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# **CIMC | TianDa**

## **CIMC-TianDa Holdings Company Limited**

### **中集天達控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock code: 445)

### **HALF-YEARLY RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020**

#### **HIGHLIGHTS**

- Revenue of the Group for the six months ended 30 June 2020 was approximately RMB2,173.2 million (2019 (restated): approximately RMB2,368.3 million), reported a decrease of approximately 8.2% over the corresponding period last year.
- Profit for the six months ended 30 June 2020 was approximately RMB79.6 million (2019 (restated): RMB76.6 million), reported an increase of approximately 4.0% over the corresponding period last year.
- Basic earnings per share for the period was RMB0.45 cent (2019 (restated): RMB0.48 cent). Diluted earnings per share for the period was RMB0.39 cent (2019 (restated): RMB0.39 cent).
- The Board does not recommend the payment of a dividend for the six months ended 30 June 2020.

The board of Directors (the “**Board**”) of the Company hereby announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2020, together with the comparative figures for the corresponding period in 2019, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>(Unaudited)</b>	
		<b>For the six months ended 30 June</b>	
	<i>Note</i>	<b>2020</b>	2019
		<b>RMB'000</b>	RMB'000
			(Restated)
<b>Revenue</b>	2	<b>2,173,183</b>	2,368,262
Cost of sales and services		<u><b>(1,751,571)</b></u>	<u>(1,942,997)</u>
<b>Gross profit</b>		<b>421,612</b>	425,265
Selling and distribution expenses		<b>(104,627)</b>	(99,576)
General and administrative expenses		<b>(261,108)</b>	(239,963)
Net reversal of impairment losses / (impairment losses) on financial and contract assets		<b>3,917</b>	(19,979)
Other income	3	<b>60,633</b>	43,856
Other gains /(losses) - net	4	<u><b>3,239</b></u>	<u>(4,197)</u>
<b>Operating profit</b>		<b>123,666</b>	105,406
Finance costs	5	<b>(36,865)</b>	(28,105)
Share of profits of associates		<u><b>9,183</b></u>	<u>6,975</u>
<b>Profit before income tax</b>		<b>95,984</b>	84,276
Income tax expense	6	<u><b>(16,386)</b></u>	<u>(7,709)</u>
<b>Profit for the period</b>		<u><b>79,598</b></u>	<u>76,567</u>
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>72,175</b>	69,950
Non-controlling interests		<u><b>7,423</b></u>	<u>6,617</u>
		<u><b>79,598</b></u>	<u>76,567</u>
		<b>RMB cent</b>	RMB cent
			(Restated)
<b>Earnings per share attributable to owners of the Company</b>	7		
Basic		<b>0.45</b>	0.48
Diluted		<u><b>0.39</b></u>	<u>0.39</u>

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	(Unaudited)	
	For the six months ended 30 June	
Note	2020	2019
	RMB'000	RMB'000 (Restated)
<b>Profit for the period</b>	<b>79,598</b>	<b>76,567</b>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	9,130	4,862
Share of other comprehensive income of associates	77	43
	<b>9,207</b>	<b>4,905</b>
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of defined benefit liabilities	-	(2,494)
Remeasurement of other employee benefit	-	(401)
	-	(2,895)
<b>Other comprehensive income for the period, net of tax</b>	<b>9,207</b>	<b>2,010</b>
<b>Total comprehensive income for the period</b>	<b>88,805</b>	<b>78,577</b>
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	81,386	70,323
Non-controlling interests	7,419	8,254
	<b>88,805</b>	<b>78,577</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) At 30 June 2020 RMB'000	(Audited) At 31 December 2019 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	1,164,582	1,203,327
Right-of-use assets		377,361	382,970
Investment properties		254,736	256,835
Intangible assets	10	773,819	776,004
Investments in associates		207,663	204,504
Deferred income tax assets		79,071	74,336
Other non-current assets		2,914	3,716
		2,860,146	2,901,692
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		2,370,223	2,252,450
Contract assets		647,792	673,281
Trade receivables	11	2,027,835	2,402,473
Prepayments and other receivables		523,689	615,621
Financial assets at fair value through other comprehensive income		15,841	16,829
Amounts due from related parties		32,400	27,165
Financial assets at fair value through profit or loss		502	88
Pledged bank deposits		12,090	34,342
Cash and cash equivalents		726,507	768,386
		6,356,879	6,790,635
<b>Total current assets</b>		<b>6,356,879</b>	<b>6,790,635</b>
<b>Total assets</b>		<b>9,217,025</b>	<b>9,692,327</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)**

		(Unaudited) At 30 June 2020 RMB'000	(Audited) At 31 December 2019 RMB'000
	<i>Notes</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	12	37,302	37,144
Lease liabilities		125,269	122,081
Convertible bonds	13	70,736	73,322
Borrowings	14	551,274	341,819
Deferred income tax liabilities		66,202	70,886
Deferred income		80,437	83,550
Provisions		3,828	2,564
		<hr/>	<hr/>
Total non-current liabilities		935,048	731,366
<b>Current liabilities</b>			
Trade and other payables	12	1,772,236	1,964,205
Amounts due to related parties		320,960	349,849
Contract liabilities		1,246,063	1,338,812
Current income tax liabilities		29,066	46,598
Borrowings	14	1,229,607	1,585,909
Lease liabilities		11,411	17,683
Financial liabilities at fair value through profit or loss		514	984
Provisions		154,483	138,482
		<hr/>	<hr/>
Total current liabilities		4,764,340	5,442,522
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>5,699,388</b>	<b>6,173,888</b>
		<hr/>	<hr/>
<b>Net assets</b>		<b>3,517,637</b>	<b>3,518,439</b>
		<hr/>	<hr/>
<b>EQUITY</b>			
Share capital		139,050	136,512
Reserves		2,991,485	2,974,939
		<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>		<b>3,130,535</b>	<b>3,111,451</b>
<b>Non-controlling interests</b>		<b>387,102</b>	<b>406,988</b>
		<hr/>	<hr/>
<b>Total equity</b>		<b>3,517,637</b>	<b>3,518,439</b>
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	
	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000 (Restated)
<b>Cash flow from operating activities</b>		
Profit before income tax	95,984	84,276
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	49,276	37,126
Amortisation of intangible assets	23,633	24,693
Depreciation of right-of-use assets	15,020	10,026
Net (reversal of impairment losses)/ impairment losses on financial and contract assets	(3,917)	19,979
Reversal of write down of inventories	-	(3,458)
Reversal of penalties	-	(5,350)
Interest income	(1,923)	(1,357)
Interest expense	36,865	28,105
(Gain)/ loss on disposal of property, plant and equipment	(287)	118
(Gain)/ loss on fair value of other financial instruments	(931)	2,591
Gain on settlement of financial liabilities	(1,933)	-
Gain on fair value of investment properties	(304)	-
Loss on disposal of intangible assets	-	175
Loss on disposal of an associate	-	295
Share of profit of associates	(9,183)	(6,975)
	<hr/>	<hr/>
Operating profit before working capital changes	202,300	190,244
Inventories	(101,602)	(183,761)
Trade and other receivables, contract assets and financial assets	493,990	(334,998)
Trade and other payables and contract liabilities	(396,337)	76,343
Provisions	17,076	18,495
	<hr/>	<hr/>
Cash generated from/ (used in) operating activities	215,427	(233,677)
Income tax paid	(42,504)	(32,515)
	<hr/>	<hr/>
<b>Net cash generated from/ (used in) operating activities</b>	<b>172,923</b>	<b>(266,192)</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**

