

# 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

清潔能源  
Clean Energy



氫·新未來「能」聯世界

H2 · RENEWABLE ENERGY

fostering the future,

CONNECTING the world

Interim Report 2023 中期報告



## Vision

To be an industry-leading high-tech enterprise in clean energy, chemical and environmental, and liquid food industries.



## Mission

With the advancement technology and product innovation, we strive to make energy cleaner, the environment more sustainable, and our lives better. To provide high-quality and reliable equipment and comprehensive value-added services to customers, generate sound returns for shareholders and staff, and create sustainable value to the society.

## About Us

Founded in 2004, CIMC Enric Holdings Limited, one of the members of the CIMC Group, has been listed on the Hong Kong Stock Exchange since 2005. The Company is principally engaged in the provision of key equipment, engineering service and integrated solutions for transportation, storage and processing for the clean energy, chemical and environmental and liquid food sectors and has become a leading integrated business service provider and key equipment manufacturer in the industry. Its production and sales of ISO liquid tank containers and high-pressure transportation vehicles are among the top in the world, the market share of cryogenic transportation vehicles and cryogenic storage tanks is in the leading position in China, large storage tank for LNG receiving terminals and modular products for LNG refueling stations and CNG refueling stations have ranked among the top three in terms of market share in China while comprehensively deploying the hydrogen industry chain. The Company has built a global marketing network and has over 20 domestic and overseas subsidiaries located in China, the Netherlands, Germany, Belgium, the United Kingdom and Canada that operate production bases and advanced R&D centers.



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## Financial Highlights

## Financial Highlights

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	+/-
<b>FINANCIAL POSITION</b>			
Total Assets	<b>23,584,562</b>	22,214,474	+6.2%
Net Assets	<b>9,808,304</b>	9,527,507	+2.9%
Net Current assets	<b>6,532,686</b>	6,119,401	+6.8%
Cash and cash equivalents	<b>4,993,951</b>	5,223,453	-4.4%
Interest bearing debts <sup>1</sup>	<b>2,602,246</b>	2,000,870	+30.1%
Gearing Ratio <sup>2</sup>	<b>26.5%</b>	21.0%	+5.5ppt
<b>For the six months ended 30 June</b>			
	2023 RMB'000	2022 RMB'000	+/-
<b>OPERATING RESULTS</b>			
Revenue	<b>10,756,489</b>	8,948,693	+20.2%
Gross profit	<b>1,771,166</b>	1,423,118	+24.5%
EBITDA	<b>977,029</b>	801,814	+21.9%
Core profit <sup>3</sup>	<b>625,944</b>	531,831	+17.7%
Profit from operations	<b>751,497</b>	617,963	+21.6%
Profit attributable to equity shareholders	<b>568,673</b>	439,315	+29.4%
<b>PER SHARE DATA</b>			
Earnings per share – Basic RMB	<b>0.283</b>	0.219	+29.2%
Earnings per share – Diluted RMB	<b>0.252</b>	0.192	+31.3%
Net asset value per share RMB	<b>4.836</b>	4.279	+13.0%
<b>KEY STATISTICS</b>			
GP ratio	<b>16.5%</b>	15.9%	+0.6ppt
EBITDA margin	<b>9.1%</b>	8.7%	+0.4ppt
Operating profit margin	<b>7.0%</b>	6.9%	+0.1ppt
Net profit margin <sup>4</sup>	<b>5.3%</b>	5.1%	+0.2ppt
Return on equity <sup>5</sup>	<b>6.1%</b>	5.5%	+0.6ppt
Interest coverage – times	<b>26.9</b>	25.6	+1.3
Cash conversion cycle days <sup>6</sup>	<b>45</b>	75	-30

## Notes:

<sup>1</sup> Interest bearing debts = Bank loans, loans from related parties, convertible bonds and other borrowings

<sup>2</sup> Gearing ratio = Interest bearing debts ÷ Total equity

<sup>3</sup> Core profit = Profit for the year + amortisation of share base incentive scheme expense + convertible bonds related imputed interest expenses

<sup>4</sup> Net profit margin = Profit attributable to equity shareholders ÷ Revenue

<sup>5</sup> Return on equity = Profit attributable to equity shareholders ÷ Average shareholders' equity

<sup>6</sup> Cash conversion cycle days = Inventory turnover days + Debtor turnover days + Contract assets turnover days – Creditor turnover days – Contract liabilities turnover days

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



羅兵咸永道

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION 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 information set out on pages 4 to 34, which comprises the condensed consolidated balance sheet of CIMC Enric Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information 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 of the Company are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review 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 interim financial information consists of making inquiries, 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 information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 23 August 2023

## Condensed Consolidated Income Statement

**CONDENSED CONSOLIDATED INCOME STATEMENT**

FOR THE SIX MONTHS ENDED 30 JUNE 2023 – unaudited

	Note	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<b>Revenue</b>	4	<b>10,756,489</b>	8,948,693
Cost of sales		<b>(8,985,323)</b>	(7,525,575)
<b>Gross profit</b>		<b>1,771,166</b>	1,423,118
Other income	6(a)	<b>121,997</b>	99,865
Other (losses)/gains, net	6(b)	<b>(51,940)</b>	26,065
Net impairment loss on financial assets	7(c)	<b>(12,966)</b>	(40,169)
Selling expenses		<b>(191,254)</b>	(161,271)
Administrative expenses		<b>(885,506)</b>	(729,645)
<b>Profit from operations</b>		<b>751,497</b>	617,963
Finance costs	7(a)	<b>(38,425)</b>	(32,977)
Share of net profits of associates and a joint venture accounted for using the equity method		<b>17,246</b>	40
<b>Profit before taxation</b>	7	<b>730,318</b>	585,026
Income tax expenses	8	<b>(160,286)</b>	(131,407)
<b>Profit for the period</b>		<b>570,032</b>	453,619
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>568,673</b>	439,315
Non-controlling interests		<b>1,359</b>	14,304
<b>Profit for the period</b>		<b>570,032</b>	453,619
<b>Earnings per share attributable to the equity shareholders of the Company</b>	9		
– Basic		<b>RMB0.283</b>	RMB0.219
– Diluted		<b>RMB0.252</b>	RMB0.192

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023 – unaudited

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<b>Profit for the period</b>	<b>570,032</b>	453,619
<b>Other comprehensive income for the period</b>		
<i>Items that may be reclassified to profit or loss</i>		
Share of other comprehensive income of an associate	–	36
Currency translation differences	<b>56,256</b>	(26,243)
<b>Total comprehensive income for the period</b>	<b>626,288</b>	427,412
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>626,758</b>	413,108
Non-controlling interests	<b>(470)</b>	14,304
<b>Total comprehensive income for the period</b>	<b>626,288</b>	427,412

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Condensed Consolidated Balance Sheet

**CONDENSED CONSOLIDATED BALANCE SHEET**

As At 30 JUNE 2023 – unaudited

	Note	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	3,707,606	3,738,485
Construction in progress		384,869	327,324
Right-of-use assets	11	143,543	140,139
Investment properties		38,217	38,906
Lease prepayments		554,045	561,331
Intangible assets		133,249	138,935
Goodwill		263,549	254,166
Deferred tax assets		139,452	140,086
Interests in associates and a joint venture		310,257	219,716
Financial instruments at fair value through profit or loss		–	249
<b>Total non-current assets</b>		<b>5,674,787</b>	<b>5,559,337</b>
<b>Current assets</b>			
Inventories	12	4,904,601	4,636,367
Contract assets		1,756,548	1,101,611
Trade and bills receivables	13	3,436,399	3,470,415
Deposits, other receivables and prepayments		1,710,939	1,644,343
Amounts due from related parties	21(b)	90,048	157,009
Financial instruments at fair value through profit or loss		22,117	39,541
Term and restricted bank deposits	14	995,172	382,398
Cash and cash equivalents	14	4,993,951	5,223,453
<b>Total current assets</b>		<b>17,909,775</b>	<b>16,655,137</b>
<b>Total assets</b>		<b>23,584,562</b>	<b>22,214,474</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank loans	15	231,869	76,925
Convertible bonds		1,454,315	1,388,644
Warranty provision		130,466	96,487
Deferred tax liabilities		125,012	119,125
Deferred income		305,362	300,567
Employee benefit liabilities		11,770	12,583
Lease liabilities		115,245	116,251
Loans from related parties	21(c)	22,904	31,812
Financial instruments at fair value through profit or loss		2,226	8,837
<b>Total non-current liabilities</b>		<b>2,399,169</b>	<b>2,151,231</b>



## Condensed Consolidated Balance Sheet

		As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
	<i>Note</i>		
<b>Current liabilities</b>			
Bank loans	15	210,016	367,774
Lease liabilities		37,521	32,667
Loans from related parties	21(c)	683,142	135,715
Trade and bills payables	16	3,437,991	3,492,365
Contract liabilities		4,361,103	3,816,213
Other payables and accrued expenses		1,889,350	2,010,982
Amounts due to related parties		390,952	392,156
Warranty provision	21(b)	41,312	50,878
Financial instruments at fair value through profit or loss		201,956	92,976
Income tax payable		123,746	144,010
<b>Total current liabilities</b>		<b>11,377,089</b>	10,535,736
<b>Total liabilities</b>		<b>13,776,258</b>	12,686,967
<b>NET ASSETS</b>		<b>9,808,304</b>	9,527,507
<b>CAPITAL AND RESERVES</b>			
Share capital		18,521	18,521
Reserves	18	9,397,169	9,123,246
Equity attributable to equity shareholders of the Company		9,415,690	9,141,767
Non-controlling interests		392,614	385,740
<b>TOTAL EQUITY</b>		<b>9,808,304</b>	9,527,507

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

## Condensed Consolidated Statement of Changes in Equity

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE SIX MONTHS ENDED 30 JUNE 2023 – unaudited

	Attributable to equity shareholders of the Company													
	Share capital RMB'000	Share premium RMB'000	Shares held for share award		Contributed surplus RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	General reserve RMB'000	Retained earnings RMB'000	Convertible bonds RMB'000	Other reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
			scheme RMB'000	surplus RMB'000										
			(Note 17(c))	(Note 18(b))	(Note 18(a))			(Note 18(e))		(Note 18(c))				
<b>At 1 January 2022</b>	18,516	573,651	(125,124)	1,124,571	1,206,131	(384,756)	497,913	5,203,886	123,944	4,684	8,243,416	256,261	8,499,677	
Profit for the period	-	-	-	-	-	-	-	439,315	-	-	439,315	14,304	453,619	
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	36	-	-	36	-	36	
Currency translation differences	-	-	-	-	-	(26,243)	-	-	-	-	(26,243)	-	(26,243)	
<b>Total comprehensive income for the period</b>	-	-	-	-	-	(26,243)	-	439,351	-	-	413,108	14,304	427,412	
Issuance of shares in connection with exercise of share options	5	7,574	-	-	(2,215)	-	-	-	-	-	5,364	-	5,364	
Special reserve – safe production fund	-	-	-	-	-	-	-	-	-	3,475	3,475	-	3,475	
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	14,700	14,700	
Shares held for share award scheme – vesting of awarded shares	-	39,355	36,765	-	(38,397)	-	-	-	-	-	37,723	-	37,723	
Equity-settled share-based payments	-	-	-	-	32,949	-	-	-	-	-	32,949	-	32,949	
Transfer to general reserve	-	-	-	-	-	-	14,379	(14,379)	-	-	-	-	-	
Lapse of share options	-	-	-	-	(3,844)	-	-	3,844	-	-	-	-	-	
2021 final dividend paid	-	-	-	-	-	-	-	(364,258)	-	-	(364,258)	-	(364,258)	
Dividends distribution made by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,578)	(3,578)	
Equity-settled share-based payments of subsidiaries	-	-	-	-	24,998	-	-	-	-	-	24,998	48	25,046	
<b>Total contributions by and distributions to equity shareholders of the Company, recognised directly in equity</b>	5	46,929	36,765	-	13,491	-	14,379	(374,793)	-	3,475	(259,749)	11,170	(248,579)	
<b>At 30 June 2022</b>	18,521	620,580	(88,359)	1,124,571	1,219,622	(410,999)	512,292	5,268,444	123,944	8,159	8,396,775	281,735	8,678,510	

## Condensed Consolidated Statement of Changes in Equity

	Attributable to equity shareholders of the Company												
	Shares held for share				Capital reserve	Exchange reserve	General reserve fund	Retained earnings	Convertible bonds reserve	Other reserve	Total	Non-controlling interests	Total equity
	Share capital	Share premium	award scheme	Contributed surplus									
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 17(c))	(Note 18(b))	(Note 18(a))		(Note 18(e))		(Note 18(c))					
As at 1 January 2023	18,521	620,580	(88,359)	1,124,571	1,593,017	(467,365)	639,486	5,567,083	123,944	10,289	9,141,767	385,740	9,527,507
Profit for the period	-	-	-	-	-	-	-	568,673	-	-	568,673	1,359	570,032
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	58,085	-	-	-	-	58,085	(1,829)	56,256
Total comprehensive income for the period	-	-	-	-	-	58,085	-	568,673	-	-	626,758	(470)	626,288
Special reserve – safe production fund	-	-	-	-	-	-	-	-	-	5,840	5,840	-	5,840
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	19,444	19,444
Shares held for share award scheme – vesting of awarded shares	-	42,448	36,230	-	(39,853)	-	-	-	-	-	38,825	-	38,825
Equity-settled share-based payments	-	-	-	-	14,243	-	-	-	-	-	14,243	-	14,243
Lapse of share options	-	-	-	-	(1,541)	-	-	1,541	-	-	-	-	-
2022 final dividend paid	-	-	-	-	-	-	-	(432,899)	-	-	(432,899)	-	(432,899)
Dividends distribution made by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(12,320)	(12,320)
Equity-settled share-based payments of subsidiaries	-	-	-	-	21,156	-	-	-	-	-	21,156	220	21,376
Total contributions by and distributions to equity shareholders of the Company, recognised directly in equity	-	42,448	36,230	-	(5,995)	-	-	(431,358)	-	5,840	(352,835)	7,344	(345,491)
As at 30 June 2023	18,521	663,028	(52,129)	1,124,571	1,587,022	(409,280)	639,486	5,704,398	123,944	16,129	9,415,690	392,614	9,808,304

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Condensed Consolidated Cash Flow Statement

