CM Energy Tech Co., Ltd.
华商能源科技股份有限公司

(formerly known as CMIC Ocean En-Tech Holding Co., Ltd. 華商國際海洋能源科技控股有限公司)

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 206)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the "**Board**") of directors (the "**Directors**") of CM Energy Tech Co., Ltd. (the "**Company**" or "**CM Energy**") announces the unaudited results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2023, together with the unaudited comparative figures for the corresponding period in 2022 as follows:

RESULTS HIGHLIGHTS

- The Group's revenue for the six months ended 30 June 2023 reached approximately US$92.9 million, representing an increase of approximately 81.9% from US$51.1 million for the same period in 2022;
- Gross profit amounted to approximately US$17.0 million for the six months ended 30 June 2023, representing an increase of approximately 53.9% from US$11.0 million for the same period in 2022;
- Net profit attributable to equity shareholders of the Company amounted to approximately US$4.8 million for the six months ended 30 June 2023, representing an increase of 188.3% from US$1.7 million for the same period in 2022;
- Earnings per share for the six months ended 30 June 2023 was US0.15 cent, representing an increase of 200.0% compared with US0.05 cent for the same period in 2022;
- The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS – UNAUDITED

For the six months ended 30 June 2023

		For the six months ended 30 June	
		2023	2022
	Note	***US$'000***	*US$'000*
Revenue	*3, 4*	**92,888**	51,078
Cost of sales		**(75,913)**	(40,046)
Gross profit		**16,975**	11,032
Other revenue and net income	*5*	**1,790**	1,221
Selling and distribution expenses		**(1,118)**	(1,258)
General and administrative expenses		**(10,841)**	(9,452)
Other operating expenses		**(318)**	(34)
Profit from operations		**6,488**	1,509
Finance costs	*6(a)*	**(795)**	(103)
Share of losses of associates		**(369)**	(126)
Share of profit of joint venture		**(2)**	522
Profit before taxation	*6*	**5,322**	1,802
Income tax expenses	*7*	**(531)**	(154)
Profit for the period		**4,791**	1,648
Attributable to:			
Equity shareholders of the Company		**4,791**	1,662
Non-controlling interests		**–**	(14)
Profit for the period		**4,791**	1,648
Earnings per share			
Basic and diluted	*9*	**US0.15 cent**	US0.05 cent

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Profit for the period	**4,791**	1,648
Other comprehensive income for the period:		
Items that will not be reclassified to profit or loss:		
– Equity investments at fair value through other comprehensive income – changes in fair value during the period (non-recycling) (with nil tax effect)	**(1,050)**	(26)
– Share of other comprehensive income of joint venture (with nil tax effect)	**258**	573
Item that may be reclassified subsequently to profit or loss:		
– Exchange loss on translation of financial statements of subsidiaries and associates (with nil tax effect)	**(3,247)**	(4,163)
Other comprehensive income for the period	**(4,039)**	(3,616)
Total comprehensive income for the period	**752**	(1,968)
Attributable to:		
Equity shareholders of the Company	**752**	(1,889)
Non-controlling interests	**–**	(79)
Total comprehensive income for the period	**752**	(1,968)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	**Unaudited 30 June 2023 *US$'000***	Audited 31 December 2022 *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**62,456**	20,904
Investment properties		**1,223**	1,552
Intangible assets		**1,059**	1,139
Interest in associates		**6,255**	6,810
Interest in joint venture		**118**	4,166
Other financial assets		**3,536**	281
Prepayments		**78**	182
Lease receivables		**1,073**	2,183
Deferred tax assets		**1,484**	1,579
		77,282	38,796
CURRENT ASSETS			
Inventories		**25,762**	36,240
Trade and other receivables	*11*	**135,773**	164,704
Lease receivables		**8,777**	12,800
Tax recoverable		**142**	148
Pledged bank deposits		**3,618**	1,071
Cash and cash equivalents		**79,434**	24,915
		253,506	239,878

	Note	Unaudited 30 June 2023 *US$'000*	Audited 31 December 2022 *US$'000*
CURRENT LIABILITIES			
Trade and other payables	*12*	**60,009**	59,576
Contract liabilities		**46,902**	29,822
Lease liabilities		**23,153**	14,657
Tax payable		**3,950**	4,061
		134,014	108,116
NET CURRENT ASSETS		**119,492**	131,762
TOTAL ASSETS LESS CURRENT LIABILITIES		**196,774**	170,558
NON-CURRENT LIABILITIES			
Lease liabilities		**31,048**	1,532
NET ASSETS		**165,726**	169,026
CAPITAL AND RESERVES			
Share capital		**41,418**	41,418
Reserves		**124,449**	127,749
Total equity attributable to equity shareholders of the Company		**165,867**	169,167
Non-controlling interests		**(141)**	(141)
TOTAL EQUITY		**165,726**	169,026

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

For the six months ended 30 June 2023

	Attributable to equity shareholders of the Company												
	Share capital	Share premium	Merger reserve	Exchange reserve	Shares held for share award scheme reserve	Capital reserve	Revaluation reserve	Reserve funds	Fair value reserve (non-recycling)	Accumulated losses	Total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2022	41,418	254,632	2,161	(10,560)	(3,631)	5,482	627	10,237	(10,508)	(141,149)	148,709	(131)	148,578
Changes in equity for the six months ended 30 June 2022:													
Profit for the period	–	–	–	–	–	–	–	–	–	1,662	1,662	(14)	1,648
Other comprehensive income	–	–	–	(4,098)	–	–	–	–	547	–	(3,551)	(65)	(3,616)
Total comprehensive income	–	–	–	(4,098)	–	–	–	–	547	1,662	(1,889)	(79)	(1,968)
Transfer to reserve funds	–	–	–	–	–	–	–	117	–	(117)	–	–	–
Balance at 30 June 2022	41,418	254,632	2,161	(14,658)	(3,631)	5,482	627	10,354	(9,961)	(139,604)	146,820	(210)	146,610
Balance at 1 January 2023	**41,418**	**254,632**	**2,161**	**(18,275)**	**(3,631)**	**5,482**	**627**	**10,346**	**(8,214)**	**(115,379)**	**169,167**	**(141)**	**169,026**
Changes in equity for the six months ended 30 June 2023:													
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,791**	**4,791**	**–**	**4,791**
Other comprehensive income	**–**	**–**	**–**	**(3,247)**	**–**	**–**	**–**	**–**	**(792)**	**–**	**(4,039)**	**–**	**(4,039)**
Total comprehensive income	**–**	**–**	**–**	**(3,247)**	**–**	**–**	**–**	**–**	**(792)**	**4,791**	**752**	**–**	**752**
2022 final dividend [1]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,052)**	**(4,052)**	**–**	**(4,052)**
Balance at 30 June 2023	**41,418**	**254,632**	**2,161**	**(21,522)**	**(3,631)**	**5,482**	**627**	**10,346**	**(9,006)**	**(114,640)**	**165,867**	**(141)**	**165,726**

[1] A final dividend of HK$0.01 per share for the year ended 31 December 2022 was paid.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Operating activities		
Cash generated from operations	**36,231**	1,275
Income tax paid	**(642)**	(116)
Net cash generated from operating activities	**35,589**	1,159
Investing activities		
Payment for purchase of property, plant and equipment	**(52)**	(404)
Capital contribution to associates	**–**	(6,184)
Proceeds from disposal of an associate	**–**	93
Interest received	**9**	82
Proceeds from disposal of property, plant and equipment	**2**	21
Amount received from joint venture	**44,360**	–
Subscription of notes included in trade and other receivables	**(383)**	–
(Increase)/decrease in pledged bank deposits and time deposits	**(2,547)**	155
Net cash generated from/(used in) investing activities	**41,389**	(6,237)
Financing activities		
Interest paid	**–**	(14)
Dividends paid	**(4,052)**	–
Capital element of lease rentals paid	**(16,618)**	(9,596)
Interest element of lease rentals paid	**(792)**	(89)
Net cash used in financing activities	**(21,462)**	(9,699)
Net increase/(decrease) in cash and cash equivalents	**55,516**	(14,777)
Cash and cash equivalents at 1 January	**24,915**	33,511
Effect of foreign exchange rate changes	**(997)**	(646)
Cash and cash equivalents at 30 June	**79,434**	18,088

NOTES TO THE INTERIM FINANCIAL INFORMATION – UNAUDITED

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 February 2005 under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and was listed on the Main Board (the "**Main Board**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 June 2009.

