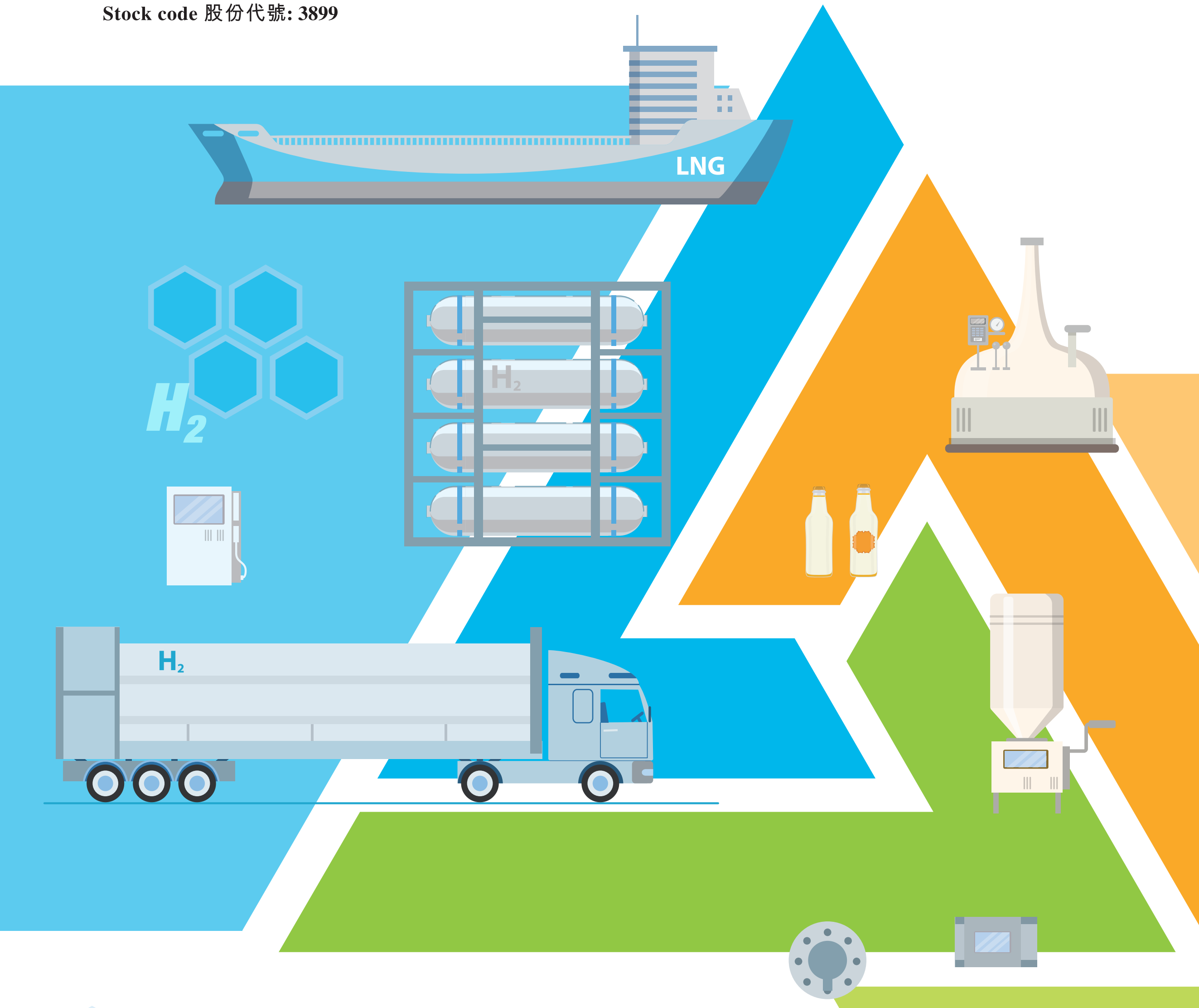
CIMC ENRIC

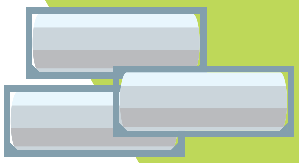
CIMC Enric Holdings Limited
中集安瑞科控股有限公司

(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



氫裝上陣 多能互補
Empower Energy Evolution With Hydrogen



2022 Interim Report 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

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000	+/-
FINANCIAL POSITION			
Total assets	**20,878,725**	19,024,673	+9.8%
Net assets	**8,678,510**	8,499,677	+2.1%
Net current assets	**5,223,947**	5,071,926	+3.0%
Cash and cash equivalents	**4,384,547**	3,173,351	+38.2%
Interest bearing debts[1]	**2,082,627**	1,847,442	+12.7%
Gearing ratio[2]	**24.0%**	21.7%	+2.3ppt

	For the six months ended 30 June 2022 RMB'000	2021 RMB'000	+/-
OPERATING RESULTS			
Revenue	**8,948,693**	7,940,016	+12.7%
Gross profit	**1,423,118**	1,180,601	+20.5%
EBITDA	**776,970**	694,395	+11.9%
Core profit[3]	**531,831**	395,441	+34.5%
Profit from operations	**617,963**	513,960	+20.2%
Profit attributable to equity shareholders	**439,315**	383,411	+14.6%
PER SHARE DATA			
Earnings per share – Basic RMB	**0.219**	0.195	+12.4%
Earnings per share – Diluted RMB	**0.192**	0.195	-1.1%
Net asset value per share RMB	**4.279**	3.870	+10.6%
KEY STATISTICS			
GP ratio	**15.9%**	14.9%	+1.0ppt
EBITDA margin	**8.7%**	8.7%	–
Operating profit margin	**6.9%**	6.5%	+0.4ppt
Net profit margin[4]	**5.1%**	4.8%	+0.3ppt
Return on equity (half year)[5]	**5.5%**	5.1%	+0.4ppt
Interest coverage – times	**19.6**	17.5	+2.1
Inventory turnover days	**109**	114	-5
Debtor turnover days	**64**	61	+3
Creditor turnover days	**78**	76	+2

Notes:

1. Interest bearing debts = Bank loans, loans from related parties, convertible bonds and other borrowings

2. Gearing Ratio = Interest bearing debts ÷ Net Assets

3. Core profit = Profit for the period + amortisation of share award scheme expense + convertible bonds related financial expenses

4. Net profit margin = Profit attributable to equity shareholders ÷ Revenue

5. Return on equity = Profit attributable to equity shareholders ÷ Average shareholders' equity

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REPORT ON REVIEW OF INTERIM FINANCIAL REPORT
TO THE BOARD OF DIRECTORS OF CIMC ENRIC HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 4 to 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 2022 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 notes, comprising significant accounting policies and other explanatory information. 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". Our responsibility is to express a conclusion on this interim financial report 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 report 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 report 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, 24 August 2022

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022 – unaudited

	Note	Six months ended 30 June 2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	*4*	**8,948,693**	7,940,016
Cost of sales		**(7,525,575)**	(6,759,415)
Gross profit		**1,423,118**	1,180,601
Other operating income	*6(a)*	**99,865**	88,053
Other gains, net	*6(b)*	**26,065**	24,423
Net impairment loss on financial assets	*7(c)*	**(40,169)**	(17,780)
Selling expenses		**(161,271)**	(177,833)
Administrative expenses		**(729,645)**	(583,504)
Profit from operations		**617,963**	513,960
Finance costs	*7(a)*	**(32,977)**	(33,429)
Share of post-tax profit of associates		**40**	3,744
Profit before taxation	*7*	**585,026**	484,275
Income tax expenses	*8*	**(131,407)**	(97,970)
Profit for the period		**453,619**	386,305
Attributable to:			
Equity shareholders of the Company		**439,315**	383,411
Non-controlling interests		**14,304**	2,894
Profit for the period		**453,619**	386,305
Earnings per share attributable to the equity shareholders of the Company	*9*		
– Basic		**RMB0.219**	RMB0.195
– Diluted		**RMB0.192**	RMB0.195

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 2022 – unaudited

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period	**453,619**	386,305
Other comprehensive income for the period		
Items that may be reclassified to profit or loss		
Share of other comprehensive income of an associate	**36**	–
Currency translation differences	**(26,243)**	55,368
Total comprehensive income for the period	**427,412**	441,673
Attributable to:		
Equity shareholders of the Company	**413,108**	438,779
Non-controlling interests	**14,304**	2,894
Total comprehensive income for the period	**427,412**	441,673

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

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022 – unaudited

	Note	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	*10*	**3,375,197**	3,219,966
Construction in progress		**643,999**	775,858
Right-of-use assets	*11*	**133,746**	97,144
Investment properties		**40,202**	46,789
Lease prepayments		**559,137**	580,997
Intangible assets		**167,890**	138,036
Investment in associates		**208,259**	210,099
Goodwill		**251,651**	256,671
Deferred tax assets		**110,511**	115,918
		5,490,592	5,441,478
Current assets			
Inventories	*12*	**4,768,931**	4,312,353
Contract assets		**1,161,707**	1,251,403
Trade and bills receivables	*13*	**3,346,760**	2,949,229
Deposits, other receivables and prepayments		**1,199,033**	1,212,740
Amounts due from related parties	*21(b) & (f)*	**123,865**	194,098
Financial instruments at fair value through profit or loss		**21,470**	52,892
Restricted bank deposits	*14*	**381,820**	437,129
Cash and cash equivalents	*14*	**4,384,547**	3,173,351
		15,388,133	13,583,195
Current liabilities			
Financial instruments at fair value through profit or loss		**82,526**	–
Bank loans	*15*	**348,080**	106,595
Lease liabilities		**32,268**	23,099
Loans from related parties	*21(c)*	**336,109**	301,022
Other borrowings		**1,460**	5,080
Trade and bills payables	*16*	**3,166,586**	3,302,768
Contract liabilities		**4,069,260**	2,418,878
Other payables and accrued expenses		**1,702,983**	1,837,955
Amounts due to related parties	*21(b)*	**294,941**	267,238
Warranty provision		**35,847**	54,476
Income tax payable		**94,126**	194,158
		10,164,186	8,511,269
Net current assets		**5,223,947**	5,071,926
Total assets less current liabilities		**10,714,539**	10,513,404

