a decrease of approximately RMB39.0 million or approximately 21.5%, as compared with approximately RMB181.3 million for last year. The decrease was due to the inclusion of profit from Qijiang Gear into the principal operating profit of the Company after the acquisition of 51% equity interest in Qijiang Gear.

Income tax expenses

The corporate income tax expenses for the year ended 31 December 2009 were approximately RMB59.9 million, a decrease of approximately RMB18.8 million, or approximately 23.9%, as compared with approximately RMB78.7 million for last year, mainly due to the decrease in income tax rate applicable to a jointly controlled entity from 25% to 15%.

Profit attributable to shareholders

Profit attributable to shareholders for the year ended 31 December 2009 was approximately RMB594.3 million, an increase of approximately RMB90.8 million or approximately 18% as compared with approximately RMB503.5 million for last year. Earnings per share remained at approximately RMB0.16 per share as compared with that of last year.

Dividends

The Board has recommended the payment of a final dividend of RMB0.06 per share (including tax) for the year ended 31 December 2009, which is calculated based on the total share capital of 3,684,640,154 shares for the year ended 31 December 2009, totalling RMB221,078,409.24. Subject to approval by shareholders at the annual general meeting to be convened on Tuesday, 15 June 2010, the proposed final dividend will be paid on or about 30 July 2010 to shareholders whose names appear on the register of members of the Company on 15 June 2010 ("Record Date").

Withholding of Enterprise Income Tax for Non-resident Corporate Shareholders

Pursuant to the Enterprise Income Tax Law of the People's Republic of China ("EIT Law") and the implementation rules thereof and the Circular on Issues Concerning the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Payable to H Share Non-resident Corporate Shareholders (Guo Shui Han [2008] No.897), the Company is liable to withhold and pay the enterprise income tax on dividends payable to non-resident corporate holders of H shares whose names appear on the register of holders of H shares of the Company ("H Share Register of Members") on the Record Date at a rate of 10% prior to the payment of such final dividends.

Any H shares registered in the name of non-individual shareholders will be treated as being held by non-resident corporate shareholders and hence the dividends payable to them will be subject to the withholding of enterprise income tax. Non-resident corporate shareholders may apply to the relevant taxation authorities for tax refunds in accordance with the applicable tax treaty (if any). The final dividends payable to natural person shareholders whose names appear on H Share Register of Members on the Record Date is not subject to the withholding of 10% enterprise income tax by the Company. For dividends payable to resident corporate shareholders whose names appear on H Share Register of Members on the Record Date, the Company will not withhold enterprise income tax on such dividends, provided that a legal opinion is provided by a resident corporate shareholder within the prescribed time period and confirmed by the Company.

If any resident enterprise (as defined in the EIT Law) whose name appears on the H Share Register of Members which is duly incorporated in the PRC or under the laws of a foreign country (or a territory) but with a PRC-based de facto management body does not wish to have the 10% enterprise income tax to be withheld by the Company, it should lodge all transfers with and submit a legal opinion issued by a PRC certified lawyer (with affixation of common seal of the law firm thereto) that establishes its resident enterprise status to the Company's H Share Registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 14 May 2010. Any natural person investor whose H shares are registered in the name of any such non-individual shareholders and who does not wish to have any enterprise income tax to be withheld by the Company, may consider transferring the legal title of the relevant H shares into his or her own name and lodging all relevant transfer instruments accompanied by the H share certificates with the Company's H Share Registrars for registration no later than 4:30 p.m. on 14 May 2010. Shareholders are recommended to consult their tax advisors regarding tax issues in respect of the ownership and disposal of H shares in the PRC and Hong Kong and other tax effects.

Closure of register of members

The register of members of the Company will be closed from Monday, 17 May 2010 to Tuesday, 15 June 2010 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and attending and voting at the annual general meeting, all transfers accompanied by the relevant shares certificates must be lodged with the Company's H Share Registrars, 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 14 May 2010.