The condensed consolidated financial statements for the six months ended 30 June 2023 have not been audited nor reviewed by the Company's auditors, but have been reviewed by the Company's audit committee. The Company's audit committee has no disagreement with the accounting treatments which had been adopted by the Group.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), including compliance with the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for investments in equity securities which are stated at fair value.

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

In the current period, the HKICPA has issued several amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") that are first effective for the current accounting period of the Group. The adoption of these amendments had no significant financial impact on the unaudited condensed consolidated financial statements.

The Group has not applied any new or revised HKFRSs that have been issued but are not yet effective for the current accounting period.

3. REVENUE

The principal activities of the Group are the design, manufacturing, installation and commissioning of equipment manufacturing and packages on land and offshore rigs, the provision of supply chain and integration services, and the provision of asset management, engineering services and leasing of drilling rigs and capital equipment.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Unaudited For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Sales of equipment manufacturing and packages	**57,292**	27,047
Supply chain and integration services income	**17,249**	18,236
Assets management and engineering services income	**8,557**	4,586
Rental income arising from leases of capital equipment classified as operating leases	**302**	1,042
Gain on sub-leasing of drilling rigs classified as finance leases	**9,338**	–
Interest income from sub-leasing of drilling rigs classified as finance leases	**150**	167
	92,888	51,078

4. SEGMENT REPORTING

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

- Equipment manufacturing and packages: the design, manufacturing, installation and commissioning of equipment manufacturing and packages on land and offshore rigs, and leasing of capital equipment manufactured by the Group
- Supply chain and integration services: the provision of supply chain and integration services
- Assets management and engineering services the provision of asset management, engineering services and leasing of drilling rigs

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets and current assets with the exception of interest in associates and joint venture, other financial assets, cash and cash equivalents, pledged bank deposits and time deposits, tax balances and other unallocated head office and corporate assets. Segment liabilities include trade and other payables, lease liabilities and provisions attributable to the activities of the individual segment, with the exception of bank loans, tax balances and other unallocated head office and corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue 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 "segment results" i.e. "adjusted earnings before finance costs and taxes" of individual segment. To arrive at segment results, the Group's earnings are further adjusted for finance costs and items not specifically attributable to individual segment, such as share of results of associates and joint venture, Directors' and auditors' remuneration and other head office or corporate income and expenses.

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

Disaggregation of revenue from contracts with customers by major products or service lines, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the periods are set out below.

	Equipment manufacturing and packages		Supply chain and integration services		Assets management and engineering services		Total	
	Unaudited		**Unaudited**		**Unaudited**		**Unaudited**	
	For the six months ended 30 June		**For the six months ended 30 June**		**For the six months ended 30 June**		**For the six months ended 30 June**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Revenue from external customers	**57,594**	28,089	**17,249**	18,236	**18,045**	4,753	**92,888**	51,078
Inter-segment revenue	**28,207**	1,804	**1,271**	2,043	**313**	503	**29,791**	4,350
Reportable segment revenue	**85,801**	29,893	**18,520**	20,279	**18,358**	5,256	**122,679**	55,428
Reportable segment results	**7,778**	2,503	**250**	1,930	**(132)**	105	**7,896**	4,538

The segment assets and liabilities as at 30 June 2023 and 31 December 2022 are set out below:

	Equipment manufacturing and packages		Supply chain and integration services		Assets management and engineering services		Total	
	Unaudited	Audited	**Unaudited**	Audited	**Unaudited**	Audited	**Unaudited**	Audited
	As at 30 June 2023	As at 31 December 2022	**As at 30 June 2023**	As at 31 December 2022	**As at 30 June 2023**	As at 31 December 2022	**As at 30 June 2023**	As at 31 December 2022
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Reportable segment assets	**149,416**	121,340	**37,279**	40,046	**8,471**	15,350	**195,166**	176,736
Reportable segment liabilities	**109,494**	(60,607)	**24,772**	(25,013)	**9,273**	(16,698)	**143,539**	(102,318)

(b) Reconciliation of reportable segment revenue, results, assets and liabilities

	Unaudited For the six months ended 30 June 2023 US$'000	2022 US$'000
Revenue		
Reportable segment revenue	**122,679**	55,428
Elimination of inter-segment revenue	**(29,791)**	(4,350)
Consolidated revenue *(note 3)*	**92,888**	51,078
Results		
Segment results	**7,895**	4,538
Finance costs	**(795)**	(103)
Share of losses of associates	**(369)**	(126)
Share of profit of joint venture	**(2)**	522
Unallocated head office and corporate income and expenses	**(1,407)**	(3,029)
Consolidated profit before taxation	**5,322**	1,802

	Unaudited As at 30 June 2023 *US$'000*	Audited As at 31 December 2022 *US$'000*
Assets		
Reportable segment assets	**195,166**	176,736
Interest in associates	**6,255**	6,810
Interest in joint venture	**118**	4,166
Other financial assets	**3,536**	281
Cash and cash equivalents	**79,434**	24,915
Amount due from joint venture	**16,498**	60,723
Pledged bank deposits	**3,618**	1,071
Deferred tax assets	**1,484**	1,579
Tax recoverable	**142**	148
Unallocated head office and corporate assets	**24,537**	2,245
Consolidated total assets	**330,788**	278,674
Liabilities		
Reportable segment liabilities	**(143,539)**	(102,318)
Tax payable	**(3,950)**	(4,061)
Unallocated head office and corporate liabilities	**(17,573)**	(3,269)
Consolidated total liabilities	**(165,062)**	(109,648)

(c) Geographic information

The following table sets out information about the geographical locations of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment properties, intangible assets, interest in associates and joint venture, other financial assets and non-current portion of prepayments ("**specified non-current assets**"). The geographical location of customers is based on the location of the customers. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and investment properties, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interest in associates and joint venture, other financial assets and non-current portion of prepayments.