	Note	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Non-current liabilities			
Bank loans	*15*	**38,419**	143,640
Warranty provision		**121,049**	117,646
Deferred tax liabilities		**118,401**	96,058
Deferred income		**285,782**	280,208
Employee benefit liabilities		**4,365**	4,355
Lease liabilities		**109,454**	80,715
Convertible bonds		**1,311,840**	1,234,980
Loans from related parties	*21(c)*	**46,719**	56,125
		2,036,029	2,013,727
NET ASSETS		**8,678,510**	8,499,677
CAPITAL AND RESERVES			
Share capital		**18,521**	18,516
Reserves	*18*	**8,378,254**	8,224,900
Equity attributable to equity shareholders of the Company		**8,396,775**	8,243,416
Non-controlling interests		**281,735**	256,261
TOTAL EQUITY		**8,678,510**	8,499,677

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022 – unaudited

	Attributable to equity shareholders of the Company											
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 *(Note 17(b) & (c))*	Contributed surplus RMB'000 *(Note 18(b))*	Capital reserve RMB'000 *(Note 18(a))*	Exchange reserve RMB'000	General reserve fund RMB'000 *(Note 18(e))*	Retained earnings RMB'000	Other reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2021	18,376	482,701	(175,364)	1,124,571	1,179,787	(405,259)	445,132	4,608,613	1,519	7,280,076	191,282	7,471,358
Profit for the period	–	–	–	–	–	–	–	383,411	–	383,411	2,894	386,305
Currency translation differences	–	–	–	–	–	55,368	–	–	–	55,368	–	55,368
Total comprehensive income for the period	–	–	–	–	–	55,368	–	383,411	–	438,779	2,894	441,673
Issuance of shares in connection with exercise of share options	92	32,284	–	–	(9,438)	–	–	–	–	22,938	–	22,938
Purchase of shares in connection with share award scheme	–	–	(9,670)	–	–	–	–	–	–	(9,670)	–	(9,670)
Disposal of shares held for share award scheme	–	42,872	59,910	–	–	–	–	–	–	102,782	–	102,782
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	10,500	10,500
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	10,402	10,402
Transfer to general reserve	–	–	–	–	–	–	20,580	(20,580)	–	–	–	–
2020 final dividend paid	–	–	–	–	–	–	–	(235,891)	–	(235,891)	–	(235,891)
Equity-settled share-based payments of a subsidiary	–	–	–	–	11,984	–	–	–	–	11,984	46	12,030
Special reserve of subsidiaries	–	–	–	–	–	–	–	–	2,157	2,157	–	2,157
Dividends distribution made by a subsidiary to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(2,199)	(2,199)
Total contributions by and distributions to owners of the Company, recognised directly in equity	92	75,156	50,240	–	2,546	–	20,580	(256,471)	2,157	(105,700)	18,749	(86,951)
As at 30 June 2021	18,468	557,857	(125,124)	1,124,571	1,182,333	(349,891)	465,712	4,735,553	3,676	7,613,155	212,925	7,826,080

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity shareholders of the Company												
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 *(Note 17(c))*	Contributed surplus RMB'000 *(Note 18(b))*	Capital reserve RMB'000 *(Note 18(a))*	Exchange reserve RMB'000	General reserve fund RMB'000 *(Note 18(e))*	Retained earnings RMB'000	Convertible bonds reserve RMB'000 *(Note 18(c))*	Other reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022	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)
Total comprehensive income for the period	-	-	-	-	-	(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 of a subsidiary	-	-	-	-	-	-	-	-	-	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
Total contributions by and distributions to owners of the Company, recognised directly in equity	5	46,929	36,765	-	13,491	-	14,379	(374,793)	-	3,475	(259,749)	11,170	(248,579)
At 30 June 2022	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

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022 – unaudited

	Note	Six months ended 30 June 2022 RMB'000	Six months ended 30 June 2021 RMB'000
Operating activities			
Cash generated from/(used in) operations		**1,696,368**	(240,180)
Income tax paid		**(115,914)**	(168,600)
Net cash generated from/(used in) operating activities		**1,580,454**	(408,780)
Investing activities			
Payment for acquisition of property, plant and equipment and construction in progress		**(205,294)**	(204,509)
Payment for acquisition of intangible assets		**(8,899)**	(2,326)
Acquisition of subsidiaries, net of cash acquired		**–**	(29,672)
Capital contribution to the associate		**(17,168)**	(15,260)
Proceeds from disposal of an associate		**11,168**	–
Proceeds from disposal of property, plant and equipment		**2,688**	9,857
Interest received	*6(a)*	**4,883**	3,914
Dividends from associates		**1,042**	3,950
Cash (paid to)/received from settlement of derivative financial instruments		**(3,661)**	36,422
Proceeds from disposal of transaction assets		**–**	60,000
Net cash used in investing activities		**(215,241)**	(137,624)
Financing activities			
Proceeds from new bank loans		**352,491**	411,465
Repayment of bank loans		**(226,712)**	(143,501)
Interest paid		**(46,164)**	(26,647)
Proceeds from shares issued under the restricted share award scheme		**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**	22,938
Purchase of shares under share award scheme		**–**	(9,670)
Proceeds from disposal of shares under share award scheme		**–**	102,782
Dividends paid to non-controlling interests		**(3,578)**	(2,199)
Dividends paid to the Company's shareholders		**(364,258)**	(235,891)
Proceeds from loans from related parties		**87,000**	405,000
Repayment of loans from related parties		**(61,319)**	(352,159)
Repayment of other borrowings		**(4,380)**	(39,814)
Repayment of lease liabilities		**(13,987)**	(15,390)
Capital contribution from non-controlling interests		**9,950**	10,500
Net cash (used in)/generated from financing activities		**(162,533)**	127,414
Net increase/(decrease) in cash and cash equivalents		**1,202,680**	(418,990)
Cash and cash equivalents as at 1 January	*14*	**3,173,351**	2,560,890
Effect of foreign exchange rate changes		**8,516**	(11,667)
Cash and cash equivalents as at 30 June	*14*	**4,384,547**	2,130,233

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 condensed consolidated interim financial report was approved for issue on 24 August 2022.

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

2 Significant accounting policies

(a) Basis of preparation of the interim financial report

This interim financial report for the six months ended 30 June 2022 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 statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021, 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:

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

The adoption of the amended standards does not have a significant impact on the consolidated 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 2022 and have not been early adopted:

	Effective for accounting periods beginning on or after
HKFRS 17 Insurance Contracts – Amendments to HKFRS 17	1 January 2023
Classification of Liabilities as Current or Non-current – Amendments to HKAS 1	1 January 2023
Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to HKAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12	1 January 2023
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. 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.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value as at 30 June 2022 and 31 December 2021 on a recurring basis:

	As at 30June 2022		As at December 2021	
	Level 2	**Level 3**	Level 2	Level 3
	RMB'000	**RMB'000**	RMB'000	RMB'000
Financial assets				
– FVPL – foreign currency forwards	**11,551**	**–**	52,488	–
– FVPL – Contingent considerations	**–**	**9,919**	–	404
– FVOCI – Bills receivables	**–**	**158,129**	–	104,475
Financial liability				
– FVPL – foreign currency forwards	**–**	**82,526**	–	–

As at 31 December 2021, the Group's financial instruments measured at fair value through other comprehensive income were bills receivables 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 2022 and the year ended 31 December 2021:

	Bills receivables	**Contingent considerations**	**Total**
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	376,810	–	376,810
Additions	3,108,214	–	3,108,214
Disposals	(3,380,549)	–	(3,380,549)
Fair value change recognised in profit or loss	–	404	404
As at 31 December 2021	104,475	404	104,879
As at January 2022	**104,475**	**404**	**104,879**
Additions	**1,063,170**	**–**	**1,063,170**
Disposals	**(1,009,516)**	**–**	**(1,009,516)**
Fair value change recognised in profit or loss	**–**	**9,515**	**9,515**
As at 30 June 2022	**158,129**	**9,919**	**168,048**

There were no transfers between Levels 1, 2 and 3 during the period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2022.

(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 2022.

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 period.

(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 period is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Sales of goods	**6,704,100**	5,466,380
Revenue from project engineering contracts	**2,244,593**	2,473,636
	8,948,693	7,940,016

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.

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

(a) Segment results, assets and liabilities

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

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

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

In addition to receiving 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 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (Restated)	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000 (Restated)	2022 RMB'000	2021 RMB'000 (Restated)
Revenue from external customers	4,683,343	4,918,427	2,550,409	1,523,254	1,714,941	1,498,335	8,948,693	7,940,016
Inter-segment revenue	–	56	39,369	86,721	–	–	39,369	86,777
Reportable segment revenue	4,683,343	4,918,483	2,589,778	1,609,975	1,714,941	1,498,335	8,988,062	8,026,793
Timing of revenue recognition								
At a point in time	4,147,039	3,962,516	2,589,778	1,609,975	58,383	48,950	6,795,200	5,621,441
Over time	536,304	955,967	–	–	1,656,558	1,449,385	2,192,862	2,405,352
Reportable segment profit (adjusted profit from operations)	126,950	235,626	382,191	123,153	151,386	221,447	660,527	580,226

	Clean energy		Chemical and environmental		Liquid food		Total	
	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000 (Restated)	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000 (Restated)
Reportable segment assets	12,355,931	11,615,347	3,336,304	2,995,798	4,463,841	3,265,343	20,156,076	17,876,488
Reportable segment liabilities	5,838,996	5,500,841	1,171,095	1,137,206	2,746,358	1,706,877	9,756,449	8,344,924

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

	Six months ended 30 June 2022 RMB'000	Six months ended 30 June 2021 RMB'000 (Restated)
Revenue		
Reportable segment revenue	**8,988,062**	8,026,793
Elimination of inter-segment revenue	**(39,369)**	(86,777)
Consolidated revenue	**8,948,693**	7,940,016

	Six months ended 30 June 2022 RMB'000	Six months ended 30 June 2021 RMB'000 (Restated)
Profit		
Reportable segment profit	**660,527**	580,226
(Elimination)/release of inter-segment profit	**(16,656)**	12,370
Reportable segment profit derived from the Group's external customers	**643,871**	592,596
Finance costs	**(32,977)**	(33,429)
Share of post-tax profit of associates	**40**	3,744
Unallocated operating expenses	**(25,908)**	(78,636)
Consolidated profit before taxation	**585,026**	484,275

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000 (Restated)
Assets		
Reportable segment assets	**20,156,076**	17,876,488
Elimination of inter-segment receivables	**(19,172)**	(34,337)
	20,136,904	17,842,151
Deferred tax assets	**110,511**	115,918
Unallocated assets	**631,310**	1,066,604
Consolidated total assets	**20,878,725**	19,024,673