	<b>(Unaudited)</b>	
	<b>For the six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
		(Restated)
<b>Cash flow from investing activities</b>		
Addition of property, plant and equipment, intangible assets	<b>(29,484)</b>	(47,597)
Proceeds from sale of property, plant and equipment	<b>543</b>	31
Proceeds from sale of intangible assets	-	6,206
Interest received	<b>1,923</b>	1,357
Dividend received from associates	<b>6,583</b>	3,687
Acquisition of financial assets at fair value through profit or loss	-	(10,000)
Acquisition of non-controlling interests	<b>(12,000)</b>	-
Settlement of financial liabilities	<b>(1,000)</b>	-
Payment for acquisition of subsidiaries, net of cash acquired	-	(25,474)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(33,435)</b>	(71,790)
<b>Cash flow from financing activities</b>		
Proceeds from loans from related parties	<b>160,000</b>	348,000
Repayment of loans from related parties	<b>(208,000)</b>	(400,941)
Proceeds from bank borrowings	<b>1,165,747</b>	760,059
Repayment of bank borrowings	<b>(1,279,585)</b>	(582,473)
Interest paid	<b>(31,954)</b>	(22,824)
Principal elements of lease payments	<b>(14,360)</b>	(8,212)
Dividends paid to non-controlling interests in subsidiaries	<b>(666)</b>	-
Decrease in pledged bank deposits	<b>22,252</b>	45,668
	<hr/>	<hr/>
<b>Net cash (used in)/ generated from financing activities</b>	<b>(186,566)</b>	139,277
<b>Net decrease in cash and cash equivalents</b>		
Cash and cash equivalents at 1 January	<b>768,386</b>	557,469
Effect of foreign exchange rate changes	<b>5,199</b>	2,676
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<b>Cash and cash equivalents at 30 June</b>	<b>726,507</b>	361,440
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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

(Unaudited)

	Attributable to owners of the Company											
	Notes	Share capital	Share premium	Assets revaluation reserve	Surplus reserve	Convertible bonds – equity conversion reserves	Other reserves	Currency translation reserves	Retained earnings	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019 (restated)		123,522	4,155,439	23,284	9,378	1,369,564	(3,387,348)	44,137	621,285	2,959,261	47,446	3,006,707
Profit for the period		-	-	-	-	-	-	-	69,950	69,950	6,617	76,567
Currency translation differences		-	-	-	-	-	-	3,226	-	3,226	1,636	4,862
Share of other comprehensive income of an associate		-	-	-	-	-	43	-	-	43	-	43
Remeasurement of employee benefits		-	-	-	-	-	(2,895)	-	-	(2,895)	-	(2,895)
Total comprehensive income for the period		-	-	-	-	-	(2,852)	3,226	69,950	70,324	8,253	78,577
Shares to be issued for acquisition of a subsidiary		-	-	-	-	-	137,304	-	-	137,304	-	137,304
Non-controlling interests recognised upon acquisition of a subsidiary		-	-	-	-	-	-	-	-	-	321,582	321,582
Total transactions with owners, recognised directly in equity		-	-	-	-	-	137,304	-	-	137,304	321,582	458,886
At 30 June 2019 (restated)		123,522	4,155,439	23,284	9,378	1,369,564	(3,252,896)	47,363	691,235	3,166,889	377,281	3,544,170

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)**

**For the six months ended 30 June 2020**

**(Unaudited)**

	Attributable to owners of the Company										
	Share capital	Share premium	Assets revaluation reserve	Surplus reserve	Convertible bonds – equity conversion reserves	Other reserves	Currency translation reserves	Retained earnings	Subtotal	Non- controlling interests	Total
<i>Notes</i>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	136,512	4,578,669	23,284	20,534	1,089,211	(3,651,264)	88,640	825,865	3,111,451	406,988	3,518,439
Profit for the period	-	-	-	-	-	-	-	72,175	72,175	7,423	79,598
Currency translation differences	-	-	-	-	-	-	9,134	-	9,134	(4)	9,130
Share of other comprehensive income of associates	-	-	-	-	-	77	-	-	77	-	77
<b>Total comprehensive income for the period</b>	-	-	-	-	-	77	9,134	72,175	81,386	7,419	88,805
Issuance of shares upon conversion of convertible bonds	2,538	88,374	-	-	(84,936)	-	-	-	5,976	-	5,976
Transaction with non-controlling interests	-	-	-	-	-	(6,143)	-	-	(6,143)	(5,857)	(12,000)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(21,448)	(21,448)
Dividend declared	-	(62,135)	-	-	-	-	-	-	(62,135)	-	(62,135)
<b>Total transactions with owners, recognised directly in equity</b>	2,538	26,239	-	-	(84,936)	(6,143)	-	-	(62,302)	(27,305)	(89,607)
At 30 June 2020	139,050	4,604,908	23,284	20,534	1,004,275	(3,657,330)	97,774	898,040	3,130,535	387,102	3,517,637

Notes:

## 1 Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with the Hong Kong Accounting Standard 34, *Interim Financial Reporting*. The accounting policies adopted in preparing the condensed consolidated financial statements for the six months ended 30 June 2020 are consistent with those in preparation of the Group’s consolidated financial statements for the year ended 31 December 2019.

On 23 December 2019, the Company completed the acquisition (the “**Ziegler Acquisition**”) of 60% equity interests of Albert Ziegler GmbH (“**Ziegler**”) from CIMC Top Gear B.V., a subsidiary of China International Marine Containers (Group) Limited (“**CIMC**”), the Company’s controlling shareholder. The consideration of EUR31,470,000 (equivalent to approximately RMB245,346,000) is to be payable by way of cash (or other kind of consideration as may be agreed by the Group and CIMC Top Gear B.V.) within one year from the date of completing the Ziegler Acquisition.

Ziegler was owned as to 40% by the Company and 60% by CIMC Top Gear B.V. prior to the Ziegler Acquisition. Upon completion of the Ziegler Acquisition, Ziegler became a wholly owned subsidiary of the Company. Since the Company and Ziegler are ultimately controlled by CIMC both before and after the Ziegler Acquisition, it is regarded as a “common control combination”. Accordingly, the Group has applied the principles of merger accounting to account for the Ziegler Acquisition in accordance with the Accounting Guideline 5 “*Merger Accounting for Common Control Combinations*” (the “**AG5**”) issued by the HKICPA.

