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)
（於開曼群島註冊成立之有限公司）

Stock Code 股份代號：3899

2011
Interim Report
中期報告

Contents

Financial Highlights

	As at 30 June 2011 RMB'000	As at 31 December 2010 RMB'000	+/-
FINANCIAL POSITION			
Total assets	**5,980,735**	4,848,476	23.4%
Net assets	**3,106,649**	2,814,643	10.4%
Net current assets	**1,863,595**	1,694,532	10.0%
Cash balances	**973,931**	941,109	3.5%
Bank loans and overdrafts	**491,601**	121,679	304.0%
Gearing ratio(1)	**15.8%**	4.3%	11.5 ppt

	For six months ended 30 June 2011 RMB'000	2010 RMB'000	+/-
OPERATING RESULTS			
Turnover	**3,067,870**	1,632,199	88.0%
Gross profit	**562,457**	306,431	83.6%
EBITDA	**392,146**	217,442	80.3%
Profits from operations	**333,770**	163,455	104.2%
Profit attributable to equity shareholders	**252,425**	115,372	118.8%
PER SHARE DATA			
Earnings per share – basic	**RMB0.135**	RMB0.062	117.7%
Earnings per share – diluted	**RMB0.135**	RMB0.061	121.3%
Net asset value per share	**RMB1.659**	RMB1.407	17.9%
KEY STATISTICS			
GP ratio	**18.3%**	18.8%	-0.5 ppt
EBITDA margin	**12.8%**	13.3%	-0.5 ppt
Operating profit margin	**10.9%**	10.0%	0.9 ppt
Net profit margin(2)	**8.2%**	7.1%	1.1 ppt
Return on equity(3)	**8.1%**	4.4%	3.7 ppt
Interest coverage – times	**36.8**	38.3	-1.5
Inventory turnover days	**112**	133	-21
Debtor turnover days	**62**	104	-42
Creditor turnover days	**74**	100	-26

Notes:

(1) Gearing ratio = Bank loans and overdrafts/Total equity

(2) Net profit margin = Profit attributable to equity shareholders/Turnover

(3) Return on equity = Profit attributable to equity shareholders/Total equity

Independent Review Report

To the Board of Directors of
CIMC Enric Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 4 to 26 which comprises the consolidated balance sheet of CIMC Enric Holdings Limited as of 30 June 2011 and the related consolidated income statement, statement of comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2011 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

19 August 2011

Consolidated Income Statement

For the six months ended 30 June 2011 – unaudited

		Six months ended 30 June	
		2011	2010
	Note	**RMB'000**	RMB'000
Turnover	*4*	**3,067,870**	1,632,199
Cost of sales		**(2,505,413)**	(1,325,768)
Gross profit		**562,457**	306,431
Change in fair value of derivative financial instruments		**(3,546)**	–
Other revenue	*5*	**51,951**	38,824
Other net expenses	*5*	**(265)**	(982)
Selling expenses		**(90,983)**	(57,460)
Administrative expenses		**(185,844)**	(123,358)
Profit from operations		**333,770**	163,455
Finance costs	*6*	**(6,546)**	(3,500)
Profit before taxation	*6*	**327,224**	159,955
Income tax	*7*	**(70,149)**	(41,061)
Profit for the period		**257,075**	118,894
Attributable to:			
Equity shareholders of the Company		**252,425**	115,372
Non-controlling interests		**4,650**	3,522
Profit for the period		**257,075**	118,894
Earnings per share	*8*		
Basic		**RMB0.135**	RMB0.062
Diluted		**RMB0.135**	RMB0.061

The notes on pages 10 to 26 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 16(a).

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011 – unaudited

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Profit for the period	**257,075**	118,894
Other comprehensive income for the period		
Exchange difference on translation of financial statements of overseas subsidiaries	**28,259**	(82,012)
Total comprehensive income for the period	**285,334**	36,882
Attributable to:		
Equity shareholders of the Company	**280,684**	33,360
Non-controlling interests	**4,650**	3,522
Total comprehensive income for the period	**285,334**	36,882

The notes on pages 10 to 26 form part of this interim financial report.

Consolidated Balance Sheet

At 30 June 2011 – unaudited

	Note	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Non-current assets			
Property, plant and equipment	9	**943,034**	961,691
Construction in progress		**187,138**	65,439
Lease prepayments		**261,344**	194,119
Intangible assets		**40,042**	42,074
Prepayments		**100**	24,019
Goodwill		**42,783**	42,783
Deferred tax assets		**36,427**	28,926
Other financial assets		**59**	1,744
		1,510,927	1,360,795
Current assets			
Derivative financial instruments		**–**	724
Inventories	10	**1,783,876**	1,324,741
Trade and bills receivable	11	**1,209,250**	878,630
Deposits, other receivables and prepayments		**431,383**	310,006
Amounts due from related parties	18(b)	**71,368**	32,471
Cash at bank and in hand	12	**973,931**	941,109
		4,469,808	3,487,681
Current liabilities			
Derivative financial instruments		**2,822**	–
Bank loans and overdrafts	13	**491,601**	99,699
Trade and bills payable	14	**1,176,356**	872,040
Other payables and accrued expenses		**814,615**	712,414
Income tax payable		**34,697**	22,585
Amounts due to related parties	18(b)	**58,619**	56,943
Provisions		**27,354**	29,240
Employee benefit liabilities		**149**	228
		2,606,213	1,793,149
Net current assets		**1,863,595**	1,694,532
Total assets less current liabilities		**3,374,522**	3,055,327

	Note	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Non-current liabilities			
Provisions		**23,958**	15,966
Deferred income		**139,022**	102,334
Employee benefit liabilities		**2,063**	1,933
Deferred tax liabilities		**102,830**	98,471
Bank loans	*13*	**–**	21,980
		267,873	240,684
NET ASSETS		**3,106,649**	2,814,643
CAPITAL AND RESERVES			
Share capital		**17,235**	17,235
Reserves	*16*	**3,069,926**	2,782,570
Equity attributable to equity shareholders of the Company		**3,087,161**	2,799,805
Non-controlling interests		**19,488**	14,838
TOTAL EQUITY		**3,106,649**	2,814,643

The notes on pages 10 to 26 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011 – unaudited