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000 (Restated)
Liabilities		
Reportable segment liabilities	**9,756,449**	8,344,924
Elimination of inter-segment payables	**(19,172)**	(34,337)
	9,737,277	8,310,587
Income tax payable	**94,126**	194,158
Deferred tax liabilities	**118,401**	96,058
Convertible Bonds	**1,311,840**	1,234,980
Unallocated liabilities	**938,571**	689,213
Consolidated total liabilities	**12,200,215**	10,524,996

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

6 Other operating income and other gains, net

(a) Other operating income

	Six months ended 30 June 2022 RMB'000	Six months ended 30 June 2021 RMB'000
Government grants (i)	**24,919**	31,148
Other operating revenue (ii)	**70,063**	52,991
Interest income from bank deposits	**4,883**	3,914
	99,865	88,053

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

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

(b) Other gains, net

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Net fair value (losses)/gains on financial assets at fair value through profit or loss	**(117,609)**	27,921
Foreign exchange gain/(loss)	**118,987**	(23,761)
Disposal of interest in an associate	**747**	–
Compensation income	**1,455**	7,803
Other net (expenses)/income	**(5,654)**	6,857
Write-back of restructuring liabilities (i)	**25,810**	–
Write-back of payables and advances from customers (ii)	**2,329**	5,603
	26,065	24,423

(i) During the period, the Group wrote back restructuring liabilities of RMB25,810,000 arose from the bankruptcy restructuring of a subsidiary (prior to its acquisition by the Group) since the Group was no longer obliged to settle those amounts (six months ended 30 June 2021: RMB Nil).

(ii) Amounts represented the write-back of long aged payables and advances from customers.

7 Profit before taxation

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

(a) Finance costs

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Interest on bank loans, loans from related parties, other borrowings, lease liabilities and convertible bonds	**31,336**	29,374
Less: interest capitalised	**(978)**	(559)
Bank charges	**2,619**	4,614
	32,977	33,429

(b) Other items

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Research and development costs	**217,949**	196,686
Depreciation of property, plant and equipment	**142,684**	137,298
Provision for product warranties	**21,544**	29,951
Amortisation of intangible assets	**18,902**	22,538
Operating lease charges for property rental	**4,226**	6,255
Amortisation of lease prepayments	**8,358**	7,208
Equity-settled share-based payment expenses	**57,995**	12,030
Depreciation of right-of-use assets	**16,486**	14,261

(c) Net impairment loss on financial assets

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Impairment provision for trade receivables	**73,350**	48,209
Reversal of impairment provision for trade receivables	**(35,282)**	(34,959)
Impairment provision for other receivables and contract assets	**2,101**	4,530
	40,169	17,780

8 Income tax expenses

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Current income tax	**103,657**	68,870
Deferred income tax	**27,750**	29,100
	131,407	97,970

No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits subject to Hong Kong Profits Tax during the period.

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 2022, no deferred withholding tax was provided for the distributable profits of PRC subsidiaries.

Taxation of subsidiaries in the Netherlands, Belgium, Denmark, Germany, United Kingdom and Singapore are charged at the prevailing rates of 25.8%, 25%, 22%, 30%, 19% 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	
	2022	2021
	RMB'000	RMB'000
Earnings		
Earnings for the purposes of basic earnings per share	**439,315**	383,411
Earnings for the purposes of diluted earnings per share	**414,114**	383,411

	Six months ended 30 June	
	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,005,005,823**	1,963,905,031
Effect of dilutive potential ordinary shares in respect of the convertible bonds and the Company's share option and share award schemes	**148,366,770**	7,241,166
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,153,372,593**	1,971,146,197

	Six months ended 30 June	
	2022	2021
Earnings per share		
Basic earnings per share (RMB)	**0.219**	0.195
Diluted earnings per share (RMB)	**0.192**	0.195

10 Property, plant and equipment

During the six months ended 30 June 2022, the addition of property, plant and equipment (including transfer from construction in progress) of the Group amounted to RMB353,598,000 (six months ended 30 June 2021: RMB112,888,000). Items of property, plant and equipment with net book value totalling RMB30,638,000 were disposed of during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB9,428,000). As at 30 June 2022, no property, plant and equipment was pledged as collateral for the Group's borrowings (31 December 2021: nil).

11 Right-of-use assets

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Opening net book value	**97,144**	116,548
Additions	**54,475**	5,767
Depreciation	**(16,486)**	(14,261)
Exchange adjustment	**(1,387)**	(2,250)
Closing net book value	**133,746**	105,804

As at 30 June 2022, right-of-use assets also included the lease prepayments of RMB559,137,000 (31 December 2021: RMB580,997,000).

12 Inventories

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Raw materials	**1,611,369**	1,266,028
Work in progress	**1,598,141**	1,356,530
Finished goods	**1,559,144**	1,683,417
Consignment materials	**277**	6,378
	4,768,931	4,312,353

13 Trade and bills receivables

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Trade debtors receivables	**3,334,241**	2,833,114
Less: allowance for doubtful debts	**(312,835)**	(295,096)
	3,021,406	2,538,018
Bills receivables (i)	**325,354**	411,211
	3,346,760	2,949,229

(i) As at 30 June 2022, amounts of RMB158,129,000 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 (2021: RMB104,475,000). Amounts of RMB15,020,000 and RMB152,205,000 represent trade acceptance bills and bank acceptance bills, respectively classified as financial assets at amortised cost, which the Group has intended to hold until maturity (2021: RMB25,091,000 and RMB281,645,000).

As at 30 June 2022, amounts of RMB70,484,000 and RMB7,664,000 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 (2021: RMB47,018,000 and RMB8,135,000).

(ii) An ageing analysis of trade and bills receivables based on due date (net of impairment losses for bad and doubtful debts) is as follows:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Current	**2,670,968**	2,441,212
Less than 3 months past due	**340,738**	241,337
More than 3 months but less than 12 months past due	**226,076**	134,948
More than 1 year but less than 2 years past due	**49,512**	86,752
More than 2 years but less than 3 years past due	**36,938**	32,947
More than 3 years due	**22,528**	12,033
Amounts past due	**675,792**	508,017
	3,346,760	2,949,229

14 Restricted bank deposits and cash and cash equivalents

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Deposits for performance guarantees	**381,820**	437,129
Cash in hand and demand deposits	**4,384,547**	3,173,351
	4,766,367	3,610,480

15 Bank loans

The bank loans were repayable as follows:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Within 1 year	**348,080**	106,595
After 1 year but within 2 years	**6,000**	6,000
After 2 years but within 5 years	**32,419**	137,640
	386,499	250,235

At 30 June 2022, all the bank loans were unsecured. None of the Group's bank loans were under the terms of cross-guarantee provided by the subsidiaries of the Company (31 December 2021:nil).

16 Trade and bills payables

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Trade creditors	**2,565,159**	2,763,209
Bills payables	**601,427**	539,559
	3,166,586	3,302,768

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

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Within 3 months	**2,242,356**	2,309,723
3 months to 12 months	**766,861**	827,661
Over 12 months	**157,369**	165,384
	3,166,586	3,302,768

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 expired on 11 July 2016 and the Company has adopted a new share option scheme ("Scheme II") since 12 July 2016. Scheme II lasts for 10 years and as at 30 June 2022, 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 2022 had an exercise price of HKD11.24 and a weighted average remaining contractual life of 1.929 years. As at 30 June 2022, 29,941,000 of these options were outstanding and exercisable (As at 31 December 2021: 31,459,000).

(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 2022, 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 “Grant Date”), the Company granted 33,324,006 shares (the “granted shares” to selected participants. 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 shares during the period from the date of the issue 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”).

Under the terms of the Award Scheme 2020, if the vesting conditions are fulfilled, the granted shares shall be vested by 35.8%, 32.2% and 32.0% by April 2022, April 2023 and April 2024, respectively.

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 2022, 21,402,004 of these restricted shares were outstanding (31 December 2021: 33,324,006)

(d) Share award scheme of CIMC Safe Tech

The Board of the Company adopted the Share Award Scheme of a subsidiary, CIMC Safeway Technologies Co., Ltd. (“CIMC Safe Tech”) on 27 November 2020 to recognise the past and present contributions and to incentivise the future contributions by the participants to the Chemical and Environmental Business Unit.

Pursuant to the scheme, equity interest in CIMC Safe Tech will be granted to the participants through the partnership platforms by way of subscribing 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 2022, the vesting conditions are not fulfilled and the selected participants were not entitled any distribution of CIMC Safe Tech. The expenses arising from the CIMC Safe Tech Award Scheme recognised during for the six months ended 30 June 2022 were RMB10,632,000 (six months ended 30 June 2021: RMB12,030,000).

(e) Share award scheme of CIMC LPT

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

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

The total capital contribution by the participants (through the partnership platforms) are approximately RMB83,000,000, representing 6.33% of the enlarged share capital of CIMC LPT upon completion of the capital increase pursuant to the scheme. As at 30 June 2022, the vesting conditions are not fulfilled and the selected participants were not entitled any distribution of CIMC LPT. The expenses arising from the CIMC LPT Award Scheme recognised during for the six months ended 30 June 2022 were RMB14,414,000 (six months ended 30 June 2021: nil).

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 Transport") acquired of RMB69,945,550; and the aggregate cash consideration paid by the Group of RMB66,330,000 for the acquisition of Nantong Transport during the year ended 31 December 2012;

(iv) the registered capital of CIMC Liquid Process Technologies Co., Ltd. ("CIMC LPT") 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 CIMC LPT 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 RMB364,258,000 in relation to the year ended 31 December 2021 was paid in 2022 (final dividend of RMB235,891,000 in relation to the year ended 31 December 2020 was paid in 2021).

The Board of Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: 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.

19 Commitments

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

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Contracted for		
– Production facilities	**130,104**	49,394

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

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Within 1 year	**2,000**	2,782

The Group has already adopted HKFRS 16 from its mandatory adoption date of 1 January 2019. For the six months ended 30 June 2022, the future minimum lease payments mainly include 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 2022, the Group had outstanding performance guarantees issued by relevant banks totalling RMB1,908,734,000 (31 December 2021: RMB1,335,928,000).