In applying merger accounting, the condensed consolidated financial statements incorporate the financial statement items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are consolidated using the existing book value from the controlling parties’ perspective. No amount is recognised in respect of goodwill or excess of acquirers’ interest in the net fair value of acquirees’ identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuant of the controlling party’s interest.

The condensed consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the condensed consolidated financial statements are presented as if the combining entities had been combined at the previous balance sheet date unless they first came under common control at a later date.

## 1 Basis of preparation (cont'd)

Reconciliation of the results of operations for the period ended 30 June 2019 previously reported by the Group and the restated amounts presented in the condensed consolidated statement of profit or loss are set out below:

	For the period ended 30 June 2019			
	The Group RMB'000 (as previously reported)	Ziegler RMB'000	Adjustment and elimination RMB'000	The Group RMB'000 (restated)
Revenue	1,582,790	785,472	-	2,368,262
Profit/(loss) for the period	94,739	(24,624)	6,452	76,567
Profit/(loss) attributable to owners of the Company	87,998	(24,500)	6,452	69,950

Details of the Ziegler Acquisition have been disclosed in the announcement and circular of the Company dated 26 September 2019 and 19 November 2019 respectively.

## 2 Revenue and segment information

The Group has three reportable segments which are the Group's strategic business units. The strategic business units offer different goods and services and are managed separately because they require different production techniques and marketing strategies. The Group's Chief Executive Officer ("CEO") manages and monitors the businesses of each of the strategic business unit and reviews the internal management reports at least on a quarterly basis. Reportable segments are identified based on the reports reviewed by the CEO that are used for making strategic decisions, allocating resources and assessing performance. The following summarizes the operations of each of the Group's reportable segments:

- Airport facilities and automated parking systems: the manufacture and sales of passenger boarding bridges, airport support equipment and automated vehicle parking systems;
- Materials handling systems: the provision of engineering and computer software solutions for airport logistics, e-commerce, express delivery and warehousing; and
- Fire engines and rescue: the production and sale of fire engines, fire prevention and fighting equipment and mobile fire stations and rescue stations.

The accounting policies of the reportable segments are the same as those adopted in preparing the condensed consolidated financial statements.

## 2 Revenue and segment information (cont'd)

Information about operating segment profit or loss:

For the six months ended 30 June 2020 (unaudited)

	Airport facilities and automated parking systems RMB'000	Firefighting and rescue RMB'000	Materials handling systems RMB'000	Total RMB'000
Timing of revenue recognition				
- At a point in time	571,886	1,310,225	4,898	1,887,009
- Over time	84,053	-	202,121	286,174
Revenue from external customers	655,939	1,310,225	207,019	2,173,183
Reportable segment profit /(loss) before income tax	128,784	12,146	(20,748)	120,182
Unallocated corporate expenses				(33,381)
Share of profits of associates				9,183
Profit before income tax				95,984
Income tax expense				(16,386)
Profit for the period				79,598
Other information:				
Depreciation of property, plant and equipment and right of use assets	20,213	36,376	7,707	64,296
Amortisation of intangible assets	5,187	17,757	689	23,633

## 2 Revenue and segment information (cont'd)

Information about operating segment profit or loss (cont'd):

For the six months ended 30 June 2019 (restated) (unaudited)

	Airport facilities and automated parking systems RMB'000	Firefighting and rescue RMB'000	Materials handling systems RMB'000	Total RMB'000
Timing of revenue recognition				
- At a point in time	711,027	1,265,874	31,973	2,008,874
- Over time	73,625	8,208	277,555	359,388
Revenue from external customers	784,652	1,274,082	309,528	2,368,262
Reportable segment profit /(loss) before income tax	100,342	18,042	(22,622)	95,762
Unallocated corporate expenses				(18,461)
Share of profits of associates				6,975
Profit before income tax				84,276
Income tax expenses				(7,709)
Profit for the period				76,567
Other information:				
Depreciation of property, plant and equipment and right-of-use assets	16,093	24,524	6,535	47,152
Amortisation of intangible assets	4,821	19,080	792	24,693

## 3 Other income

	(Unaudited)	
	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Rental income	17,434	20,365
Government grants	32,298	8,120
Sale of scrap materials	3,415	2,256
Compensation and indemnities	-	2,409
Interest income	1,923	1,357
Revenue from canteens	172	363
Others	5,391	8,986
	60,633	43,856

#### 4 Other gains/(losses) - net

	(Unaudited)	
	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Gain/(loss) on disposal of property, plant and equipment	287	(118)
Gain/(loss) on fair value of other financial instruments	931	(2,591)
Gain on settlement of financial liabilities	1,933	-
Gain on fair value of investment properties	304	-
Reversal of penalties	-	5,350
Loss on disposal of an associate	-	(295)
Loss on disposal of intangible assets	-	(175)
Net foreign exchange losses	(2,438)	(4,153)
Others	2,222	(2,215)
	<u>3,239</u>	<u>(4,197)</u>

#### 5 Finance costs

	(Unaudited)	
	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Interest expenses on loans from related parties	5,250	7,458
Interest expenses on bank borrowings	24,780	12,697
Interest expenses on convertible bonds	3,947	4,522
Interest expenses on leases	2,236	2,340
Others	652	1,088
	<u>36,865</u>	<u>28,105</u>

#### 6 Income tax expense

Income tax expense has been recognised in profit or loss as follows:

	(Unaudited)	
	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Current income tax		
Current tax on profits for the period	25,965	24,204
Over provision in prior years	(993)	(1,375)
	<u>24,972</u>	<u>22,829</u>
Deferred income tax	(8,586)	(15,120)
Income tax expense	<u>16,386</u>	<u>7,709</u>

## 6 Income tax expenses (cont'd)

Income tax on profits arising from the group entities in the PRC and other countries have been provided for based on the prevailing tax rates applicable to the respective group entities.

## 7 Earnings per share

The calculations of the basic and diluted earnings per share are based on the following:

	Notes	(Unaudited)	
		For the six months ended 30 June	
Earnings		2020	2019
		RMB'000	RMB'000
			(Restated)
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share		72,175	69,950
Finance costs saving on conversion of convertible bonds outstanding, net of tax		3,296	3,776
Profit attributable to owners of the Company for the purpose of calculating diluted earnings per share		75,471	73,726
<b>Number of shares</b>		<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share		15,947,792	14,471,904
Effect of dilutive potential ordinary shares arising from convertible bonds outstanding		3,553,847	4,478,170
Effect of dilutive ordinary shares to be issued for acquisition of a subsidiary	<i>i</i>	-	188,934
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share		19,501,639	19,139,008

*Note i:* The shares to be issued at 30 June 2019 were for the acquisition of Shanghai Jindun Special Vehicle Equipment Co., Ltd. (上海金盾特種車輛裝備有限公司) (“**Shanghai Jindun**”) which was completed in April 2019. The shares were issued in September 2019.

There was no dilutive effect of the share options granted to the earnings per share as the average market prices of the shares of the Company for the six months ended 30 June 2019 and 2020 were lower than the exercise price of the share options granted.