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

FOR THE SIX MONTHS ENDED 30 JUNE 2023 – unaudited

		Six months ended 30 June	
		2023	2022
Note		RMB'000	RMB'000
<b>Operating activities</b>			
	Cash generated from operations	739,925	1,696,368
	Income tax paid	(171,802)	(115,914)
	Net cash generated from operating activities	<b>568,123</b>	1,580,454
<b>Investing activities</b>			
	Payment for acquisition of property, plant and equipment and construction in progress	(244,464)	(205,294)
	Payment for acquisition of intangible assets	(3,283)	(8,899)
	Capital contribution to associates	(74,985)	(17,168)
	Increase in term deposits	(568,903)	–
	Proceeds from disposal of an associate	–	11,168
	Proceeds from disposal of property, plant and equipment and intangible assets	3,671	2,688
	Interest received	35,560	4,883
	Dividends received from an associate	1,690	1,042
	Cash paid to settlement of derivative financial instruments	(53,876)	(3,661)
	Contingent consideration received from non-controlling interests	2,200	–
	Net cash used in investing activities	<b>(902,390)</b>	(215,241)
<b>Financing activities</b>			
	Proceeds from new bank loans	172,964	352,491
	Repayment of bank loans	(180,870)	(226,712)
	Interest paid	(15,474)	(46,164)
	Proceeds from shares issued under the restricted share award scheme	32,308	37,723
	Proceeds from subscription to a subsidiary's employee share ownership scheme	–	65,337
	Proceeds from share issued under share option scheme	–	5,364
	Dividends paid to non-controlling interests	(12,320)	(3,578)
	Dividends paid to the Company's shareholders	(432,899)	(364,258)
	Proceeds from loans from related parties	627,200	87,000
	Repayment of loans from related parties	(88,707)	(61,319)
	Repayment of other borrowings	–	(4,380)
	Repayment of lease liabilities	(20,719)	(13,987)
	Capital contribution from non-controlling interests	19,444	9,950
	Net cash generated from/(used in) financing activities	<b>100,927</b>	(162,533)
	Net (decrease)/increase in cash and cash equivalents	<b>(233,340)</b>	1,202,680
	Cash and cash equivalents as at 1 January	5,223,453	3,173,351
	Effect of foreign exchange rate changes	3,838	8,516
	Cash and cash equivalents as at 30 June	<b>4,993,951</b>	4,384,547

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 1 General information

CIMC Enric Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the design, development, manufacturing, engineering, sales and operation of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the clean energy, chemical and environmental and liquid food industries.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company has its listing on The Stock Exchange of Hong Kong Limited.

This interim condensed consolidated financial report was approved for issue on 23 August 2023.

This interim condensed consolidated financial report has been reviewed, not audited.

### 2 Accounting policies

#### (a) Basis of preparation of the interim financial report

This interim financial report for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies adopted are consistent with those of previous financial year and corresponding interim reporting period, except for the adoption of amended standards as set out below.

#### (b) Amended standards adopted by the Group

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKFRS 17, Insurance Contracts
- Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies
- Amendments to HKAS 8, Definition of Accounting Estimates
- Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the amended standards does not have a significant impact on the Group.

## Notes to the Unaudited Interim Financial Report

**(c) New and amended standards not yet adopted**

The following new and amended standards have been issued but are not effective for the financial period beginning 1 January 2023 and have not been early adopted:

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

These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

**3 Fair value measurement of financial instruments****(a) Fair value hierarchy**

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards.

The different levels of fair value estimation have been defined as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

## Notes to the Unaudited Interim Financial Report

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value as at 30 June 2023 and 31 December 2022 on a recurring basis:

	As at 30 June 2023		As at 31 December 2022	
	Level 2 RMB'000	Level 3 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets				
- FVPL - Foreign currency forwards	8,689	-	24,162	-
- FVPL - Contingent considerations	-	13,428	-	15,628
- FVOCI - Bills receivables	-	148,444	-	220,474
Financial liability				
- FVPL - foreign currency forwards	204,182	-	101,813	-

As at 30 June 2023 and 31 December 2022, the Group's financial instruments measured at fair value through other comprehensive income were bills receivables and contingent considerations which were classified as level 3. These instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques. The following table presents the changes of the Group's financial assets of level 3 within the fair value hierarchy for the six months ended 30 June 2023 and the year ended 31 December 2022:

	Bills receivables	Contingent considerations receivable	Total
	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2022</b>	104,475	404	104,879
Additions	2,059,376	-	2,059,376
Disposals	(1,943,377)	-	(1,943,377)
Fair value change recognised in profit or loss	-	15,224	15,224
<b>As at 31 December 2022</b>	220,474	15,628	236,102
<b>As at 1 January 2023</b>	220,474	15,628	236,102
Additions	1,258,184	-	1,258,184
Disposals	(1,330,214)	-	(1,330,214)
Contingent consideration received from non-controlling interests	-	(2,200)	(2,200)
<b>As at 30 June 2023</b>	148,444	13,428	161,872

There were no transfers between Levels 1, 2 and 3 during the six months ended 30 June 2023.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2023.

## Notes to the Unaudited Interim Financial Report

**(b) Valuation techniques used to determine fair value**

Level 2 financial instruments comprise forward foreign exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates as at 30 June 2023.

Level 3 financial instruments comprise bills receivables and contingent considerations. Bills receivables were fair valued by using cost approach and the contingent considerations were estimated based on the value of probable future cashflow.

There were no other changes in valuation techniques during the six months ended 30 June 2023.

**(c) Fair value of other financial instruments**

The Group also has a number of financial instruments which are not measured at fair value in the consolidated balance sheet. For the majority of these instruments, the fair values are not materially different from their carrying amounts, since they are either close to current market rates or short-term in nature.

**4 Revenue**

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

Revenue represents (i) the sales value of goods sold after allowances for returns of goods, excluding value added taxes or other sales taxes and after the deduction of any trade discounts; and (ii) revenue from project engineering contracts. The amount of each significant category of revenue recognised in revenue during the six months ended 30 June 2023 is as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Sales of goods	<b>7,446,467</b>	6,704,100
Revenue from project engineering contracts	<b>3,310,022</b>	2,244,593
	<b>10,756,489</b>	8,948,693



## 5 Segment reporting

The Group manages its businesses by divisions organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, which is the Group's chief operating decision-maker, for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments based on the economic characteristic of the business units.

- **Clean energy:** this segment specialises in the manufacture and sale of a wide range of equipment and construction for the storage, transportation, application, processing and distribution of natural gas, liquefied petroleum gas ("LPG") and hydrogen such as compressed natural gas and hydrogen trailers, seamless pressure cylinders, liquefied natural gas ("LNG") trailers, LNG and hydrogen storage tanks, LPG tanks, LPG trailers, natural gas and hydrogen refuelling station systems and natural gas compressors; and the provision of engineering, procurement and construction services for the natural gas and hydrogen industries; the design, production and sale of small and medium-sized offshore liquefied gas carriers; natural gas and hydrogen processing and distribution services and the provision of value-added services for the clean energy industry.
- **Chemical and environmental:** this segment specialises in the manufacture and sale of a wide range of equipment, such as tank containers, for the storage and transportation of liquefied or gaseous chemicals and powder chemicals; the provision of maintenance and value-added service for tank containers; and the provision of key equipment research and development and manufacturing, and professional consulting services in relation to environmental protection.
- **Liquid food:** this segment specialises in the engineering, manufacture and sale of stainless steel tanks for storage and processing liquid food such as beer, distilled spirits, fruit juice and milk; the provision of turnkey service for the brewery industry as well as other liquid food industries; and the provision of peripheral logistics service.

### (a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision-maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include non-current assets and current assets with the exception of deferred tax assets and certain assets unallocated to an individual reportable segment. Segment liabilities include non-current liabilities and current liabilities with the exception of income tax payable, deferred tax liabilities, convertible bond 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.

## Notes to the Unaudited Interim Financial Report

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

In addition to receive segment information concerning adjusted profit from operations, management is provided with segment information concerning revenue (including inter-segment sales), interest income from bank deposits, interest expenses, depreciation and amortisation, 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.

	Clean energy		Chemical and environmental		Liquid food		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June	
	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	6,293,551	4,683,343	2,450,832	2,550,409	2,012,106	1,714,941	10,756,489	8,948,693
Inter-segment revenue	-	-	21,498	39,369	-	-	21,498	39,369
<b>Reportable segment revenue</b>	<b>6,293,551</b>	<b>4,683,343</b>	<b>2,472,330</b>	<b>2,589,778</b>	<b>2,012,106</b>	<b>1,714,941</b>	<b>10,777,987</b>	<b>8,988,062</b>
Timing of revenue recognition								
At a point in time	4,928,653	4,147,039	2,472,330	2,589,778	105,471	58,383	7,506,454	6,795,200
Over time	1,364,898	536,304	-	-	1,906,635	1,656,558	3,271,533	2,192,862
<b>Reportable segment profit (adjusted profit from operations)</b>	<b>186,679</b>	<b>126,950</b>	<b>421,952</b>	<b>382,191</b>	<b>224,169</b>	<b>151,386</b>	<b>832,800</b>	<b>660,527</b>

	Clean energy		Chemical and environmental		Liquid food		Total	
	As at	As at	As at	As at	As at	As at	As at	As at
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Reportable segment assets</b>	<b>13,204,938</b>	<b>12,306,206</b>	<b>4,101,757</b>	<b>3,802,275</b>	<b>4,963,959</b>	<b>4,709,411</b>	<b>22,270,654</b>	<b>20,817,892</b>
<b>Reportable segment liabilities</b>	<b>7,123,253</b>	<b>6,407,380</b>	<b>1,202,429</b>	<b>1,444,547</b>	<b>2,828,378</b>	<b>2,537,281</b>	<b>11,154,060</b>	<b>10,389,208</b>

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Revenue</b>		
Reportable segment revenue	10,777,987	8,988,062
Elimination of inter-segment revenue	(21,498)	(39,369)
Consolidated revenue	10,756,489	8,948,693

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Profit</b>		
Reportable segment profit	832,800	660,527
Elimination of inter-segment profit	(4,047)	(16,656)
Reportable segment profit derived from Group's external customers	828,753	643,871
Finance costs	(38,425)	(32,977)
Share of post-tax profit of associates and a joint venture	17,246	40
Unallocated operating expenses	(77,256)	(25,908)
Consolidated profit before taxation	730,318	585,026

	As at 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000
<b>Assets</b>		
Reportable segment assets	22,270,654	20,817,892
Elimination of inter-segment receivables	(7,101)	(6,542)
Deferred tax assets	139,452	140,086
Unallocated assets	1,181,557	1,263,038
Consolidated total assets	23,584,562	22,214,474

## Notes to the Unaudited Interim Financial Report

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
<b>Liabilities</b>		
Reportable segment liabilities	11,154,060	10,389,208
Elimination of inter-segment payables	(7,101)	(6,542)
	<b>11,146,959</b>	10,382,666
Income tax payable	123,746	144,010
Deferred tax liabilities	125,012	119,125
Convertible bonds	1,454,315	1,388,644
Unallocated liabilities	926,226	652,522
	<b>13,776,258</b>	12,686,967

There are no differences from the last annual financial statements in the basis of measurement of segment profit or loss.

## 6 Other income and other (losses)/gains, net

### (a) Other income

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Government grants (i)	30,032	24,919
Other operating revenue (ii)	48,286	70,063
Interest income from bank deposits	43,679	4,883
	<b>121,997</b>	99,865

- (i) Government grants represent various forms of incentives and subsidies given to the Company's subsidiaries by the PRC government and the recognition of deferred government grants.
- (ii) Other operating revenue consists mainly of income earned from the sale of scrap materials and provision of maintenance.

## (b) Other (losses)/gains, net

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Foreign exchange gain	107,285	118,987
Net fair value loss on financial instruments at fair value through profit or loss	(171,719)	(117,609)
Write-back of restructuring liabilities	-	25,810
Write-back of payables and advances from customers	572	2,329
Net (losses)/gains on disposal of property, plant and equipment, intangible assets and lease prepayment	(3,184)	199
Compensation received	9,979	1,455
Gain on disposal of investment in an associate	-	747
Other net gain/(loss)	5,127	(5,853)
	<b>(51,940)</b>	<b>26,065</b>

**7 Profit before taxation**

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

## (a) Finance costs

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Interest on bank loans, loans from related parties, other borrowings	13,056	9,503
Interest on lease liabilities	3,022	1,617
Interest on convertible bonds	20,293	20,216
Less: interest capitalised	(1,355)	(978)
Bank charges	3,409	2,619
	<b>38,425</b>	<b>32,977</b>

## Notes to the Unaudited Interim Financial Report

## (b) Other items

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Raw materials and consumables used	8,119,935	6,768,512
Finished goods and work-in-progress movement	225,338	111,237
Salaries, wages and allowances	1,086,925	965,883
Contributions to retirement schemes	67,389	54,546
Depreciation of property, plant and equipment	170,017	142,684
Depreciation of right-of-use assets	18,752	16,486
Amortisation of intangible assets	14,004	18,902
Amortisation of lease prepayments	7,402	8,358
Operating lease charges for property rental	5,131	4,226
Provision for product warranties, net	21,155	(5,178)
Write-down of inventories	24,432	11,737
Equity-settled share-based payment expenses	35,619	57,995

For the six months ended 30 June 2023, research and development costs totalled RMB318,820,000 (30 June 2022: RMB217,949,000).

## (c) Net impairment loss on financial assets

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Impairment provision for trade receivables	48,722	73,350
Reversal of impairment provision for trade receivables	(40,244)	(35,282)
Impairment provision for other receivables	385	4,082
Impairment provision for contract assets	4,988	252
Reversal of impairment provision for contract assets	(885)	(2,233)
	12,966	40,169

## 8 Income tax expenses

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Current income tax	178,409	103,657
Deferred income tax	(18,123)	27,750
	160,286	131,407

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 six months ended 30 June 2023.

According to the Corporate Income Tax Law of the People's Republic of China (the "Tax Law"), the Company's subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to advanced and new technology enterprises of 15%.