21 Related party transactions

(a) Transactions with CIMC and its subsidiaries and associates

	Note	Six months ended 30 June 2022 RMB'000	2021 RMB'000
Nature of transactions			
Sales	*(i)*	**119,240**	199,848
Purchases	*(ii)*	**187,381**	204,133
Comprehensive charges	*(iii)*	**123**	1,450
Processing charges	*(iv)*	**14,597**	7,769
Processing income	*(v)*	**311**	460
Office services income	*(vi)*	**473**	656
Loans from related parties	*(vii)*	**87,000**	405,000
Repayment of loans from related parties	*(vii)*	**61,319**	352,159
Loan interest expenses	*(vii)*	**8,236**	14,387
Deposit service	*(viii)*	**599,653**	417,912
Interest income from deposits	*(viii)*	**2,649**	1,539
Subcontracting Services	*(ix)*	**205,932**	53,179
Rental expenses	*(x)*	**2,075**	338

(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 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.

(vii) The loans are unsecured, interest bearing from 3.70% to 4.75% (2021: 3.80% to 4.75%) per annum and are repayable between 1 to 4 years.

(viii) Deposit service represents deposit acceptance service provided by a related party to the Group. The amount represents the maximum daily outstanding balance of the Group's deposits placed with the related party. The deposits bear interest from 0.55% to 2.10% (2021: 0.74% to 2.46%) 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 2022 RMB'000	As at 31 December 2021 RMB'000
Trade receivables for products sold and other receivables	**113,865**	184,098
Trade payables for raw material purchased and receipts in advance for sales	**(294,941)**	(267,238)

(i) The outstanding balances with these related parties are unsecured, interest free and repayable on demand.

(ii) No provisions for bad or doubtful debts have been made in respect of these outstanding receivable balances.

(c) Loans from related parties

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Loans from CIMC Finance	**182,639**	156,940
Loan from CIMC	**200,189**	200,207
	382,828	357,147

Represented by:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Current	336,109	301,022
Non-current	46,719	56,125
	382,828	357,147

The loans are unsecured, interest bearing from 3.70% to 4.75% (2021: 3.80% to 4.75%) per annum and are repayable between 1 to 4 years.

(d) Leases from related parties

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Lease liabilities	10,447	2,182

(e) Deposits placed with a related party

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Deposits	578,435	401,334

(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).

(f) Amounts due from a joint venture of the Group

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Loan to a joint venture	**10,000**	10,000

(i) The loan is unsecured, bearing interest at 3.48% per annum and is repayable within one year.

(g) Immediate and ultimate controlling party

As at 30 June 2022 and 30 June 2021, 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 2022 and 30 June 2021, 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.

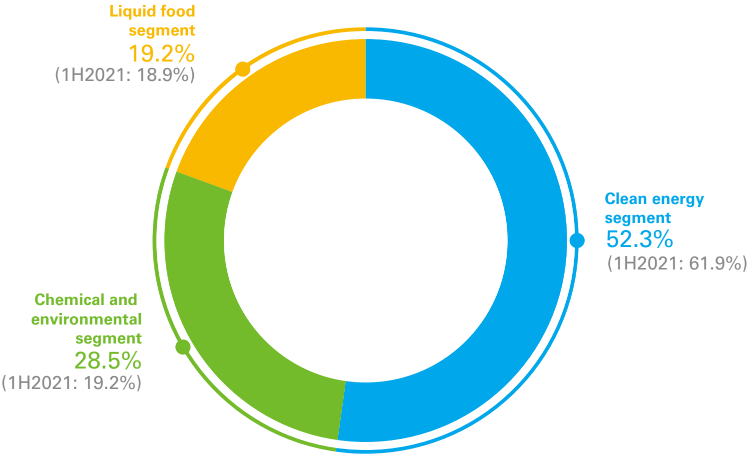
MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the first half of 2022, the resurgence of novel coronavirus ("**COVID-19**") cases in China resulted in tightening of anti-epidemic measures and slowed down the Chinese domestic economy. This in turn has adversely affected the clean energy business. However, the relaxation of anti-epidemic measures in most overseas countries has a positive impact on chemical and environmental and liquid food segments. As a result, the Group's consolidated revenue for the first half of 2022 rose by 12.7% to RMB8,948,693,000 (corresponding period in 2021: RMB7,940,016,000). The performance of each segment is discussed below:

REVENUE BREAKDOWN BY SEGMENT



The resurgence of COVID-19 cases in China caused lockdowns of various cities and regions and disrupted the domestic supply chain. With the surge of commodity price during the period, the demand for LNG transportation and down-stream application equipment was weak. However, the demand for storage equipment remained strong on the back of favourable government policy. Moreover, the LNG processing and treatment and distribution service business recorded substantial increase in revenue due to higher LNG prices. These, to a large extent, have offset the decline in revenue from LNG transportation and application equipment. The clean energy segment's revenue for the first half of 2022 was down slightly by 4.8% to RMB4,683,343,000 (corresponding period in 2021: RMB4,918,427,000), among which the hydrogen business's revenue increased by 175.1% to RMB169,489,000 (corresponding period in 2021: RMB61,618,000). The segment remained the top grossing segment and contributed 52.3% (corresponding period in 2021: 61.9%) of the Group's total revenue.

The rise in steel price, reduced global marine shipping efficiency and turnaround rate for chemical tank containers and the appreciation of USD against RMB have spurred the demand and price for chemical tank containers in the period; therefore the chemical and environmental segment's revenue posted a significant rise of 67.4% to RMB2,550,409,000 (corresponding period in 2021: RMB1,523,254,000). The segment made up 28.5% of the Group's total revenue (corresponding period in 2021: 19.2%).

As COVID-19 related restrictions were further relaxed in most countries in the first half of 2022, the liquid food segment's operations (especially on-site construction works) have been progressing on schedule. The liquid food segment's revenue saw an increase of 14.5% to RMB1,714,941,000 during the period (corresponding period in 2021: RMB1,498,335,000). The segment accounted for 19.2% of the Group's total revenue (corresponding period in 2021: 18.9%).

During the first half of 2022, the newly signed orders of the Group totalled RMB10.7 billion, representing an increase of 16.8% compared with the same period last year. The newly signed orders for clean energy segment increased 2.7% to RMB5.4 billion compared with the same period last year, including the newly signed orders for hydrogen business of RMB230 million during the first half of 2022. The newly signed orders for chemical and environmental segment reached RMB2.5 billion, down 7.1% compared with the same period last year, mainly due to the high capacity utilisation in the first half of the year. The newly signed orders for liquid food segment reached RMB2.9 billion, representing a significant increase of 126.0% compared with the same period last year, mainly benefiting from the booming liquid food industry and the Group's growing market share by leveraging on its competencies on advanced process equipment and leading delivery capabilities on turnkey projects.

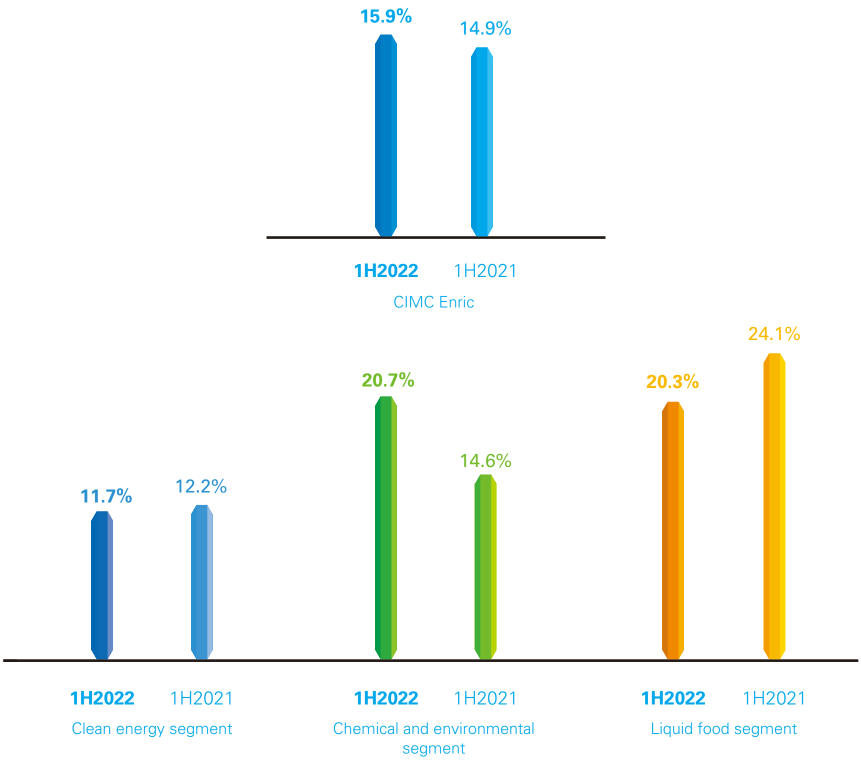
At 30 June 2022, the total orders on hand of the Group reached RMB17.3 billion, recording an increase of 41.7% compared with the same period last year. The orders on hand for clean energy segment, chemical and environmental segment, and liquid food segment reached RMB9.6 billion, RMB2.6 billion and RMB5.1 billion, representing increases of 38.3%, 3.2% and 85.2% compared with the same period last year, respectively. The orders on hand for hydrogen business at the end of June 2022 was RMB170 million.

Gross profit margin and profitability

The gross profit margin ("**GP margin**") of the Group during the period improved by one percentage point to 15.9% (corresponding period in 2021: 14.9%), which was mainly attributable to the improved GP margin of chemical and environmental business and offset the decline in GP margins of both clean energy and liquid food business segments.

The clean energy segment's GP margin declined slightly, which was mainly due to anti-epidemic measures in China limiting the segment's economy of scales. During the period, the GP margin of chemical and environmental segment improved significantly, which was mainly due to economy of scales and appreciation of USD against RMB. As the segment's key products, tank containers, are mostly denominated in USD and its appreciation in turn raises the sales revenue reported in RMB. The liquid food segment's GP margin recorded a decline because there were no major projects completed and therefore the effect of cost-saving controls was not fully released during the period.

GROSS PROFIT MARGIN



Profit from operations expressed as a percentage of revenue rose by 0.4 percentage point from 6.5% in the same period last year to 6.9% 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.

During the period, income tax expense increased by 34.1% to RMB131,407,000 (corresponding period in 2021: RMB97,970,000) which rose at a higher rate than that of the Group's revenue. Moreover, the effective tax rate increased from 20.2% in the same period of 2021 to 22.5% in the current period which was mainly attributable to new subsidiaries, who are subject to higher income tax rate, started turning profitable during the period.