	Attributable to equity shareholders of the Company									
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000 16(b)	Capital reserve RMB'000 16(c)	Exchange reserve RMB'000	General reserve fund RMB'000 16(d)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2010	17,235	287,517	807,206	6,620	(113,957)	66,898	1,494,646	2,566,165	9,327	2,575,492
Equity-settled share-based transactions	–	–	–	23,200	–	–	–	23,200	–	23,200
Transfer to general reserve	–	–	–	–	–	5,666	(5,666)	–	–	–
Total comprehensive income for the period	–	–	–	–	(82,012)	–	115,372	33,360	3,522	36,882
At 30 June 2010 and 1 July 2010	17,235	287,517	807,206	29,820	(195,969)	72,564	1,604,352	2,622,725	12,849	2,635,574
Equity-settled share-based transactions	–	–	–	16,697	–	–	–	16,697	–	16,697
Transfer to general reserve	–	–	–	–	–	15,535	(15,535)	–	–	–
Total comprehensive income for the period	–	–	–	–	(1,146)	–	161,529	160,383	1,989	162,372
At 31 December 2010	17,235	287,517	807,206	46,517	(197,115)	88,099	1,750,346	2,799,805	14,838	2,814,643
At 1 January 2011	17,235	287,517	807,206	46,517	(197,115)	88,099	1,750,346	2,799,805	14,838	2,814,643
Equity-settled share-based transactions	–	–	–	6,672	–	–	–	6,672	–	6,672
Transfer to general reserve	–	–	–	–	–	18,874	(18,874)	–	–	–
Total comprehensive income for the period	–	–	–	–	28,259	–	252,425	280,684	4,650	285,334
At 30 June 2011	**17,235**	**287,517**	**807,206**	**53,189**	**(168,856)**	**106,973**	**1,983,897**	**3,087,161**	**19,488**	**3,106,649**

The notes on pages 10 to 26 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2011 – unaudited

		Six months ended 30 June	
		2011	2010
	Note	**RMB'000**	RMB'000
Cash (used in)/generated from operations		**(107,211)**	80,894
Tax paid		**(64,729)**	(59,629)
Net cash (used in)/generated from operating activities		**(171,940)**	21,265
Net cash used in investing activities		**(175,936)**	(83,164)
Net cash generated from/(used in) financing activities		**371,779**	(73,423)
Net increase/(decrease) in cash and cash equivalents		**23,903**	(135,322)
Cash and cash equivalents at 1 January	*12*	**805,686**	783,697
Effect of foreign exchange rate changes		**20,717**	(38,089)
Cash and cash equivalents at 30 June	*12*	**850,306**	610,286

The notes on pages 10 to 26 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

1. Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issuance on 19 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted by CIMC Enric Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") in the preparation of the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 3.

The financial information relating to the financial year ended 31 December 2010 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2010 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 21 March 2011.

Since 1 January 2011, the functional currency of the Company's subsidiary in Nantong ("Nantong CIMC") has been changed from US Dollar ("USD") to Renminbi ("RMB") due to RMB has become the currency of primary economic environment in which Nantong CIMC operates since then. The effect of the change in the functional currency of Nantong CIMC has been accounted for prospectively. All opening balances of Nantong CIMC have been translated into RMB at the rate of USD1 to RMB6.5897, being the exchange rate prevailing at 1 January 2011, the date on which the change of functional currency was made effective.

2. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)
- HK(IFRIC) 19, *Extinguishing financial liabilities with equity instruments*
- Amendments to HK(IFRIC) 14, HKAS 19 – *The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendments to HK(IFRIC) 14 have had no material impact on the Group's financial statements as they were consistent with policies already adopted by the Group. HK(IFRIC) 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a debt for equity swap).

The remaining developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of this interim financial report.

3. Segment reporting

The Group manages its businesses by divisions organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Energy equipment: this segment specialises in the manufacture and sale of a wide range of equipment for the storage, transportation, processing and distribution of natural gas such as compressed natural gas trailers, seamless pressure cylinders, liquefied natural gas ("LNG") trailers, LNG storage tanks, liquefied petroleum gas ("LPG") tanks, LPG trailers, natural gas refuelling station systems and natural gas compressors.
- Chemical equipment: 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 gasified chemicals.

- Liquid food equipment: this segment specialises in the engineering, manufacture and sale of stainless steel tanks for storage and processing of liquid food such as beer, fruit juice and milk.

(a) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management 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 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 adjusted profit from operations, the Group's profits are further adjusted for items not specifically attributed to an individual reportable segment, such as directors' remuneration, auditors' remuneration and other head office or corporate administrative expenses.

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

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

	Energy equipment		Chemical equipment		Liquid food equipment		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue from external customers	**1,478,643**	992,908	**1,296,914**	432,011	**292,313**	207,280	**3,067,870**	1,632,199
Inter-segment revenue	**-**	12	**-**	–	**-**	–	**-**	12
Reportable segment revenue	**1,478,643**	992,920	**1,296,914**	432,011	**292,313**	207,280	**3,067,870**	1,632,211
Reportable segment profit (adjusted profit from operations)	**237,770**	120,056	**116,367**	46,146	**4,626**	18,303	**358,763**	184,505

	Energy equipment		Chemical equipment		Liquid food equipment		Total	
	At 30 June 2011	At 31 December 2010	**At 30 June 2011**	At 31 December 2010	**At 30 June 2011**	At 31 December 2010	**At 30 June 2011**	At 31 December 2010
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Reportable segment assets	**3,233,394**	2,773,595	**1,897,695**	1,332,063	**724,493**	679,813	**5,855,582**	4,785,471
Reportable segment liabilities	**1,524,448**	1,195,906	**1,028,734**	489,848	**166,911**	161,748	**2,720,093**	1,847,502

(b) Reconciliations of reportable segment revenue, profit, assets and liabilities

	Six months ended 30 June 2011 RMB'000	Six months ended 30 June 2010 RMB'000
Revenue		
Reportable segment revenue	**3,067,870**	1,632,211
Elimination of inter-segment revenue	**–**	(12)
Consolidated turnover	**3,067,870**	1,632,199

	Six months ended 30 June 2011 RMB'000	Six months ended 30 June 2010 RMB'000
Profit		
Reportable segment profit	**358,763**	184,505
Elimination of inter-segment profits	**(1,719)**	(1,024)
Reportable segment profit derived from the Group's external customers	**357,044**	183,481
Finance costs	**(6,546)**	(3,500)
Unallocated operating income and expenses	**(23,274)**	(20,026)
Consolidated profit before taxation	**327,224**	159,955

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Assets		
Reportable segment assets	**5,855,582**	4,785,471
Elimination of inter-segment receivables	**(34,102)**	(7,234)
	5,821,480	4,778,237
Deferred tax assets	**36,427**	28,926
Unallocated assets	**122,828**	41,313
Consolidated total assets	**5,980,735**	4,848,476

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Liabilities		
Reportable segment liabilities	**2,720,093**	1,847,502
Elimination of inter-segment payables	**(34,102)**	(7,234)
	2,685,991	1,840,268
Income tax payable	**34,697**	22,585
Deferred tax liabilities	**102,830**	98,471
Unallocated liabilities	**50,568**	72,509
Consolidated total liabilities	**2,874,086**	2,033,833

4. Turnover

The Group is principally engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the energy, chemical and liquid food industries. Turnover represents the sales value of goods sold after allowances for returns of goods, excludes value added or other sales taxes and is after the deduction of any trade discounts.