Cash flow

The Group's cash and bank deposits (including restricted cash) amounted to approximately RMB2,607.1 million as at 31 December 2009 (31 December 2008: RMB2,622.6 million), representing a decrease of approximately RMB15.5 million or approximately 0.6% as compared with last year.

During the period, the Group had a net cash inflow from operating activities of approximately RMB198.9 million (31 December 2008: RMB444.4 million), a net cash outflow from investing activities of approximately RMB382.3 million (31 December 2008: RMB335.4 million), and a net cash inflow from financing activities of approximately RMB63.6 million (31 December 2008: RMB1,165.2 million).

Capital Structure

Since 13 June 2008, the shares of the Company have been listed on the Stock Exchange, there was no change in the capital structure of the Company. The capital of the Company comprises only ordinary shares.

Assets and Liabilities

As at 31 December 2009, the Group had total assets of approximately RMB8,748.6 million, representing an increase of approximately RMB1,222.8 million as compared with approximately RMB7,525.8 million as at 31 December 2008. Total current assets amounted to approximately RMB6,194.3 million, increased by approximately RMB922.6 million as compared with approximately RMB5,271.7 million as at 31 December 2008, accounting for approximately 70.8% of total assets. However, total non-current assets was approximately RMB2,554.2 million, representing an increase of approximately RMB300.0 million as compared with approximately RMB2,254.2 million as at 31 December 2008, and accounting for approximately 29.2% of total assets.

As at 31 December 2009, total liabilities of the Group amounted to approximately RMB4,629.3 million, representing an increase of approximately RMB574.3 million as compared with approximately RMB4,055 million as at 31 December 2008. Total current liabilities were approximately RMB3,951.1 million, an increase of approximately RMB407.6 million as compared with approximately RMB3,543.5 million as at 31 December 2008, accounting for approximately 85.4% of total liabilities. However, total non-current liabilities were approximately RMB678.2 million, representing an increase of approximately RMB166.7 million as compared with approximately RMB511.5 million as at 31 December 2008, and accounting for approximately 14.6% of total liabilities.

As at 31 December 2009, net current assets of the Group were approximately RMB2,243.2 million, representing an increase of approximately RMB515 million as compared with approximately RMB1,728.2 million as at 31 December 2008.

Current Ratio

As at 31 December 2009, current ratio (the ratio of current assets over current liabilities) of the Group, increased from 1.49:1 for 2008 to 1.57:1 for 2009.

Gearing Ratio

As at 31 December 2009, by comparing the borrowing and the total capital, the Group's gearing ratio was 22.6% (31 December 2008: 22%).

Exchange Rate Risks

The proceeds of H shares offered by the Company were denominated in Hong Kong Dollar ("HKD") and deposited in the commercial banks of China as HKD in accordance with the rules of China State Administration of Foreign Exchange. Accordingly, the Group may face certain exchange rate risks. However, as the Group had limited transactions denominated in foreign currencies, there is no significant effect on the Group's operations.

Indebtedness

As at 31 December 2009, the Group had an aggregate bank and other borrowings of approximately RMB1,199.8 million, representing an increase of approximately RMB225 million as compared with approximately RMB974.8 million as at 31 December 2008.

Borrowings repayable by the Group within one year were approximately RMB843.8 million, representing an increase of approximately RMB143 million as compared with approximately RMB700.8 million as at 31 December 2008. Borrowings repayable after one year were approximately RMB356 million.

Pledges of Assets

As at 31 December 2009, approximately RMB419.8 million of the Group was deposited with the banks with security or restricted for use (31 December 2008: RMB314.2 million). In addition, certain bank borrowings of the Group were secured by certain land use rights, plants and machineries and inventories of the Group, which had a net book value of approximately RMB389.3 million as at 31 December 2009 (31 December 2008: RMB305.3 million).

Contingent Liabilities

As at 31 December 2009, the Group had no significant contingent liabilities.