Pursuant to the Tax Law, "Notice of the State Administration of Taxation on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their Bodies of Actual Management" and "Announcement of the State Administration of Taxation on Issues Concerning the Determination of Resident Enterprises on the Basis of Their Actual Management Bodies", the Administration of Local Taxation of Shenzhen Municipality issued an approval under which the Company and all the foreign incorporated subsidiaries with shareholdings in the PRC subsidiaries of the Group are regarded as Chinese resident enterprises. Therefore, during the six months ended 30 June 2023, no deferred withholding tax was provided for the distributable profits of PRC subsidiaries.

Taxation of subsidiaries in the Netherlands, Belgium, Denmark, Germany, United Kingdom, Canada, United States and Singapore are charged at the prevailing rates of 25.8%, 25%, 22%, 30%, 19%, 31%, 21% and 17% respectively in the relevant countries and are calculated on a stand-alone basis.

## 9 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	
	2023 RMB'000	2022 RMB'000
<b>Earnings</b>		
Earnings for the purposes of basic earnings per share	568,673	439,315
Earnings for the purposes of diluted earnings per share	543,477	414,114

	Six months ended 30 June	
	2023	2022
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,006,925,926	2,005,005,823
Effect of dilutive potential ordinary shares in respect of convertible bonds and the Company's share option and share award schemes	147,772,871	148,366,770
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,154,698,797	2,153,372,593

## Notes to the Unaudited Interim Financial Report

**Earnings per share**

Basic earnings per share  
Diluted earnings per share

**Six months ended 30 June**

	<b>2023</b>	<b>2022</b>
	<b>RMB</b>	<b>RMB</b>
	<b>0.283</b>	0.219
	<b>0.252</b>	0.192

**10 Property, plant and equipment**

During the six months ended 30 June 2023, the addition of property, plant and equipment (including transfer from construction in progress) of the Group amounted to RMB142,421,000 (six months ended 30 June 2022: RMB353,598,000). Items of property, plant and equipment with net book value totalling RMB43,676,000 were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB30,638,000). As at 30 June 2023, no property, plant and equipment was pledged as collateral for the Group's borrowings (31 December 2022: nil).

**11 Right-of-use assets****Six months ended 30 June**

	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Opening net book value	<b>140,139</b>	97,144
Additions	<b>20,210</b>	54,475
Depreciation	<b>(18,752)</b>	(16,486)
Disposal	<b>(2,484)</b>	–
Exchange adjustment	<b>4,430</b>	(1,387)
Closing net book value	<b>143,543</b>	133,746

As at 30 June 2023, right-of-use assets also included the lease prepayments of RMB554,045,000 (31 December 2022: RMB561,331,000).



## 12 Inventories

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Raw materials	1,504,589	1,461,693
Work in progress	1,197,321	1,487,518
Finished goods	1,998,088	1,481,752
Consignment materials	204,603	205,404
	<b>4,904,601</b>	4,636,367

## 13 Trade and bills receivables

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trade receivables	3,477,594	3,372,209
Less: allowance for expected credit loss	(257,250)	(264,132)
	<b>3,220,344</b>	3,108,077
Bills receivables (i)	216,055	362,338
	<b>3,436,399</b>	3,470,415

- (i) As at 30 June 2023, amounts of RMB148,444,000 represent bank acceptance bills classified as financial assets at fair value through other comprehensive income, which the Group intended to hold until maturity and to discount or endorse to financial institutions for treasury management purposes (2022: RMB220,474,000). Amounts of RMB44,057,000 and RMB23,554,000 represent trade acceptance bills and bank acceptance bills, respectively classified as financial assets at amortised cost, which the Group has intended to hold until maturity (31 December 2022: RMB80,110,000 and RMB61,754,000).
- (ii) As at 30 June 2023, amounts of RMB33,779,000 and RMB12,219,000 represent bank acceptance bills and trade acceptance bills, respectively, which the Group had endorsed to financial institutions but they did not meet the criteria of derecognition. As a result, these two amounts remained on-book in the financial statements (31 December 2022: RMB41,673,000 and RMB29,302,000).

## Notes to the Unaudited Interim Financial Report

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

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Current	2,783,774	2,784,761
Less than 3 months past due	369,523	417,634
More than 3 months but less than 12 months past due	223,486	183,634
More than 1 year but less than 2 years past due	29,792	46,959
More than 2 years but less than 3 years past due	19,082	34,185
More than 3 years due	10,742	3,242
Amounts past due	652,625	685,654
	<b>3,436,399</b>	<b>3,470,415</b>

## 14 Term and restricted bank deposits and cash and cash equivalents

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Term deposits	575,204	–
Deposits for performance guarantees	419,968	382,398
Term and restricted bank deposits	995,172	382,398
Cash and cash equivalents	4,993,951	5,223,453
	<b>5,989,123</b>	<b>5,605,851</b>

## 15 Bank loans

The bank loans were repayable as follows:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Within 1 year	210,016	367,774
After 1 year but within 2 years	78,500	43,500
After 2 years but within 5 years	153,369	33,425
	<b>441,885</b>	<b>444,699</b>

At 30 June 2023, all the bank loans were unsecured. None of the Group's bank loans were under the terms of cross-guarantee provided by subsidiaries of the Company (31 December 2022: all the bank loans were unsecured).

## 16 Trade and bills payables

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trade creditors	2,997,236	2,970,755
Bills payables	440,755	521,610
	<b>3,437,991</b>	<b>3,492,365</b>

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

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Within 3 months	2,455,169	2,487,962
3 months to 12 months	800,198	826,202
Over 12 months	182,624	178,201
	<b>3,437,991</b>	<b>3,492,365</b>

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

## 17 Equity-settled share-based payments

### (a) Share option scheme

The Company has a share option scheme ("Scheme I") which was adopted on 12 July 2006 whereby the Directors of the Company are authorised, at their discretion, to invite eligible persons to subscribe for shares of the Company. A consideration of HKD1.00 should be paid by grantee on acceptance of share options granted. Each option gives the holder the right to subscribe for one ordinary share in the Company at its exercise price. Scheme I was terminated on 20 May 2016 and the Company has adopted a new share option scheme ("Scheme II") on the same day. Scheme II lasts for 10 years and as at 30 June 2023, no option under Scheme II had been granted.

On 5 June 2014, 38,420,000 share options were granted to certain eligible persons of the Group. The options outstanding at 30 June 2023 had an exercise price of HKD11.24 and a weighted average remaining contractual life of 0.932 years. As at 30 June 2023, 29,571,000 of these options were outstanding and exercisable (As at 31 December 2022: 29,941,000).

### (b) Restricted share award scheme

The shareholders of Company approved the Restricted Share Award Scheme (2018) (the "Award Scheme") on 10 August 2018 (the "Grant Date"). Subsequently 46,212,500 restricted shares were issued and allotted to a trustee which holds the restricted shares on behalf of the selected participants until the restricted shares are vested. Selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the issue of the restricted shares to the vesting date (both dates inclusive) of such restricted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions of the restricted shares.

The selected participants include certain Directors of the Company, certain members of senior management and employees of the Group who under the terms of the Award Scheme subscribed for the restricted shares at HKD3.71 per share (the "Subscription Price").

Under the terms of the Award Scheme, if the vesting conditions are fulfilled, the restricted shares shall be vested by 30%, 30% and 40% by April 2019, April 2020 and April 2021, respectively.

For the selected participants who do not meet the vesting conditions, the unvested restricted shares remaining at the end of the Award Scheme are to be forfeited.

Pursuant to the Award Scheme, all unvested restricted shares have been disposed by the trustee and therefore as at 30 June 2023, no restricted shares were outstanding.

### (c) Share award scheme 2020

The Board of the Company adopted the Share Award Scheme 2020 (the "Award Scheme 2020") on 3 April 2020. According to the Award Scheme 2020, the Board may at its absolute discretion select any employee of the Group to be an eligible participant under the Scheme. The Board may also determine the number of shares to be granted (subject to fulfilment of any vesting conditions) and the consideration (if any) to be paid by an eligible participant. The Board has appointed a trustee to purchase of shares of the Company on the Stock Exchange out of the Company's resources. The trustee shall hold such shares in accordance with the terms of the trust deed and shall transfer such shares to the relevant participants after all the relevant vesting conditions are fulfilled.

On 17 November 2021, the Company granted 33,324,006 shares to selected participants. Further, during the year ended 31 December 2022, a total of 2,991,708 shares were granted to selected participants. On 3 April 2023, the Company granted 125,000 shares to a selected participant under the Award Scheme 2020. The granted shares are held by the trustee on behalf of the selected participants until the granted shares are vested. Selected participants are entitled to the related distribution derived from the relevant granted shares during the period from the grant date to the vesting date (both dates inclusive) of such granted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions.

The selected participants include certain Directors of the Company, certain members of senior management and employees of the Group who under the terms of the Award Scheme 2020 subscribed for the grant shares at HKD3.70 per share (the "Subscription Price").

Details of the Share Award Scheme 2020 at the date of grants are as follows:

Grant date	Number of awarded shares	Vesting period	Exercise price	Fair value at grant date
17/11/2021	33,324,006	35.8%, 32.2% and 32.0% by April 2022, April 2023 and April 2024, respectively	HKD3.70	HKD3.76
26/5/2022	65,000	26 May 2022	HKD3.70	HKD3.33
14/7/2022	300,000	14 July 2022	HKD3.70	HKD3.33
7/12/2022	2,626,708	71.9% and 28.1% by April 2023 and April 2024, respectively	HKD3.70	HKD3.33
3/4/2023	125,000	20% by April 2023 and 80% by April 2024, respectively	HKD3.70	HKD3.86

For the selected participants who do not meet the vesting conditions, the unvested granted shares remaining at the end of the Award Scheme 2020 are to be forfeited.

As at 30 June 2023, 10,293,002 of these restricted shares were granted but not vested (31 December 2022: 21,791,712).

The fair value of the granted restricted shares issued was assessed based on the market price of the Company's shares at the grant date. The expected dividends and time value of money for the expected dividends during the vesting period were taken into account when assessing the fair value of the granted restricted shares.

The weighted average fair value of restricted shares granted in 2021, 2022 and 2023 was HKD3.76, HKD3.33 and HKD3.86 per share respectively (equivalent to approximately RMB3.07, RMB2.98 and RMB3.40 per share respectively). The expenses arising from the Award Scheme 2020 recognised during the for the six months ended 30 June 2023 were RMB14,243,000 (six months ended 30 June 2022: RMB21,402,000).

**Notes to the Unaudited Interim Financial Report****(d) Share award scheme of CIMC Safe Tech**

The Board of the Company approved the adoption of a Share Award Scheme of a subsidiary, CIMC Safeway Technologies Co., Ltd. ("CIMC Safe Tech") (or the "Safe Tech Incentive Scheme") on 27 November 2020 to recognise the past contributions and to incentivise future contributions by the participants to the chemical and environmental business unit. Pursuant to the Safe Tech Incentive Scheme, equity interests in CIMC Safe Tech will be granted to the Participants through partnership platforms (the "Partnership Platforms") by way of subscription for new share capital in CIMC Safe Tech.

The total capital contribution by the participants (through the partnership platforms) are approximately RMB139,719,000, representing 10% of the enlarged share capital of CIMC Safe Tech upon completion of the capital increase pursuant to the scheme. As at 30 June 2023, the vesting conditions had not been fulfilled and the selected participants were not entitled any distribution of CIMC Safe Tech. The expenses arising from the Safe Tech Incentive Scheme recognised during for the six months ended 30 June 2023 were RMB9,972,000 (six months ended 30 June 2022: RMB10,632,000).

**(e) Share award scheme of CLPT**

The Board of the Company adopted the Share Award Scheme of a subsidiary, CIMC Liquid Process Technologies Co., Ltd. ("CLPT") on 8 June 2022 to recognise the past and present contributions and to incentivise future contributions by the participants to the liquid food business unit.

Pursuant to the scheme, equity interest in CLPT will be granted to the Participants through the Partnership Platforms by way of subscribing for new registered capital in CLPT.

The total capital contribution by the participants (through the partnership platforms) was approximately RMB82,934,000 representing 6.33% of the enlarged share capital of CLPT upon completion of the capital increase pursuant to the scheme. As at 30 June 2023, the vesting conditions had not been fulfilled and the selected participants were not entitled any distribution of CLPT. The expenses arising from the CLPT Award Scheme recognised during for the six months ended 30 June 2023 were RMB11,404,000 (six months ended 30 June 2022: RMB14,414,000).

**18 Capital, reserves and dividends****(a) Capital reserve**

The capital reserve of the Group includes:

- (i) the portion of the grant date fair value of unexercised share options and restricted award shares granted to Directors, employees and other eligible persons of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments;
- (ii) the capital reserve arising from the transactions with non-controlling interests; and
- (iii) the capital reserve arising from conversion of a subsidiary from a limit liability company into a joint stock company.

**(b) Contributed surplus**

The contributed surplus of the Group includes the difference between:

- (i) the nominal value of the share capital and the existing balance on the share premium account of a subsidiary acquired; and 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;
- (ii) the nominal value of the share capital and the existing balance on the share premium account of the subsidiaries acquired; and 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;
- (iii) the registered capital of Nantong CIMC Transportation & Storage Equipment Co., Ltd. (currently known as Nantong CIMC Energy Equipment Co, Ltd. "Nantong Energy") acquired of RMB69,945,550; and the aggregate cash consideration paid by the Group of RMB66,330,000 for the acquisition of Nantong Energy during the year ended 31 December 2012;
- (iv) the registered capital of Holvrieka (China) Co., Ltd. (currently known as CIMC Liquid Process Technologies Co., Ltd., "CLPT") acquired of RMB324,539,380; and the nominal value of the 39,740,566 ordinary shares issued by the Company in exchange for the acquisition of CLPT during the year ended 31 December 2014; and
- (v) the nominal value of the share capital of Burg Service B.V. acquired of RMB1,263,000; and the aggregate cash consideration paid by the Group of RMB11,737,000 for the acquisition of Burg Service B.V. during the year ended 31 December 2015.

**(c) Convertible bonds reserve**

The convertible bonds reserve of RMB123,944,000 arising the equity component from issue of convertible bonds.

**(d) Dividends**

Final dividend of RMB432,899,000 in relation to the year ended 31 December 2022 was paid in 2023 (final dividend of RMB364,258,000 in relation to the year ended 31 December 2021 was paid in 2022).

The Board of Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

**(e) General reserve fund**

The Group's 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. 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 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.