Liquidity and financial resources

	30 June 2022	31 December 2021	Change
Net assets (RMB'000)	**8,678,510**	8,499,677	2.1%
Cash and cash equivalents (RMB'000)	**4,384,547**	3,173,351	38.2%
Interest bearing debts[1] (RMB'000)	**2,082,627**	1,847,442	12.7%
Gearing ratio[2]	**24.0%**	21.7%	+2.3ppt

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

2 Gearing Ratio = Interest bearing debts÷Net assets

At 30 June 2022, the cash and cash equivalents of the Group amounted to RMB4,384,547,000 (31 December 2021: RMB3,173,351,000). A portion of the Group's bank deposits totalling RMB381,820,000 (31 December 2021: RMB437,129,000), which had a term of maturity more than three months from the date of their initial placement, were restricted for guarantee of banking facilities. 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.

At 30 June 2022, the Group's bank loans and overdrafts amounted to RMB386,499,000 (31 December 2021: RMB250,235,000), 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 1.70% to 4.50% per annum.

At 30 June 2022, the Group did not have any secured bank loan (31 December 2021: nil) nor any bank loan that was guaranteed by the Company's subsidiaries (31 December 2021: nil). As at 30 June 2022, loans from related parties amounted to RMB382,828,000 (31 December 2021: RMB357,147,000), which are unsecured, interest bearing from 3.70% to 4.75% (31 December 2021: 3.80% to 4.75%) per annum and repayable within one year to four years.

At 30 June 2022, the Group's zero-coupon convertible bonds ("**CB**") amounted to RMB1,311,840,000 (31 December 2021: RMB1,234,980,000). There has not been any conversion of the CB during the period. With effect from 7 June 2022 the CB's conversion price has been adjusted from HKD11.78 to HKD11.49 and if fully converted will be convertible into 146,214,099 shares of the Company, representing an increase of 3,599,498 shares (31 December 2021: 142,614,601 shares).

The net gearing ratio, which is calculated by dividing net debt over shareholders' equity, was zero times (31 December 2021: zero times) as the Group retained a net cash balance of RMB2,301,920,000 (31 December 2021: RMB1,757,260,000). The increase in net cash balance is mainly attributable to a cash inflow from operating activities which was offset to some extent by outflows from investing and financing activities.

The Group recorded a cash inflow from operating activities of RMB1,580,454,000 (corresponding period in 2021: outflow of RMB408,780,000) 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 RMB215,241,000 (corresponding period in 2021: RMB137,624,000). This is mainly due to the acquisition of non-current assets for production and operation and intangible assets which totalled to RMB214,193,000 (corresponding period in 2021: RMB206,835,000). During the period, the net cash used in financing activities amounted to RMB162,533,000 (corresponding period in 2021: inflow of RMB127,414,000). This is mainly due to lower amount of net drawdown of bank loans and net loans from related parties of RMB151,460,000 during the period compared with the corresponding period in 2021 of RMB320,805,000. This inflow was more than offset by the payment of final dividend for 2021 of RMB364,258,000 (corresponding period in 2021: RMB235,891,000).

As a result, the cash inflow of the Group during the period totalled RMB1,202,680,000 (corresponding period in 2021: a cash outflow of RMB418,990,000).

The Group's interest coverage was 19.6 times for the period (corresponding period in 2021: 17.5 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

At 30 June 2022, total assets of the Group increased from RMB19,024,673,000 (at 31 December 2021) to RMB20,878,725,000. Non-current assets increased by RMB49,114,000 and current assets by RMB1,804,938,000. At 30 June 2022, total liabilities of the Group increased by RMB1,675,219,000 to RMB12,200,215,000 (31 December 2021: RMB10,524,996,000). The net asset value increased slightly by from RMB8,499,677,000 (at 31 December 2021) to RMB8,678,510,000. The net asset value per share also increased slightly to RMB4.279 at 30 June 2022 from RMB4.192 at 31 December 2021.

Contingent liabilities

At 30 June 2022, the Group had outstanding balance of guarantees issued by relevant banks totalling RMB1,908,734,000 (31 December 2021: RMB1,335,928,000). Save as disclosed above, the Group did not have other material contingent liabilities.

Future plans for source of funding and capital commitments

Currently, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and to 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.

At 30 June 2022, the Group had contracted but not provided for capital commitments of RMB130,104,000 (31 December 2021: RMB49,394,000), while the Group did not have any authorised but not contracted for capital commitments (31 December 2021: nil).

Foreign exchange exposure

The Group is exposed to foreign currency risk primarily through trade transactions that are denominated in currencies other than its functional currency. The currencies giving rise to this risk to the Group are primarily US dollar and Euro.

The Group continuously monitors its foreign exchange exposure and controls such exposure by conducting its business activities and raising funds primarily in the denominations of its principal operating assets and revenue. Moreover, if necessary, the Group can enter into foreign exchange forward contracts with reputable financial institutions to hedge foreign exchange risk.

Capital expenditure

In the first half of 2022, the Group invested RMB231,361,000 (corresponding period in 2021: RMB251,767,000) in capital expenditure for expansion of production capacity, general maintenance of production capacity and new business ventures.

Employees and Remuneration Policies

At 30 June 2022, the total number of employees of the Group was approximately 9,500 (corresponding period in 2021: approximately 9,700). Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and equity-settled share-based payment expenses) were approximately RMB1,057,931,000 (corresponding period in 2021: RMB920,890,000). 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

This segment specialises in the manufacturing, sale and operation of a wide range of equipment for the storage, transportation, application, processing and distribution of natural gas (in the form of liquefied natural gas ("**LNG**"), compressed natural gas ("**CNG**")), liquefied petroleum gas ("**LPG**"). This segment also provides engineering, procurement and construction ("**EPC**") services for clean energy industries, such as LNG plants, LNG and liquefied ethylene/ethane gas ("**LEG**") receiving terminals, etc. In addition, this segment is also engaged in the design, production and sale of small and medium-sized liquefied gas carriers, such as LPG, LNG and LEG carriers, LNG powered vessel fuel supply systems and oil and gas liquefied modules. This segment provides value-added services for the clean energy industry based on the IoT intelligent operation management platform, it also provides the hydrogen energy equipment products and project engineering services. Leveraging on its accumulation of the cryogenic technology, this segment engages in the research and development and manufacturing of storage and transportation equipment of ultra-low temperature medium for liquid hydrogen and liquid helium, such as liquid hydrogen storage tanks, liquid helium tank containers and liquid helium dewar flasks.

Onshore Clean Energy Sector

In the first half of 2022, the Russian-Ukrainian conflict and the continuously turbulent international situation resulted in the soaring prices of international crude oil and natural gas. According to the data of Zhongyu Information, the average market price of LNG in China in the first half of 2022 was RMB6,599.7 per tonne, representing an increase of RMB2,630.2 per tonne or 66.3% year-on-year ("**YoY**"). Affected by the high gas price and the COVID-19 outbreak in many regions in China, the operation rates of downstream users were relatively low and the gas consumption from transportation section and the industrial field was reduced, as a result of which, the apparent consumption of natural gas in the PRC remained flat. According to the data of the National Development and Reform Commission (the NDRC) of the PRC, in the first half of 2022, the output of natural gas in the PRC was 109.58 billion cubic meters, representing a YoY increase of 4.9%; the apparent consumption of natural gas in the PRC was 182.99 billion cubic meters, representing a slight YoY increase of 0.2%. The domestic demand of natural gas was weak, and the import volume thereof declined. According to the data of the General Administration of Customs of the PRC, in the first half of 2022, the LNG import volume was 31.256 million tonnes, representing a YoY decrease of 20.8%. With the effective control of the pandemic, the urban gas demand and industrial demand have been recovering steadily since June 2022, and it is expected that the natural gas demand will gradually return to normal in the second half of the year.

During the period under review, benefiting from the continuous growth of domestic natural gas production, the sales revenue related to the upstream treatment and processing modules increased significantly YoY. Leveraging on the liquefied modules, the storage and transportation equipment manufactured by the Group as well as the existing client base, the Group has developed an integrated solution that can effectively recycle and utilise scattered wellhead gas and combines with upstream treatment, processing and distribution, and therefore, the related business and the sales of equipment for upstream sectors recorded growth. During the period, the city gas enterprises continued to promote the construction of the peak-shaving reserve projects, and the Group had recorded a YoY increase in terms of the sales revenue of the LNG storage tanks. During the period under review, the LPG pump tankers developed by the Group passed the first domestic technical review of "New materials, New technologies and New processes", making the Group one of the first two suppliers of main equipment for the intelligent LPG micro-pipe network integrated solution that passed the review. Currently, such equipment has commenced delivery and is well prepared for the full completion of the rural revitalisation as well as the rural gas program. During the period, as it was more economical than LNG, CNG had driven the sales of the high-pressure equipment such as high-pressure gas vessels and high-pressure gas trailers. At the same time, as a result of the COVID-19 outbreak in many regions in China in the first half of the year, which seriously affected the production capacity and supply chain logistics of this segment, coupled with the decline in LNG consumption, the sales of the Group's LNG trailers, LNG tank containers and other related transportation equipment declined. In terms of downstream application, the sales of the heavy-duty trucks for the natural gas continued to decline in the first half of the year, which was attributable to the impact of the pandemic on logistics transportation industry and the situation that the dealers were putting more efforts to dispose the inventories of the China V Emission Standards diesel heavy-duty trucks. Affected by this, the sales of the on-vehicle LNG fuel tanks of the Group had also decreased YoY. Looking forward to the second half of the year, with the influence of the policies of the state for achieving stable growth, coupled with the recovery of the logistics needs and the continual expanding of the price gap between oil and natural gas, the YoY decrease in the natural gas heavy-duty trucks industry may be narrowed, and it is expected to recover from the sales slump. With the gradual relaxation of epidemic control in most overseas countries, the demands for industrial gas equipment and natural gas equipment have surged, therefore, the new overseas orders signed in the first half of 2022 have increased by 70% YoY and are expected to continue to rise in the second half of 2022.