Significant Purchase or Sale of Affiliates and Associates

During the year, the Company entered into an agreement with Shanghai Electric (Group) Corporation to further acquire 102,000,000 shares (equivalent to 51% equity interest) in Qijiang Gear and 5,140,800 shares (equivalent to 24.48% equity interest) in Qijiang Forging at a total consideration of RMB256.61 million. Upon completion of the transaction, the Company holds 100% equity interest in Qijiang Gear and 48% equity interest in Qijiang Forging directly. Qijiang Gear became a wholly-owned subsidiary of the Company. The Company through Qijiang Gear held the remaining 52% equity interest in Qijiang Forging, and Qijiang Forging also became a wholly-owned subsidiary of the Company.

Capital Expenditure

As at 31 December 2009, the total capital expenditure of the Group was approximately RMB695.8 million, which was principally used for acquisition of equity interest in Qijiang Gear and Qijiang Forging and plant expansion, production technology improvement, equipment upgrade and the expansion of production capacity (31 December 2008: RMB344.9 million).

Capital Committment

As at 31 December 2009, the Group had capital commitments of approximately RMB177.7 million (31 December 2008: RMB186.8 million) in respect of fixed assets.

Risk of Foreign Exchange

The Group uses Renminbi as the reporting currency. During the period, pressure on Renminbi appreciation was eased due to global economic recession. A slowdown in Renminbi appreciation will strengthen the competitiveness of our export products, but it may bring negative impacts on the import of raw materials, machinery and equipments by the Group from overseas.

As at 31 December 2009, the Group's bank deposits comprise approximately HK$311.2 million, approximately US$0.48 million and approximately EUR$2.63 million (31 December 2008: HK$798 million and approximately US$1.29 million). Save as the above, the Group was not exposed to any significant risks concerning foreign exchange fluctuations.

Employees

As at 31 December 2009, the Group had a total of 17,372 employees (31 December 2008: 14,819 employees). The increase in employees was mainly due to the acquisition of equity interest in Qijiang Gear and Qijiang Forging by the Group in February 2009. The Group intends to continuously improve incentive schemes that link with the performance reviews of our management and employees, offer better advancement opportunities to our key employees and provide training programs for further development of the staff. It is believed that these measures will help us to attract and retain talents for our businesses.

USE OF PROCEEDS RAISED FROM SHARE ISSUE

After deducting related expenses, the net proceeds from the Company's Global Offering on the Stock Exchange on 13 June 2008 amounted to approximately RMB1,008.8 million. For the years ended 31 December 2008 and 2009, approximately RMB774.05 million of net proceeds raised from the issue of new shares had been applied in accordance with the proposed applications set out in the Company's prospectus, which was approved and adjusted at the 2008 annual general meeting held on 25 June 2009, as follows:

- approximately HK$18.98 million (equivalent to approximately RMB16.72 million) was used for technological improvements and capacity expansion for the vehicle suspension systems business, with emphasis on air suspensions.

- approximately HK$56.92 million (equivalent to approximately RMB50 million) was used for technological improvements and capacity expansion for the hydroelectric generation equipment business, with emphasis on the construction of facility for complete system production.

- approximately HK$20.47 million (equivalent to approximately RMB18.05 million) was used for technological improvements and capacity expansion for the electrical wires, cables and materials business, with emphasis on specialized cables with environmentally-friendly features and high-voltage ceramics.

- approximately HK$25.12 million (equivalent to approximately RMB22 million) was used for technological improvements and capacity expansion for the non-ferrous metal materials business, with emphasis on copper-based powders and copper material extension products.

- approximately HK$90.89 million (equivalent to approximately RMB80 million) was used for product expansion and construction of a production base for wind power turbine blades and a production base for specialized refrigeration machines, industrial pumps and industrial fans used by nuclear power stations.

- approximately HK$102.24 million (equivalent to approximately RMB90 million) was used for technological improvements and capacity expansion for the industrial pumps business.

- approximately HK$79.53 million (equivalent to approximately RMB70 million) was used for technological improvements and capacity expansion for the gas compressors business, with emphasis on complete systems for high capacity first class and second class stations and high pressure compressors.