5. Other revenue and other net expenses

		Six months ended 30 June	
		2011	2010
		RMB'000	RMB'000
Other revenue			
Government grants	*(i)*	**4,739**	5,119
Other operating revenue	*(ii)*	**39,217**	28,891
Interest income from bank deposits		**7,995**	4,814
		51,951	38,824

(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 subcontracting service and the sale of scrap materials.

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Other net expenses		
Net gain on disposal of property, plant and equipment	**29**	28
Charitable donations	**(407)**	(138)
Other net income/(expenses)	**113**	(872)
	(265)	(982)

6. Profit before taxation

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

(i) *Finance costs*

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Interest on bank loans and other borrowings	**9,146**	4,282
Foreign exchange gain	**(3,355)**	(1,290)
Finance charges	**755**	508
	6,546	3,500

(ii) *Other items*

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Depreciation of property, plant and equipment	**49,191**	46,723
Amortisation of intangible assets	**4,183**	4,337
Amortisation of lease prepayments	**2,402**	2,146
Reversal of impairment losses of trade receivables	**(5,810)**	(2,047)
Impairment losses for trade receivables	**2,143**	3,837
Impairment losses for other receivables	**125**	3
Write-down of inventories	**1,767**	4,855
Reversal of write-down of inventories	**(1,571)**	(25,602)
Research and development expenses	**33,503**	26,246
Operating lease charges for property rental	**3,238**	1,775
Provision for product warranties	**11,807**	2,063
Equity-settled share-based payment expenses	**6,672**	23,200

7. Income tax

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Current tax	**76,841**	30,876
Deferred tax	**(6,692)**	10,185
	70,149	41,061

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 period. Profits of the Group's operating subsidiaries are subject to income taxes in the respective tax jurisdictions.

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%.

Pursuant to the relevant laws and regulations in the PRC, the Company's certain subsidiaries in the PRC are entitled to a preferential tax treatment applicable to advanced and new technology enterprises and are subject to income tax rate at 15%.

During the six months ended 30 June 2011, the Company's certain subsidiaries in the PRC were enjoying the aforesaid tax relief and accordingly the Company's subsidiaries in the PRC were subject to income tax at 15% to 25% (six months ended 30 June 2010: 12.5% to 25%).

Pursuant to the Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and jurisdiction of the foreign investors. According to the tax treaty between Hong Kong Special Administrative Region and the PRC for avoidance of double taxation and prevention of tax evasion, dividends declared from PRC subsidiaries to Hong Kong holding companies are subject to 5% withholding income tax from 1 January 2008 onwards. As at 30 June 2011, deferred tax liability recognised in this regard was RMB41,807,000 (31 December 2010: RMB36,480,000).

Taxation of Dutch subsidiaries, Belgian subsidiaries and Danish subsidiaries are charged at the current rates of 25%, 33.99% and 25% respectively ruling in the relevant countries and are calculated on a stand-alone basis.

8. 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:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**252,425**	115,372

	Six months ended 30 June	
	2011	2010
Number of shares		
Weighted average number of ordinary shares	**857,452,201**	857,452,201
Weighted average number of non-redeemable convertible preference shares	**1,015,641,321**	1,015,641,321
Weighted average number of shares for the purpose of basic earnings per share	**1,873,093,522**	1,873,093,522
Effect of dilutive potential ordinary shares in respect of the Company's share options scheme *(note 15)*	**–**	6,861,684
Weighted average number of shares for the purpose of diluted earnings per share	**1,873,093,522**	1,879,955,206

9. Property, plant and equipment

During the six months ended 30 June 2011, the addition of property, plant and equipment (including transfer from construction in progress) of the Group amounted to RMB18,520,000 (six months ended 30 June 2010: RMB84,540,000). Items of property, plant and equipment with net book value totalling RMB350,000 were disposed of during the six months ended 30 June 2011 (six months ended 30 June 2010: RMB25,000), resulting in a gain on disposal of RMB29,000 (six months ended 30 June 2010: a gain on disposal of RMB28,000).

10. Inventories

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Raw materials	**821,117**	581,197
Consignment materials	**174,959**	70,005
Goods in transit	**12,933**	–
Work in progress	**446,647**	325,995
Finished goods	**328,220**	347,544
	1,783,876	1,324,741

During the six months ended 30 June 2011, RMB1,767,000 (six months ended 30 June 2010: RMB4,855,000) has been recognised as a reduction in the amount of inventories as an expense in profit or loss during the period to write down the inventories to estimated net realisable value. RMB1,571,000 of a write-down of inventories (six months ended 30 June 2010: RMB25,602,000) was reversed during the six months ended 30 June 2011. This reversal arose due to sale of certain products for which a write-down was made in prior years.

11. Trade and bills receivable

An ageing analysis of trade and bills receivable is as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Current	1,171,659	587,507
Less than 1 month past due	4,653	92,557
1 to 3 months past due	13,232	64,205
More than 3 months but less than 12 months past due	16,373	128,479
More than 12 months past due	3,333	5,882
Amounts past due	37,591	291,123
	1,209,250	878,630

Trade and bills receivable (net of impairment losses for bad and doubtful debts) are expected to be recovered within one year. In general, debts are due for payment upon billing. Subject to negotiation, credit terms up to twelve months are available for certain customers with well-established trading and payment records on a case-by-case basis.