## 8 Dividends

	2020	2019
	RMB'000	RMB'000
Final dividend for the year ended 31 December 2019 of HK0.42 cent (2018: nil) per fully paid share of the Company, paid out of the share premium account of the Company	62,135	-

The Board does not recommend the payment of a dividend for the six months ended 30 June 2020 (2019: nil).

## 9 Property, plant and equipment

	Land and buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At December 31 2019 (audited)</b>						
Cost	1,111,539	224,327	15,686	146,703	57,216	1,555,471
Accumulated depreciation	(175,861)	(78,509)	(5,632)	(92,142)	-	(352,144)
Carrying value	935,678	145,818	10,054	54,561	57,216	1,203,327
<b>For the period ended 30 June 2020 (unaudited)</b>						
Carrying value at 1 January 2020	935,678	145,818	10,054	54,561	57,216	1,203,327
Reclassification	974	2,095	-	40	(3,109)	-
Reclassified to right-of-use assets	-	(1,982)	-	-	-	(1,982)
Additions	4,936	1,456	770	2,020	1,366	10,548
Disposals and write-offs	-	(168)	(72)	(16)	-	(256)
Depreciation charge	(25,102)	(13,023)	(1,616)	(9,535)	-	(49,276)
Currency translation difference	1,686	140	(6)	406	(5)	2,221
Carrying value at 30 June 2020	918,172	134,336	9,130	47,476	55,468	1,164,582
<b>At 30 June 2020 (unaudited)</b>						
Cost	1,120,256	210,626	16,379	149,710	55,468	1,552,439
Accumulated depreciation	(202,084)	(76,290)	(7,249)	(102,234)	-	(387,857)
Carrying value	918,172	134,336	9,130	47,476	55,468	1,164,582

## 10 Intangible assets

	Goodwill RMB'000	Software RMB'000	Operating rights for automated parking system RMB'000	Patents RMB'000	Development costs RMB'000	Trademark RMB'000	Customer relationships RMB'000	Order backlog RMB'000	Total RMB'000
<b>At December 31 2019</b>									
<b>(audited)</b>									
Cost	395,038	48,251	48,935	178,876	55,100	106,333	51,222	45,904	929,659
Accumulated amortisation and impairment	(5,288)	(17,796)	(13,745)	(41,883)	(18,089)	-	(17,371)	(39,483)	(153,655)
Carrying value	389,750	30,455	35,190	136,993	37,011	106,333	33,851	6,421	776,004
<b>For the period ended</b>									
<b>30 June 2020 (unaudited)</b>									
Carrying value at 1 January 2020	389,750	30,455	35,190	136,993	37,011	106,333	33,851	6,421	776,004
Additions	-	2,291	-	35	16,610	-	-	-	18,936
Disposal and written off	-	-	-	-	-	-	-	-	-
Amortisation charges	-	(2,477)	(1,351)	(9,683)	(707)	-	(8,108)	(1,307)	(23,633)
Currency translation difference	-	511	-	893	1,111	-	-	(3)	2,512
Carrying value at 30 June 2020	389,750	30,780	33,839	128,238	54,025	106,333	25,743	5,111	773,819
<b>At 30 June 2020 (unaudited)</b>									
Cost	395,038	51,318	48,935	179,237	73,183	106,333	51,222	45,917	951,183
Accumulated amortisation and impairment	(5,288)	(20,538)	(15,096)	(50,999)	(19,158)	-	(25,479)	(40,806)	(177,364)
Carrying value	389,750	30,780	33,839	128,238	54,025	106,333	25,743	5,111	773,819

## 11 Trade receivables

	(Unaudited) At 30 June 2020 RMB'000	(Audited) At 31 December 2019 RMB'000
Trade receivables	2,140,836	2,521,816
Less: provision for impairment of trade receivables	(113,001)	(119,343)
	<u>2,027,835</u>	<u>2,402,473</u>

The movements of provision for impairment for trade receivables were as follows:

	(Unaudited) At 30 June 2020 RMB'000	(Audited) At 31 December 2019 RMB'000
At beginning of the period / year	119,343	99,864
Provision for trade receivables	10,355	48,279
Unused amount reversed	(14,108)	(25,447)
Allowance utilised	(2,552)	(3,952)
Currency translation differences	(37)	599
At end of the period / year	<u>113,001</u>	<u>119,343</u>

The credit period granted to customers ranged from 30 days to 180 days. The aging analysis of trade receivables, based on the invoice date, before provision for impairment were as follows:

	(Unaudited) At 30 June 2020 RMB'000	(Audited) At 31 December 2019 RMB'000
0 - 90 days	1,143,006	1,789,339
91 - 180 days	186,466	153,887
181 - 360 days	423,602	299,810
Over 360 days	387,762	278,780
	<u>2,140,836</u>	<u>2,521,816</u>

## 12 Trade and other payables

	<b>(Unaudited)</b> <b>At 30 June</b> <b>2020</b> <b>RMB'000</b>	<b>(Audited)</b> <b>At 31 December</b> <b>2019</b> <b>RMB'000</b>
	<i>Note</i>	
<i>Non-current</i>		
Advances received	7,101	8,385
Other payables	470	4,467
Employees retirement benefit obligations	29,731	24,292
	<u>37,302</u>	<u>37,144</u>
<i>Current</i>		
Trade payables	917,851	1,034,286
Dividends payable	162,000	79,083
Convertible bonds interests payable	193	908
Staff salaries, bonuses, welfare payables and employees benefit obligations	160,063	159,409
Accruals and other payables	532,129	690,519
	<u>1,772,236</u>	<u>1,964,205</u>

Note i: Dividends payable at 30 June 2020 included the final dividend for the year ended 31 December 2019 declared by the Company, amounted to RMB62,135,000, which was paid on 31 July 2020. The remaining balance were the dividends payable to (i) China International Marine Containers (Hong Kong) Ltd, the then shareholder of a subsidiary of the Company, declared in the financial years of 2011 and 2013; and (ii) the non-controlling shareholders of two subsidiaries of the Company.

The aging analysis of trade payables, based on the date of receipt of goods, were as follows:

	<b>(Unaudited)</b> <b>At 30 June</b> <b>2020</b> <b>RMB'000</b>	<b>(Audited)</b> <b>At 31 December</b> <b>2019</b> <b>RMB'000</b>
0 - 60 days	629,092	729,587
61 - 120 days	70,197	96,961
121 - 240 days	65,838	60,851
Over 240 days	152,724	146,887
	<u>917,851</u>	<u>1,034,286</u>

### 13 Convertible bonds

	(Unaudited) At 30 June 2020 RMB'000	(Audited) At 31 December 2019 RMB'000
Liability component at beginning of the period / year	73,322	84,327
Conversion into shares of the Company	(5,976)	(18,563)
Interest charged	3,947	8,898
Interest accrued	(557)	(1,340)
	<u>70,736</u>	<u>73,322</u>
Liability component at end of the period / year	<u><u>70,736</u></u>	<u><u>73,322</u></u>

### 14 Borrowings

	(Unaudited) At 30 June 2020 RMB'000	(Audited) At 31 December 2019 RMB'000
<i>Non-current</i>		
Bank borrowing, unsecured	114,450	-
Bank borrowing, secured	316,824	341,819
Loan from ultimate holding company, unsecured	120,000	-
	<u>551,274</u>	<u>341,819</u>
<i>Current</i>		
Loans from an associate, unsecured	30,000	198,000
Bank borrowings, unsecured	430,959	613,316
Bank borrowings, secured	768,648	774,593
	<u>1,229,607</u>	<u>1,585,909</u>
Total borrowings	<u><u>1,780,881</u></u>	<u><u>1,927,728</u></u>

Note i: The bank borrowings were secured by the Group's equity interests in two of its subsidiaries.