The Group's subsidiary in Belgium is required to set up a legal reserve of 10% of share capital in accordance with the Belgium Law. The legal reserve is not distributable.

## Notes to the Unaudited Interim Financial Report

**19 Commitments**

(a) Capital commitments outstanding and not provided for in the interim financial report are as follows:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Contracted for		
– Production facilities	183,512	184,949
– Acquisition of a subsidiary (i)	85,000	–
	<b>268,512</b>	184,949

(i) In May 2023, the Group entered into an agreement with a third party to acquired 70% equity interest in Chengdu Lanshi Cryogenic Technology Co., Ltd. (成都蘭石低溫科技有限公司, “Lanshi”) for a consideration of RMB85,000,000. Lanshi is principally engaged in the manufacture of measurement instruments and valves.

(b) Total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Within 1 year	4,228	2,314

The Group has already adopted HKFRS 16 from its mandatory adoption date of 1 January 2019. For the six months ended 30 June 2023, the future minimum lease payments mainly included the short-term leases and low-value leases which are out of scope of HKFRS 16.

**20 Contingencies**

(a) Performance guarantees

As at 30 June 2023, the Group had outstanding procurement performance guarantees issued by relevant banks totalling RMB1,571,131,000 (31 December 2022: RMB1,257,969,000), project execution guarantees totalling RMB426,922,000 (31 December 2022: RMB497,122,000), warranty guarantees totalling RMB138,913,000 (31 December 2022: RMB152,364,000) and miscellaneous guarantees totalling RMB15,000,000 (31 December 2022: RMB12,961,000).



## 21 Related party transactions

### (a) Transactions with CIMC and its subsidiaries and associates

		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
<b>Nature of transactions</b>			
Sales	(i)	145,704	119,240
Purchases	(ii)	295,497	187,381
Comprehensive charges	(iii)	114	123
Processing charges	(iv)	8,290	14,597
Processing income	(v)	267	311
Office services income	(vi)	307	473
Loans from related parties	(vii)	627,200	87,000
Repayment of loans from related parties	(vii)	88,707	61,319
Loan interest expenses	(vii)	3,800	8,236
Interest income from deposits	(viii)	3,655	2,649
Subcontracting Services	(ix)	-	205,932
Rental expenses	(x)	1,736	2,075

- (i) Sales to related parties mainly represent the sale of products to related parties.
- (ii) Purchases from related parties mainly represent purchases of raw materials and parts for production.
- (iii) Comprehensive charges mainly represent services including staff messing, medical expenses and general services provided to the Group by related parties.
- (iv) Processing charges mainly represent processing services, site leasing and other related services provided to the Group by related parties.
- (v) Processing income mainly represents processing services of welding, heat treatment and testing provided to related parties by the Group.
- (vi) Office services income mainly represents provision of office services including staff catering, transportation services, site leasing and general office services to related parties.

Notes to the Unaudited Interim Financial Report

- (vii) The loans are unsecured, interest bearing from 3.00% to 4.75% (2022: 3.50% to 4.75%) per annum and are repayable between one to one and a half years.
- (viii) Deposit service represents deposit acceptance service provided by a related party to the Group. During the six months ended 30 June 2023, the maximum daily outstanding balance of the Group's deposits placed with the related party amounted to 633,959,000 (2022: 599,653,000). The deposits bear interest from 0.55% to 1.35% (2022: 0.55% to 1.85%) and can be withdrawn on demand.
- (ix) Subcontracting services mainly represent services for construction of an entire ship or any parts thereof and other related services provided to the Group by related parties.
- (x) Rental expenses mainly represent the lease of office and building from related parties.

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

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

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trade receivables for products sold and other receivables	90,048	157,009
Trade payables for raw material purchased and receipts in advance for sales	(390,952)	(392,156)

- (i) The outstanding balances with these related parties are unsecured, interest free and repayable on demand.
- (ii) No allowance for expected credit loss have been made in respect of these outstanding receivable balances.

## (c) Loans from related parties

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Loans from CIMC Finance Limited	253,846	157,727
Loan from China International Marine Containers (Group) Co., Ltd.	450,000	–
Loan from CIMC Commercial Factoring Co., Ltd.	2,200	9,800
	<b>706,046</b>	<b>167,527</b>

Represented by:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Current	683,142	135,715
Non-current	22,904	31,812
	<b>706,046</b>	<b>167,527</b>

The loans are unsecured, interest bearing from 3.00% to 4.75% (2022: 3.50% to 4.75%) per annum and are repayable between one to one and a half years.

## Notes to the Unaudited Interim Financial Report

## (d) Deposits placed with a related party

	<b>As at 30 June 2023 RMB'000</b>	<b>As at 31 December 2022 RMB'000</b>
Deposits	<b>519,853</b>	572,302

- (i) The deposits bear interest and can be withdrawn on demand.
- (ii) The deposits are included as part of the Group's cash and cash equivalents (note 14).

## (e) Immediate and ultimate controlling party

As at 30 June 2023 and 30 June 2022, the Directors consider the immediate parent of the Company to be China International Marine Containers (Hong Kong) Limited, which is incorporated in Hong Kong. This entity does not produce financial statements available for public use.

As at 30 June 2023 and 30 June 2022, the Directors consider the ultimate controlling party of the Company to be China International Marine Containers (Group) Co., Ltd. which is incorporated in the People's Republic of China. This entity produces financial statements available for public use.

## MANAGEMENT DISCUSSION AND ANALYSIS

The financial and operational data highlights of the Group for the period together with the comparative figures for the corresponding period last year are as follows:

	Six months ended 30 June		Change %
	2023 (unaudited)	2022 (unaudited)	
<b>Key financial data</b>			
Revenue (RMB'000)	<b>10,756,489</b>	8,948,693	20.2%
– Clean energy segment	<b>6,293,551</b>	4,683,343	34.4%
– Chemical and environmental segment	<b>2,450,832</b>	2,550,409	(3.9%)
– Liquid food segment	<b>2,012,106</b>	1,714,941	17.3%
Gross profit (RMB'000)	<b>1,771,166</b>	1,423,118	24.5%
Net profit (RMB'000)	<b>570,032</b>	453,619	25.7%
Profit attributable to shareholders (RMB'000)	<b>568,673</b>	439,315	29.4%
Core profit* (RMB'000)	<b>625,944</b>	531,831	17.7%
Basic earnings per share (RMB)	<b>0.283</b>	0.219	29.2%

\* Core profit<sup>1</sup> – Profit for the six months ended 30 June but stripping out share base incentive scheme expense and convertible bonds related finance expenses

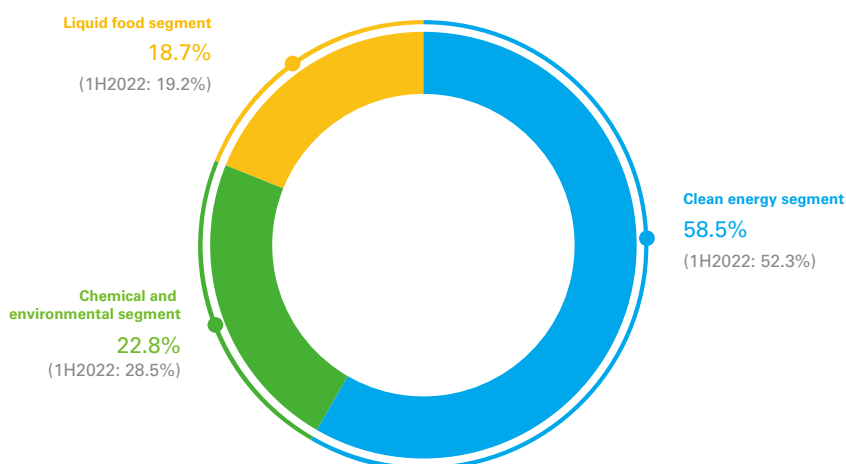
<sup>1</sup> The core profit is a non-HKFRS measure facilitating the evaluation of financial performance of the Group's core operations. Such non-HKFRS measure may be defined differently from similar terms used by other companies.

## FINANCIAL REVIEW

### Revenue

During the first half of 2023, benefitting from recovery of overseas economy and increased international trading activities, the Group's clean energy and liquid food segments grew steadily during the year. At the same time, the market downturn has negatively impacted our chemical and environmental segment. As a result, the Group's consolidated revenue for the first half of 2023 rose by 20.2% to RMB10,756,489,000 (corresponding period in 2022: RMB8,948,693,000). The performance of each segment is discussed below.

### Revenue breakdown by segment



Stimulated by favourable factors such as the recovery of its economy, China's natural gas market has been gradually rebounding, with supply of and demand for natural gas both recording growth. Also, favourable government policies and recovery of domestic natural gas consumption have boosted sales of our storage and transportation equipment such as the LNG storage tanks and CNG trailers. As a result, the clean energy segment's revenue for the first half of 2023 rose by 34.4% to RMB6,293,551,000 (corresponding period in 2022: RMB4,683,343,000), among which the hydrogen related business's revenue increased by 59.1% to RMB269,686,000 (corresponding period in 2022: RMB169,489,000). The clean energy segment remained the top grossing segment and contributed 58.5% (corresponding period in 2022: 52.3%) of the Group's total revenue.

With international logistics gradually recovering, a balance between global demand for and supply of tank containers has been achieved and demand for new containers gradually returned to a normal level. As a result, the chemical and environmental segment's revenue was down slightly by 3.9% to RMB2,450,832,000 (corresponding period in 2022: RMB2,550,409,000). The segment made up 22.8% of the Group's total revenue (corresponding period in 2022: 28.5%).

During the first half of 2023, the liquid food segment's operations (especially on-site construction works) had been mostly back on schedule and benefitting from the increase in newly signed orders, as a result, the liquid food segment's revenue saw an increase of 17.3% to RMB2,012,106,000 during the period (corresponding period in 2022: RMB1,714,941,000). The segment accounted for 18.7% of the Group's total revenue (corresponding period in 2022: 19.2%).

	Six months ended 30 June		Change %
	2023 (unaudited)	2022 (unaudited)	
<b>Newly signed orders</b>			
Total (RMB million)	<b>12,666</b>	10,746	17.9%
– Clean energy segment	<b>7,912</b>	5,359	47.6%
– Hydrogen business	<b>345</b>	230	50.0%
– Chemical and environmental segment	<b>2,309</b>	2,526	(8.6%)
– Liquid food segment	<b>2,445</b>	2,861	(14.5%)
	As at 30 June		Change %
	2023 (unaudited)	2022 (unaudited)	
<b>Orders on hand</b>			
Total (RMB million)	<b>20,602</b>	17,346	18.8%
– Clean energy segment	<b>13,438</b>	9,644	39.3%
– Hydrogen business	<b>373</b>	172	116.9%
– Chemical and environmental segment	<b>2,095</b>	2,591	(19.1%)
– Liquid food segment	<b>5,069</b>	5,111	(0.8%)

During the first half of 2023, the newly signed orders of the Group totalled RMB12,666 million, representing an increase of 17.9% compared with the same period last year.

The newly signed orders for clean energy segment experienced a significant increase of 47.6% to RMB7,912 million compared with the same period last year, which was mainly attributable to the expansion of overseas market as well as the recovery of domestic natural gas consumption and the resumption of LNG price to normal level, and the remarkable growth in the Group's orders for gas storage and peak-shaving project, natural gas storage and transportation equipment and on-vehicle LNG cylinder. Besides, due to the green upgrading of global shipping industry and the prosperous future of shipbuilding industry, the Group won 8 new shipbuilding orders during the period. During the first half of 2023, the newly signed orders for hydrogen business amounted to RMB345 million, representing an increase of 50.0% compared with the same period of 2022.

## Management Discussion and Analysis

The newly signed orders for chemical and environmental segment reached RMB2,309 million, representing a year-on-year (“YoY”) change of -8.6%. The new demand for standard tank containers gradually returned to normal as global supply and demand for chemical tank containers returned to equilibrium, but demand for special tank containers remained at a strong level, benefiting from the booming new energy and chip industries.

The newly signed order for liquid food segment reached RMB2,445 million, representing a YoY change of -14.5%. The liquid food segment was mainly engaged in turnkey projects, and the growth of newly signed orders was highly correlated to the project bidding progress. Despite the significant YoY growth in beer turnkey orders during the period, the liquid food segment won the tender for a large-scale spirits project in Mexico in June last year worth approximately EUR94 million (approximately RMB665 million), resulting in a decrease in cumulative newly signed orders during the reporting period compared to the last year. The segment is now closely following up new projects in Latin America, China, Europe and Asia Pacific and is expected to continue to finalise new orders in the second half of the year.

At 30 June 2023, the orders on hand of the Group reached RMB20,602 million, representing a YoY increase of 18.8%, hitting a record high. The orders on hand for clean energy segment, chemical and environmental segment, and liquid food segment reached RMB13,438 million, RMB2,095 million and RMB5,069 million, representing YoY changes of 39.3%, -19.1% and -0.8%, respectively.

The YoY change in orders on hand of the chemical and environmental segment was primarily due to the completion and start-up operations of the segment’s smart production line upgrades, which doubled the production capacity of the Group’s special tank containers in the first half of the year, accelerating the conversion of orders on hand.

The projects on hand of liquid food segment advanced steadily on schedule and on budget, and the orders on hand were basically the same as that of the same period last year.