	Revenue from external customers		**Specified non-current assets**	
	Unaudited For the six months ended 30 June 2023	Unaudited For the six months ended 30 June 2022	**Unaudited As at 30 June 2023**	Audited As at 31 December 2022
	US$'000	*US$'000*	***US$'000***	*US$'000*
Hong Kong Special Administrative Region	**18**	–	**3,899**	1,663
Mainland China	**65,117**	32,818	**25,048**	27,607
North America	**2,020**	3,308	**540**	925
South America	**13,025**	11,961	**396**	280
Europe	**2,592**	88	**44,510**	79
Singapore	**320**	293	**213**	313
Middle East	**1,342**	303	**119**	4,167
Others	**8,454**	2,307	**–**	–
	92,888	51,078	**74,725**	35,034

5. OTHER REVENUE AND NET INCOME

	Unaudited For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Interest income	**1,002**	81
Finance income from lease receivables	**366**	563
Rental income	**120**	292
Net foreign exchange loss	**117**	(291)
Government grant	**115**	232
Reversal of impairment losses on trade receivables	**46**	246
Others	**24**	98
	1,790	1,221

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Unaudited For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Interest on lease liabilities	**1,068**	436
Other interest expenses	**4**	14
	1,072	450
Less: Interest on lease liabilities relating to sub-leasing of drilling rigs included in costs of sales	**(277)**	(347)
	795	103

(b) Other items

	Unaudited For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Amortisation of intangible assets	**89**	139
Depreciation charge	**5,583**	2,276

7. INCOME TAX EXPENSES

	Unaudited For the six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Current tax		
Provision for the period		
– The People's Republic of China ("**PRC**") enterprise income tax and land appreciation tax	**821**	131
– Overseas corporate income tax	**166**	127
	987	258
Over-provision in respect of prior years	**(513)**	(104)
	474	154
Deferred tax		
Origination of temporary difference	**57**	–
	531	154

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the current and prior periods. Taxation for subsidiaries in other jurisdictions is charged at the corresponding current rates of taxation ruling in the relevant jurisdictions. During both periods, the statutory tax rate in the PRC is 25% and certain PRC subsidiaries are subject to tax at a reduced rate of 15% under the relevant PRC tax rules and regulations.

8. DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share for the six months ended 30 June 2023 is based on the profit attributable to ordinary equity shareholders of the Company of approximately US$4,791,000 (six months ended 30 June 2022: US$1,662,000) and the weighted average number of 3,172,935,000 (six months ended 30 June 2022: 3,172,935,000) ordinary shares in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share equals to basic earnings per share for the six months ended 30 June 2023 and 2022 because there were no potential dilutive ordinary shares outstanding.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, additions to property, plant and equipment amounted to approximately US$48,718,000 (six months ended 30 June 2022: US$1,487,000).

11. TRADE AND OTHER RECEIVABLES

	Unaudited As at 30 June 2023 *US$'000*	Audited As at 31 December 2022 *US$'000*
Trade debtors and bills receivables	**139,757**	138,262
Less: loss allowance	**(57,491)**	(57,448)
	82,266	80,814
Other receivables, prepayments and deposits	**37,087**	23,349
Amount due from joint venture	**16,498**	60,723
	135,851	164,886
Less: Non-current portion of prepayments	**(78)**	(182)
	135,773	164,704

As at 30 June 2023, trade debtors and bills receivables and other receivables, prepayments and deposits included US$25,496,000 (31 December 2022: US$21,128,000) and US$27,000 (31 December 2022: US$27,000) due from subsidiaries of the Group's ultimate holding company, in connection with the sales of products to and the lease arrangements with these related parties.

The credit terms offered by the Group to its customers differ with each product/service. The credit terms offered to customers of supply chain and integration services and assets management and engineering services are normally 30 to 90 days. The credit terms offered to customers of equipment manufacturing and packages are negotiated on a case-by-case basis. Deposits ranging from 0% to 30% of the contract sum are usually required. The balance of 60% to 90% would be payable in 1 to 2 months after delivery and acceptance of products. The remaining 5% to 10% of the contract sum represents the retention money and is generally payable within up to 18 months after delivery of the products or 1 year after completion of the onsite testing, whichever is earlier.

Included in trade and other receivables are trade debtors and bills receivables (net of loss allowance) with the following ageing analysis:

	Unaudited As at 30 June 2023 ***US$'000***	Audited As at 31 December 2022 *US$'000*
Current	**61,989**	60,626
Less than 1 month past due	**6,123**	2,609
More than 1 month but within 3 months past due	**2,808**	2,336
More than 3 months but within 12 months past due	**8,868**	6,634
More than 12 months but within 24 months past due	**2,130**	106
More than 24 months past due	**348**	8,503
Amounts past due	**20,277**	20,188
	82,266	80,814

12. TRADE AND OTHER PAYABLES

	Unaudited As at 30 June 2023 ***US$'000***	Audited As at 31 December 2022 *US$'000*
Trade creditors and bills payables	**48,309**	43,683
Other payables and accrued charges	**11,700**	15,893
	60,009	59,576

The ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on invoice date, is as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	US$'000	*US$'000*
Within 1 month	**12,213**	24,720
More than 1 month but within 3 months	**15,454**	7,412
More than 3 months but within 12 months	**11,036**	4,968
More than 12 months but within 24 months	**2,440**	1,340
More than 24 months	**7,166**	5,243
	48,309	43,683

13. CONTINGENT LIABILITIES

The Group had no material contingent liabilities outstanding as at 30 June 2023 and 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

With the gradually slowing down of the global economic recovery and the still raising interest rates in the United States, Europe, the United Kingdom and other countries, inflation in major economies continued to ease, but the recovery has become increasingly differentiated. The debt ceiling negotiations and the banking crisis in the United States, as well as strikes and riots in some European countries continued to disturb the economy. China's economy is still in the continuation of recovery, but the recovery momentum is still weak.

Facing the severe external environment and supply cost shock, the Company deployed proactively and reacted quickly. As for equipment supporting and energy asset management businesses, each unit adhered to its business objectives and actively seized market opportunities to fulfil orders and maintain steady development while deepening its layout in green energy technology to facilitate the implementation of projects for hydrogen production, storage, refueling and utilization step by step.

In terms of equipment supporting business, the Company achieved a sales revenue of approximately RMB470 million for the first half of the year, with orders in hand amounting to approximately RMB600 million. While focusing on the fulfillment of market orders, the Company has actively carried out its layout and strategic cooperation in the field of shipbuilding and offshore supporting, and increased its investment in scientific research, in order to deepen the synergies from coordination with major strategic shareholders. The 3D compensated gangway project for the deep-sea wind power service operation vessels (SOVs) and the development and application of hybrid power systems for ships and other projects are progressing smoothly, laying a solid foundation for the Company's business transformation to the shipbuilding and offshore supporting field and the practice of national green energy development to take a place in the field of new energy ship equipment manufacturing and supporting businesses.

In respect of energy asset management business, in the first half of the year, the Company successively won the bidding of PEMEX onshore drilling rig upgrading project and top drive operation and maintenance service project in Mexico, with a total contract amount of more than US$150 million, based on its good performance and professional technologies. The winning of this tender has paved the way for the Company to further develop and consolidate the Mexican market; at the same time, the Company has completed the rehabilitation and leasing of two saturated diving vessels, "Picasso" and "Lichtenstein", which are currently under lease; and the leases of two offshore drilling rigs, namely "Gulf Drill No. 6 (灣鑽6號)" and "Gulf Drill No. 8 (灣鑽8號)", which are managed and operated by the Company, have been renewed until the end of 2025.

With regard to green energy technology, in the first half of the year, CM Kah Kee Hydrogen Technology (Xiamen) Co., Ltd. ("**CMKK**"), which was jointly invested by the Company and Tan Kah Kee Laboratory, broke through the traditional design and developed and produced high-efficient, safe and long-life electrolytic cells for alkaline hydrogen production. In March 2023, the Company completed the assembly of the first set of 1,000–1,250-scf electrolytic cells and held a product launch press conference. Also in March, CMIC Yiho Hydrogen Energy (Shenzhen) Co., Ltd. ("**CMIC Yiho**"), which was invested by the Company, was awarded the qualification of general agent for PDC in the Sinopec market for a period of 3 years; the Company initiated the design of the station control system, hydrogen dispensers, unloading columns, sequence control panels and other core equipment for hydrogen refueling stations, as well as the design, research and development and manufacture of the megawatt-level alkaline water electrolysis-based power system and its system integration. Meanwhile, in collaboration with its major shareholder, CM Industry Group, the Group actively participated in the demonstrative hydrogen-powered vessel project and providing solutions for onshore-based hydrogen refueling facilities.