12. Cash at bank and in hand

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Cash and cash equivalents		
– Cash in hand and demand deposits	616,277	763,899
– Restricted bank deposits for letters of credit, bills payable and bank loans within three months of maturity	240,583	59,133
– Bank overdrafts	(6,554)	(17,346)
	850,306	805,686
Restricted bank deposits for letters of credit, bills payable and bank loans with maturity of more than three months	117,071	118,077
Add back bank overdrafts	6,554	17,346
	973,931	941,109

13. Bank loans and overdrafts

At 30 June 2011, the bank loans and overdrafts were repayable as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Within 1 year or on demand	**491,601**	99,699
After 1 year but within 2 years	**–**	21,980
	491,601	121,679

At 30 June 2011, secured bank loans of RMB226,506,000 (31 December 2010: RMB19,769,000) were secured by a pledge of restricted bank deposits which had a carrying amount of RMB230,577,000 (31 December 2010: RMB19,769,000). Save as disclosed above, all the bank loans and overdrafts were unsecured. The annual rate of interest charged on the bank loans ranged from 2.44% to 6.37% for the six months ended 30 June 2011 (six months ended 30 June 2010: 1.9% to 5.3%).

14. Trade and bills payable

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Trade creditors	1,026,356	737,620
Bills payable	150,000	134,420
	1,176,356	872,040

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

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Due within 3 months or on demand	1,167,523	866,926
Due after 3 months but within 12 months	8,833	5,114
	1,176,356	872,040

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

15. Equity-settled share-based transactions

The Company has a share option scheme which was adopted on 12 July 2006 whereby the directors of the Company are authorised, at their discretion, to invite eligible persons to take up options at a consideration of HKD1.00 to subscribe for shares of the Company. The options vest 50% after one year and 50% after two years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in the Company. On 11 November 2009, 43,750,000 share options were granted to certain eligible persons of the Group. No options were granted during the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

The options outstanding at 30 June 2011 had an exercise price of HKD4.00 and a weighted average remaining contractual life of 8.33 years commencing on the date of grant. 20,550,000 options had become exercisable on 11 November 2010 and 20,300,000 options will become exercisable on 11 November 2011.

16. Capital, reserves and dividends

(a) *Dividends*

No dividend has been paid or declared by the Company during the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

(b) *Contributed surplus*

The contributed surplus of the Group includes the difference between (a) the nominal value of the share capital and the existing balance on the share premium account of a subsidiary acquired; and (b) the nominal value of the shares issued by the Company in exchange under a reorganisation of the Group during the year ended 31 December 2005.

The contributed surplus of the Group also includes the difference between (a) the consolidated net assets of the subsidiaries acquired; and (b) the nominal value of the shares issued by the Company in exchange for the acquisition of certain subsidiaries during the year ended 31 December 2009.

(c) *Capital reserve*

Capital reserve comprises the portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognised as an employee cost with a corresponding increase in a capital reserve within equity.

(d) *General reserve fund*

The Group's wholly-owned subsidiaries in the PRC are required to transfer 10% of their net profits, as determined in accordance with PRC accounting rules and regulations, to the general reserve fund until the balance reaches 50% of the registered capital of the respective subsidiary. The general reserve fund can be used for the subsidiaries' working capital purposes and to make up for previous years' losses, if any. This fund can also be used to increase the capital of the subsidiaries, if approved. This fund is non-distributable other than upon liquidation. Transfers to this fund must be made before distributing dividends to the Company.

17. Commitments

(a) Capital commitments outstanding at 30 June 2011 not provided for in the interim financial report were as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Contracted for		
– Production facilities	**52,462**	30,679
– Lease prepayments	**–**	92,946
	52,462	123,625

As at 30 June 2011, the Group did not have any authorised but not contracted for capital commitments (31 December 2010: Nil).

(b) At 30 June 2011, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Within 1 year	**4,972**	2,971
After 1 year but within 5 years	**4,238**	5,208
After 5 years	**14,446**	13,577
	23,656	21,756

The Group leases a number of properties and office equipment under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases include contingent rentals.

18. Material related party transactions

(a) Transactions with China International Marine Containers (Group) Co., Ltd. and its subsidiaries

		Six months ended 30 June	
		2011	2010
		RMB'000	RMB'000
Nature of transactions			
Sales	*(i)*	**123,338**	79,415
Purchases	*(ii)*	**80,543**	47,480
Comprehensive service charges	*(iii)*	**2,570**	1,489
Processing service charges	*(iv)*	**4,904**	1,103

(i) Sales to related parties mainly represent sale of products to related parties.

(ii) Purchases from related parties mainly represent purchases of raw materials for production.

(iii) Comprehensive service charges mainly represent services including staff messing, medical and general services provided to the Group by related parties.

(iv) Processing service charges mainly represent processing services, site leasing and other related services provided to the Group by related parties.

(b) Amounts due from/(to) related parties

	At 30 June	At 31 December
	2011	2010
	RMB'000	RMB'000
Trade receivables for products sold	**71,368**	32,471
Trade payables for receipts in advance for sales and payables for purchases of raw materials	**(58,619)**	(56,943)

Management Discussion and Analysis

The Board of Directors of CIMC Enric Holdings Limited (the "Company", and together with its subsidiaries, the "Group") is pleased to present the interim financial report of the Group for the six months ended 30 June 2011 set out on pages 4 to 26 of this report together with the comparative figures for the corresponding period in 2010.

The interim financial report is unaudited but has been reviewed by the Company's independent auditor, KPMG, and the Audit Committee.

Business Review

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

Product portfolio

The three business segments of the Group are primarily carried out by seven operating units under different brand names:

<u>Energy equipment</u>

- Compressed natural gas ("**CNG**") seamless pressure cylinders
- CNG trailers
- Liquefied natural gas ("**LNG**") trailers and tanks
- CNG, LNG and liquefied compressed natural gas ("**LCNG**") refueling station systems
- Liquefied petroleum gas ("**LPG**") tank trucks and tanks
- Natural gas compressors
- Project engineering services, e.g. LNG application projects

Energy equipment is mainly sold under the brand names of "Enric", "Sanctum" and "Hongtu".

<u>Chemical equipment</u>

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

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

Liquid food equipment

- Stainless steel processing and storage tanks

- Project engineering services, e.g. turnkey projects for the processing and distribution of beer and fruit juice

These products and services are branded under the name "Holvrieka".