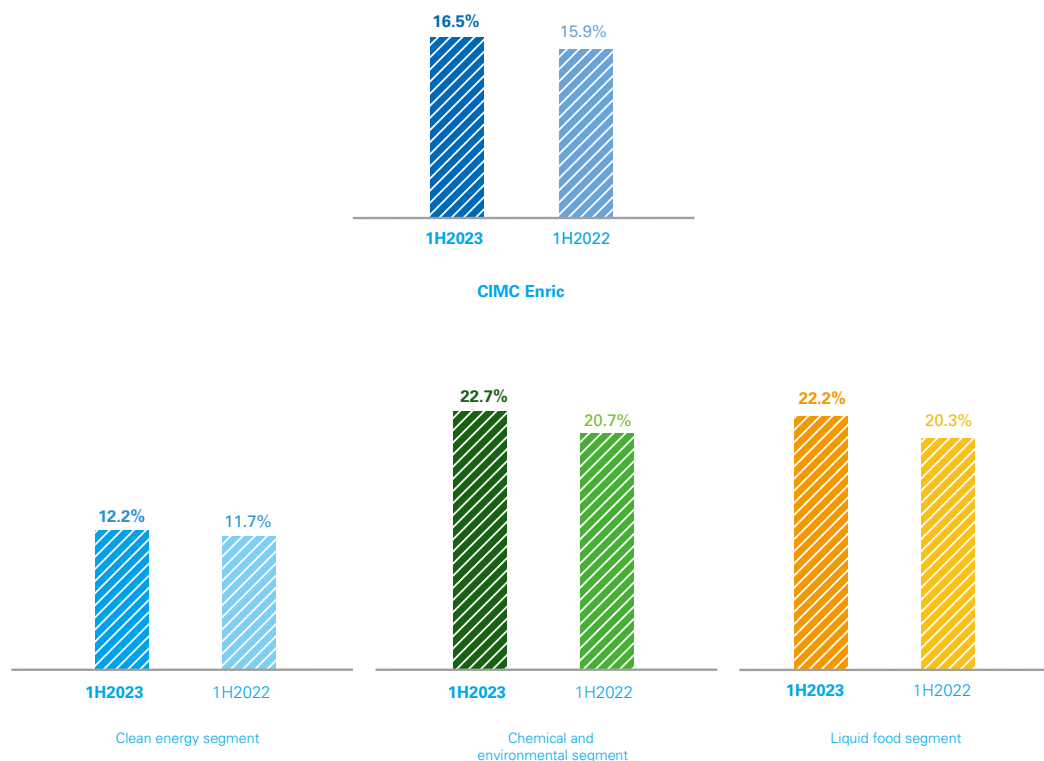
The orders on hand for hydrogen at the end of June 2023 reached RMB373 million, recording a significant increase of 116.9% compared with the same period last year.



### Gross profit margin and profitability

The gross profit margin (“**GP margin**”) of the three segments of the Group rose at varying degrees. Overall, the GP margin of the Group during the period improved by 0.6 percentage point to 16.5% (corresponding period in 2022:15.9%).

#### Gross profit margin



The clean energy segment’s GP margin improved slightly, which was mainly due to better economies of scale triggered by an increase in production of both energy storage and transportation equipment and the decline in cost of steel. In addition, the growth in overseas sales has a favourable impact on gross profit as these sales are mainly denominated in USD and USD had been appreciating against RMB during the period which in turn raised the revenue reported in RMB. During the period, the GP margin of chemical and environmental segment increased slightly, which was mainly due to appreciation of USD against RMB with the segment’s key products, tank containers which are mostly denominated in USD. Due to the effective control of cost-saving and the higher gross margin of the hard seltzers equipment, the GP margin of the liquid food segment recorded a promising growth.

Profit from operations expressed as a percentage of revenue rose by 0.1 percentage point from 6.9% in the same period last year to 7.0% during the current period which was mainly due to the improved GP margin while the Group’s operating expenses increased at almost the same rate as gross profit did.

## Management Discussion and Analysis

During the period, income tax expense increased by 22.0% to RMB160,286,000 (corresponding period in 2022: RMB131,407,000) which rose at a higher rate than that of the Group's revenue. Moreover, the effective tax rate decreased from 22.5% in the same period of 2022 to 21.9% in the current period was mainly attributable to increase in profit contribution from advanced and new technology enterprises in China who enjoy a preferential tax rate of 15% instead of the normal tax rate of 25%.

### Liquidity and financial resources

	30 June 2023	31 December 2022	Change
Net assets (RMB'000)	9,808,304	9,527,507	2.9%
Cash and cash equivalents (RMB'000)	4,993,951	5,223,453	(4.4%)
Interest bearing debts <sup>1</sup> (RMB'000)	2,602,246	2,000,870	30.1%
Gearing ratio <sup>2</sup>	26.5%	21.0%	5.5 ppt

<sup>1</sup> Interest bearing debts = Bank loans, loans from related parties and convertible bonds

<sup>2</sup> Gearing Ratio = Interest bearing debts ÷ Net assets

As at 30 June 2023, the cash and cash equivalents of the Group amounted to RMB4,993,951,000 (31 December 2022: RMB5,223,453,000). A portion of the Group's bank deposits totalling RMB995,172,000 (31 December 2022: RMB382,398,000), which had a term of maturity more than three months from the date of their initial placement, were restricted for guarantee of banking facilities and for treasury management purpose. The Group has maintained sufficient cash on hand for repayment of bank loans and loans from related parties as they fall due, and has continued to take a prudent approach in future development and capital expenditure. The Group has consistently been cautious in managing its financial resources and will constantly review and maintain an optimal gearing level.

As at 30 June 2023, the Group's bank loans and overdrafts amounted to RMB441,885,000 (31 December 2022: RMB444,699,000), which are all repayable within one year to five years. Apart from the term loan as well as revolving banking facilities which are denominated in USD and HKD that bear interest at floating rates, the overall bank loans bear interest at rates from 2.90% to 4.50% per annum.

As at 30 June 2023, the Group did not have any secured bank loan (31 December 2022: nil) nor any bank loan that was guaranteed by the Company's subsidiaries (31 December 2022: nil). As at 30 June 2023, loans from related parties amounted to RMB706,046,000 (31 December 2022: RMB167,527,000), which are unsecured, interest bearing from 3.00% to 4.75% (31 December 2022: 3.80% to 4.75%) per annum and repayable within one year to one and a half years.

As at 30 June 2023, the Group's zero-coupon convertible bonds ("CB") amounted to RMB1,454,315,000 (31 December 2022: RMB1,388,644,000). There has not been any conversion of the CB during the period. With effect from 2 June 2023, the CB's conversion price has been adjusted from HKD11.49 to HKD11.15 and if fully converted will be convertible into 150,672,645 shares of the Company, representing an increase of 4,458,546 shares (31 December 2022: 146,214,099 shares).

The net gearing ratio, which is calculated by dividing net debt over shareholders' equity, was zero times (31 December 2022: zero times) as the Group retained a net cash balance of RMB2,391,705,000 (31 December 2022: RMB3,222,583,000). The decrease in net cash balance is mainly attributable to the outflow from investing activities which was offset to certain extent by the cash inflows from operating and financing activities.

The Group recorded a cash inflow from operating activities of RMB568,123,000 (corresponding period in 2022: inflow of RMB1,580,454,000) mainly attributable to increase in contract liabilities (i.e. down payments received from EPC/turnkey projects awarded). By consistently applying the right measures and controls, the Company is confident to maintain a net operating cash inflow in the long run.

The net cash used in investing activities amounted to RMB902,390,000 (corresponding period in 2022: RMB215,241,000). This is mainly due to the payment for construction in progress and property, plant and equipment for production and operation which totalled RMB244,464,000 and the placement of term deposits amounted to RMB568,903,000 (corresponding period in 2022: RMB205,294,000 and nil respectively).

During the period, the cash inflow from financing activities amounted to RMB100,927,000 (corresponding period in 2022: outflow of RMB162,533,000). This increase in cash inflow was mainly due to higher amount of net drawdown of bank loans and net loans from related parties of RMB530,587,000 during the period compared with the corresponding period in 2022 of RMB151,460,000. This inflow was offset to a certain extent by the payment of final dividend for 2022 of RMB432,899,000 (corresponding period in 2022: RMB364,258,000).

As a result, the cash outflow of the Group during the period totalled RMB233,340,000 (corresponding period in 2022: a cash inflow of RMB1,202,680,000).

The Group's interest coverage was 26.9 times for the period (corresponding period in 2022: 25.6 times), demonstrating the Group is fully capable of meeting its interest expense obligations. While the general economic outlook has improved and the Group is still in a stable financial position and able to fulfil its interest obligations, the Group will continue with a responsible approach in managing its cash resources.

### Assets and liabilities

As at 30 June 2023, total assets of the Group increased from RMB22,214,474,000 (at 31 December 2022) to RMB23,584,562,000. Non-current assets increased by RMB115,450,000 and current assets by RMB1,254,638,000. At 30 June 2023, total liabilities of the Group increased by RMB1,089,291,000 to RMB13,776,258,000 (31 December 2022: RMB12,686,967,000). The net asset value increased slightly from RMB9,527,507,000 (at 31 December 2022) to RMB9,808,304,000. The net asset value per share also increased slightly to RMB4.836 at 30 June 2023 from RMB4.697 at 31 December 2022.

### Contingent liabilities

As at 30 June 2023, the Group had outstanding procurement performance guarantees issued by relevant banks totalling RMB1,571,131,000 (31 December 2022: RMB1,257,969,000), project execution guarantees totalling RMB426,922,000 (31 December 2022: RMB497,122,000), warranty guarantees totalling RMB138,913,000 (31 December 2022: RMB152,364,000) and miscellaneous guarantees totalling RMB15,000,000 (31 December 2022: RMB12,961,000). Save as disclosed above, the Group did not have other material contingent liabilities.

## Management Discussion and Analysis

### Future plans for source of funding and capital commitments

Currently, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and to some extent by interest bearing debts. At the same time, the Group will continuously take particular caution on the inventory level, credit policy as well as receivable management in order to enhance its future operating cash flow. The Group has sufficient resources of funding and unutilised banking facilities to meet future capital expenditure and working capital requirement.

As at 30 June 2023, the Group had contracted but not provided for capital commitments of RMB268,512,000 (31 December 2022: RMB184,949,000), while the Group did not have any authorised but not contracted for capital commitments (31 December 2022: nil).

### Foreign exchange exposure

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

### Capital expenditure

In the first half of 2023, the Group invested RMB322,732,000 (corresponding period in 2022: RMB231,361,000) in capital expenditure for expansion of production capacity, general maintenance of production capacity and new business ventures.

### Employees and Remuneration Policies

As at 30 June 2023, the total number of employees of the Group was approximately 10,600 (corresponding period in 2022: approximately 9,500). Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and equity-settled share-based payment expenses) were approximately RMB1,189,933,000 (corresponding period in 2022: RMB1,057,931,000). The rise in total staff costs were mainly attributable to the increase in production level during the period.

## BUSINESS REVIEW

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

## BUSINESS REVIEW BY SEGMENTS

### Clean Energy

The segment specialises in the manufacture, sale and operation of various types of equipment for the storage, transportation, processing and distribution of natural gas in the form of liquefied natural gas (“LNG”), compressed natural gas (“CNG”) and liquefied petroleum gas (“LPG”). It also provides engineering, procurement and construction (“EPC”) services to the clean energy industry, such as the LNG plants and receiving terminals for importation of LNG and liquefied ethylene/ethane gas (“LEG”). The segment also provides hydrogen energy equipment products and project engineering services covering such areas as “production, storage, transportation, refuelling and application” in the hydrogen industry chain, including high-pressure gaseous and cryogenic liquid hydrogen-related equipment, core processes and solutions, such as high-pressure hydrogen transportation trucks, hydrogen storage tanks, medium pressure hydrogen storage spherical tanks, electrolyzers, and all the core equipment in the hydrogen refuelling stations, as well as liquid hydrogen transportation vehicles and storage tanks. In addition, the segment also engages in the design, manufacture and sale of small and medium liquefied gas carriers such as LPG, LNG and LEG carriers, fuel supply systems and oil & gas liquefaction modules for LNG-powered vessels. The segment also provides intelligent value-added services to the clean energy industry based on the Internet of Things (“IoT”) Intelligent Operation and Management Platform.

### *Onshore Clean Energy Business*

In the first half of 2023, with the stimulation of favourable factors such as the recovery of its economy, China’s natural gas market was gradually rebounding, with the supply of and demand for natural gas recording coincident growth. According to the National Development and Reform Commission (NDRC), in the first half of 2023, China’s apparent consumption of natural gas amounted to 194.9 billion m<sup>3</sup>, representing a YoY increase of 6.7%, while the natural gas production and import amounted to 115.5 billion m<sup>3</sup> and 79.4 billion m<sup>3</sup>, representing a YoY increase of 5.4% and 5.8% respectively, of which the import of LNG amounted to 46.2 billion m<sup>3</sup>, representing a YoY increase of 6.7%, accounting for 58.1% of the overall import of natural gas. LNG import volume in the second quarter increased even notably by 18.0% as compared with the same period of the previous year.

In addition, with the marginal effect of geopolitics such as the Ukraine crisis on the international energy market weakening, the prices of international spot and medium- to long-term futures of natural gas have recovered to the levels prior to the crisis. The data of the National Bureau of Statistics also showed that, as of 30 June 2023, the LNG price in the domestic market was RMB4,182/ton, down by 50.4% compared with RMB8,437/ton, being the highest in 2022, down by 41.7% compared with RMB7,168/ton as at the end of 2022, and down by 21.1% compared with the average price of RMB5,303/ton in 2021. Meanwhile, the diesel price was soaring high, resulting in the ratio of LNG price to diesel price falling from 1.07, being the highest in 2022, to 0.57 as at the end of June 2023, making natural gas a more economic choice and bringing the greatest impact to the downstream transportation sector. The industrial data showed that in June 2023, 14,000 LNG heavy-duty trucks were sold in the market, representing a significant YoY increase of 324.8%; from January to June 2023, a total of 49,000 LNG heavy-duty trucks were sold, representing a net increase of 36,000, or 273.6%, compared with the same period of the previous year, giving the on-vehicle LNG cylinder market a remarkable boost.

## Management Discussion and Analysis

During the period under review, this segment continued to promote its integrated solutions for the processing and distribution of marginal gases such as the upstream wellhead gas and coalbed gas by entering into a strategic cooperation agreement with Xi'an Changqing Tongxin Petroleum Technology Co., Ltd. (西安長慶同欣石油科技有限公司), a subsidiary of Changqing Oilfield (長慶油田), on carrying out in-depth cooperation in the comprehensive utilization of remote wells and helium industry chain. During the period, in the midstream sector, thanks to the increase in the demand for gas storage and peak-shaving projects in line with China's intensified monitoring of the gas storage capacity of natural gas producers, the segment won the bid for several natural gas peak-shaving storage projects, including a 29,000m<sup>3</sup> natural gas peak-shaving storage station in Shaanxi Province and the Shenzhen Natural Gas Peak-shaving Storage Phase II Expansion EPC Project. The recovery of domestic natural gas consumption has given a big boost to the sales of our storage and transportation equipment such as the LNG storage tanks and CNG trailers. The segment also strove constantly to improve the performance of its high-end equipment by further innovating and upgrading its second generation of liquid helium tank containers in terms of structural optimization and design of the insulation system, which has successfully secured it a batch of orders. In the field of terminal application, with the economy of natural gas prices being further stressed, the LNG heavy-duty truck market was rapidly picking up. Thus, the segment's newly signed orders and delivered orders of on-vehicle LNG cylinders both grew significantly, with the cumulative new orders for on-vehicle LNG cylinders for the first half of the year nearing RMB300 million, representing a YoY increase of nearly 20 times. During the reporting period, the segment also heightened its efforts to increase its market share and presence in the overseas clean energy markets, with focus on the countries and regions with abundant oil and gas resources such as the Middle East, and those with rapidly growing demand for natural gas and industrial gas such as South America and Southeast Asia. In the first half of the year, the overseas market of onshore clean energy recorded a sales revenue of RMB970 million, representing a YoY growth of 46%.