Offshore Clean Energy Sector

LNG is one of the safest vessel fuels with the best efficiency in emission reduction under the current economic and technical conditions, resulting in the rising attention to the LNG-powered vessels and bunkering vessels. According to Clarkson's data, in the first half of 2022, there were 701 new shipbuilding orders worldwide, of which orders for vessels using alternative fuels accounted for 45%, while for the purpose of selecting the alternative fuels, LNG steadily took the leading position with a percentage of 31%, which was a record high. During the period under review, the Group had delivered one LNG bunkering vessel of 7,500m^3, two LPG carrier vessels of 5,000m^3 and one of the world's largest LNG bunkering vessel of 20,000m^3. Besides, the Group had signed three LNG bunkering vessels of 7,600m^3 with a Canadian company Seaspan Ferries Corporation, taking the leading market share in bunkering vessels. In terms of oil-to-gas conversion for vessels, the first two remoulded ships of the "Gasification of Pearl River (氣化珠江)", a green shipping project in Guangdong on old ship conversion undertaken by the Group, have been delivered to ship owners, and the Group had acquired 121 orders for oil-to-gas conversion for vessels in the first half of the year.

Hydrogen Energy Sector

In March 2022, the NDRC and National Energy Administration of P.R.CHINA jointly issued the Medium and Long-term Plan for the Development of Hydrogen Energy Industry (2021–2035) (《氫能產業發展中長期規劃(2021–2035年)》), and over 17 provinces and 26 cities and regions subsequently issued local policies related to hydrogen energy. According to the data of the China Association of Automobile Manufacturers, in the first half of 2022, the production and sales volume of fuel cell vehicles in China were 1,804 and 1,390, respectively, representing a YoY increase of 1.9 times respectively. During the period under review, the Group continually enhanced the investment and development of hydrogen energy business, and achieved considerable progress on multiple parts of the industrial chain. In terms of hydrogen production, we actively laid out on the industrial by-production hydrogen, hydrogen production from electrolysed water, methanol hydrogen production and other related technologies and projects. While for the purpose of storage and transportation, as our champion products, the hydrogen tube trailer and stationary hydrogen storage tanks maintained the leading market position in terms of sales, we had also successfully developed 30MPa hoop-wrapped tube bundle containers and 99MPa stationary hydrogen storage tanks and introduced them into the market, thereby leading the development of the industry. In May 2022, the Group entered into a strategic cooperation agreement with Hong Kong-based Templewater Group (香港善水資本集團), so as to carry out deep cooperation in terms of green hydrogen production, hydrogen refuelling and hydrogen application, jointly expanding the hydrogen energy market in Hong Kong and developing an integrated solution for the hydrogen application of public transportation of Hong Kong, and we had successfully provided Type IV on-vehicle hydrogen cylinder and supply system for the first double deck bus with hydrogen fuel cell of Hong Kong in June. Besides, the Group had achieved satisfying performance in hydrogen refuelling stations, we had completed the research and development of the second generation of small skid-mounted 35MPa hydrogen refuelling devices and put into operation successfully in Foshan, Guangdong province, and we had won the bids for projects including the hydrogen primary refuelling station in Shanxi, which was already delivered, the "integrated station of hydrogen production and refuelling for Hangzhou Asian Games" and the "hydrogen supply center of Nanjing Yangzi Petrochemical".

Prospects

Onshore Clean Energy Sector

The outbreak of the Russia-Ukraine conflict at the beginning of the year has caused Europe to plan to significantly increase its LNG imports to compensate for the decline in Russian pipeline gas imports. Currently, Europe has limited infrastructure for LNG imports, and more diversified natural gas imports methods in the future will increase its demand for LNG receiving terminals, LNG tank containers and other storage and transportation equipment. In the domestic market, against the high gas price environment, the construction of such LNG liquefaction plants has started to resume and the overall utilisation rate has increased significantly, which is expected to drive the growth of the Group's upstream related service and equipment sales. On the other hand, the construction of safe and reliable rural gas storage tank stations and micro-pipe network gas supply systems remains one of China's key tasks in promoting the extension of urban infrastructure to rural areas during the "14th Five-Year Plan" period. As a leading integrated clean energy equipment supplier in the industry, the Group's business portfolio covers the entire upstream, midstream and downstream industry chains of CNG, LNG and LPG, and will continue to benefit from the various development opportunities along various segments both at home and abroad.

Offshore Clean Energy Sector

As an important fuel option under the new international maritime environmental regulations, LNG is gaining increasing attention from the maritime and shipbuilding industries. There has been an explosion in the number of orders for LNG-powered vessels. In the domestic market, although the domestic LNG-powered vessels and bunkering business are still in the climbing stage, the wave of green shipping and policies are being pushed forward. As a leading participant in green shipping demonstration projects at home and abroad, the Group will continue to strive for more market breakthroughs.

Hydrogen Energy Sector

Hydrogen energy is an important part of the future national energy system, a major carrier for energy end-users to achieve green and low-carbon transformation, and a key development direction for strategic emerging industries and future industries. Since the beginning of the year, relevant hydrogen energy policies have been introduced intensively in various places, covering all aspects of the "production-storage-transportation-application" industrial chain, including specific plans for industrial scale, policy subsidies, construction of hydrogen refuelling stations, and the launch of fuel cell vehicles. At the same time, the number of demonstration city clusters for fuel cell applications has been expanding this year. The Group has already established a presence in various segments of the hydrogen energy industry chain and will benefit from the opportunities brought by the booming development of hydrogen energy.

Future Plans and Strategies

The Group will continue to adhere to its business development strategy of "key equipment + core process + comprehensive service", strengthen the entire business chain layout of hydrogen, natural gas and LPG, rely on the Sino-European interaction pattern to strengthen its international business, continue to develop innovative demonstration applications of upstream processing and treatment integrated solutions and services, strengthen the "production, storage, transportation and application" integrated overall solution capability for the clean energy, promote the intelligent application of key energy equipment and optimise portfolio of product business, consolidate and cultivate more champion products, and realise the integration of resources and integrated operation of the engineering business.

Research and Development

In the first half of 2022, the clean energy segment has increased the development of new products that are close to the market and completed a number of successful research and development projects. For example:

- The segment completed the onboard application of LNG storage tanks for marine vessels with high manganese austenitic cryogenic steel of the National Ministry of Industry and Information Technology project and has successfully passed project acceptance check;

- The segment completed the development and application of high strength stainless steel materials, which could effectively reduce the self-weight of cryogenic vessels;

- The segment successfully developed 30-foot LNG tank containers and delivered them to customers in batch;

- The segment completed the upgrade of LNG tank containers, with a reduction on the product self-weight by 9.2% and an enhancement on the product transportation efficiency;

- The segment completed the key technical equipment research and development project for propane distributed clean energy, the first domestic nine security protection system for liquefied petroleum gas tanks with pumps, the management platform for vehicle and tank manufacturing enterprises, and the "one-to-one" electronic identification and matching for unloading liquid safety and compliance management and control and other project developments.

In the first half of the year, the segment also initiated and promoted a number of projects, including the research and development of 20-foot offshore cryogenic tank containers, φ715II type of glass fiber tube bundle containers and 1,500L large volume on-vehicle LNG fuel tanks, the research and development of LNG bunkering vessel liquid cargo system, and the intelligent upgrading of energy equipment products.

In order to promote sustainable and healthy development, the segment actively expanded the research and development projects in the field of new energy, as well as made significant progress in the field of hydrogen energy equipment and application research. For example:

- 99MPa/103MPa hydrogen storage container, the key equipment for 70MPa hydrogen refuelling station, has been successfully developed through various tests and verification, and will be launched to the market in due course in 2022;

- The segment completed the research and development and launched 37.55 cubic meters of glass fibers and 37.8 cubic meters of carbon fiber high pressure gas tube bundle containers to the market, which were favored by many customers for its larger volumes and lighter weight;

- The liquid hydrogen storage tanks have first completed the evaluation and filing of the enterprise standard of liquid hydrogen fixed tank in accordance with the requirements of the group standard, opening a chapter in the manufacture of liquid hydrogen sample tanks and laying a valuable foundation for the subsequent Three New Assessment and Acceptance;

- The preparation of the preliminary draft of the enterprise standard and the design of the overall structure proposal of the liquid hydrogen spherical tanks and tankers were completed, providing a basis for the subsequent implementation of the first domestic civilian liquid hydrogen spherical tanks and tankers.

The development of new business and products has created additional growth momentum for the segment, enhancing its industry influence.

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 chemicals, gaseous chemicals and powder chemicals; and the provision of maintenance and value-added service for tank containers. This segment is also engaged in the business of research and development and manufacture of environmental protection equipment, metal recycling and the integrated utilisation of solid waste.

With the resurgence of a new round of pandemic around the world and coupled with the ongoing geographical tensions, the growth rate of the global trade slowed down from the second quarter of 2022. During the period, a number of factors, such as the continuous rise in steel price, tight global shipping capacity with low chemical tank container turnover rate and the decline in RMB exchange rate, drove the rapid growth in the sales volume and selling price of tank container products, further consolidating the segment's industry leading position in the global tanker container market, as a result, sales revenue and net profit both recorded significant increase in the first half of the year. At the same time, the segment carried out the strategic planning of "Manufacturing + Services + Intelligence, to provide customers with full life-cycle services" through actively expanding its after-sales services and intelligent product business by focusing on customers' needs and pain points, and providing various digital products to enhance customers' purchasing experience with quality services and standard procedures in the manufacturing industry. During the period under review, the segment continued to provide cooling transportation solutions for electrolyte in the new energy industry. And through in-depth industry-university-research cooperation with Shanghai Jiao Tong University, the segment has also developed chiller units and in-transit monitoring systems with independent intellectual property rights that are suitable for multimodal transportation and other complex transportation conditions, which are expected to be widely used.

In terms of environmental protection business, the hazardous waste business focusing on metal recycling has gradually expanded its market and the solid waste treatment business was under steady progress.

Prospects

Despite the global outbreak of COVID-19 pandemic in recent years, the scale of global chemical industry will continue to grow in the long term due to the importance of chemical production in the industrial chain. According to the statistics of "Facts and Figures on the European Chemical Industry of 2022 (《2022年歐洲化學工業的事實和數據》)" released by European Chemical Industry Council (CEFIC), China provided more than 40% of the world's chemicals and was the fastest growing chemical market in the world. In the long run, Chinese chemical industry is still in a period of important strategic development opportunities, and there is great potential for optimising the industrial structure and upgrading the chemical industry. With improved safety standards and awareness of global environmental protection, established multimodal transport and professional labor division of third-party logistics companies, application scenarios of tank containers will continue to expand and the tank containers market demand will show a gradual increase trend in general.