- approximately HK$96.93 million (equivalent to approximately RMB85.30 million) was used for technological improvements and capacity expansion for the gear producing machines business, with emphasis on high speed, precision CNC machines.

- approximately HK$34.05 million (equivalent to approximately RMB30 million) was used for technological improvements and capacity expansion for the complex precision metal-cutting tools business, with emphasis on specialized tools.

- approximately HK$34.05 million (equivalent to approximately RMB30 million) was used for technological improvements and capacity expansion for the CNC lathes and machine centers business, with emphasis on a production facility for lathe production technology and large scale CNC lathes.

- approximately HK$290.56 million (equivalent to approximately RMB256.61 million) was used for the acquisition of equity interest in Qijiang Gear and Qijiang Forging held from Shanghai Electric Group Corporation.

- approximately HK$28.80 million (equivalent to approximately RMB25.37 million) was used for additional working capital and general corporate purposes.

OTHER CORPORATE INFORMATION

Competition and Conflict of Interests

The Company's substantial shareholder Chongqing Machinery and Electronic Holding (Group) Co., Ltd. has signed non-competition undertakings with the Company in favor of the Company. Please refer to the Prospectus for details of such undertakings. Save as the aforesaid, none of the Directors, management shareholders, substantial shareholders of the Company nor their respective associates have interests in business that compete or may compete with the business of the Group and any other conflicts of interests with the Group.

Continuing Connected Transactions

Master Sales Agreement

On 16 May 2008, a master sales agreement entered into by and between the Company and Chongqing Machinery and Electronic Holding (Group) Co., Ltd. (the "Parent Company") (the "Master Sales Agreement"). Pursuant to the Master Sales Agreement, the Group has agreed to sell certain products such as control valves and parts for steering systems, gears and clutch assemblies and the BV series of electric cables (the "Products") to the Parent Company and its associates.

Additionally, in case where there is a material fluctuation in the prices of any or all of the Products, the parties will re-negotiate the terms of the Master Sales Agreement in good faith by way of entering into a supplemental agreement or a new master sales agreement. The Master Sales Agreement is valid for a period of three years from the date of the agreement and renewable for another three years by the Company giving at least three months' notice prior to the expiry of the initial term. Pursuant to this agreement and the caps adjusted at the Company's extraordinary general meeting held on 25 June 2009 ("EGM"), the annual caps of sales amounts for the three years ended 2008, 2009 and 2010 are set at RMB62 million, RMB130 million and RMB160 million respectively.

Master Sales Agreement is entered into in the ordinary course of business of the Group on normal commercial terms. Basis of pricing is as follows:

- price set by the PRC Government; if no such price, or
- not lower than the maximum of the guide prices set by the PRC Government for such Products; if there is no set price and no guide prices, or
- market price as reference; if there is no market price for certain products as reference, or
- an agreed price which is equivalent to the actual or reasonable costs of producing such Products of the Group together with a reasonable profit. A "reasonable profit" is a profit that is agreed between the parties as being no more than 10% of the actual cost or reasonable cost incurred for the provision of the Products.

For the year ended 31 December 2009, the monetary value of sales under the Master Sales Agreement by the Company to the Parent Company and its associates was approximately RMB83.7 million.

Master Supplies Agreement

On 16 May 2008, a master supplies agreement entered into by and between the Company and the Parent Company (the "Master Supplies Agreement"). Pursuant to the Master Supplies Agreement, the Parent Company and its associates have agreed to supply the Company with parts and raw materials such as gears, component parts, YB2 series engines, electricity, water, gas and electrolytic copper (the "Supplies").