### *Offshore Clean Energy Business*

Benefiting from the ship replacement cycle and the increasingly stringent requirements on environmental protection and emission reduction, the liquefied gas carrier market gradually heated up in the first half of 2023, with the shipbuilding industry ushering in a prolonged booming cycle, and the prices of the newly-built ships rising steadily. As of 30 June 2023, the Clarkson Newbuilding Price Index reached 170.91 points, up by 36% from the beginning of 2021, being the highest since January 2009. In addition, Clarkson's research report showed that 44% of new building orders in the first half of this year came from alternative fuel vessels, among which, 86 were for LNG vessels and 62 for methanol vessels, making methanol one of the mainstream fuels right behind LNG. Clarkson also indicated that market interest in the LNG carrier industry remained strong, with LNG dual fuel-powered vessels remaining the favourite of most shipowners. Steve Gordon, Clarkson's Managing Director, said that global order intake remained relatively stable, accounting for 10% of the fleet, while there were significant differences between the market segments, with LNG carriers accounting for 51% of the total.

During the period under review, the segment successively secured 8 new building and 4 optional vessel orders, including 2+2 1,450 TEU container vessels, 2+2 40,000 m<sup>3</sup> LPG/liquid ammonia carrier (MGC vessels) signed with Avance Gas, and four 12,500T dual-fuel dry bulk carriers signed with CSC Cargo Co., Ltd. Particularly, it is the first time for the segment to undertake the building order of MGC vessels, and also the first order for construction of A-type cargo tank carriers. As the specification and size of the MGC vessel align perfectly with the scale of liquid ammonia batch trading and transportation, it is expected to emerge as the backbone of zero-carbon energy transportation in the future. The first vessel built for CSC Cargo will apply the LNG marine tank-swap solution advocated by the segment and approved by the Ministry of Industry and Information Technology (MIIT) in the coastal area of the Yangtze River, thus accelerating the landing of "Gasification of the Yangtze River" project.

During the period, the segment was also steadily promoting the green methanol project, with the site selection, feasibility study and technology development completed.

In terms of oil-to-gas conversion for vessels, the segment delivered a total of 29 oil-to-gas vessels at the beginning of the year, being the largest number in China in a single batch. During the period, the segment also entered into strategic agreements with partners such as Wuhan Changjiang Ship Design Institute (武漢長江船舶設計院) of the CSC Group and Jining Energy Development Group Limited (濟寧能源發展集團有限公司), and was committed to the eco-friendly upgrading of the Yangtze River and the Beijing-Hangzhou Grand Canal.

### *Hydrogen Energy Business*

In the first half of 2023, 26 provincial, municipal and autonomous regional governments announced hydrogen energy-related supporting policies, with more than 60 prefecture-level cities (districts) issuing specific hydrogen energy planning and incentive policies. We have witnessed a further eruption in the construction of green hydrogen capacity in the first half of 2023. More than 19 green hydrogen projects were landed, with a total investment of more than RMB140 billion. According to the figures released by China Association of Automobile Manufacturers (CAAM), in the first half of 2023, 2,495 and 2,410 hydrogen fuel cell vehicles in China were manufactured and sold respectively, representing a YoY increase of 38.4% and 73.5%.

In terms of upstream hydrogen production, earlier this year, our hydrogen business's first 1,200m<sup>3</sup>/h alkaline electrolyser was launched, with the methanol-hydrogen production equipment in the process of prototyping. In terms of midstream storage and transportation, in the field of high-pressure gaseous hydrogen, the 30MPa hoop-wrapped tube bundle containers and 99MPa stationary hydrogen storage vessels realised batch sales and met with positive market response, with a number of enterprises taking steps in advance to establish their presence in the 30MPa tube bundle containers scenario, leading the upgrading of the market; in the field of medium-pressure storage and transportation, with a large number of green hydrogen projects in western China progressing smoothly, our operations of the medium-pressure hydrogen storage spherical tanks also embraced a significant growth. In the first half of the year, the segment won the tender for EPC general contracting for the first large-scale spherical tank hydrogen storage project in Inner Mongolia. Liquid hydrogen is also the segment's main focus this year. With the official release of the group standards for mobile liquid hydrogen transport containers which the segment has taken the lead in drafting, followed by the adoption of China's first corporate standard for "Mobile Vacuum Insulated Liquid Hydrogen Pressure Vessel", the projects of liquid hydrogen storage tanks and tank trucks were launched successively, together with the successful launch of China's first 40-foot liquid hydrogen tank container, consolidating CIMC Enric's leadership in the field of liquid hydrogen.

The hydrogen energy business has also made breakthroughs in downstream applications. In terms of on-vehicle cylinders, the national standards for the "Regular Inspection and Evaluation of On-vehicle Compressed Hydrogen Fiber-wrapped Cylinders" and "On-vehicle Compressed Hydrogen Carbon Fiber-wrapped Cylinders with Plastic Inner Tube", in which the Company has taken an active part in drafting, were officially released. During the first half of the year, the segment continued to expand its market share by accelerating the construction of the production base for Type IV on-vehicle hydrogen cylinders and supply system in Luancheng District, Shijiazhuang, Hebei Province. The segment also successfully delivered the Type IV on-vehicle hydrogen supply system for exported hydrogen fuel cell heavy-duty trucks and overseas hydrogen fuel cell smart rail project; and for Type III cylinders, the segment has completed the development, mass production and sales of 390L hydrogen cylinders. In terms of hydrogen refuelling stations, the segment successfully delivered a number of stationary and skid-mounted hydrogen refuelling stations in the first half of the year, and won the tender for and delivered the first hydrogen refuelling station demonstration project in Hong Kong, serving the double-decked hydrogen buses, as a support to facilitate the transformation of Hong Kong's transport energy mix to hydrogen energy. In addition, the trial production of a new 500kg/12h integrated standardised hydrogen refuelling station has been completed.

## Management Discussion and Analysis

### Prospects

#### *Onshore Clean Energy Business*

Due to its higher calorific value and lower carbon emissions, LNG is playing a significant role in driving new energy construction with its market value continuously increasing. In recent years, in order to meet global energy demand and make an important contribution to sustainable development, the development of LNG has received sustained attention and strong support from the global market. The International Energy Agency (IEA) predicts that LNG will replace coal as the world's second-largest energy source in the global energy structure from 2030 to 2035, and the demand for LNG will continue to grow worldwide. The World LNG Report (《全球液化天然氣報告》) released by the International Gas Union in June 2023 indicates that the global LNG trade volume increased by 6.8% in 2022, reaching a new record of 401.5 million tons, and it is expected that the global LNG trade volume will continue to grow in 2023. Due to geopolitical influences, the global LNG supply structure has changed. In 2023, after multiple rounds of competition, the new international/regional LNG supply system will become increasingly robust, which will also create new market opportunities for the segment's sales of LNG and other clean energy equipment.

According to the China Natural Gas Development Report (2023) (《中國天然氣發展報告(2023)》) compiled and released by the National Energy Administration, the National High-End Think Tank Research Center (國家高端智庫研究中心), and other departments, it is expected that under the current global natural gas supply and demand balance, the overall demand for replenishment of European and American gas storage facilities is guaranteed, and under the premise of the absence of global extreme cold weather, the natural gas market will generally remain stable during the current and next heating seasons, and the overall supply-demand fundamentals will remain stable and improving; in terms of domestic demand, influenced by economic conditions and trends in domestic and international natural gas prices, demand will continue to recover. The preliminary estimate for the national natural gas consumption in 2023 is between 385.0 billion to 390.0 billion cubic meters, with a YoY growth rate of 5.5% to 7%. The growth will be mainly driven by city gas (commercial and service sectors, transportation, and heating) and gas-fired power generation. In addition, the more stringent National VI-B environmental protection standard has been fully implemented since 1 July 2023, the cost advantage of LNG heavy-duty trucks may be further demonstrated. It is expected that the on-vehicle cylinder market will continue to grow in the second half of the year, and the demand for other natural gas terminal application equipment is also expected to see a rapid recovery and growth. Under the demand for energy security and energy transformation, the natural gas storage and regulation capacity will be further enhanced, and the segment's related equipment and engineering are expected to enjoy benefits continuously.

#### *Offshore Clean Energy Business*

The liquefied gas vessel market has gradually picked up steam over the past two years. On one hand, it benefits from the shipping industry's replacement cycle. According to the Review of Maritime Transportation 2022 (《2022海運評述》), the last peak delivery period for vessels was around 2005 to 2012. Based on a vessel's lifespan of about 20 years, the vessel industry is facing a significant demand for replacement. A recent report released by Clarkson concluded that there will be a demand for USD1.6 trillion in new shipbuilding investment over the next decade.



At the same time, the requirements for environmental protection and emission reduction are tightening. On 1 January 2023, the International Maritime Organization (IMO) issued new environmental regulations, with the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) coming into force. According to Vessel Value's data, based solely on the EEXI energy efficiency indicators, nearly 70% of the capacity of the global mainstream vessel market fails to meet the standards, while the CII carbon indicator requirements are even higher. The introduction of these new environmental protection regulations will accelerate the replacement of old vessels. The rapid growth of global green-powered vessel orders is driving demand for LNG marine tanks. In addition to LNG fuel, clean energy such as hydrogen fuel, methanol and liquid ammonia are becoming new options for the shipping industry in the context of the global trend towards a green and low-carbon transformation.

As a global leader in the niche of small and medium-sized liquefied gas vessels, the Group will fully benefit from the booming shipbuilding industry cycle with its full-spectrum liquefied gas vessel construction capabilities and diversified customised fuel tank solution capabilities. It will also continue to promote the green and low-carbon transformation and high-quality development of the shipping industry's energy sources.

### *Hydrogen Energy Business*

Hydrogen energy is an important component of the national energy system in future and a critical carrier for achieving green and low-carbon transformation in energy consumption. It is also a strategic emerging industry and a key direction for future industrial development. Currently, the number of central enterprises that have laid out in the hydrogen energy field has expanded to 46. In April 2023, the NDRC organised and convened a working meeting of the inter-ministerial coordination mechanism for the development of hydrogen energy industry, deploying to accelerate the innovation and industrialization of advanced and applicable technologies, improve the layout of the infrastructure, expand the diversified application scenarios, and promote the commercial development of hydrogen energy. Many provinces, municipalities, and autonomous regions in northern China have been steadily introducing policies to support the development of green hydrogen projects. Thus, the scale and number of such projects are growing rapidly, and some large-scale wind and solar-powered green hydrogen projects have started to be implemented. The segment has already established a whole layout in the hydrogen energy industry chain, and is poised to have new growth opportunities for its hydrogen energy business, benefiting from the booming development of hydrogen energy.

### *Future Plans and Strategies*

#### *Onshore Clean Energy Business*

The segment will continue to adhere to the business development strategy of "equipment manufacturing + engineering services + one-stop solutions", to strengthen the full business chain layout of natural gas, LPG and industrial gas, and reinforce its international business presence. It will also expand its innovative demonstration applications for upstream processing and treatment modules, promote the intelligent application of critical energy equipment, optimise the combination of products and business, consolidate and cultivate more champion products, and achieve resource consolidation and integration of its engineering business operations.

## Management Discussion and Analysis

### *Offshore Clean Energy Business*

As a leading provider of small and medium-sized liquefied gas vessels and oil-to-gas conversion vessel services, the segment will focus on the offshore storage, transportation, and refuelling fields of liquefied gas. It will carry out the demonstration application of the LNG marine tank-swap solution, provide oil-to-gas conversion solutions for inland navigation groups, and offer small and medium-sized clean energy transportation and refuelling vessels to customers to facilitate their transformation and upgrading to achieve green shipping. The segment aims to consolidate its leading market position in the field of offshore clean energy equipment. In addition, the segment will expand its deployment of green alternative fuels such as green methanol.

### *Hydrogen Energy Business*

The segment will further improve the layout of the “production, storage, transportation, refuelling, and application” of the entire hydrogen energy industry chain, increase research efforts into key core technologies and personnel training, as well as fully promote the R&D and market development of new products including high-pressure gas hydrogen equipment, civilian liquid hydrogen equipment, on-vehicle hydrogen cylinders and supply systems, offshore hydrogen energy equipment, actively build cooperative relationships with industry-leading enterprises, deeply participate in the construction of fuel cell demonstration city clusters, seize new opportunities for innovative development in the hydrogen industry under the “dual-carbon” target, and commit to becoming a leading scientific and technological enterprise in the field of hydrogen energy.

### Research and Development

During the first half of 2023, the clean energy segment continuously conducted new product research and development, developed a number of new products and made breakthroughs in some R&D projects. For example:

- Completed the development of the second generation of liquid helium tank containers, and further upgraded the product structure and insulation system, with product specifications reaching the international leading level, and successfully realised bulk sales in the market;
- Completed the design, development and trial production of 45MPa diaphragm hydrogen compressor which has passed the factory validation test, thus initiating the market promotion;
- Completed the design and development of the separate B-type cargo tank for LNG carriers and commenced the construction of the largest separate B-type liquid cargo tank in China, featuring the advantages of high utilization rate and flexible and diversified design, further expanded the segment’s business and product line in offshore equipment and engineering;
- Completed the design, installation and commissioning of the first industrial LPG micro-pipeline network project which official operation realised good demonstration results;
- Completed the development of the first domestic phosphine and hydrogen mixer tube bundle container featuring with national leading product specifications and successfully delivered to users, marking a new breakthrough in the field of electronic gas storage and transportation equipment in China; and
- Developed and completed the largest volume and lightest overall weight carbon dioxide transportation semi-trailer in China, with tank volume of 30m<sup>3</sup> and a weight reduction of 1,020 kg.