Note ii: The bank borrowings were secured by corporate guarantees given by an intermediate holding company and the ultimate holding company of the Company.

## 15 Related party transactions

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the period ended 30 June 2020.

	<b>(Unaudited)</b>	
	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
		(Restated)
Sales of goods and/or services to		
- fellow subsidiaries	<b>6,093</b>	51,308
Purchase of goods and/or services from		
- fellow subsidiaries	<b>1,035</b>	1,705
- an associate	-	93
Transportation services from		
- a fellow subsidiary	<b>4,705</b>	-
Interest expenses to		
- ultimate holding company	<b>1,820</b>	1,032
- an intermediate holding company	-	39
- an immediate holding company	<b>3,179</b>	3,488
- an associate	<b>3,430</b>	6,387
- a substantial shareholder of the Company	-	329
Financial charges to		
- an associate	<b>54</b>	-
Lease expenses to		
- Related company under the common control of the same party with a shareholder with significant influence in the ultimate holding company	<b>864</b>	864
- a fellow subsidiary	<b>1,222</b>	1,436
Lease income from		
- a fellow subsidiary	<b>305</b>	480
Interest income from		
- an associate	<b>460</b>	104
Borrowings from		
- ultimate holding company	<b>120,000</b>	-
- an associate	<b>40,000</b>	348,000
Repayment of borrowings to		
- an associate	<b>208,000</b>	400,941

## SHARE OPTIONS

As at 30 June 2020, the Company had the following share options outstanding which were granted to certain directors of the Company and full time employees of the Group in accordance with the terms of the share option scheme of the Company adopted on 29 May 2009 (the “2009 Share Option Scheme”).

Grantees	Number of shares of HKD0.01 each of the Company issuable under the options			Outstanding at 30 June 2020	Exercise price (HKD)	Percentage of issued share capital of the Company
	Outstanding at 1 January 2020	Granted during the Period	Exercised during the period			
<i>Directors of the Company</i>						
Mr. Jiang Xiong	4,000,000	-	-	4,000,000	0.42	0.025%
Dr. Loke Yu	4,000,000	-	-	4,000,000	0.42	0.025%
Mr. Heng Ja Wei	4,000,000	-	-	4,000,000	0.42	0.025%
Mr. Ho Man	2,000,000	-	-	2,000,000	0.42	0.012%
	14,000,000	-	-	14,000,000		0.087%
Other employees	101,625,000	-	-	101,625,000	0.42	0.627%
	<u>115,625,000</u>	<u>-</u>	<u>-</u>	<u>115,625,000</u>		<u>0.714%</u>

The shares options outstanding at 1 January 2020 and 30 June 2020 were granted to the grantees on 26 August 2015. They will be valid for 10 years from 26 August 2015 to 25 August 2025 (both dates inclusive). The share options granted were all vested on 11 July 2017.

The 2009 Share Option Scheme, which was adopted for a term of 10 years, was expired on 28 May 2019. Upon the expiry of the 2009 Share Option Scheme, no further options would be granted thereunder. However, the provisions of the 2009 Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of the options in the table above, which were granted during the life of the 2009 Share Option Scheme, and continue to be exercisable in accordance with their terms of issue.

A new share option scheme was adopted by the Company on 13 December 2019 (the “**New Share Option Scheme**”). The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected full time employees (including directors) of the Group as incentives or rewards for their contribution or potential contribution to the Group and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Subject to the terms of the New Share Option Scheme, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme is 1,561,436,648 Shares, being 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme, and approximately 9.6% of the Company’s issued share capital as at the date of this announcement. No share option has been granted under the New Share Option Scheme up to the date of this announcement.

Save as disclosed, no share options were granted, exercised, cancelled or lapsed during the period ended 30 June 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

Revenue of the Group for the six months ended 30 June 2020 decreased approximately 8.2% to RMB2,173.2 million as compared to the corresponding period last year. On the other hand, profit before income tax reported an increase of approximately 13.9% to RMB96.0 million and profit after tax an increase of approximately 4.0% to RMB79.6 million.

An analysis of the Group's business by its business segment are as follows:

#### *Airport facilities and automated parking systems*

Revenue: RMB655.9 million (2019: RMB784.7 million); segment profit before income tax (included pandemic-relief government subsidies): RMB128.8 million (2019: RMB100.3 million)

Struck by the covid-19, the production, delivery and installation schedules of all types of products of the segment, whether passengers boarding bridges (PBB), airport special vehicles and automated parking systems, were affected and resulted in the decrease in revenue recognised for the period. In spite of this, there was an increase in the segment profit because, during the period, (i) a number of sizable PBB contracts with higher-than-average gross margins were completed that compensated the lost in profit from revenue downturn; (ii) over RMB15 million government subsidies, primarily pandemic-related reliefs, were received; and (iii) the reduction in promotion expenses as a result of the disease prevention and control measures like gathering ban and travel restrictions.

The Group has been catching up with the progress lagged with the relaxation of virus containing measures in different locations. It is expected that most of the projects will be completed as originally planned in the second half of 2020, if the viral infection situation is kept under control. The Group expects that demand for airport facilities will pick up soon when the virus is seen-off. Stable demand for equipment replacement, intelligentization and maintenance services is anticipated to keep airports ready for travelers to get back in the sky safely.

#### *Firefighting and rescue*

Revenue: RMB1,310.2 million (2019: RMB1,274.1 million); segment profit before income tax: RMB12.1 million (2019: RMB18.0 million)

As explained in Note 1 "*Basis of preparation*" to the condensed consolidated financial statements, merger accounting was adopted to account for the Ziegler Acquisition that was completed in December 2019. Revenue and profit of the firefighting and rescue segment for 2019 comparatives have been restated to include those of Ziegler.

Revenue for the period increased despite the impact of the covid pandemic because of the full period contribution of Shanghai Jindun and Shenyang Jietong Fire Truck Co., Ltd. ("**Shenyang Jietong**"), the two subsidiaries acquired in April 2019 and June 2019, respectively, for the six months ended 30 June 2020, in contrast with revenue since acquisition that was consolidated into the Group's for the

corresponding period last year.

Suffering from the sweeping pandemic impacts, production schedules of the segment were affected by supply chain disruptions, imported chassis, in particular. Fire engines equipped with imported chassis are normally advanced models sold at higher profit margins, the supply problem has adversely affected the profit of the segment. Postponement or extension of tendering due to pandemic has been another cause of the unsatisfactory performance for the period. Companies in the segment with inadequate order backlogs have suffered significant profit setback.