In the first half of 2023, under the leadership of the Company's core management team, the Company achieved sales revenue of US$92.9 million, representing a year-on-year increase of 81.9% as compared to the same period last year.

FINANCIAL REVIEW

	Unaudited For the six months ended 30 June			
	2023	2022	Change	
	US$'000	*US$'000*	*US$'000*	*%*
Revenue	**92,888**	51,078	41,810	81.9
Gross profit	**16,975**	11,032	5,943	53.9
Gross profit margin	**18.3%**	21.6%		
Profit from operations	**6,488**	1,509	4,979	330.0
Net profit attributable to equity shareholders	**4,791**	1,662	3,129	188.3
Profit for the period	**4,791**	1,648	3,143	190.7
Net profit margin	**5.2%**	3.2%		
Earnings per share (basic and diluted)	**US0.15 cent**	US0.05 cent		

Revenue

The Group's revenue increased from US$51.1 million in the first half of 2022 to US$92.9 million in the first half of 2023. The increase in revenue was mainly due to business expansion and more orders being delivered.

Segment Information by Business Segments

	Unaudited					
	For the six months ended 30 June					
	2023		2022		Change	
	US$'000	***%***	*US$'000*	*%*	*US$'000*	*%*
Equipment manufacturing and packages	**57,594**	**62.0**	28,089	55.0	29,505	105.0
Supply chain and integration services	**17,249**	**18.6**	18,236	35.7	(987)	(5.4)
Assets management and engineering services	**18,045**	**19.4**	4,753	9.3	13,292	279.7
Total revenue	**92,888**	**100.0**	51,078	100	41,810	81.9

Sales revenue arising from equipment manufacturing and packages related to renewable energy business was around US$43.4 million (representing 47% of the total revenue) and US$49.5 million from traditional energy sector for the first half of 2023. Compared with same period last year, there was only US$8.1 million (representing 16% of the total revenue) revenue arising from renewable energy business.

Equipment manufacturing and packages

Revenue recognised in equipment manufacturing and packages projects increased by 105.0% from US$28.1 million in the first half of 2022 to US$57.6 million in the first half of 2023, which was mainly due to the wind power installation platform project being delivered.

Supply chain and integration services

The decrease in revenue of supply chain and integration services of 5.4% from US$18.2 million in the first half of 2022 to US$17.2 million in the first half of 2023 was mainly due to decrease in orders in Mexico market compared with the same period in last year.

Assets management and engineering services

Assets management and engineering services revenue increased by 279.7% from US$4.8 million in the first half of 2022 to US$18.0 million in the first half of 2023, which was mainly due to new business in managing and leasing of saturation diver supporting vessels.

Gross Profit and Gross Profit Margin

Gross profit increased by 53.9% from US$11.0 million in the first half of 2022 to US$17.0 million in the first half of 2023. Gross profit margin decreased from 21.6% in the first half of 2022 to 18.3% in the first half of 2023. It was mainly because the revenue increased significantly in the first half of 2023 over the first half of 2022, resulting in a higher gross profit for the period compared to same period last year; however, projects with lower gross profit margin accounted for a larger proportion of the Group's total revenue, which resulted in a lower gross profit margin compared to same period last year.

Other Revenue and Net Income

Other revenue and net income increased by US$0.6 million from US$1.2 million in the first half of 2022 to US$1.8 million in the first half of 2023, which was mainly due to the increase in interest income.

Selling and Distribution, General and Administrative Expenses

Selling and distribution, general and administrative expenses increased by approximately 11.7% from US$10.7 million in the first half of 2022 to US$12.0 million in the first half of 2023. This increase was mainly due to the growth in the size of the business which led to an increase in business activities.

Other Operating Expenses

Other operating expenses increased from US$34,000 in the first half of 2022 to US$318,000 in the first half of 2023. It was mainly due to loss on disposal of equipment.

Finance Costs

Finance costs, being mainly interest on lease liabilities, amounted to approximately US$0.8 million in the first half of 2023, representing an increase of US$0.7 million from US$0.1 million in the first half of 2022. It was mainly because more lease contracts were entered in the first half of 2023, and the finance cost arising from the right of use of leased asset increased compared with the same period last year.

Share of Profit of Joint Venture

The share of profit of joint venture turn from US$522,000 in the first half of 2022 to a share of loss of US$2,000 in the first half of 2023. The decrease was because the joint venture had no business activity in the first half of 2023.

Cash Flows of the Group

For the six months ended 30 June 2023, the operating cash flows of the Group was net inflow of US$35.6 million. In accordance with the requirements of HKFRS 16 – "Leases", principal and interest related to finance leases have been included in the cash flows from financing activities. If the above-mentioned capital and interest was consolidated into operating cash flows on a management statement basis, cash generated from operations would be a net inflow of US$18.2 million.

Group's Liquidity and Capital Resources

As at 30 June 2023, the carrying amount of the Group's tangible assets was approximately US$63.7 million (31 December 2022: US$22.5 million), including property, plant and equipment and investment properties.

As at 30 June 2023, the Group's intangible assets was approximately US$1.1 million (31 December 2022: US$1.1 million), interest in associates was approximately US$6.3 million (31 December 2022: US$6.8 million), interest in joint venture was approximately US$0.1 million (31 December 2022: US$4.2 million) and deferred tax assets was approximately US$1.5 million (31 December 2022: US$1.6 million).

As at 30 June 2023, the Group's current assets amounted to approximately US$253.5 million (31 December 2022: US$239.9 million). Current assets mainly comprised of inventories of approximately US$25.8 million (31 December 2022: US$36.2 million), trade and other receivables of approximately US$135.8 million (31 December 2022: US$164.7 million), lease receivables (current) of approximately US$8.8 million (31 December 2022: US$12.8 million), pledged bank deposits and time deposits of approximately US$3.6 million (31 December 2022: US$1.1 million) and cash and cash equivalents of approximately US$79.4 million (31 December 2022: US$24.9 million).

As at 30 June 2023, current liabilities amounted to approximately US$134.0 million (31 December 2022: US$108.1 million), mainly comprised of trade and other payables of approximately US$60.0 million (31 December 2022: US$59.6 million), tax payable of approximately US$4.0 million (31 December 2022: US$4.1 million), contract liabilities of US$46.9 million (31 December 2022: US$29.8 million) and lease liabilities (current) of approximately US$23.2 million (31 December 2022: US$14.7 million).

As at 30 June 2023, the Group had non-current liabilities of approximately US$31.0 million (31 December 2022: US$1.5 million), representing the non-current portion of lease liabilities. The Group monitors capital with reference to its debt position. The Group's strategy is to maintain the gearing ratio, being the Group's total liabilities to total assets, under 100%. The gearing ratio as at 30 June 2023 was 49.9% (31 December 2022: 39.3%).

Capital Structure

As at 30 June 2023, the Company had 3,243,433,914 shares in issue and carried a share capital of approximately US$41,418,000. There was no issue of shares during the first six months of 2023.

Foreign Currency Exchange Exposures

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The Group has foreign exchange exposure because most of the Group's subsidiaries in the PRC carrying out production locally using Renminbi. As at 30 June 2023, no related hedges were made by the Group.

In order to mitigate that foreign exchange exposure, the Company may utilize foreign currency forward contracts to better match the currency of its revenues and associated costs in the future. However, the Company does not use foreign currency forward contracts for trading or speculative purposes. The Group will actively explore ways to hedge or reduce currency exchange risk in future.

Charge on Group's Assets

As at 30 June 2023, except for the pledged deposits, there was no charge on the other assets of the Group.