Additionally, in case where there is a material fluctuation in the price of any or all of the Supplies, the parties will re-negotiate the terms of the Master Supplies Agreement in good faith by way of entering into a supplemental agreement or a new master supplies agreement. The Master Supplies Agreement is valid for a period of three years from the date of the agreement and renewable for another three years by the Company giving at least three months' notice prior to the expiry of the initial term. According to the agreement and the caps adjusted at the EGM, the annual caps of supplies amounts for the three years ended 2008, 2009 and 2010 are set at RMB56.9 million, RMB120 million and RMB140 million respectively.

The Master Supplies Agreement is entered into in the ordinary course of business of the Group on normal commercial terms. Basis of pricing is as follows:

- Price set by the PRC Government; if no such price, or

- not lower than the maximum of the guide prices set by the PRC Government for such Products; if there is no set price and no guide prices, or

- market price as reference; if there is no market price for certain products as reference, or

- an agreed price which is equivalent to the actual or reasonable costs of producing such Products of the Group together with a reasonable profit. A "reasonable profit" is a profit that is agreed between the parties as being no more than 10% of the actual cost or reasonable cost incurred for the provision of the Products.

For the year ended 31 December 2009, the monetary value of supplies under the Master Supplies Agreement by the Parent Company and its associates to the Company was approximately RMB112.3 million.

Master Leasing Agreement

On 16 May 2008, the Company entered into a master leasing agreement (the "Master Leasing Agreement") with the Parent Company for the leasing of land and buildings from the Parent Company and its associates to the Company as offices, production facilities, workshops and staff quarters.

According to the agreement, the Parent Group leased a total area of 176,274 sq.m. and 18,236 sq.m. of land and buildings respectively to the Company. The Master Leasing Agreement is valid for a period of three years and renewable by the Company giving three months' notice prior to the expiry of the initial term. According to the agreement and the caps adjusted at the EGM, the annual caps of leasing amounts for the three years ended 2008, 2009 and 2010 are set at RMB10 million, RMB17 million and RMB22 million respectively.

For the year ended 31 December 2009, the rent paid by the Company to the Parent Company and its associates under the Master Leasing Agreement was approximately RMB12.7 million.

Master Integrated Service Agreement

On 1 January 2008, the Company entered into a master integrated service agreement with the Parent Company (the "Master Integrated Service Agreement") on normal commercial terms pursuant to which the Parent Company and its associates provide the services necessary for the normal business operations and production (collectively the "Services") to the Company. Such services include (but are not limited to):

1. Property management services which include (but are not limited to) the provision of security, greenery and cleaning services;

2. Welfare and facility support services which include (but are not limited to) medical facilities, staff canteens and nurseries;

3. Vehicle maintenance, logistics and transportation services and waste management;

4. Processing services which include (but are not limited to) the customization of parts and the creation of parts from raw materials;

5. Provision of general maintenance services for certain equipment of the Company.

The Master Integrated Service Agreement is valid for a period of three years and is renewable for another three years by the Company giving three months' notice prior to the expiry of the initial term.

For the year ended 31 December 2009, the services fee paid by the Company to the Parent Company and its associates under the Master Integrated Service Agreement was approximately RMB0.1 million.

Equipment Leasing Agreement

A subsidiary of the Company, Chongqing Huahao Smelting Co., Ltd. ("Huahao Smelting"), entered into a lease agreement on 8 May 2007 to lease equipment from the Parent Company and its associates for use in three of their five production lines. Of these three production lines, two are used for the production of electrolytic copper powder and one is used for the production of copper wires, and the equipment comprises approximately 655 sets of individual machines which cater for different stages of the smelting process.

As agreed by both parties, the rent payable by Huahao Smelting for each of the three years ended 31 December 2010 was RMB0.376 million. During the year ended 31 December 2009, the Company no longer leased production equipment under the Equipment Leasing Agreement from the Parent Company and its associates.

Relevant details of the above transactions are set out in Note 39 to the consolidated financial statements prepared under HKFRSs.