The segment also had a number of projects initiated and promoted in the first half of the year, including methanol-to-hydrogen equipment, natural gas-to-hydrogen skid-mounted equipment development, CCUS key technologies and equipment, marine engine monitors, etc.

In order to promote sustainable and healthy development, the segment is actively expanding its development projects in the new energy field and has made significant progress in the areas of hydrogen energy equipment and standards and regulations. For example:

- Completed the development of ASME standard liquid hydrogen tank container to provide more solutions for liquid hydrogen storage and transportation;
- Spearheaded the completion of the first domestic “Group Standard for Transportable Liquid Hydrogen Storage and Transportation Vessels (《移動式液氫儲運容器團體標準》)”, filling the blank of relevant industry standards for transportable liquid hydrogen pressure vessels;
- Spearheaded the completion of the first domestic group standard “Special Technical Requirements for Compressed Hydrogen Aluminum Carbon Fiber-wrapped Cylinder-Style Container (《壓縮氫氣鋁內膽碳纖維全纏繞瓶式集裝箱專項技術要求》)”, creating a new mode of hydrogen storage and transportation, to contribute to the promotion of the development of hydrogen energy storage and transportation equipment;
- Completed the design, manufacture and prototype testing of liquid hydrogen storage tanks, and successfully signed the first product order;
- Successfully launched 1,200Nm<sup>3</sup>/h alkaline electrolyser, and all technical parameters of the product are at the leading level in the industry;
- Completed the first domestic compliance review of liquid hydrogen tank truck and liquid hydrogen spherical tank, and commenced construction of liquid hydrogen tank truck; and
- Completed the development of the first mobile skid-mounted hydrogen combined heating and power supply equipment in China, effectively improving energy utilization efficiency.

### Chemical and Environmental

The main operating entity of this segment is CIMC Safeway Technologies Co., Ltd. (“**CIMC Safe Tech**”) which specialises in the research and development, manufacture and sales of a wide range of tank containers for chemical liquids, liquefied gas and powder commodities. It also provides after-market services such as maintenance, cleaning, refurbishment and renovation for tank containers, and provides customised intelligent services about tank container based on IoT technology. Meanwhile, leveraging its strong manufacturing capacity and well-established quality control system, this segment possesses the capacity to manufacture medical equipment components which are widely applied in the area of magnetic resonance imaging equipment. In addition, this segment is actively exploring business in the area of environmental protection.

## Management Discussion and Analysis

With the international logistics becoming smooth gradually, a balance between global demand and supply of tank containers has been achieved and demand for new containers gradually returned to normal level. Booming new energy and chip industries continued to boost the demand in the special tank container market, and the demand for railway tank containers for dangerous goods in the domestic market increased once again. This segment adheres to the ideal of green development and is actively committed to the implementation of energy saving, emission reduction and environmental protection projects. In order to achieve the deep reduction and management of VOC emissions, this segment has launched the whole process management and control including source substitution, procedure control and end treatment. After lots of demonstrations and experiments, this segment has invested substantially to build the first powder coating line in the global tank container industry which was put into trial operation in the second quarter of 2023, so as to carry out “oil-to-powder” source substitution and reduce the amounts of VOCs generated at the source. The implementation of the project has greatly reduced VOC emissions of the Company and played a positive demonstration role in the tank container manufacturing industry, leading the green development of the industry. At the same time, following the strategic planning of “Manufacturing + Services + Intelligence, to provide customers with full life-cycle services”, the segment actively expanded its after-sales services and intelligent product business by focusing on customers’ needs and pain points, and provided various digital products to improve customers’ purchasing experience through manufacturing servitization and standard procedures. The segment continued to provide cooling transportation monitoring solutions for electrolytes in the new energy industry. At the appraisal conference organised and held by the Industry and Information Technology Department of Jiangsu in Nantong, the “Tank Container Status Digital Monitoring Technology” of CIMC Safe Tech was appraised to be at leading position internationally.

On 27 July 2023, CIMC Safe Tech was approved by the CSRC to make the initial public offering in A-share Market and will be listed on the ChiNext board.

### *Prospects*

Tank container is a kind of safe and efficient chemical logistics equipment. In the long run, the gradual promotion of multimodal transport policy, stricter chemical safety requirements and trans-regional investments in the chemical industry will help improve the penetration rate of tank containers in the chemical logistics area and promote the continuous growth of the chemical logistics industry, thus driving the tank container industry and market to maintain a rising trend in the long run. On the other hand, carbon emission constraints and subsidies for new energy have promoted the rapid increase in the penetration rate of new energy vehicles. According to the statistics from EVtank, the global shipments of lithium-ion battery electrolyte solvents reached 924,000 tons in 2022, representing a YoY increase of 73%. In addition, according to statistics from the Semiconductor Industry Association (SIA), global semiconductor sales in 2022 continued to grow compared with 2021, reaching a record of USD573.5 billion. Driven by prosperous prospects of electrolytes and semiconductors, the demand for electrolyte tank containers and high-end inner liner tank containers will continue to grow. Global warming and rising temperature will also drive the demand for refrigerants, which will in turn promote the market growth of related chemical tank containers. Looking forward, this segment will continue to benefit from the opportunities brought by the booming international and domestic chemical logistics markets.

### *Future Plans and Strategies*

This segment will continue to increase its investment in the research and development of technology around the strategic target of transforming and upgrading to the advanced manufacturing industry, and vigorously expand the application fields of tank containers while consolidating its leading position in the tank container market. Through the establishment of all-round and full life-cycle customer partnership, upgrading of production line manufacturing capacity and excellent operation, the segment is devoted to its digital transformation and upgrading further in an all-around way to further consolidate the comprehensive competitiveness of the tank container business and always keep the attitude and shoulder the responsibility as an industrial leader. Meanwhile, the segment actively improves the intelligence of products, and uses the IoT technology to help customers improve operational efficiency and achieve intelligent logistics. The segment will accelerate its global layout, further boost its brand recognition, enhance its competitiveness and increase its market share, while providing customers with better value-added service experience, so as to further improve customer satisfaction and loyalty.

### *Research and Development*

This segment is committed to the continuous innovation of functional components for tank containers, and has developed a new type of anti-wave board, extended safety ladder, tank containers electrical integrated remote control system and automatic filling equipment of tank containers, etc. This segment also actively expanded in the areas of IoT and sensors, and has successfully developed magnetostrictive liquid level sensors to meet the demand for high-precision measurement scenarios. An explosion-proof glycol heating system has been developed and upgraded to meet the safety requirements of flammable and explosive places, and mass production has been achieved.

This segment is devoted to exploring the application of new technology, new process and new material, and actively responding to the national green and environmental protection policies. Powder coating technologies with zero VOC emissions have been applied practically. It continued to carry out the research and application of environmental-friendly thermal insulation materials and actively expanded the application of new technologies such as laser welding and thin-wall welding in products.

Meanwhile, this segment vigorously promoted the “intelligent renovation and digital transformation” and leveraging on the construction project of “green and flexible lighthouse factories for special tank containers”, carried out the research and application of automatic and digital technologies of production lines.

### *Liquid Food*

This segment specialises in the design, manufacturing and delivery of stainless steel tanks and process equipment for various industries such as beer, distilled spirits, hard seltzer, baijiu, fruit juice, Ready To Drink beverages (RTDs) and biopharmaceuticals. The segment possesses globally reputable and leading brands Ziemann Holvrieka, Briggs, DME, and McMillan, with major manufacturing plants in Europe and China.

In the first half of 2023, the market for equipment solutions in the beer, distilled spirits, and other liquid food industries progressed normally. Numerous positive signs in the market were experienced despite several delays in investment decisions were visible. The segment witnessed several new and promising prospects emerging during this period. These included opportunities arising from capacity expansions, increased demand for advanced technologies and sustainable solutions.

During the period under review, numerous projects were being executed, including the following highlighted projects: turnkey beer & tequila projects in Mexico, large tank farm Inhalant mixing systems for the pharma industry, ‘Brewstillery’ integrating new pilot distillery connected to existing breweries, brewery automation project in the USA, new whiskey distillery project in China, and large scale brewery projects in Thailand & USA.

### *Prospects*

With its expertise in designing, manufacturing, and project engineering of liquid food processing equipment, the segment drives integrated solutions forward for the beer, distilled spirits, juice and various other industries. This accomplishment is a result of the segment’s experience in global project delivery, strong technical capabilities, and continued commitment to superior quality. The industry associated with this segment is projected to experience long-term growth on a global scale. This, in combination with increased customer interests in technological advancement and sustainable solutions, puts the segment in a favorable position to ensure sustained future growth.

The worldwide beer market is expected to grow annually by 5.44% during the period 2023–2025 according to Statista’s report. The continuous growth in demand for brewery equipment is fueled by GDP growth in emerging countries, the rising preference for craft and premium beer and new beer types with lower calories or less alcohol.

## Management Discussion and Analysis

While consolidating its leading position in the brewing and distillation equipment industry, the segment has been committed to exploring new areas such as Baijiu and alternative proteins to diversify its revenue.

With the world's leading turnkey project capability in the alcohol industry, the segment will continue to focus on and seize the upgrade opportunities for the carbon neutral transformation of global and domestic plants and parks for Baijiu, craft beer, bio-pharmaceuticals, beer and spirits, aiming to increase the revenue contribution percentage from China market.

### *Future Plans and Strategies*

Looking ahead, the liquid food segment will continue to consolidate its leading position in beer and distilling sectors, expand business opportunities in non-beer business such as distilled spirits, hard seltzer, baijiu, juice, dairy products and biopharmaceuticals horizontally, and strive to become a global leader in stainless steel storage tanks, processing equipment manufacturing and turnkey projects of various liquid food segments.

In addition, the segment will also pay close attention to the incremental market space brought about by the carbon neutral transformation of its client base and continue to develop new technologies and products to provide integrated engineering, construction and equipment services for the green transformation and upgrading of liquid processing production plants.

### *Research and Development*

The liquid food segment has continued to focus on the research and development and in-depth development of a series of liquid food equipment products. These investments focus on lowering the production costs of our customers by developing machines that are more efficient in the use of water, energy and other resources and are more effective in terms of the overall performance both in yield and quality. Recent initiatives included the improvement of the existing products in order to increase efficiency and optimise energy consumption as well as on the development of sustainable solutions. Briggs in the United Kingdom is currently exploring the development of industrial complex distillation systems. Additionally, the R&D teams worked on mechanical vapor recompression solutions for the Scottish whiskey industry, supporting our customers to save their energy costs and to contribute to their sustainability targets. Besides the development of holistic energy concepts for breweries, the R&D teams also focused on optimization of individual process steps like lautering and boiling.

It also deeply participated in the upgrading and transformation of Chinese Baijiu industry technology, with research and development of technology and equipment for the whole Baijiu industry chain, in which, it focused on the equipment for key processes such as the grain processing system to improve the utilization of grains which benefits agrifood preservation and food chain. Our products include grain raw material handling systems and complete Baijiu automatic brewing distillation lines. We continuously develop our Baijiu technologies through dedicated R&D efforts on distilling, robotic, qu/koji handling and stacking equipment, filtration of the distilled baijiu liquid, soil-free filtration together with intelligent storage and blending systems.

In addition, the segment has also actively expanded into the technology development of other liquid food businesses, such as industrial scale fermenters and bio reactors to support the growing request for the production of alternative proteins through precision fermentation, which is expected to generate sales to drive revenue growth in the future.

## SUPPLEMENTARY INFORMATION

### Directors' Interests in Shares

As at 30 June 2023, 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 (Note 1)

Name of Director	Capacity	No. of shares held and interests in underlying shares pursuant to share options and the restricted share award scheme	% of issued share capital (Note 2)
Gao Xiang	Beneficial owner	2,300,000	0.113%
Yang Xiaohu	Beneficial owner	2,320,000	0.114%
Yu Yuqun	Beneficial owner	1,300,001	0.064%
Zeng Han	Beneficial owner	800,000	0.039%
Wang Yu	Beneficial owner	720,000	0.035%
Yien Yu Yu, Catherine	Beneficial owner	300,000	0.015%
Tsui Kei Pang	Beneficial owner	600,000	0.030%
Wang Caiyong	Beneficial owner	300,000	0.015%
Yang Lei	Beneficial owner	125,000	0.006%

#### Notes:

1. These information is based on the disclosure of interests forms published on the website of the Stock Exchange as at 30 June 2023.
2. The percentage is calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2023, which was 2,028,277,588.

## Supplementary Information

**Substantial Shareholders' Interests in Shares**

As at 30 June 2023, 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 (Note 1):

Substantial shareholder	Capacity	Number of shares held	% of issued share capital (Note 2)
China International Marine Containers (Group) Co., Ltd. ("CIMC")	Interest of controlled corporation	1,371,016,211 (L) (Note 3)	67.60%
China International Marine Containers (Hong Kong) Limited ("CIMC HK")	Interest of controlled corporation	190,703,000 (L) (Note 4)	9.40%
	Beneficial owner	1,180,313,211 (L) (Note 3)	58.19%
	Interests held jointly with another person	80,000,000 (S)	3.94%
Charm Wise Limited ("Charm Wise")	Beneficial owner	190,703,000 (L) (Note 4)	9.40%
朱雀基金管理有限公司	A concert party to an agreement to buy shares described in S.317(1)(a)	121,412,000 (L)	5.99%

Notes:

L – long position

S – short position

1. These information is based on the disclosure of interests forms published on the website of the Stock Exchange as at 30 June 2023.
2. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2023, which was 2,028,277,588.
3. These ordinary shares comprise 190,703,000 ordinary shares held by Charm Wise and 1,180,313,211 ordinary shares held by CIMC HK. Charm Wise and CIMC HK are wholly-owned subsidiaries of CIMC.
4. These ordinary shares comprise 190,703,000 ordinary shares held by Charm Wise. Charm Wise is a wholly-owned subsidiary of CIMC.

Save as disclosed above, as at 30 June 2023, (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 Share Option Scheme adopted on 12 July 2006*

The Company adopted the Share Option Scheme pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company on 12 July 2006 (the “**Scheme 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 2022.