On the other hand, carbon emission constraints and subsidies for new energy have promoted the rapid increase in the penetration rate of the new energy vehicles. As the global penetration rate of the new energy vehicles continues to increase, it is expected that the market demands for electrolytes will reach the level of one million tons in 2025. Driven by prosperous prospects of electrolytes and semi-conductors, the demands for high-end inner liner tank containers will continue to grow. Global warming and rising temperature will also drive the demands 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 bought 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, modularised operation and lean management, the segment further consolidated the comprehensive competitiveness of the tank container business and maintained its leading position in the industry. Meanwhile, the segment actively improved the intelligence of products, and used 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.

The environmental protection business of this segment will take the "recycling of hazardous wastes containing non-ferrous metals (precious metals)", a hazardous waste sub-sector, as its key development direction, as well as consider the development of comprehensive utilisation of general solid wastes, so as to establish the operation capacity of the whole industrial chain, and realise the leapfrog development of environmental protection business.

The Group is pursuing the spin-off and separate A-share listing of CIMC Safeway Technologies Co., Ltd. In February 2022, CIMC Safeway Technologies Co., Ltd. received the first round of feedback from the Shenzhen Stock Exchange and in July 2022, it received the second round of feedback. As of the date of this report, the listing is still under the enquiry of the Shenzhen Stock Exchange.

Research and Development

The chemical and environmental segment is committed to providing customers with new logistics solutions, as well as the research and development of various types of tank containers to meet the needs of customers. This segment has successfully developed a series of new special liquid and gas tank container; and continuously improved the diversity, safety and reliability of intelligent products, so as to continue to provide customers with comprehensive solutions. Moreover, it also actively promoted the upgrade of high-purity electronic-grade medium, electrolyte and other high-end tank containers according to international environment, and quickly responded to the development of electronic chip manufacture, new energy and pharmaceuticals. The development of multiple series of products met the diversified needs of customers and continued to maintain its leading position in the industry.

This segment continued to research and develop iterative devices, sensors and software platforms for visual chemical logistics management, with its solutions featuring global coverage, explosion-proof safety and easy-to-use, which could efficiently enhance the operation efficiency of chemical logistics and ensure safety in transit. Meanwhile, this segment deepened the integration of industry-academia-research, promoted the transformation of scientific and technological achievements, and iteratively upgraded the cooling systems of transportation in transit to improve energy efficiency ratio and respond to the national strategies of "emission peak and carbon neutrality".

This segment has succeeded in the research and development of automatic welding technology by robots for tank container wave-proof panels, which solved issues that had troubled the industry for many years. Meanwhile, this segment was committed to developing multi-dimensional automatic tracking and detection technology for tailored blanks of tank containers, automatic punching technology for the machine-shaping of tank container components, and green and environmental processes and technologies for coating and manufacturing of tank containers products, to lay a foundation for the intelligent, less-staffed and green production lines in workshops.

Liquid Food

This segment specializes in the engineering, manufacture and sale of stainless steel tanks for storage and processing liquid food such as beer, distilled spirits, baijiu, hard seltzer, fruit juice, dairy products and biopharmaceuticals; and also the provision of engineering, procurement, and construction services for the brewery and other liquid food industries. The segment possesses such globally reputable and leading brands as Ziemann Holvrieka, Briggs, DME, and McMillan, with major manufacturing plants in Germany and China.

In the first half of 2022, the overseas COVID-19 pandemic relieved, thus the on-site construction projects involved in this segment have been progressing normally. During the period under review, turnkey brewery projects in Mexico, a turnkey brewery project for malt-flavored beverage and hard seltzer in USA, a hard seltzer project in Mexico, process design and equipment projects for greenfield tequila distilleries in Mexico, a turnkey brewery and experience center project in Cambodia, as well as a process design and equipment project for greenfield malt and grain distillery and a carbon-neutral whisky distillery demonstration project in China have made good progress.

Prospects

With the world's leading integrated solutions for liquid food processing equipment design, manufacturing and project engineering as its core competitiveness, the liquid food segment has gained wide recognition in various market segments such as beer, distilled spirits, juice and dairy products by virtue of its diversified product portfolio, strong technical capabilities and excellent quality. And the industry this segment involves sees a long-term growth worldwide.

Despite the global impact of the pandemic, the beer market is expected to grow annually by 10.3% during the period 2022–2025 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 beer and new beer types with lower calories or less alcohol.

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 hard seltzer to diversify its revenue.

The segment is also observing the market, developing new products and new technologies to support customers' upgrading and diversifying demands. In respect of the demand for low-carbon transformation in the alcohol industry, in early August, the Ministry of Industry and Information Technology, the NDRC and the Ministry of Ecology and Environment issued the Implementation Plan for Carbon Emission Peak in the Industrial Sector (《工業領域碳達峰實施方案》), proposing to build a number of green plants and green industrial parks, research and develop, demonstrate and promote a batch of low-carbon, zero-carbon and negative-carbon technology and equipment products with significant emission reduction effects, and by 2025, energy consumption per unit of added value in the industrial sector above the scale will drop by 13.5% compared with 2020. Previously, China Alcoholic Drinks Association released the 14th Five-Year Development Guide for the Chinese Alcohol Beverage Industry (《中國酒業「十四五」發展指導意見》), which also calls for a comprehensive transformation of the alcohol industry towards green and ecological development, with "zero-carbon production areas" and "zero-carbon plants" mentioned as construction targets for the first time. 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 domestic plants and parks for Baijiu, craft beer, bio-pharmaceutics, 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 the beer and distilling sectors, expand business opportunities in non-beer business such as distilled spirits, baijiu, hard seltzer, 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.

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

Research and Development

The liquid food segment continued to focus on the research and development and in-depth development of a series of beer equipment products. These investments are focused 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 development of the beer seltzer, wine & water separation system and hops drying system. Meanwhile, it committed to the research on enhancement of automatic control and energy efficiency of beer equipment.

Its subsidiaries, Briggs in the United Kingdom and DME in Canada, also carried out research and development of whisky series wine system and craft beer equipment, provided technical support for the Chinese, European, North American and Japanese markets, launched new products to the market, and achieved good sales.

The segment continued to make breakthroughs in the manufacturing technology of copper composite material equipment and used it for the order production of the new whisky project.

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 Baijiu steam distillation robot and the automatic grasping and stacking of the koji pieces, and continue to R&D on the raw material processing, the distillation process, the soil-free filtration, the intelligent management, as well as blending and packaging of Baijiu.

In addition, the segment has also actively expanded into the technology development of other liquid food businesses, such as juice, milk, seasoning, bio-pharmaceutical etc., and has generated sales to drive revenue growth in the future.

SUPPLEMENTARY INFORMATION

Directors' Interests in Shares

As at 30 June 2022, 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

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)*
Gao Xiang	Beneficial owner	1,500,000	0.074%
Yang Xiaohu	Beneficial owner	1,520,000	0.075%
Yu Yuqun	Beneficial owner	766,667	0.038%
Wang Yu	Beneficial owner	320,000	0.016%
Zeng Han	Beneficial owner	400,000	0.020%
Yien Yu Yu, Catherine	Beneficial owner	100,000	0.005%
Tsui Kei Pang	Beneficial owner	400,000	0.020%
Zhang Xueqian	Beneficial owner	390,000	0.019%
Wang Caiyong	Beneficial owner	100,000	0.005%

Note: The percentage is calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2022, which was 2,028,277,588.

Substantial Shareholders' Interests in Shares

As at 30 June 2022, the interests and short positions of every substantial shareholder, other than the Directors and the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Substantial shareholder	Capacity	Number of shares held	% of issued share capital *(Note 1)*
China International Marine Containers (Group) Co., Ltd. ("**CIMC**")	Interest of controlled corporation	1,371,016,211 (L) *(Note 2)*	67.60%
China International Marine Containers (Hong Kong) Limited ("**CIMC HK**")	Interest of controlled corporation	190,703,000 (L) *(Note 3)*	9.40%
	Beneficial owner	1,180,313,211 (L) *(Note 2)*	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 3)*	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)	145,660,000 (L)	7.18%

Notes:

L – long position

S – short position

1. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2022, which was 2,028,277,588.

2. 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.

3. 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 2022, (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 (i) the Directors are not aware of any other persons or corporations who were interested in 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Share Options

The Company adopted the Scheme pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company on 12 July 2006. Its purpose is to provide incentives and rewards to employees and Directors and eligible persons for their contributions to the Group. Details of the terms thereof are set out in the Annual Report 2021.

As at 30 June 2022, share options were granted and accepted by the respective participants under the Scheme to subscribe for a total of 120,370,000 ordinary shares of HK$0.01 each in the capital of the Company. During the six months ended 30 June 2022, movements of the options under the Scheme were as follows:

			Number of share options					
Grantee	Date of grant	Exercisable period	outstanding at 1 January 2022	granted during the period	exercised during the period	lapsed during the period	transferred to/from other category	outstanding at 30 June 2022
Directors								
Gao Xiang	05/06/2014	05/06/2016–04/06/2024	400,000	–	–	–	–	400,000
Yang Xiaohu	05/06/2014	05/06/2016–04/06/2024	400,000	–	–	–	–	400,000
Yu Yuqun	05/06/2014	05/06/2016–04/06/2024	300,000	–	–	–	–	300,000
Tsui Kei Pang	05/06/2014	05/06/2016–04/06/2024	300,000	–	–	–	–	300,000
Zhang Xueqian	05/06/2014	05/06/2016–04/06/2024	300,000	–	–	–	–	300,000
			1,700,000	–	–	–	–	1,700,000
Employees	05/06/2014	05/06/2016–04/06/2024	25,289,000	–	(408,000)	(760,000)	–	24,121,000
Other participants	05/06/2014	05/06/2016–04/06/2024	4,470,000	–	(150,000)	(200,000)	–	4,120,000
Total			31,459,000	–	(558,000)	(960,000)	–	29,941,000

Notes:

1. 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 2021 and up to 4 June 2024; and the remaining 30% of which become exercisable from 5 June 2021 and up to 4 June 2024. The exercise price of all the options granted is HKD11.24 per share.

2. The weighted average closing price of the shares immediately before the dates on which the options were exercised during the six months ended 30 June 2022 was approximately HKD11.76 per share.

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. Upon termination of the Scheme, no further option may be granted under the Scheme, but in all other respects the provisions of the Scheme 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.