The independent non-executive directors of the Company, namely Mr. Lo Wah Wai, Mr. Ren Xiaochang and Mr. Kong Weiliang, have reviewed the abovementioned continuing connected transactions and confirmed that such transactions are:

(1) entered into by the Company in the ordinary and usual course of business;

(2) on normal commercial terms or on terms no less favourable than terms available to or from (as the case may be) independent third parties; and

(3) in accordance with the relevant agreement governing them and on terms that are fair and reasonable and in the interests of the shareholders as a whole.

Under Rule14A.38 of the Listing Rules, the Company's auditor PricewaterhouseCoopers has performed certain agreed procedures for the above continuing connected transactions ("Transactions") in accordance with Hong Kong Standard on Related Services 4400, "Engagement to Perform Agreed-Upon Procedures Regarding Financial Information" issued by Hong Kong Institute of Certified Public Accountants, and reported that:

(1) the Transactions have been approved by the Board of the Company;

(2) the pricing of the Transactions, on a sample basis, are in accordance with the Company's pricing policies;

(3) the Transactions, on a sample basis, have been entered into in accordance with the relevant agreements governing such Transactions; and

(4) the amounts of the Transactions have not exceeded the annual caps.

Code on Corporate Governance Practices

The Company believes that the incessant upgrading of its standard of corporate governance is the underlying cornerstone for safeguarding the interests of shareholders and investors as well as enhancing corporate value of the Company. The Company, with reference to the Company Law of the People's Republic of China, the Listing Rules, the Articles of Association of the Company and other relevant laws and regulations, and taking into considerations of its own characteristics and requirements, has been making enormous efforts in enhancing its standard of corporate governance.

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not at any time during the period for the year ended 31 December 2009, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

Audit Committee

The Company has established an audit committee with terms of reference, which clearly defined the powers and duties of the committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Company, as well as providing opinion and recommendation to the Directors of the Company.

The audit committee comprises two independent non-executive Directors, namely Mr. Lo Wah Wai and Mr. Kong Weiliang, and one non-executive Director, Mr. Wu Jian. Mr. Lo Wah Wai is the chairman of the audit committee. The audit committee has reviewed the Company's unaudited results for the period under review and respective recommendation and opinion have been made.

Remuneration Committee

The remuneration committee of the Company comprises of two independent non-executive Directors, Mr. Ren Xiaochang and Mr. Lo Wah Wai, and one non-executive Director, Mr. Yu Gang. The committee determines the policies in relation to human resources management, review the compensation strategies, determines the compensation packages of the senior executives and managers, recommends and establishes annual and long-term performance criteria and targets as well as to review and supervise the implementation of all executive compensation packages and employee benefit plans.

Supervisory Committee

The supervisory committee of the Company comprises of six supervisors, namely Mr. Duan Rongsheng, Ms. Liao Rong, Ms. Wang Rongxue, Ms. He Xiaoping, Mr. Wang Xuqi and Mr. Wu Chongjiang. The supervisory committee performs its supervisory functions on corporate governance, regulated operation and maximizing shareholders' value.

Securities Transaction by Directors

The Company has adopted the model code for securities transactions by directors ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding its directors' and supervisors' securities transactions in 2009. Having made specific enquiries of all Directors and supervisors of the Company, they confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2009.

Purchase, Sale or Redemption of securities

During the period under review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any listed securities of the Company.

Disclosure of Information on the Stock Exchange's Website

The electronic version of this announcement has been published on the website of the Stock Exchange (http://www.hkexnews.com.hk). An annual report for the year ended 31 December 2009 containing all the information required under Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the website of the Stock Exchange in due course.

By Order of the Board
Chongqing Machinery & Electric Co., Ltd.*
Xie Hua Jun
Executive Director, Chairman

Chongqing, the PRC
10 April 2010

As at the date of this announcement, the executive Directors are Mr. Xie Hua Jun, Mr. He Yong, Mr. Liao Shaohua and Mr. Chen Xianzheng; the non-executive Directors are Mr. Huang Yong, Mr. Yu Gang, Mr. Yang Jingpu and Mr. Wu Jian; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Ren Xiaochang and Mr. Kong Weiliang.

* *For identification purposes only*