The Scheme 2006 was terminated on 20 May 2016, after which no further share option may be granted under the Scheme 2006, but in all other respects the provisions of the Scheme 2006 remain in full force and effect and share options granted prior to such termination continue to be valid and exercisable in accordance with the provisions of the Scheme 2006.

During the six months ended 30 June 2023, no share options were granted under the Scheme 2006. A total of 370,000 options granted under the Scheme 2006 previously were lapsed during the six months ended 30 June 2023.

During the six months ended 30 June 2023, movements of the options under the Scheme 2006 were as follows:

Grantee	Date of grant	Exercise price (per Share)	Exercise period	Number of Share Options						Outstanding at 30 June 2023
				Outstanding	Granted	Exercised	Lapsed	Cancelled	Transferred	
				at 1 January 2023	during the period	during the period	during the period	during the period	to/from other category	
<b>Directors</b>										
Gao Xiang	5/6/2014 (Note)	HKD11.24	05/06/2016-04/06/2024	400,000	-	-	-	-	-	400,000
Yang Xiaohu	5/6/2014 (Note)	HKD11.24	05/06/2016-04/06/2024	400,000	-	-	-	-	-	400,000
Yu Yuqun	5/6/2014 (Note)	HKD11.24	05/06/2016-04/06/2024	300,000	-	-	-	-	-	300,000
Tsui Kei Pang	5/6/2014 (Note)	HKD11.24	05/06/2016-04/06/2024	300,000	-	-	-	-	-	300,000
				1,400,000	-	-	-	-	-	1,400,000
<b>Employees</b>	5/6/2014 (Note)	HKD11.24	05/06/2016-04/06/2024	23,721,000	-	-	(370,000)	-	-	23,351,000
<b>Other participants</b>	5/6/2014 (Note)	HKD11.24	05/06/2016-04/06/2024	4,820,000	-	-	-	-	-	4,820,000
<b>Total</b>		-	-	29,941,000	-	-	(370,000)	-	-	29,571,000

*Note:* Regarding the share options granted on 5 June 2014, subject to certain conditions as stated in the offer letter to the respective grantee, 40% of the options granted to any grantee become exercisable from 5 June 2016 and up to 4 June 2024; 30% of which become exercisable from 5 June 2017 and up to 4 June 2024; and the remaining 30% of which become exercisable from 5 June 2018 and up to 4 June 2024.

As at 30 June 2023, the total number of Shares that may be issued in respect of share options granted under the Scheme 2006 was 29,571,000 Shares, representing approximately 1.47% of the weighted average number of Shares in issue for the six months ended 30 June 2023.

## Supplementary Information

### *The Share Option Scheme adopted on 20 May 2016*

At the annual general meeting of the Company held on 20 May 2016, an ordinary resolution was passed for the adoption of a new share option scheme (the **"New Scheme"**) and the termination of the Scheme 2006. Upon termination of the Scheme 2006, no further option may be granted under the Scheme 2006, but in all other respects the provisions of the Scheme 2006 remain in full force and effect and options granted prior to such termination continue to be valid and exercisable in accordance with the provisions of the Scheme 2006.

The New Scheme has a term of 10 years and will expire on 19 May 2026, after which no further options will be granted. The purpose of the New Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants, and for such other purposes as the Board may approve from time to time. Details of the terms thereof are set out in the Annual Report 2022.

No options have been granted under the New Scheme since its adoption. As at 1 January 2023 and 30 June 2023, the number of options available for grant under the New Scheme is 193,660,608.

Save as disclosed above, no options were granted, exercised, lapsed or cancelled during the six months ended 30 June 2023.

### **Share Award Scheme 2020**

The Company adopted Share Award Scheme 2020 (the **"Award Scheme 2020"**) on 3 April 2020. The purposes of the Award Scheme 2020 are (a) to provide eligible participants with an opportunity to own Shares in the Company thereby aligning the interests of the eligible participants with that of the Shareholders; (b) to incentivise eligible participants to benefit from value enhancement through delivery of performance targets; and (c) to encourage and retain Eligible Participants to make contributions to the long-term and sustainable growth of the Group.

Subject to any early termination of the Award Scheme 2020 in accordance with the Award Scheme 2020 Rules, the Award Scheme 2020 shall be valid and effective for a period of 10 years commencing from the adoption date of Award Scheme 2020 (i.e. up to 2 April 2030). The details of the Award Scheme 2020 are disclosed in the announcement of the Company dated 3 April 2020.

The Company entered into a trust deed with the Trustee to constitute the trust in connection with the Award Scheme 2020 for the purpose of the grant of Grant Shares to selected participants from time to time.

Since adoption of the Award Scheme 2020 and up to 30 June 2023, the trustee had purchased in total 39,198,000 shares of the Company under the Award Scheme 2020. No purchase of Shares from the market were made by the Trustee under the Award Scheme 2020 during the six months ended 30 June 2023.

As at 1 January 2023 and 30 June 2023, the remaining number of Shares which may be further purchased or issued pursuant to the Award Scheme 2020 was 1,011,691 Shares.

Details of the movements of the Grant Shares granted under the Award Scheme 2020 during the six months ended 30 June 2023 are as follows:

Grantee	Date of Grant	Number of Grant Shares	Subscription price (per Share)	Closing price of Shares immediately before the date of grant of the Grant Shares	Number of Grant Shares						Vesting Period (Note 3)
					Granted but not vested as at 1 January 2023	Granted and held by the Trustee	Vested (Note 2)	Lapsed	Cancelled	Granted but not vested as at 30 June 2023	
(During the six months ended 30 June 2023)											
<b>Directors</b>											
Gao Xiang	17 November 2021 (Note 1)	1,200,000	HKD3.7	HKD9.2	800,000	-	400,000	-	-	400,000	April 2022 to April 2024
Yang Xiaohu	17 November 2021 (Note 1)	1,200,000	HKD3.7	HKD9.2	800,000	-	400,000	-	-	400,000	April 2022 to April 2024
Yu Yuqun	17 November 2021 (Note 1)	800,001	HKD3.7	HKD9.2	533,334	-	266,667	-	-	266,667	April 2022 to April 2024
Zeng Han	17 November 2021 (Note 1)	600,000	HKD3.7	HKD9.2	400,000	-	200,000	-	-	200,000	April 2022 to April 2024
Wang Yu	17 November 2021 (Note 1)	600,000	HKD3.7	HKD9.2	400,000	-	200,000	-	-	200,000	April 2022 to April 2024
Yien Yu Yu, Catherine	17 November 2021 (Note 1)	300,000	HKD3.7	HKD9.2	200,000	-	100,000	-	-	100,000	April 2022 to April 2024
Tsui Kei Pang	17 November 2021 (Note 1)	300,000	HKD3.7	HKD9.2	200,000	-	100,000	-	-	100,000	April 2022 to April 2024
Wang Caiyong	17 November 2021 (Note 1)	300,000	HKD3.7	HKD9.2	200,000	-	100,000	-	-	100,000	April 2022 to April 2024
Zhang Xueqian (ceased to be an independent non-executive Director on 30 September 2022) (Note 4)	17 November 2021 (Note 1)	300,000	HKD3.7	HKD9.2	75,000	-	75,000	-	-	0	April 2022 to April 2024
Yang Lei	3 April 2023 (Note 1)	125,000	HKD3.7	HKD7.6	-	125,000	25,000	-	-	100,000	April 2023 to April 2024
<b>Employees</b>											
Top 4 highest paid individuals (excluding Directors)	17 November 2021 (Note 1)	1,410,000	HKD3.7	HKD9.2	0	-	-	-	-	0	April 2022
Other Employees	17 November 2021 (Note 1)	26,314,005	HKD3.7	HKD9.2	15,556,670	-	7,694,168	174,167	-	7,688,335	April 2022 to April 2024
	26 May 2022 (Note 1)	65,000	HKD3.7	HKD8.11	0	-	-	-	-	0	26 May 2022
	14 July 2022 (Note 1)	300,000	HKD3.7	HKD8.20	0	-	-	-	-	0	14 July 2022
	7 December 2022 (Note 1)	2,626,708	HKD3.7	HKD7.99	2,626,708	-	1,873,708	15,000	-	738,000	April 2023 to April 2024
<b>Total</b>		<b>36,440,714</b>			<b>21,791,712</b>	<b>125,000</b>	<b>11,434,543</b>	<b>189,167</b>	<b>-</b>	<b>10,293,002</b>	

## Supplementary Information

## Notes:

- Other than the Subscription Price which shall be paid by the participants at the prescribed time according to the terms of the Award Scheme 2020, no other payment is required for acceptance of the grant of the Grant Shares.
- The weighted average closing price of the shares immediately before the dates on which the Grant Shares were vested during the six months ended 30 June 2023 was (i) HKD7.68 (for all grants dated 17 November 2021); (ii) HKD7.68 (for all grants dated 7 December 2022); and (iii) HKD7.68 (for all grants dated 3 April 2023).
- The vesting is subject to the fulfilment of the relevant vesting conditions (including (i) the achievement of relevant level of net profits of the Group for the relevant year as determined by the Board (applicable to all participants other than the independent non-executive Directors); and (ii) achievement of relevant personal appraisal target (applicable to participants who are not Directors).
- In April 2022, the first tranche of the Grant Shares (i.e. 100,000 Grant Shares) were vested to Mr. Zhang Xueqian. Following the cessation of Mr. Zhang as an independent non-executive Director on 30 September 2022, 75,000 Grant Shares (being the portion of second tranche of Grant Shares granted to Mr. Zhang in proportion to the number of days of his tenure as an independent non-executive Director in 2022) shall remain valid and be vested in April 2023. On the other hand, the remaining 125,000 Grant Shares (being the remaining portion of the second tranche of Grant Shares and the third tranche of Grant Shares granted to Mr. Zhang) had lapsed.

In furtherance to the information disclosed in the 2022 annual report of the Company published on 17 April 2023, a total of 2,237,000 Grant Shares had lapsed and no Grant Shares were cancelled during the year ended 31 December 2022.

As at 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023, the number of Grant Shares available to be further granted under the Award Scheme 2020 was 6,885,685, 6,130,977, 6,130,977 and 6,195,144, respectively.

The fair values of the Grant Shares granted under the Award Scheme 2020 during the year ended 31 December 2022 and during the six months ended 30 June 2023 are as follows:

Date of Grant	Number of Grant Shares	Fair value per Grant Shares at date of grant
26 May 2022	65,000	HKD3.33
14 July 2022	300,000	HKD3.33
7 December 2022	2,626,708	HKD3.33
3 April 2023	125,000	HKD3.86

For further details of the fair value of the Grant Shares granted under the Award Scheme 2020, please refer to note 17 to the financial statements.

## Chemical and Environmental Business Unit Equity Incentive Scheme

The Company adopted Chemical and Environmental Business Unit Equity Incentive Scheme on 27 November 2020, to recognize past and present contributions and to incentivise the future contributions by the participants to the Chemical and Environmental Business Unit.

According to Chemical and Environmental Business Unit Equity Incentive Scheme, incentive equity interest will be granted to the participants through the partnership platforms by way of subscribing for new share capital in CIMC Safeway Technologies Co., Ltd. (中集安瑞環科技股份有限公司) ("**CIMC Safe Tech**"). Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Yu Yuqun, Mr. Zeng Han, Mr. Wang Yu, the Directors of the Company have subscribed for new share capital of CIMC Safe Tech, which represent approximately 0.33%, 2.19%, 0.13%, 0.13% and 0.13% of the share capital of CIMC Safe Tech as at 30 June 2023, respectively. The details are disclosed in the announcement of the Company dated 27 November 2020.

## Liquid Food Business Unit Equity Incentive Scheme

The Company adopted Liquid Food Business Unit Equity Incentive Scheme on 8 June 2022, to recognise past and present contributions and to incentivise the future contributions by the participants to the Liquid Food Business Unit.

According to Liquid Food Business Unit Equity Incentive Scheme, incentive equity interest will be granted to the participants through the partnership platforms by way of subscribing for new registered capital in CIMC Liquid Process Technologies Co., Ltd. (中集安瑞醇科技股份有限公司) ("**CLPT**"). Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Zeng Han, Mr. Wang Yu, the Directors of the Company have subscribed for new registered capital of CLPT under the Liquid Food Business Unit Equity Incentive Scheme, which represent approximately 0.59%, 1.18%, 0.10% and 0.10% of the registered capital of CLPT at 30 June 2023, respectively. The details are disclosed in the announcement of the Company dated 8 June 2022.

## 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 2023.

## Corporate Governance

The Company complied with all the code provisions of the Corporate Governance Code set out in part 2 of in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), throughout the six months ended 30 June 2023.

The latest corporate governance report of the Company is set out in the Annual Report 2022. Details of each of the audit committee, the remuneration committee, the nomination committee and sustainable committee of the Company are also provided in the same report.

The audit committee of the Company has reviewed and discussed with management the unaudited financial report of the Group for the period.

## Supplementary Information

### Audit Committee and Other Board Committees

The Audit Committee comprises four Independent Non-executive Directors. The primary duties of the committee are, amongst other things, to review and supervise over the Group's financial reporting procedures, risk management and internal control systems. The Audit Committee has reviewed and discussed with management the unaudited interim financial report of the Group for the six months ended 30 June 2023.

In addition, the Board has established a Remuneration Committee, a Nomination Committee and a Sustainable Committee. Remuneration Committee and Nomination committee has a majority of Independent Non-executive Directors. Sustainable Committee has one executive Director and two non-executive Directors.

Full terms of reference of the above-mentioned committees are available on request or on the websites of Hong Kong Exchanges and Clearing Limited and the Company respectively.

### Biographical Details of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, there are no changes in the biographical details of Directors since the publication of the Annual Report 2022 and up to 30 June 2023.

### Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2023, the trustee of the Award Scheme 2020 did not purchase any shares on the Stock Exchange pursuant to the terms of the trust deed under the Award Scheme 2020.

Saved as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2023.

### OTHER INFORMATION

According to paragraph 40 of Appendix 16 to the Listing Rules, save as disclosed herein, the Company confirms that the information of the Company in relation to those matters set out in paragraph 32 of Appendix 16 to the Listing Rules has not changed materially from the information disclosed in the Company's 2022 annual report.

### Directors

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

By order of the Board  
**Gao Xiang**  
Chairman

Hong Kong, 23 August 2023

**CIMC Enric Holdings Limited**  
**中集安瑞科控股有限公司**

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