No options have been granted under the New Scheme since its adoption.

As at the date of this report, a total of 193,660,608 number of options, representing 9.55% of the issued ordinary share capital of the Company are available for grant under the New Scheme.

As at the date of this report, a total of 223,601,608 shares, representing 11.02% of the issued ordinary share capital of the Company, are available for issue under the Scheme and the New Scheme.

Save as disclosed above, no options were granted, exercised, lapsed or cancelled during the six months ended 30 June 2022.

Restricted Share Award Scheme (2018)

The Company adopted Restricted Share Award Scheme (2018) (the "**Award Scheme**") on 26 June 2018 (the "**Adoption Day**"), the major terms and details set out as below:

	Restricted Share Award Scheme (2018)
Purpose:	Award Scheme are to retain its key personnel of the Group, to motivate and incentive the senior management and key personnel and to further and share the growth of business of the Group.
Term:	It shall be effective and continue in full force for four years commencing from the Adoption Date.
Number of Shares:	Maximum number of 50,000,000 Restricted Shares
Operation:	Trustee shall hold the Restricted Shares and the Related Distribution for the Selected Participants on trust according to the terms of the Trust Deed. The Restricted Shares and the Related Distribution shall be transferred to the Selected Participants when the relevant vesting conditions have been satisfied.
Restriction:	Unless the Restricted Shares have been vested to the Selected Participant, every Selected Participant shall only have a contingent interest in the Restricted Shares awarded to them, subject to the fulfilment of vesting conditions of the Scheme. Before vesting of the Restricted Shares and the Related Distribution, the Selected Participants have no rights to transfer any of his/her rights under the Scheme.
Vesting:	Vesting of the Restricted Shares are conditional on the net profit of the Company and individual assessments of the Selected Participants on each of the vesting period.
Voting Rights:	The Trustee shall not exercise the voting rights in respect of any Restricted Shares held on trust by the Trustee for the Selected Participants before vesting.

At the extraordinary general meeting of the Company held on 10 August 2018, an ordinary resolution was passed in relation to approve the grant of specific mandate to the Directors regarding the issue and allotment of an aggregate of maximum number of 50,000,000 Restricted Shares to the Trustee to hold on trust for Selected Participants in the Award Scheme, and the grant of Restricted Shares to the Directors and other connected selected participants. As at the date of 24 August 2018, all conditions precedent under the Award Scheme have been fulfilled. A total of 46,212,500 Restricted Shares have been allotted to and accepted by the Selected Participants.

The details of the Award Scheme disclosed in the announcements of the Company dated 26 June 2018, 10 August 2018 and 24 August 2018 respectively and the circular of the Company dated 25 July 2018.

There were a total of 3,400,000 Restricted Shares have been allotted to the Directors during the year of 2018. The first vesting conditions had been fulfilled, there were a total of 1,020,000 restricted shares had been vested to the Directors of the Company during the year of 2019. The second vesting conditions had been fulfilled, there were a total of 1,020,000 restricted shares had been vested to the Directors of the Company during the year of 2020. As the third vesting conditions had not been fulfilled, the remaining 1,360,000 restricted shares would be retained as part of the trust and then sold in the market pursuant to the terms and conditions of Restricted Share Award Scheme (2018). As at 30 June 2022, the details as below:

		Number of Restricted Shares					
Name of Directors	Date of grant	As at 1 January 2022	Granted during the period	Vested during the period	Cancelled during the period	As at 30 June 2022	Vesting Period
Gao Xiang	24 August 2018	Nil	–	–	–	Nil	26 June 2018 to 25 June 2022
Yang Xiaohu	24 August 2018	Nil	–	–	–	Nil	26 June 2018 to 25 June 2022
Yu Yuqun	24 August 2018	Nil	–	–	–	Nil	26 June 2018 to 25 June 2022
Wang Yu	24 August 2018	Nil	–	–	–	Nil	26 June 2018 to 25 June 2022
Zeng Han	24 August 2018	Nil	–	–	–	Nil	26 June 2018 to 25 June 2022
Total		Nil	–	–	–	Nil	

Share Award Scheme 2020

The Company adopted Share Award Scheme 2020 (the "**Award Scheme 2020**") on 3 April 2020, the major terms and details set out as below:

	Share Award Scheme 2020
Purpose:	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. The Award Scheme 2020 forms part of the overall incentive plan for the employees of the Group. The Shares to be granted to Participants under the Award Scheme 2020 shall be in lieu of part of the cash bonus awarded under the overall incentive plan.

Term:	subject to any early termination of the Award Scheme 2020 in accordance with the Scheme Rules, the Award Scheme 2020 shall be valid and effective for a period of 10 years commencing from the adoption day of Award Scheme 2020.
Number of shares:	The total number of Shares which may be purchased or issued pursuant to the Award Scheme 2020 shall not in aggregate exceed 2% of the Company's total number of issued Shares as at the adoption day of Award Scheme 2020 (i.e. maximum 40,209,691 Shares).
Maximum number of shares that can be granted:	The maximum number of Shares which may be granted to a participant at any one time or in aggregate under the Award Scheme 2020 must not exceed 0.5% of the Company's total number of issued Shares as at the adoption date of Award Scheme 2020 (i.e. maximum 10,052,422 Shares).
Operation:	The trustee shall hold such Shares in accordance with the terms of the terms of the trust deed and shall transfer such Shares to the relevant participants after all the relevant vesting conditions are fulfilled.
Restrictions:	The Award Scheme 2020 may be amended in any respect by the Board provided that no such amendment shall operate to affect adversely any rights of any participant which accrued prior to such amendment becoming effective, and provided that no such amendment or alteration to the Award Scheme 2020 which affects the trustee's rights and obligations under the trust deed shall be made without the prior written consent of the trustee (save as may be required to comply with the applicable laws, rules or regulations including without limitation the Listing Rules and/or the SFO).
Vesting:	The vesting of the grant shares is always subject to the participant remaining as an eligible participant after the date of the grant and on the vesting date. Any Share held by the trustee on behalf of a participant pursuant to the Award Scheme 2020 rules shall vest in such participant in accordance with the vesting condition(s) or vesting schedule as determined by the Board from time to time under the Award Scheme 2020 rules.
Voting rights:	Trustee shall not exercise any voting rights in respect of any Shares held under the trust. No instruction as to voting may be given by any participant to the trustee in respect of the grant Shares prior to the vesting of such grant shares in the participant.

For the year ended 31 December 2021, 33,324,006 Shares were granted under Award Scheme 2020 on 17 November 2021. During the six months ended 30 June 2022, no Share was granted under Award Scheme 2020.

The details of the Award Scheme 2020 disclosed in the announcement of the Company dated 3 April 2020.

There were a total of 5,600,001 shares have been granted to the Directors of the Company during the year of 2021. The first vesting conditions had been fulfilled, there were a total of 1,866,667 shares had been vested to the Directors of the Company during the six months ended 30 June 2022. The details set out as below:

			Number of shares			
Name of Directors	Date of Grant	As at 1 January 2022	Granted during the period	Vested during the period	As at 30 June 2022	Vesting period
Gao Xiang	17 November 2021	1,200,000	–	(400,000)	800,000	April 2022 to April 2024
Yang Xiaohu	17 November 2021	1,200,000	–	(400,000)	800,000	April 2022 to April 2024
Yu Yuqun	17 November 2021	800,001	–	(266,667)	533,334	April 2022 to April 2024
Wang Yu	17 November 2021	600,000	–	(200,000)	400,000	April 2022 to April 2024
Zeng Han	17 November 2021	600,000	–	(200,000)	400,000	April 2022 to April 2024
Yien Yu Yu, Catherine	17 November 2021	300,000	–	(100,000)	200,000	April 2022 to April 2024
Tsui Kei Pang	17 November 2021	300,000	–	(100,000)	200,000	April 2022 to April 2024
Zhang Xueqian	17 November 2021	300,000	–	(100,000)	200,000	April 2022 to April 2024
Wang Caiyong	17 November 2021	300,000	–	(100,000)	200,000	April 2022 to April 2024
Total		5,600,001	–	(1,866,667)	3,733,334	

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). Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Yu Yuqun, Mr. Zeng Han, Mr. Wang Yu, the Directors of the Company have subscribed for 0.33%, 2.19%, 0.13%, 0.13% and 0.13% of the share capital of CIMC Safeway Technologies Co., Ltd. (中集安瑞環科技股份有限公司) respectively. The details 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 recognize 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. (中集安瑞醇科技有限公司). Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Zeng Han, Mr. Wang Yu, the Directors of the Company have subscribed for approximately 0.63%, 1.25%, 0.10% and 0.10% of the registered capital of CIMC Liquid Process Technologies Co., Ltd. (中集安瑞醇科技有限公司) respectively. The details 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 2022.

Corporate Governance

On 1 January 2022,the amendments to the Corporate Governance Code (the "**New Code**") came into effect, with the requirements of the New Code applying to the financial year beginning on or after 1 January 2022. As this report relates to the Company's financial period commencing from 1 January 2022, the numbering of code provisions in this report follows the provisions of the New Code.

The Company complied with all the code provisions of the New Code contained 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 2022.

The latest corporate governance report of the Company is set out in the Annual Report 2021. 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.

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 2022.

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

There is no changes in the biographical details of Directors since the publication of the Annual Report 2021 and up to the date of this report are set out below pursuant to Rule 13.51B(1) of the Listing Rules.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2022, the trustee of the Scheme did not purchase any shares on the Stock Exchange pursuant to the terms of the trust deed under the Scheme.

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 2022.

Directors

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

By order of the Board
Gao Xiang
Chairman

Hong Kong, 24 August 2022

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

Unit 908, 9th Floor, Fairmont House, No. 8 Cotton Tree Drive, Central, Hong Kong
香港中環紅棉路8號東昌大廈9樓908室

Tel 電話：(852) 2528 9386
Email 電郵：ir@enric.com.hk
Fax 傳真：(852) 2865 9877
Website 網址：www.enricgroup.com

Headquarters in the PRC 中國總部
CIMC R&D Center, No. 2 Gangwan Avenue, Shekou Industrial Zone
Shenzhen, Guangdong, The PRC
中國廣東省深圳蛇口工業區港灣大道2號中集集團研發中心

Tel 電話：(86) 755 2680 2312 / (86) 755 2680 2134
Email 電郵：ir@enric.com.hk