Operational performance

Turnover

Due to the continuous growth in global demand for equipment for the storage and transportation of natural gas and specialty gases, particularly in China, the energy equipment segment experienced a robust growth in the first half of 2011. With a recovering global economy, the demand for tank containers for transportation of chemicals rose sharply during the period and drove the chemical equipment segment's remarkable surge in turnover. Although, the business environment of liquid food equipment remained challenging, the segment posted an upswing in turnover due to an increase in order intakes. As a result, the turnover for the first half of 2011 increased by 88.0% to RMB3,067,870,000 over the same period of previous year (corresponding period in 2010: RMB1,632,199,000). The performance of each segment is discussed below:

Energy equipment is the top grossing segment of the Group which accounted for 48.2% (corresponding period in 2010: 60.8%) of the overall turnover. The segment's turnover recorded a robust growth of 48.9% to RMB1,478,643,000 (corresponding period in 2010: RMB992,908,000) with LNG storage and transportation equipment being one of the main contributors to the segment's growth.

Chemical equipment segment is the star performer of the Group during the period with turnover surged significantly by 200.2% to RMB1,296,914,000 (corresponding period in 2010: RMB432,011,000) and contributed 42.3% (corresponding period in 2010: 26.5%) of the overall turnover, making it the second top grossing segment of the Group during the period.

Turnover of liquid food equipment segment was RMB292,313,000 (corresponding period in 2010: RMB207,280,000), representing a rise of 41.0% and accounted for 9.5% (corresponding period in 2010: 12.7%) of the overall turnover.

Gross profit margin and profitability

The energy equipment segment's gross profit margin ("GP margin") rose by 2.6 percentage points to 24.2% (corresponding period in 2010: 21.6%). The improvement in the segment's GP margin was mainly contributed by the increased GP margin of LNG storage and transportation products which raised the average selling price amidst strong demands.

The chemical equipment segment saw its GP margin improved from 10.3% in the same period last year to 13.5% during the period. The rise in the sales volume results in the economies of scale which is the main reason for the segment's increased GP margin when comparing with the same period last year.

The liquid food equipment segment's GP margin fell to 10.3% from 23.2% in the same period last year. In order to boost sales order intakes, the segment has adopted an aggressive pricing strategy which adversely affected the segment's GP margin.

Despite an improvement in the chemical equipment segment's GP margin, the increase in turnover contribution of that segment has slightly dragged down the Group's overall GP margin by 0.5 percentage point to 18.3% (corresponding period in 2010: 18.8%).

Profit from operations expressed as a percentage of turnover increased by 0.9 percentage point to 10.9% (corresponding period in 2010: 10.0%) which is mainly attributable to the economies of scale that saw selling expenses and general and administrative expenses increased at a slower pace than the growth in turnover. In addition, the sharp decrease in equity-settled share-based payment expenses from RMB23,200,000 in the same period last year to RMB6,672,000 in current period is a main factor in reining in the general and administrative expenses.

Research and development

In the six months ended 30 June 2011, several R&D projects and manufacturing technology enhancement projects were undergone at the same time. The Group devoted RMB33,503,000 (corresponding period in 2010: RMB26,246,000) to the R&D of new products and manufacturing technologies.

During the period, projects for CNG ship applications, silane gas containers and LNG tanks with a volume of 20,000cbm were in different development stages. The Group will continue to devote more resources to turn these R&D projects into business opportunities in the foreseeable future.

The Group has successfully developed larger-volume lightweight CNG trailers and large-scale liquefied hydrogen tank. These are products which feature high-tech and low-carbon content.

Production capacity

In the first half of this year, the Group invested RMB209,914,000 in capital expenditure.

The investment mainly went to enhancement of energy equipment production facilities in the PRC which includes acquisition of land and construction of factory buildings for relocating the compressors production plant from the existing location to a newly developed industrial park in Bengbu. In addition, the Group is building a light weight composite cylinder production line in Shijiazhuang, expanding the LNG production facilities in Zhangjiagang and the LPG product plant in Jingmen. In anticipation of increase in demand for tank containers, the Group has also invested in enhancing the production capacities of the tank container production base in Nantong.

The Group's major production plants of energy equipment and chemical equipment are located in six cities across four provinces in the PRC, which are Nantong and Zhangjiagang of Jiangsu province, Shijiazhuang and Langfang of Hebei province, Jingmen of Hubei province and Bengbu of Anhui province. Production plants of liquid food equipment are mainly at Emmen and Sneek of the Netherlands, Randers of Danmark, and Menen of Belgium.

Sales and marketing

The Group runs sales offices in the PRC and South-east Asia.

Energy and chemical products and services are delivered across the PRC and exported to South-east Asia, Europe and North America. Liquid food products and services are mostly sold in Europe.

The Group is committed to build a wide and solid customer network, especially with industry heavyweights and customers of great growth potentials. The Group's top customers are big names, for example, PetroChina, ENN Energy, Jincheng Anthracite Mining Group, Xinjiang Guanghui, Air Products, EXSIF, TAL International, Sinochem International and Stolt-Nielsen.

In order to capitalise the business opportunities in overseas countries and diversify revenue sources, the Group is expanding its overseas markets. During the period, the Group's revenue derived from overseas amounted to RMB1,473,991,000 (corresponding period in 2010: RMB644,535,000). Special focus remains on emerging markets, such as South-east Asia, Central Asia and South America. The Group has organised visits to several emerging markets during the period, so as to gather local market information and meantime promote its products and services.

Since the set-up of a representative office in South-east Asia has boosted local sales and allowed direct access to customers in surrounding regions, the Group will look for opportunities to set up more representative offices in various Asian countries to facilitate sales and promotion.

Meanwhile, by providing referral arrangement for finance lease, the Group is able to solicit and retain more customers especially under this competitive business environment and the tightening monetary conditions in China.

Cost control

With firm determination to maximise cost efficiency, the Group continues to implement cost control and management enhancement programs. During the period, operational efficiency and quality have seen encouraging improvement with internal resources better allocated and shared among operating units.

Purchase of raw materials commonly used by different operating units of the Group has been centralised and made in bulk order. Regular meetings with subsidiaries have been held to discuss and formulate procurement plans. During the period, satisfactory results in cost reduction have been accomplished.

The Group has also achieved cost reduction through optimising product design and production processes. For instance, the Group has been manufacturing key components on its own to maintain cost efficiency.

Customer service

The Group values long-standing relationship with customers. Timely delivery of after-sales customer service and technical support is pledged. Company visits are arranged regularly for local and overseas customers who are interested in gaining a better understanding of the daily operation and production processes of the Group.

Moreover, the Group organises regular conferences where customers are encouraged to share their opinion on the Group's products and services.