Contingent Liabilities

As at 30 June 2023, there was no significant contingent liabilities.

Employees and Remuneration Policy

As at 30 June 2023, the Group had a total of 459 full-time staff (31 December 2022: 442) in the United States, the United Kingdom, Brazil, Mexico, Singapore, Hong Kong and Mainland China. The remuneration of an employee under the Group's remuneration policy is basically determined based on the individual employee's performance and market conditions. The Group also provides other benefits to all of its employees, including medical schemes, pension contributions scheme, share award incentive scheme, etc.

STRATEGY AND PROSPECTS

Industry Review

In the first half of 2023, the global economy has been recovering with significant uncertainties ahead. In addition to the lingering effects of high inflation and indebtedness and the Russia-Ukraine conflict, the turmoil in the financial sector has raised new challenges, leading to a rise in the downward risk of economy. The IMF has lowered the 2023 global growth forecast to 2.8% from 2.9% in January. Advanced economies are expected to see an especially pronounced growth slowdown from 2.7% in 2022 to 1.3% in 2023 while emerging markets and developing economies are predicted to grow by 3.9% this year.

The international oil price kept fluctuating with the current Brent international crude oil price at US$84 per barrel and US crude oil price at US$80 per barrel. International energy supply still showed high vulnerability, the changes in polices of supplier countries, climate anomaly and other factors might lead to the imbalance of energy supply and demand and energy price might rebound as a result of low inventory pressures. Experts predict that oil prices have a possibility to return to fundamentals and rise in the second half of the year.

In the offshore engineering market, by the beginning of June, global demand for drilling rigs had reached 520, an increase of 8 over the previous month, and the utilisation rate of drilling rigs had reached 85%. Despite the overall slowdown in global demand for jack-up rigs, the demand in the Middle East still hit a record high of 151 with a 92% utilisation rate of drilling rigs; demand for floating rigs in the "Golden Triangle" region was still active, increasing by 8 to 66 this year, with a 96% utilisation rate of drilling rigs.

It is expected that demand for drilling rigs will continue to grow in the second half of the year, driving the annual demand for drilling rigs to grow 7% to 557 at the end of the year, and the utilisation rate of drilling rigs will reach 90%; global demand for drilling rigs will further grow 7% in the coming year to 595 at the end of 2024 and the utilisation rate of drilling rigs may reach 93%. Day rates for drilling rigs kept rising as the supply of drilling rigs could not be boosted quickly. By the end of May, Clarksons Offshore Day Rate Index had rose to 127 points, up by 5% as compared to the beginning of the year.

As for the energy equipment supporting business, China's shipbuilding output reached 16.47 million deadweight tonnes from January to May 2023, up by 15.4% year on year, according to the China Association of the National Shipbuilding Industry. New shipbuilding orders reached 26.45 million deadweight tonnes, up by 49.5% year on year. At the end of May, shipbuilding orders on hand reached 117.99 million deadweight tonnes, up by 15.5% year on year. From January to May 2023, China's shipbuilding output, new orders and orders on hand took up 48.1%, 67.3% and 51.6% of the global market shares, respectively. The ship supporting industry has the characteristics of huge volume, high technology and high added value and the values of ship supporting equipment account for 40%-60% of total ship costs. The development level of ship supporting equipment has a direct impact on the comprehensive competitiveness of the shipbuilding industry, which is also a major focus of the transformation and upgrading and structural adjustment of China's shipbuilding industry. China's shipbuilding market maintains good momentum with fast increasing new shipbuilding orders, improving shipbuilding output and booming shipbuilding industry, however, the technology level of domestic ship supporting products still lags behind in general with low average adoption rate for domestic equipment. It is urgently needed to develop independent industries, acquire core technologies and put more efforts into scientific research, thus achieving industrial upgrade, building high-end manufacturing industry, mastering more independent industries and achieving domestic substitution.

Meanwhile, driven by the energy conservation and emission reduction in the international shipping industry, the upgrading and replacement in the shipbuilding industry will be accelerated, and it is expected that demand for new energy ships will keep increasing. China has also introduced a series of policies to support new energy ships, with a view to boosting the promotion and penetration of new energy ships and the industrial competitiveness in the shipbuilding industry has transformed from design and manufacturing to competitiveness in the whole industrial chain with clean energy and intelligence becoming the main development direction.

The global hydrogen economy still saw strong growth with hydrogen momentum continuing to accelerate, however, investment decisions were lagging with only 10% of investments having passed final investment decisions. According to the Hydrogen Insights 2023 jointly issued by the Hydrogen Council and McKinsey & Company which has followed 1,040 projects around the world, indicate that hydrogen investments will reach US$320 billion by 2030, of which approximately one half of the projects will focus on the large-scale industrial application of hydrogen energy; approximately 20% will be related to transportation, and in this area, more than 1,000 hydrogen refueling stations are now operational globally; and 230 GW of total electrolytic cell capacity has been announced. Hydrogen momentum is spreading across the world. North America leads with committed investments (US$10 billion), followed by Europe (US$7 billion) and China (US$5 billion), with growth in China being the highest at more than 200%. Since September 2022, the announced investments in North America have increased by 55% and the production tax credit of US$3 per kilogram as provided in the Inflation Reduction Act (IRA) could help significantly accelerate clean hydrogen in the United States.

The construction of hydrogen refueling stations in Europe is far behind Asia which has the largest number of hydrogen refueling stations in the world (more than 650). The deployment of hydrogen refueling stations grew more than 50% from the end of 2021 to 2022, most of which are located in China, South Korea and Japan. More than 300 hydrogen refueling stations were deployed in China and South Korea in the past year, while 50 were deployed in Europe in 2022, most of which were located in Germany.

Strategy, Prospects and Orders

In the first half of 2023, the Company changed its name to "CM Energy" and continued to focus on the synergistic development of energy equipment supporting, energy asset management service and green energy technology development businesses. We aim to achieve rapid growth through continuous innovation, extensive co-operation and adequate utilisation of resources. Moreover, we are committed to becoming a world-leading green energy technology company, bearing the mission of promoting the transformation of the energy industry and the achievement of the zero carbon emission goal.

In respect of energy equipment supporting and energy asset management service businesses, the Company continued to invest consistently in, among others, high-end energy equipment manufacturing and energy asset management service businesses in the first half of the year. As the traditional energy market recovers continuously, the Company will continue to conduct surveys on market and product demand, increase investment in research and development, and seek actively to cooperate with customers in core equipment such as drilling equipment, electronic control equipment, jacking equipment and cranes to achieve profit improvement and continuous cash inflows. Meanwhile, the assets under management of the Company, including the two drilling rigs under normal operation in Mexico and the two newly-added saturation diver supporting vessels fulfilling new charters in Mexico and Malaysia respectively, have been steadily generating cash flows; and the overseas team, with years of experience in exploring the Mexican oil market and its good reputation, will usher in new opportunities in land drilling rig upgrading and top drive operation and maintenance service projects.

With regard to green energy technology development, the 1,000-scf alkaline hydrogen production equipment independently developed by CMKK, in which the Company holds a stake, was formally launched to the market. The product breaks through traditional design, and features high efficiency and low cost, with performance leading the industry. Meanwhile, it adopts the high-efficiency three-dimensional nano-structured electrodes and a new stack structure that are independently developed and produced, which solve problems associated with the flow field and the temperature field, reduce energy consumption, accommodate direct renewable energy-based hydrogen production, and significantly lower equipment investment cost. In the first half of the year, the Company initiated the design of the station control system, hydrogen dispensers, unloading columns, sequence control panels and other core equipment for hydrogen refueling stations, as well as the design, research and development and manufacture of the megawatt-level alkaline water electrolysis-based power system and its system integration. Moreover, the Company will focus on expanding the integrated hydrogen production and refueling station projects in the Greater Bay Area as well as the downstream demonstrative applications of hydrogen-fueled vessels, so as to lay a solid foundation for future commercialisation.