Following the completion of acquisitions last year, the Group has been working on integrating all entities in the segment to consolidate the synergistic effects from the enlarged product portfolio and geographical markets. This hopefully will provide the Group a good foundation to combat against the uncertainties in the post-pandemic. Demand for fire and rescue apparatus is comparatively less sensitive to changes in economic conditions than consumer goods, a stable post-pandemic market is in anticipation. As a leading fire and rescue apparatus manufacturer, the Group will work all its best to capture every opportunities arise.

#### *Material Handling Systems*

Revenue: RMB207.0 million (2019: RMB309.5 million); segment loss before income tax: RMB20.7 million (2019: loss of RMB22.6 million)

As delivery and installation schedules of most of the projects were hit by the covid pandemic, revenue of the segment for the period dropped by almost one-third as compared to last year. Loss, on the other hand, was cut by 8.3% because of the improved project management and costs controls following the internal restructuring last year. Reduction in travelling and other promotion expenses due to movement curbs have also reduced the loss for the period.

The covid pandemic has given a hard hit to many industries but it has fuelled the digital surge indeed. As shops were forced to close during the restriction period, digital sales took over when online shopping became a must instead of a choice. Work from home and shop from home may become the new trend of life that energise e-commerce even after the pandemic. E-commerce must go with reliable and efficient delivery and warehousing services to succeed. As a reliable supplier of automatic logistics systems, with products cover baggage and parcels handling, air cargos handling and automatic intelligent warehousing, the Group is in a good stand to thrive on the e-commerce escalation.

## Financial resources and liquidity

The Group had a negative net cash balance of approximately RMB1,042.3 million at 30 June 2020 (31 December 2019: negative net cash balance of approximately RMB1,125 million) which was broken down as follows:

	<b>At 30 June 2020</b>	At 31 December 2019
	<b>RMB'000</b>	RMB'000
Cash and cash equivalent	<b>726,507</b>	768,386
Pledged bank deposits	<b>12,090</b>	34,342
	<b>738,597</b>	802,728
Borrowings:		
- from banks – short term	<b>(1,199,607)</b>	(1,387,909)
- from an associate – short term	<b>(30,000)</b>	(198,000)
- from banks – long term	<b>(431,274)</b>	(341,819)
- from the ultimate holding company – long term	<b>(120,000)</b>	-
	<b>(1,780,881)</b>	(1,927,728)
Net cash and cash equivalent	<b>(1,042,284)</b>	(1,125,000)

The pledged bank deposits at 30 June 2020 and 31 December 2019 were mainly pledged for bid bond guarantee, performance guarantee and guarantee for letter of credit issued by certain subsidiaries.

The Group's cash flow from operating activities turned into net cash inflow for the six months ended 30 June 2020. The improvement was primarily due to the heightened focus on receivables management and cash management, particularly in the pandemic hard time. More works are required on inventory control to speed up its turnover to release cash tied up.

As at 30 June 2020, current assets and current liabilities of the Group were approximately RMB6,356.9 million (31 December 2019: RMB6,790.6 million) and RMB4,764.3 million (31 December 2019: RMB5,442.5 million) respectively. The current ratio was approximately 1.33 times (31 December 2019: 1.25 times). The slight increase in current ratio was attributable to the repayment of some short-term loans by long-term loans during the period. Taking into consideration of the financial costs and the goal of maintaining financial stability, the Group aims to increase the proportion of long-term borrowings to 40% to 50% of the total borrowings for an optimal structure of long-term and short-term borrowings.

Because of the improvement in operating cash flow, the Group's gearing ratio, which was calculated as interest bearing debt / total equity, decreased from 62.7% at 31 December 2019 to 58.4% at 30 June 2020. The interest bearing debt was the sum of the outstanding balances of borrowings, lease liabilities, convertible bonds and interest-bearing advance from a related company at end of the respective periods. The Group targets to further reduce the gearing ratio and will weigh all factors in determining the modes of financing for future business development and a reasonable degree of financial leverage will be maintained.

Some of the Group's revenue and costs and expenses are settled in currencies other than the functional currencies of the Group's subsidiaries. To mitigate exposure to exchange rates volatility, the Group enters into forward foreign currency contracts as and when considered appropriate.

#### *Specific performance obligations under the banking facilities*

The Company, as borrower, signed a general banking facilities letter (the "**Facilities**") with a bank (the "**Bank**"), as lender, for, amongst others, a revolving loan of up to HK\$300,000,000 on 15 June 2020. The Facilities shall expire and all amounts borrowed under the Facilities shall be repaid in full on 30 September 2020. The Facilities impose, inter alia, a condition that, CIMC, being the controlling shareholder (as defined under the Listing Rules) of the Company as at the date of signing the Facilities, shall hold, whether directly or indirectly, not less than 50% shareholding of the Company throughout the life of the Facilities (the "**Specific Performance Obligation**"). The failure to comply with the Specific Performance Obligation would constitute an event of default.

Since 26 June 2020, the shareholding of the Company held by CIMC has been decreased to 49.2%, a shareholding level lower than that required by the Specific Performance Obligation, due to the increase in the number of issued shares of the Company as a result of the issuance of conversion shares upon conversion rights exercised by a bondholder. The Bank has granted the Company a waiver to comply with the Specific Performance Obligation as at the date of this announcement.

#### *Use of proceeds from Subscription*

Pursuant to a subscription agreement dated 6 February 2018, the Company issued 673,225,000 shares of the Company to State-Owned Enterprise Structural Adjustment China Merchants Buyout Fund (Limited Partnership)\* (深圳國調招商併購股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC, at HKD0.366 (the "**Subscription**"). The Subscription was completed on 4 May 2018. The net proceeds from the Subscription were approximately HK\$243.7 million (equivalent to approximately RMB196.4 million) (the "**Net Proceeds**"). Details of the Subscription have been set out in the circular of the Company dated 15 March 2018 (the "**Subscription Circular**").

As at 30 June 2020, the status of the remaining unutilised balance of Net Proceeds was as follows:

	Intended use of Net Proceeds	Utilisation of Net Proceeds		Remaining balance of Net Proceeds at 30 June 2020
		Up to 31 December 2019	From 1 January to 30 June 2020	
		<i>Approximately RMB (million)</i>		
Construction of a new PBB factory in the United States of America	58.8	-	-	58.8
Expansion of the PBB business of Pteris Global Limited and its subsidiaries into overseas market	58.8	58.8	-	-
Research and development activities	58.8	58.8	-	-
General working capital	20.0	20.0	-	-
<b>Total</b>	<b>196.4</b>	<b>137.6</b>	<b>-</b>	<b>58.8</b>

The Group has applied the net proceeds from the Subscription in accordance with the proposed applications as set out in the Subscription Circular.