The Group, in collaboration with the Chinese Institute of Specialty Equipment Inspection and Testing (中國特種設備檢測研究院), has established five examination centres for CNG trailers and other high pressure cylinder trailers in Changzhou, Urumqi, Xi'an, Shenyang and Haikou, the PRC. Construction of another one in Yangzhou is in progress and is expected to complete in the second half of this year. These examination centres are authorised to provide safety examinations for high pressure cylinder trailers required for special-vehicle license renewal in accordance with relevant safety regulations.

Human resources

At 30 June 2011, the total number of employees of the Group was approximately 7,510. Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) were approximately RMB378,169,000 (corresponding period in 2010: RMB205,081,000).

There have been no material changes in respect of employee incentive and bonus policies, share option scheme and training scheme as disclosed in Annual Report 2010.

Financial Resources Review

Liquidity and financial resources

At 30 June 2011, the Group recorded cash on hand of RMB973,931,000 (31 December 2010: RMB941,109,000) and bank loans and overdrafts of RMB491,601,000 (31 December 2010: RMB121,679,000). A portion of the Group's bank deposits totalling RMB117,071,000 (31 December 2010: RMB118,077,000), which had more than three months of maturity at acquisition, were restricted for securing letters of credit, bills payable and bank loans. The Group has maintained sufficient cash on hand for repayment of bank loans as they fall due and has continued to take a prudent approach in future development and capital expenditure. Accordingly, the Group has been cautious in managing its financial resources and will constantly review and maintain an optimal gearing level.

At 30 June 2011, the Group's bank loans and overdrafts amounted to RMB491,601,000 (31 December 2010: RMB121,679,000) and apart from the HKD25,000,000 (equivalent to RMB21,193,000) three-year term loan that bears interest at floating rates, the remaining bank loans bear interest at rates from 2.44% to 6.37% per annum and repayable within one year. At 30 June 2011, secured bank loans of RMB226,506,000 (31 December 2010: 19,769,000) were secured by a pledge of restricted bank deposits which had a carrying amount of RMB230,577,000 (31 December 2010: 19,769,000). As of 30 June 2011, bank loans amounting to RMB258,541,000 (31 December 2010: RMB84,564,000) were guaranteed by the Company's subsidiaries.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (31 December 2010: zero times) as the Group retained a net cash balance of RMB482,330,000 (31 December 2010: RMB819,430,000). The decrease in net cash balance is arising from the increment of short term bank loans, which is mainly to fulfill the higher working capital requirement for expanding trade volume. The Group's interest coverage was 36.8 times for the period (31 December 2010: 31.5 times) which demonstrates that the Group is fully capable of meeting its interest expense commitments.

During the period, net cash used in operating activities amounted to RMB171,940,000; whilst RMB21,265,000 was generated from operating activities for the same period last year. The negative operating cash flow is attributable to the higher raw material reserve as a result of strong sales order in the second half of 2011. The Group drew bank loans of RMB464,979,000 (31 December 2010: RMB39,769,000) and repaid RMB84,265,000 (31 December 2010: RMB117,584,000).

Assets and liabilities

At 30 June 2011, total assets of the Group amounted to RMB5,980,735,000 (31 December 2010: RMB4,848,476,000) while total liabilities were RMB2,874,086,000 (31 December 2010: RMB2,033,833,000). The net asset value rose by 10.3% to RMB3,106,649,000 (31 December 2010: RMB2,814,643,000) which was mainly attributable to the net profit of RMB257,075,000 and exchange difference on translation of financial statements of overseas subsidiaries of RMB28,259,000 for the period. As a result, the net asset value per share increased to RMB1.659 at 30 June 2011 from RMB1.503 at 31 December 2010.

Contingent liabilities

At 30 June 2011, the Group did not have any significant contingent liabilities.

Capital commitments

At 30 June 2011, the Group had contracted but not provided for capital commitments of RMB52,462,000 (31 December 2010: RMB123,625,000). As of 30 June 2011, the Group did not have authorised but not contracted for capital commitments (31 December 2010: Nil).

Foreign exchange exposure

The Group is exposed to foreign currency risk primarily through trade transactions that are denominated in a currency other than its functional currency. The currency giving rise to this risk to the Group is primarily US dollars. The Group continuously monitors its foreign exchange exposure and controls such exposure by conducting its business activities and raising funds primarily in the denominations of its principal operating assets and revenue. Moreover, if necessary, the Group enters into foreign exchange forward contracts with reputable financial institutions to hedge foreign exchange risk.

Future plans for material investments and expected source of funding

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 bank loans. The Group has sufficient resources of funding and unutilised banking facilities to meet future capital expenditure and working capital requirement. As of 30 June 2011, the Group had total capital commitments of RMB52,462,000.

In order to enhance the operating cash flow in the second half of 2011, the Group will take particular caution on the inventory level, credit policy as well as receivable management.

Future Plans and Strategies

As expected, the Chinese government has tightened its monetary policies this year for controlling mounting inflationary pressure. At the same time, the economy of China has maintained a sustainable growth in the first half of 2011. During the period, the GDP in China has expanded by 9.6% as compared with the same period of 2010. Even though the global economic landscape for the rest of the year still faces uncertainties, the Group holds a prudently optimistic attitude on the outlook of the industry sectors the Group is engaged in.

Facing the uncertainties of the global economy, the Group will adhere to its cash flow planning and control measures, including tightening control of the operational cash flow and maintaining good relationship with commercial banks for securing sufficient fund for financing investment activities. Moreover, the Group has been enhancing its cost control measures. The Group will continue to use more domestic components for cost benefit and quality control will not be compromised.

As well, the Group has put great effort in enhancing its internal control regime for minimising risks as the Group understands that good corporate governance is one of the requisites for long-term corporate development. In the second half of the year, the Group will review its internal control systems continuously in accordance with its annual planning.

In respect of industry overview, China has reported an increase of 21.0% in natural gas consumption to 63.1 billion cubic meters ("bcm") in the first half of the year. With the PRC government's plan to boost natural gas consumption and the significant investment in the natural gas industry, the Group's energy equipment segment remains focused on developing natural gas storage, transportation and distribution equipment business. Apart from enhancing its existing products and services, the Group will continue to develop new revenue sources, such as offering project engineering services and one-stop energy supply solutions for natural gas operators in China.

China has imported 7.2 bcm of LNG during the period, which has increased by approximately 27.9% over the corresponding period of last year. The demand for LNG is expected to rocket by 2020 and billions of dollars have been poured into development of LNG infrastructure. In order to meet the rising demand for LNG equipment, the Group has been expanding the capacity of LNG equipment production facilities. In addition, the Group will endeavour to reinforce its market share of LNG equipment, such as LNG refueling station systems, natural gas liquefaction system and LNG trailers.