For internal standard management, the Company will continue to strengthen and standardize the management process, further control costs and reduce expenses, and improve the distribution and incentive system to coordinate with the Company's development in the second half of the year, so as to maximize the enthusiasm of managers and employees.

PLANS FOR FUTURE MATERIAL INVESTMENTS, CAPITAL ASSETS AND CAPITAL INTEGRATION

In the first half of 2023, the Company continued to place emphasis on investment opportunities in high-tech and high-end energy equipment sectors such as wind power and hydrogen energy. The Company will also seek potential opportunities to expand its energy asset management business based on the existing energy asset management service business, and will actively seek investment and integration opportunities in relation to equipment and operation and maintenance services of the offshore wind power industry.

In respect of energy asset management service business, as the oil and gas market picks up, the Company will continue to exploit the Mexican market. With the long-term investment and resource accumulation in the Mexican oil and gas market, our team will continue to follow up on future project orders for land drilling rig upgrading and top drive operation and maintenance services. Meanwhile, riding on its existing offshore asset management business, the Company assisted its shareholder, China Merchants Industry Holdings Co., Ltd., to bring its two saturation diver supporting vessels under our operation and management, and secured new charters for them in Mexico and Malaysia in the first half of the year, laying a foundation for asset disposal at a later stage. In the first half of the year, the Company invested to establish a new project company in Canada, with a view of continuing to expand in the North American market and forming a business chain linking Canada, the United States and Mexico, which is expected to bring about new breakthroughs in terms of project revenue.

In respect of energy equipment supporting, the Company will continue to follow up the offshore wind power installation vessel market project. In the future, the Company will endeavour to strive for the rare resource of high-specification wind power installation vessel projects in the market, and continue to consolidate its industrial foundation for high-end equipment manufacture. Secondly, the Company will focus on the offshore wind power service operation vessel (SOV) market. According to market analysis, offshore wind power SOV will become another investment theme, and as the Active Motion Compensated (AMC) gangway is a core equipment for offshore wind power SOV, the Company has already established the technical reserve for this product, which will lay the groundwork for future order promotion.

In respect of green energy technology development, our preliminary investment and operation has laid a substantial technological foundation. The Company will focus on product output, build up brand advantages, and strive to roll out projects with potential, including active participation in the demonstrative hydrogen-fueled vessel project. The Company will also leverage on the synergy strengths of its shareholders to develop a competitive business model, and draw on social capital, if necessary, to broaden the resource channels and integrate strategic resources conducive to the Company's sustainable development.

In assessing the potential investment or acquisition targets, the Company will consider a combination of factors such as alignment with the Group's medium- and long-term strategic plans, synergies, market position and strengths, management team capability, valuation, track record, financial performance and potential growth. The Company will improve its financial performance with new business elements and capital attention achieved by the Group through expanding its business direction and creating a new profit model, so as to provide a firm basis for future growth in results.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

SHARE AWARD PLANS

2015 Share Award Plan

The Company adopted a share award plan (the "**2015 Share Award Plan**") on 16 January 2015 (the "**2015 Plan Adoption Date**").

Purpose

The purpose of the 2015 Share Award Plan is to recognise and award the contributions of the 2015 Plan Eligible Persons (as defined below).

Participants

The remuneration committee of the Company may, in its absolute discretion, make an award to any employee (whether full time or part time) of the Group (excluding any directors and any core connected persons of the Company) (the "**2015 Plan Eligible Persons**").

Scheme Mandate

The total number of shares of the Company (the "**Shares**") that may be purchased and held by the trustee of the 2015 Share Award Plan in order to satisfy the outstanding awards from time to time made under the 2015 Share Award Plan should not exceed 3% of the total issued Shares at the 2015 Plan Adoption Date (i.e. 21,147,456 Shares) (the "**2015 Plan Limit**"). The 2015 Plan Limit represents approximately 0.65% of the total issued Shares as at the date of this announcement.

Maximum entitlement of each participant

No maximum entitlement of each 2015 Plan Eligible Person is specified under the 2015 Share Award Plan.

Exercise period

As the 2015 Share Award Plan is a share award plan of the Company instead of a share option scheme, the awards granted under the 2015 Share Award Plan are not subject to any exercise period nor are the 2015 Plan Eligible Persons entitled to any exercise rights.

Vesting period

The awards to be made under the 2015 Share Award Plan shall be subject to such vesting conditions and periods as may be determined by the Company.

Subscription/purchase price

No subscription/purchase price is payable by the 2015 Plan Eligible Persons upon acceptance of awards granted under the 2015 Share Award Plan.

Term

Subject to any early termination pursuant to the terms of the 2015 Share Award Plan, the 2015 Share Award Plan will remain in force for a period commencing on the 2015 Plan Adoption Date and ending on 15 January 2025.

Movement and position

There was no unvested award granted to the 2015 Plan Eligible Persons under the 2015 Share Award Plan as at 1 January 2023. No award was granted under the 2015 Share Award Plan during the half year ended 30 June 2023.

Accordingly, there was (i) no unvested award granted to the 2015 Plan Eligible Persons under the 2015 Share Award Plan as at 30 June 2023; and (ii) no award vested, cancelled or lapsed under the 2015 Share Award Plan during the half year ended 30 June 2023.

2019 Share Award Plan

The Company adopted a share award plan (the "**2019 Share Award Plan**") on 31 October 2019 (the "**2019 Plan Adoption Date**").

Purpose

The purpose of the 2019 Share Award Plan is to recognise and reward the contribution of the 2019 Plan Eligible Persons (as defined below) towards the growth and development of the Group through the award of Shares.

Participants

The administration committee (which is delegated with the power and authority by the Board to administer the 2019 Share Award Plan) may, in its absolute discretion, make an award to any employee (whether full time or part time) of the Group, including directors, senior management and any other connected persons of the Company and any consultant of the Group (the "**2019 Plan Eligible Persons**").

Scheme Mandate

The total number of Shares that may be purchased and held by the trustee of the 2019 Share Award Plan in order to satisfy the outstanding awards from time to time made under the 2019 Share Award Plan should not exceed 3% of the total issued Shares on the 2019 Plan Adoption Date (i.e. 88,389,372 Shares) (the "**2019 Plan Limit**"). The 2019 Plan Limit represents approximately 2.73% of the total issued Shares as at the date of this announcement.

Maximum entitlement of each participant

No maximum entitlement of each 2019 Plan Eligible Person is specified under the 2019 Share Award Plan.

Exercise period

As the 2019 Share Award Plan is a share award plan of the Company instead of a share option scheme, the awards granted under the 2019 Share Award Plan are not subject to any exercise period nor are the 2019 Plan Eligible Persons entitled to any exercise rights.

Vesting period

The awards to be made under the 2019 Share Award Plan shall be subject to such vesting conditions and periods as may be determined by the Company.

Subscription/purchase price

No subscription/purchase price is payable by the 2019 Plan Eligible Persons upon acceptance of awards granted under the 2019 Share Award Plan.

Term

Subject to any early termination pursuant to the terms of the 2019 Share Award Plan, the 2019 Share Award Plan will remain in force for a period of 10 years commencing on the 2019 Plan Adoption Date and ending on 30 October 2029.