The amount of Net Proceeds of approximately RMB58.8 million allocated for construction of a new PBB factory in the United States of America was originally expected to be utilised by the second quarter of 2020. However, given the unstable economy and uncertainties in the recent business and operating environment, particularly in view of the current China-US relations, the use of the Net Proceeds allocated will be further delayed. The Board will closely monitor the business environment and review the Group's business and operations from time to time. The Group will make further announcement in relation to any updates or material change in the use of the unutilised Net Proceeds in compliance with the Listing Rules as and when appropriate.

### **Investments, disposals, capital commitments, contingent liabilities and pledge of assets**

#### *Capital commitment*

As at 30 June 2020, the Group had capital commitment in respect of:

- (i) Construction of factory premises amounted to approximately RMB48 million (31 December 2019: RMB48 million); and
- (ii) Investment amount committed to the local government of the county in Sichuan where one of the Group's factory is located amounted to approximately RMB0.9 million (31 December 2019: RMB2 million).

#### *Pledge of assets*

As at 30 June 2020, the Group's bank borrowings with an outstanding balances of approximately RMB316.8 million (31 December 2019: RMB341.8 million) were secured by the Group's equity interests in Shanghai Jindun and Shenyang Jietong, subsidiaries engaged in the manufacturing and sales of fire engines and firefighting and prevention equipment.

Save as disclosed herein, the Group had no material investments, acquisitions or disposals during the six months ended 30 June 2020 and had no material capital commitment, contingent liabilities and pledged of assets as at 30 June 2020.

### **Employees and remuneration policies**

For the six months ended 30 June 2020, the Group had 5,149 staff (2019: 5,221) and incurred staff costs (excluding directors' remuneration) of approximately RMB497.7 million (2019: RMB492 million). The decrease in number of staff was due to natural attrition. Staff costs rose primarily because of (i) the annual review; and (ii) six months costs of Shanghai Jindun and Shenyang Jietong included in the total staff costs for 2020 as compared to a few months since acquisition for 2019. In contrast, the increase in staff costs was partially offset as certain Group entities in the PRC were allowed to have their monthly social insurance contributions deferred since February 2020 as a government pandemic-relief measures. Since the principles of merger accounting was adopted to account for the Ziegler Acquisition, staff number and staff costs for 2019 comparatives have been restated to include that of Ziegler. Staff are remunerated by a monthly salaries payment plus performance incentives payable quarterly or yearly. All full-time employees are entitled to medical, provident funds and housing funds contributions. The Group adopted share option schemes which offer eligible employees an incentive for better performance and loyalty with the Group.

The Group arranges in-house trainings periodically to staff at all levels according to their needs, like orientations on corporate culture, policies, products knowledge and basic job skills for new staff; leadership, management and strategic planning skills for managerial staff; and seminars and workshops on selected topics like project management, costs management, business planning and work safety. Employees may apply for subsidies to participate in job relevant trainings offered by recognised institutions.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN THE COMPANY'S SECURITIES

Save as disclosed below, as of 30 June 2020, none of the directors or chief executive has any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO to be entered in the register required to be kept therein or which were required, pursuant to the Model Code for Securities Transactions by directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

### Long positions in ordinary shares of the Company

Name of Director	Capacity and types of interest	Number of issued shares of HKD0.01 each of the Company held	Percentage of issued share capital of the Company at 30 June 2020
Mr. Jiang Xiong	Beneficial owner	981,600,000	6.05%
Mr. Zheng Zu Hua	Beneficial owner	4,600,000	0.03%

Save disclosed above, Mr. Zheng Zu Hua owns 7.2% of the equity interests of Shenzhen TGM Ltd.\* (深圳特哥盟科技有限公司) ("TGM") which indirectly holds 2,366,751,693 Shares, representing 14.59% of the issued share capital of the Company as at 30 June 2020.

### Options to subscribe for ordinary shares in the Company

Certain directors of the Company were granted share options which when exercised were eligible to subscribe for, in total, 14,000,000 shares of the Company. Details of the share options granted has been set out in the section "SHARE OPTIONS" to this announcement.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND / OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 30 June 2020, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors of the Company, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND / OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY *(cont'd)*

### Long positions in the ordinary shares and shares interested under equity derivatives of the Company

Shareholders	Capacity/ type of interest	Number of shares interested (other than under equity derivatives) <i>(Note 10)</i>	Percentage as at 30 June 2020 <i>(Note 10)</i>	Number of shares interested under equity derivatives <i>(Note 11)</i>	Total number of shares/ underlying shares under equity derivatives <i>(Note 11)</i>	Percentage as at 30 June 2020 <i>(Note 12)</i>
Sharp Vision Holdings Limited (“ <b>Sharp Vision</b> ”)	Beneficial owner	6,755,369,842	41.65%	2,863,592,755	9,618,962,597	49.03%
CIMC Top Gear B.V.	Beneficial owner	1,223,571,430	7.54%	–	1,223,571,430	6.24%
Cooperatie CIMC U.A.	Interest of a controlled corporation <i>(Note 1)</i>	1,223,571,430	7.54%	–	1,223,571,430	6.24%
China International Marine Containers (Hong Kong) Limited (“ <b>CIMC HK</b> ”)	Interest of a controlled corporation <i>(Note 2 &amp; 3)</i>	7,978,941,272	49.20%	2,863,592,755	10,842,534,027	55.27%
CIMC	Interest of a controlled corporation <i>(Note 4)</i>	7,978,941,272	49.20%	2,863,592,755	10,842,534,027	55.27%
Fengqiang Holdings Limited (“ <b>Fengqiang</b> ”)	Beneficial owner	2,366,751,693	14.59%	-	2,366,751,693	12.06%
Fengqiang Hong Kong Co., Limited (“ <b>Fengqiang HK</b> ”)	Interest of a controlled corporation <i>(Note 5)</i>	2,366,751,693	14.59%	-	2,366,751,693	12.06%
TGM	Interest of a controlled corporation <i>(Note 5)</i>	2,366,751,693	14.59%	-	2,366,751,693	12.06%
Genius Earn Limited	Beneficial owner	20,000,000	0.12%	–	20,000,000	0.10%
Lucky Rich Holdings Limited (“ <b>Lucky Rich</b> ”)	Beneficial owner	1,540,798,770	9.50%	-	1,540,798,770	7.85%
Shanghai Yunrong Investment Centre* (上海 蘊融投資中心(有限合 夥))	Interest of a controlled corporation <i>(Note 6)</i>	1,540,798,770	9.50%	-	1,540,798,770	7.85%
Shenzhen Jiuming Investment Consulting Co., Ltd.* (深圳市久名投資諮詢有 限公司)	Interest of a controlled corporation <i>(Note 6)</i>	1,540,798,770	9.50%	-	1,540,798,770	7.85%
Liu Xiaolin	Interest of a controlled corporation <i>(Note 7)</i>	1,560,798,770	9.62%	-	1,560,798,770	7.96%