With its leading position in the tank container manufacturing business, the Group will endeavour to maintain competitive edges by enhancing the product quality and production capacity of tank containers, as the Group believes that there is a large room for development in its tank container business, and will gradually input resources to capture opportunities in light of the expanding market.

Apart from the production aspect, the other area of strategies for the chemical equipment segment is sales and marketing. The Group will adopt a proactive strategy to enlarge its market share of the tank container business and penetrate into more overseas markets. The Group has also been capitalising on business opportunity for special tank containers which can be tailor-made for the needs of different customers, enabling this to become a new income driver of the Group.

The Group's liquid food equipment segment has been planning to gradually increase its market concentration in emerging countries like India, Brazil and China. In-depth analysis with local visits have been conducted to study the market opportunities in these countries.

Thanks for the trust of customers in the Group's products and services and the dedicated efforts of all staff, the Group has achieved a significant growth in the first half of the year. The Group is confident that its strategies and measures are well positioned to strive for satisfactory results and overcome new challenges.

Supplementary Information

Directors' Interests in Shares

As at 30 June 2011, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long position in the shares of the Company

Director	Capacity	Class of shares of the Company	Number of shares held	% of issued share capital of the relevant class of shares *(Note 1)*
Zhao Qingsheng	Beneficial owner	Ordinary	214,000	0.02%
Jin Yongsheng	Beneficial owner	Ordinary	246,000	0.03%
Petrus Gerardus Maria van der Burg	Interest of controlled corporation	Ordinary	103,905,085 *(Note 2)*	12.12%

Notes:

1. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2011, which was 857,452,201.

2. These 103,905,085 ordinary shares are held by P.G.M. Holding B.V. ("PGM"), which is controlled by Mr. van der Burg.

Long positions in underlying shares of equity derivatives of the Company

Options were granted by the Company on 11 November 2009 under a share option scheme approved by the shareholders on 12 July 2006 (the "Share Option Scheme" or the "Scheme"). Details of which were set out under the section headed "Share Options" on pages 40 to 41.

Long positions in the shares of associated corporations

Associated corporation	Name of Director	Capacity	Number of shares held	Shareholding %
CIMC Vehicle (Group) Co., Ltd. ("CIMC Vehicle Group")	Zhao Qingsheng	Beneficiary of a trust *(Note 1)*	3,000,000	1.36% *(Note 2)*
	Gao Xiang	Beneficiary of a trust *(Note 1)*	1,000,000	0.45% *(Note 2)*
	Jin Jianlong	Beneficiary of a trust *(Note 1)*	2,000,000	0.91% *(Note 2)*
	Yu Yuqun	Beneficiary of a trust *(Note 1)*	2,000,000	0.91% *(Note 2)*
China International Marine Containers (Group) Co., Ltd. ("CIMC")	Zhao Qingsheng	Beneficial owner *(Note 3)*	1,500,000	0.06% *(Note 4)*
	Gao Xiang	Beneficial owner *(Note 3)*	500,000	0.02% *(Note 4)*
	Jin Jianlong	Beneficial owner *(Note 3)*	1,000,000	0.04% *(Note 4)*
	Yu Yuqun	Beneficial owner *(Note 3)*	1,000,000	0.04% *(Note 4)*

Notes:

1. Pursuant to a stock credit plan (the "Stock Credit Plan") adopted by CIMC Vehicle Group, China Resources SZITIC Trust Co., Ltd. has been appointed as trustee to acquire and to hold on trust, for the benefit of certain employees of CIMC Vehicle Group, a 20% equity interest in CIMC Vehicle Group. Under the Stock Credit Plan, there are a total of 220,700,000 units, of which 181,395,000 units were allocated as at 30 June 2011. Mr. Zhao, Mr. Gao, Mr. Jin and Mr. Yu, all being Executive Directors, are participants in the Stock Credit Plan, with 3,000,000 units, 1,000,000 units, 2,000,000 units and 2,000,000 units allocated respectively. CIMC Vehicle Group holds as to 100% of CIMC Vehicle Investment Holdings Company Limited ("CIMC Vehicle"). Hence, Mr. Zhao, Mr. Gao, Mr. Jin and Mr. Yu are deemed to be interested in the relevant class of shares of the Company held by CIMC Vehicle as a beneficiary of a trust.

2. The percentage is calculated based on the total number of allocated stock credit units under the Stock Credit Plan as at 30 June 2011, which was 220,700,000.

3. Mr. Zhao, Mr. Gao, Mr. Jin and Mr. Yu were granted stock options by CIMC, an associated corporation of the Company listed on the Shenzhen Stock Exchange, with 1,500,000 units, 500,000 units, 1,000,000 units and 1,000,000 units of options respectively on 28 September 2010, pursuant to a stock option incentive scheme adopted by CIMC. The stock options granted to any grantee are exercisable at an exercise price of RMB12.39 per share, and 25% of which are exercisable between 28 September 2012 and 26 September 2014; another 75% of which are exercisable between 29 September 2014 and 25 September 2020.

4. The percentage is calculated based on the total number of share capital of CIMC in issue as at 30 June 2011, which was 2,662,396,051.

Save as disclosed above, as at 30 June 2011, no other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations were recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, no person had any rights to subscribe for equity or debt securities of the Company as at 30 June 2011, nor have any such rights been granted or exercised during the interim period.

Substantial Shareholders' Interests in Shares

As at 30 June 2011, the interests and short positions of every substantial shareholder, other than the Directors and the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Substantial shareholder	Capacity	Class of shares of the Company	Number of shares held	% of issued share capital of the relevant class of shares *(Note 1)*
CIMC	Interest of controlled corporation	Ordinary	485,250,116 *(Note 2)*	56.59%
	Interest of controlled corporation	Preference	1,015,641,321 *(Note 3)*	100%
China International Marine Containers (Hong Kong) Limited ("CIMC HK")	Interest of controlled corporation	Ordinary	190,703,000 *(Note 4)*	22.24%
	Beneficial owner	Ordinary	254,405,490	29.67%
	Beneficial owner	Preference	877,227,155	86.37%
Charm Wise Limited ("Charm Wise")	Beneficial owner	Ordinary	190,703,000 *(Note 4)*	22.24%
PGM	Beneficial owner	Ordinary	103,905,085	12.12%
The Hamon Investment Group Pte Limited	Investment manager	Ordinary	69,904,000	8.15%
The Dreyfus Corporation	Investment manager	Ordinary	51,542,000	6.01%

Notes:

1. The percentages are calculated based on the total number of ordinary shares and preference shares (as appropriate) of the Company in issue as at 30 June 2011, which were 857,452,201 and 1,015,641,321 respectively. The preference shares are convertible into ordinary shares on one-on-one basis. Generally, the holders of preference shares shall not be entitled to vote at general meetings of the Company except for certain situations set out in the articles of associations of the Company.