Movement and position

There was no unvested award granted to the 2019 Plan Eligible Persons under the 2019 Share Award Plan as at 1 January 2023. No award was granted under the 2019 Share Award Plan for the half year ended 30 June 2023. Accordingly, there was (i) no unvested award granted to the 2019 Plan Eligible Persons under the 2019 Share Award Plan as at 30 June 2023; and (ii) no award vested, cancelled or lapsed under the 2019 Share Award Plan during the half year ended 30 June 2023.

SHARE AWARD INCENTIVE SCHEME

A share award incentive scheme (the "**Share Award Incentive Scheme**") of the Company was adopted by way of ordinary resolution at the annual general meeting of the Company held on 27 May 2016 (the "**Incentive Scheme Adoption Date**").

Purpose

The purposes of the Share Award Incentive Scheme are (i) to align the interests of the Incentive Scheme Eligible Persons (as defined below) with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares; and (ii) to encourage and retain Incentive Scheme Eligible Persons (as defined below) to make contributions to the long-term growth and profits of the Group.

Participants

The persons eligible to participate in the Share Award Incentive Scheme are any individual, being any employee (whether full-time or part-time employee) of any members of the Group or any affiliate (who is not a connected person of the Company), officer, consultant or advisor of any member of the Group or any affiliate (who is not a connected person of the Company) who the Board considers, in its sole discretion, to have contributed or will contribute to the Group (the "**Incentive Scheme Eligible Persons**").

Scheme Mandate

The total number of new Shares underlying all grants made pursuant to the Share Award Incentive Scheme shall not exceed 3% of the total number of issued Shares as at the Incentive Scheme Adoption Date (i.e. 21,213,606 Shares) (the "**Incentive Scheme Limit**"). The Incentive Scheme Limit was approved by the shareholders of the Company at the annual general meeting of the Company held on 27 May 2016. The Incentive Scheme Limit represents approximately 0.65% of the total issued Shares as at the date of this announcement.

Maximum entitlement of each participant

No maximum entitlement of each Incentive Scheme Eligible Person is specified under the Share Award Incentive Scheme.

Exercise period

As the Share Award Incentive Scheme is a share award plan of the Company instead of a share option scheme, the awards granted under the Share Award Incentive Scheme are not subject to any exercise period nor are the Incentive Scheme Eligible Persons entitled to any exercise rights.

Vesting period

The Board shall determine from time to time such vesting criteria and conditions or periods for the award to be vested under the Share Award Incentive Scheme.

Subscription/purchase price

No subscription/purchase price is payable by the Incentive Scheme Eligible Persons upon acceptance of awards granted under the Share Award Incentive Scheme.

Term

Subject to any early termination pursuant to the terms of the Share Award Incentive Scheme, the Share Award Incentive Scheme shall be valid and effective for 10 years from the Incentive Scheme Adoption Date and ending on 26 May 2026.

Movement and position

No award was granted made under the Share Award Incentive Scheme since its adoption and hence no Shares may be issued under the Share Award Incentive Scheme during the half year ended 30 June 2023. Accordingly, (i) there was no unvested award granted to the Incentive Scheme Eligible Persons under the Share Award Incentive Scheme as at 1 January 2023; (ii) no award was granted under the Share Award Incentive Scheme for the half year ended 30 June 2023; and (iii) there was (a) no unvested award granted to the Incentive Scheme Eligible Persons under the Share Award Incentive Scheme as at 30 June 2023; and (b) no award vested, cancelled or lapsed under the Share Award Incentive Scheme during the half year ended 30 June 2023.

21,213,606 awards and 21,213,606 awards were available for grant under the Incentive Scheme Limit as at 1 January 2023 and 30 June 2023, respectively.

Amendments to the Listing Rules relating to share scheme of listed issuers became effective on 1 January 2023. As provided under the transitional arrangements, the Company can continue to make grants to participants eligible under the amended Chapter 17 of the Listing Rules under existing schemes until refreshment or expiry of the existing scheme mandates.

As no option or share award was granted under all share schemes of the Company during the half year ended 30 June 2023, no Shares may be issued in respect of thereof.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), as recorded in the register required to be kept by the Company pursuant to the required standard of dealings by the Directors as referred to in Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Listing Rules, were as follows:

Long positions in Ordinary Shares and Underlying Shares of the Company:

	Number of issued ordinary Shares of HK$0.10 each in the Company					Approximate percentage of the Company's issued share capital
Name of Directors	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total**	*(Note 1)*
Mr. Zhang Menggui, Morgan	65,979,100	–	–	–	65,979,100	2.03%
Mr. Jiang Bing Hua	26,965,240	–	–	–	26,965,240	0.83%
Mr. Chan Ngai Sang, Kenny	500,000	–	–	–	500,000	0.02%

Note:

1. The percentage is calculated on the basis of 3,243,433,914 Shares in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executives of the Company had registered any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to the required standard of dealings by the Directors as referred to in Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, the following persons had interests or short positions in the Shares or underlying Shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long Positions in Ordinary Shares and Underlying Shares of the Company:

Name of Shareholders	Capacity and nature of interest	Number of Shares	Approximate percentage of the shareholding *(Note 4)*
China Merchants Group Limited *(Note 1)* ("**CM Group**")	Corporate	1,530,372,000	47.18
China Merchants Steam Navigation Company Limited *(Note 1)* ("**CM Steam Navigation**")	Corporate	1,530,372,000	47.18
China Merchants Industry Holdings Co., Ltd. *(Note 1)* ("**CM Industry**")	Corporate	1,530,372,000	47.18
China Merchants GP Limited *(Note 1)* ("**Fund GP**")	Corporate	1,530,372,000	47.18
China Merchants Ocean Strategy & Technology Fund (L.P.) *(Note 1)* ("**Fund LP**")	Corporate	1,530,372,000	47.18
Prime Force Investment Corporation *(Note 1)* ("**Prime Force**")	Beneficial Owner	1,530,372,000	47.18
Minyun Limited	Beneficial Owner	284,751,000	8.78
China International Marine Containers (Group) Co., Ltd. *(Note 2)* ("**CIMC Group**")	Corporate	185,600,000	5.72
China International Marine Containers (Hong Kong) Ltd. *(Note 2)* ("**CIMC HK**")	Beneficial Owner	185,600,000	5.72
China State Shipbuilding Corporation Limited *(Note 3)* ("**CSSC**")	Corporate	174,394,797	5.38
CSSC Huangpu Wenchong Shipbuilding Company Limited *(Note 3)* ("**Huangpu Shipbuilding**")	Corporate	174,394,797	5.38
Wah Shun International Marine Limited *(Note 3)* ("**Wah Shun**")	Beneficial Owner	174,394,797	5.38

Notes:

1. Prime Force is a company incorporated in the British Virgin Islands and is wholly-owned by Fund LP and Fund LP is therefore deemed to be interested in the 1,530,372,000 Shares that Prime Force is interested in under Part XV of the SFO.

   Fund GP, formerly known as China Merchants Great Wall GP Limited, is the general partner of Fund LP, formerly known as China Merchants & Great Wall Ocean Strategy & Technology Fund (L.P.), and is therefore deemed to be interested in the 1,530,372,000 Shares that Fund LP is interested in under Part XV of the SFO.

   CM Industry holds 99.96% of the equity interest in Fund LP, and is a wholly-owned subsidiary of CM Steam Navigation, which in turn is a wholly-owned subsidiary of CM Group. CM Steam Navigation and CM Group are deemed to be interested in the 1,530,372,000 Shares that Fund GP is interested in under Part XV of the SFO.

2. CIMC Group holds the entire issued share capital of CIMC HK. Therefore, CIMC Group is deemed to be interested in the 185,600,000 Shares held by CIMC HK under Part XV of the SFO.