Shareholders	Capacity/ type of interest	Number of shares interested (other than under equity derivatives)	Percentage as at 30 June 2020	Number of shares interested under equity derivatives	Total number of shares/ underlying shares under equity derivatives	Percentage as at 30 June 2020
		(Note 10)	(Note 10)	(Note 11)	(Note 11)	(Note 12)
Yang Yuan	Interest of Spouse (Note 8)	1,560,798,770	9.62%	-	1,560,798,770	7.96%
Dazi Dingcheng Capital Investment Co., Ltd.* (達孜縣鼎誠資本投資有限公司)	Interest of a controlled corporation (Note 9)	1,540,798,770	9.50%	-	1,540,798,770	7.85%
Beijing Zhongrong Dingxin Investment Management Co., Ltd.* (北京中融鼎新投資管理有限公司)	Interest of a controlled corporation (Note 9)	1,540,798,770	9.50%	-	1,540,798,770	7.85%
Zhongrong International Trust Co., Ltd.* (中融國際信託有限公司)	Interest of a controlled corporation (Note 9)	1,540,798,770	9.50%	-	1,540,798,770	7.85%
Jingwei Textile Machinery Co., Ltd	Interest of a controlled corporation (Note 9)	1,540,798,770	9.50%	-	1,540,798,770	7.85%

\* The English translations of the Chinese names of such PRC entities are provided for identification purpose only.

Notes:

- Cooperatie CIMC U.A. is beneficially interested in the entire share capital of CIMC Top Gear B.V. and is taken to be interested in the 1,223,571,430 shares in which CIMC Top Gear B.V. has declared interest for the purpose of the SFO.
- CIMC HK and CIMC are beneficially interested in 1% and 99% respectively of the issued share capital of Cooperatie CIMC U.A. and are taken to be interested in the 1,223,571,430 shares in which Cooperatie CIMC U.A. has declared interest for the purpose of the SFO.
- CIMC HK is beneficially interested in the entire share capital of Sharp Vision and is taken to be interested in the 6,755,369,842 shares and 2,863,592,755 shares interested under equity derivatives in which Sharp Vision has declared interest for the purpose of the SFO.
- CIMC is beneficially interested in the entire share capital of CIMC HK and is taken to be interested in the 7,978,941,272 shares and 2,863,592,755 shares interested under equity derivatives in which CIMC HK in which CIMC HK has declared interest for the purpose of the SFO.
- Fengqiang HK is beneficially interested in the entire share capital of Fengqiang and is deemed or taken to be interested in the 2,366,751,693 shares in which Fengqiang has declared an interest for the purpose of the SFO. TGM is beneficially interested in the entire share capital of Fengqiang HK and is deemed or taken to be interested in the 2,366,751,693 shares in which Fengqiang HK has declared an interest for the purpose of the SFO.

6. Shanghai Yunrong is beneficially interested in the entire share capital of Lucky Rich and is deemed or taken to be interested in the 1,540,798,770 shares in which Lucky Rich has declared an interest for the purpose of SFO. Shenzhen Jiuming Investment Consulting Co., Ltd. is beneficially interested in 0.2% of Shanghai Yunrong.
7. Mr. Liu Xiaolin is beneficially interested in the entire share capital of Genius Earn Ltd. and is deemed or taken to be interested in the 20,000,000 shares in which Genius Earn Ltd. has declared an interest for the purpose of SFO. Mr. Liu Xiaolin is beneficially interested in the entire share capital of Shenzhen Jiuming Investment Consulting Co., Ltd.
8. Ms. Yang Yuan is the spouse of Mr. Liu Xiaolin. Ms. Yang Yuan is taken to be interested in the shares in which Mr. Liu Xiaolin has declared interest for the purpose of the SFO.
9. Dazi Dingcheng Capital Investment Co., Ltd. is beneficially interested in 0.2% of the issued share capital of Shanghai Yunrong. Beijing Zhongrong Dingxin Investment Management Co., Ltd is beneficially interested in the entire issued share capital of Dazi Dingcheng Capital Investment Co., Ltd. and is beneficially interested in 88.5% of the issued share capital of Shanghai Yunrong. Zhongrong International Trust Co., Ltd. is beneficially interested in the entire issued share capital of Beijing Zhongrong Dingxin Investment Management Co., Ltd. Jingwei Textile Machinery Co., Ltd. is beneficially interested in 37.47% of the issued share capital of Zhongrong International Trust Co., Ltd.
10. The number of shares and percentage stated represents the number of shares held as stated in the relevant disclosure of interest forms and as percentage of the issued share capital of the Company at 30 June 2020.
11. Number of shares represents the number of shares held assuming all of the outstanding convertible bonds held have been fully converted.
12. Percentage calculated based on the total number of shares of the Company in issue, assuming (i) all of the convertible bonds of the Company have been fully converted; and (ii) all of the share options of the Company have been exercised.

Other than as disclosed above, the Company has not been notified of any other interests or short position in the issued share capital of the Company as at 30 June 2020.

## **COMPETING INTERESTS**

None of the directors of the Company or the management shareholder of the Company and their respective associates (as defined in the Listing Rules) had any interest in a business which competes or may compete with the business of the Group or had any other conflicts of interest, which any such person has or may have with the Group.

## **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

## **DIRECTORS' SECURITIES TRANSACTIONS**

During the period ended 30 June 2020, the Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code in Appendix 10 of the Listing Rules. Having made enquiry of all directors, they confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the period ended 30 June 2020, neither the Company nor any of its subsidiaries purchased, cancelled or redeemed any listed securities of the Company.

## **COPORATE GOVERNANCE**

### *Corporate governance practices*

Throughout the period ended 30 June 2020, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules, except for the following:

1. There were no fixed terms of appointment for the directors although they are subject to retirement by rotation according to the Company's articles of association. The Board is of the opinion that this serves the same objectives of the relevant provision.
2. According to the articles of association, no director holding office as chairman and/or managing director shall be subject to retirement by rotation.

### *Audit Committee*

The audit committee comprises three independent non-executive directors, Dr. Loke Yu, Mr. Heng Ja Wei and Mr. Ho Man. The primary duties of the audit committee are to review the Company's annual report and accounts and half-yearly reports and to provide advices and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group.

The Group's results for the period have been reviewed by the audit committee.

By order of the Board  
**CIMC-TianDa Holdings Company Limited**  
**Li Yin Hui**  
*Chairman*

*As at the date of this announcement, the Company's Directors are as follows:*

<i>Dr. Li Yin Hui</i>	<i>Chairman and Non-executive Director</i>
<i>Mr. Jiang Xiong</i>	<i>Honorary Chairman and Executive Director</i>
<i>Mr. Zheng Zu Hua</i>	<i>Executive Director</i>
<i>Mr. Tao Kuan</i>	<i>Non-executive Director</i>
<i>Mr. Zeng Han</i>	<i>Non-executive Director</i>
<i>Dr. Loke Yu</i>	<i>Independent non-executive Director</i>
<i>Mr. Heng Ja Wei</i>	<i>Independent non-executive Director</i>
<i>Mr. Ho Man</i>	<i>Independent non-executive Director</i>

Hong Kong, 26 August 2020