2. These ordinary shares comprise 190,703,000 ordinary shares held by Charm Wise, 254,405,490 ordinary shares held by CIMC HK and 40,141,626 ordinary shares held by CIMC Vehicle. Charm Wise and CIMC HK are wholly-owned subsidiaries of CIMC, and CIMC Vehicle is controlled by CIMC as to 80%.

3. These preference shares refer to the 877,227,155 preference shares held by CIMC HK and 138,414,166 preference shares held by CIMC Vehicle. CIMC HK is wholly owned by CIMC and CIMC Vehicle is controlled by CIMC as to 80%.

4. The two references to 190,703,000 ordinary shares refer to the same block of shares held by Charm Wise, which is directly held by CIMC HK as to 100%.

Save as disclosed above, as at 30 June 2011, (i) the register required to be kept under section 336 of the SFO recorded no other interests or short positions in the shares or underlying shares of the Company and (ii) the Directors are not aware of any other persons or corporations who were interested in 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Share Options

The Company has adopted the Share Option Scheme pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company on 12 July 2006. Its purpose is to provide incentives and rewards to employees and Directors and eligible persons for their contributions to the Group. Details of the terms thereof are set out in the Annual Report 2010.

As at the date of this report, a total of 43,750,000 ordinary shares of HK$0.01 each in the capital of the Company were granted and accepted by the respective participants under the Scheme. During the six months ended 30 June 2011, movements of the options under the Scheme were as follows:

			Number of share options				
Grantee	**Date of grant**	**Exercisable period** *(Note 1)*	**outstanding at 1 January 2011**	**granted during the period**	**exercised during the period**	**lapsed during the period**	**outstanding at 30 June 2011**
Directors							
Zhao Qingsheng	11/11/2009	11/11/2010 – 10/11/2019	1,000,000	–	–	–	1,000,000
Gao Xiang	11/11/2009	11/11/2010 – 10/11/2019	1,000,000	–	–	–	1,000,000
Jin Jianlong	11/11/2009	11/11/2010 – 10/11/2019	800,000	–	–	–	800,000
Yu Yuqun	11/11/2009	11/11/2010 – 10/11/2019	800,000	–	–	–	800,000
Jin Yongsheng	11/11/2009	11/11/2010 – 10/11/2019	500,000	–	–	–	500,000
Mr. van der Burg	11/11/2009	11/11/2010 – 10/11/2019	1,000,000	–	–	–	1,000,000
Wong Chun Ho	11/11/2009	11/11/2010 – 10/11/2019	500,000	–	–	–	500,000
			5,600,000	–	–	–	5,600,000
Employees	11/11/2009	11/11/2010 – 10/11/2019	26,425,000	–	–	(525,000)	25,900,000
Other participants	11/11/2009	11/11/2010 – 10/11/2019	9,350,000	–	–	–	9,350,000
Total			41,375,000	–	–	(525,000)	40,850,000

Notes:

1. Subject to certain conditions as stated in the offer letter to the respective grantee, 50% of the options granted to any grantee become exercisable upon the expiry of 12 months from 11 November 2009 (i.e. from 11 November 2010), and up to 10 November 2019; another 50% of the options granted to any grantees become exercisable upon the expiry of 24 months from 11 November 2009 (i.e. from 11 November 2011), and up to 10 November 2019.

2. The exercise price of all the options granted is HK$4.00 per share.

3. The closing price per share immediately before the date of grant was HK$3.80.

Pursuant to an ordinary resolution passed at the annual general meeting on 20 May 2011, the Company is entitled to grant further options under the Scheme to subscribe for up to 85,745,220 shares, subject to the Stock Exchange's approval for the listing of, and permission to deal in the shares which may be allotted and issued on exercise of these new options under the Scheme.

As at the date of this report, a total of 86,515,220 shares, representing 10.09% of the issued ordinary share capital of the Company are available for grant under the Scheme.

As at the date of this report, a total of 127,365,220 shares, representing 14.85% of the issued ordinary share capital of the Company, are available for issue under the Scheme.

Save as disclosed above, no options were granted, exercised, lapsed or cancelled during the six months ended 30 June 2011.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the Company's code of conduct regarding Directors' transactions of the securities of the Company. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code in their securities transactions throughout the six months ended 30 June 2011.

Corporate Governance

The Company complied with all the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2011.

The latest corporate governance report of the Company is set out in the Annual Report 2010.

Audit Committee and Other Board Committees

The Audit Committee comprises three Independent Non-executive Directors. The primary duties of the committee are, amongst other things, to review and supervise over the financial reporting procedures and internal control system of the Group. The Audit Committee has reviewed and discussed with management the unaudited interim financial report of the Group for the six months ended 30 June 2011.

In addition, the Board has established a Remuneration Committee and a Nomination Committee. Each of the committees has a majority of Independent Non-executive Directors.

Full terms of reference of the above-mentioned committees are available on request or on the Company's website.

Biographical Details of Directors and Senior Management

The biographical details of Directors and senior management of the Company can be referred to the Annual Report 2010, except the following changes in a director's biography available to the Company during the period and up to the date of this report:

Mr. Wong Chun Ho, an Independent Non-Executive Director of the Company, has been re-designated from an assistant director of Rothschild (Hong Kong) Limited to a director of this company.

Purchase, Sale or Redemption of Listed Securities

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

Directors

As at the date of this report, the Board consists of Mr. Zhao Qingsheng (Chairman), Mr. Gao Xiang (General Manager), Mr. Jin Jianlong and Mr. Yu Yuqun as Executive Directors; Mr. Jin Yongsheng and Mr. Petrus Gerardus Maria van der Burg as Non-executive Directors; and Mr. Wong Chun Ho, Mr. Tsui Kei Pang and Mr. Zhang Xueqian as Independent Non-executive Directors.

By order of the Board
Zhao Qingsheng
Chairman

Hong Kong, 19 August 2011

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