3. CSSC holds 35.5% of the equity interest of CSSC Offshore & Marine Engineering (Group) Company Limited (中船海洋與防務裝備股份有限公司), which in turn holds 54.54% of the equity interest of Huangpu Shipbuilding. CSSC also holds directly 14.48% of the equity interest of Huangpu Shipbuilding, which directly holds 99% of issued shares of Wah Shun. Therefore, CSSC and Huangpu Shipbuilding are deemed to be interested in the 174,394,797 Shares held by Wah Shun under Part XV of the SFO.

4. The percentage is calculated on the basis of 3,243,433,914 Shares in issue as at 30 June 2023.

Save as disclosed above and so far as the Directors are aware, as at 30 June 2023, no person (other than the Directors or chief executives of the Company) had an interest or a short position in Shares or underlying Shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined under the Listing Rules) has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group, or has any other conflict of interests with the Group during the six months period ended 30 June 2023.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 20 October 2005 with terms of reference in compliance with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls of the Group.

The Audit Committee comprises three members, namely Mr. Chan Ngai Sang, Kenny (being the chairman of the Audit Committee), Mr. Zou Zhendong and Mr. Chen Weidong. All of them are independent non-executive Directors. The Audit Committee has reviewed the unaudited financial results of the Group for the six months ended 30 June 2023 and is of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The Audit Committee has no disagreement with the accounting treatment adopted by the Group.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries, fellow subsidiaries or its parent companies was a party or were parties and in which a Director or his/her connected entities had a material interest, whether directly or indirectly, subsisted during or at the end of the six months ended 30 June 2023.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standards of dealings as set out in the Model Code as set forth in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standards of dealings as set out in the Model Code during the six months ended 30 June 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance practices to ensure transparency so that the interests of the shareholders and the cooperative development among customers, employees and the Group can be safeguarded. The Company has adopted the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**CG Code**").

During the six months ended 30 June 2023, the Company has complied with the code provisions of the CG Code, except for a deviation from code provision C.2.1 as set out in the CG Code.

Deviation from code provision C.2.1 as set out in the CG Code

According to such code provision, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. From 24 March 2023 to 29 August 2023, Mr. Yu Zhiliang, in addition to his duties as the chairman of the Board, was also the chief executive officer of the Company ("**CEO**") and responsible for the corporate strategic planning and overall business development of the Group. Mr. Yu Zhiliang has extensive knowledge on the business of the Group and his duties for overseeing the Group's operations are considered to be beneficial to the Group. The Company considered having Mr. Yu Zhiliang acting as both the chairman of the Board and the CEO would provide strong and consistent leadership to the Group and facilitate the efficient execution of our business strategies. Since the Directors would meet regularly to consider major matters affecting operations of the Company, the Directors and the management of the Company believed that this structure would enable the Company to make and implement decisions promptly and efficiently. As a result, the Company had yet to propose to separate the functions of chairman and chief executive officer during the six months ended 30 June 2023.

Following the resignation of Mr. Yu Zhiliang as the chairman of the Board and the CEO on 29 August 2023, Mr. Mei Xianzhi has been appointed as the chairman of the Board and Mr. Zhan Huafeng has been appointed as the Executive President, both with effect from 29 August 2023. For details, please refer to the announcement of the Company dated 29 August 2023. Since 29 August 2023, the Company has fully complied with the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

AMENDMENTS TO THE CONSTITUTIONAL DOCUMENTS

The Amended and Restated Memorandum and Articles of Association of the Company have been adopted by way of a special resolution passed at the annual general meeting of the Company held on 19 May 2023 ("**AGM**"). For details of the amendments, please refer to the announcement of the Company dated 26 March 2023, the circular dated 24 April 2023, and the announcement on the poll results of the AGM dated 19 May 2023. An up-to-date version of the Amended and Restated Memorandum and Articles of Association is available on the Company's website at www.cm-energy.com and the Stock Exchange's website.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CHANGES IN INFORMATION OF DIRECTORS

Following the qualification of Mr. Chan Ngai Sang Kenny as a director of Jinshang Bank Co., Ltd.* (“**Jinshang Bank**”), the shares of which are listed on the Stock Exchange (Stock Code: 2558), has been approved by the China Banking and Insurance Regulatory Commission Shanxi Office (中國銀行保險監督管理委員會山西監管局), his appointment as an independent non-executive director of Jinshang Bank has taken effect from 25 June 2023.

Save as disclosed above, there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Change of Company Name

Subsequent to the passing of a special resolution at the AGM to approve the change of company name, the English name of the Company has been changed from “CMIC Ocean En-Tech Holding Co., Ltd.” to “CM Energy Tech Co., Ltd.” and the dual foreign name in Chinese of the Company has been changed from “華商國際海洋能源科技控股有限公司” to “华商能源科技股份有限公司” with effect from 19 May 2023.

Change of Stock Short Name

Following the change of company name, the Shares of the Company have been traded on the Stock Exchange under the new stock short name of “CM-ENERGY” in English and “華商能源” in Chinese, instead of “CMIC OCEAN” and “**華商國際海洋控股**” with effect from 9:00 a.m. on 14 July 2023. The stock code of the Company will remain to be 206.

Change of Company Website and Company Logo

Following the change of company name becoming effective, the website of the Company has been changed from “www.cmicholding.com” to “www.cm-energy.com” and the Company’s logo has been changed to “华商能源 CM Energy”. Details of the change of company name, stock short name, company website and company logo were set out in the announcement of the Company dated 7 July 2023.

Change of Principal Place of Business in Hong Kong

On 21 August 2023, the principal place of business of the Company in Hong Kong has been changed to 3/F, Office Building, No. 1–7 Sai Tso Wan Road, Tsing Yi Island, New Territories, Hong Kong, with effect from 21 August 2023. The phone number and fax number of the Company remain unchanged.

For details, please refer to the announcement of the Company dated 21 August 2023.

Change of Directors, Chairman of the Board and Chief Executive Officer

With effect from 29 August 2023:

(1) Mr. Yu Zhiliang has resigned as an executive Director and the chairman of the Board, and ceased to be the CEO, the chairman of the nomination committee, a member of the remuneration committee and the chairman of the compliance committee of the Company.

(2) Mr. Mei Xianzhi has been appointed as the chairman of the Board and the chairman of the nomination committee of the Company;

(3) Mr. Zhan Huafeng has been redesignated as an executive Director from a non-executive Director, and has been appointed as the Executive President, a member of the nomination committee and the chairman of the compliance committee of the Company;

(4) Mr. Tam Wing Tim has been appointed as a non-executive Director and the vice president of the Company; and

(5) Mr. Zhang Menggui, Morgan has resigned as a member of the nomination committee of the Company.

For details, please refer to the announcement of the Company dated 29 August 2023.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express sincere thanks to all the shareholders for their continuous support and to all staff for their dedication and contribution to the Group during the six months ended 30 June 2023.

By Order of the Board
CM Energy Tech Co., Ltd.
Mei Xianzhi
Chairman

Hong Kong, 29 August 2023

As of the date of this announcement, the Board comprises one (1) executive Director, namely Mr. Zhan Huafeng; seven (7) non-executive Directors, namely Mr. Mei Xianzhi, Mr. Liu Jiancheng, Mr. Tam Wing Tim, Ms. Fu Rui, Mr. Wang Jianzhong, Mr. Zhang Menggui, Morgan and Mr. Jiang Bing Hua; and four (4) independent non-executive Directors, namely Mr. Chan Ngai Sang, Kenny, Mr. Zou Zhendong, Mr. Chen Weidong and Mr. Sun Dongchang.

* *For identification purpose only*