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)

(Stock code: 3899)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2024	2023	
	(unaudited)	*(unaudited)*	Change
Revenue *(RMB'000)*	**11,479,938**	10,756,489	6.7%
Net profit *(RMB'000)*	**503,829**	570,032	(11.6%)
Profit attributable to shareholders *(RMB'000)*	**486,141**	568,673	(14.5%)
Core profit* *(RMB'000)*	**604,208**	625,944	(3.5%)
Basic earnings per share *(RMB)*	**0.241**	0.283	(14.8%)
Gross profit margin	**14.3%**	16.5%	(2.2) ppt

* Core profit – Profit for the six months ended 30 June but stripping out share-based incentive scheme expenses and convertible bonds related imputed interest expenses

The Board of Directors of CIMC Enric Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") announces the unaudited financial results of the Group for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023.

The interim financial results are unaudited but have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2024 – unaudited

		Six months ended 30 June	
	Note	**2024**	2023
		RMB'000	*RMB'000*
Revenue	*3 & 4*	**11,479,938**	10,756,489
Cost of sales		**(9,843,998)**	(8,985,323)
Gross profit		**1,635,940**	1,771,166
Other operating income		**225,585**	121,997
Other gains/(losses), net		**43,286**	(51,940)
Impairment loss on financial assets and contract assets	*5(c)*	**(25,121)**	(12,966)
Selling expenses		**(223,952)**	(191,254)
Administrative expenses		**(953,632)**	(885,506)
Profit from operations		**702,106**	751,497
Finance costs	*5(a)*	**(48,066)**	(38,425)
Share of results of associates and a joint venture		**(3,355)**	17,246
Profit before taxation	*5*	**650,685**	730,318
Income tax	*6*	**(146,856)**	(160,286)
Profit for the period		**503,829**	570,032
Attributable to:			
Equity shareholders of the Company		**486,141**	568,673
Non-controlling interests		**17,688**	1,359
Profit for the period		**503,829**	570,032
Earnings per share:	*7*		
– Basic		**RMB0.241**	RMB0.283
– Diluted		**RMB0.222**	RMB0.252

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024 – unaudited

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Profit for the period	**503,829**	570,032
Other comprehensive income (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	**(69,573)**	56,256
Other comprehensive income for the period	**(69,573)**	56,256
Total comprehensive income for the period	**434,256**	626,288
Attributable to:		
Equity shareholders of the Company	**415,963**	626,758
Non-controlling interests	**18,293**	(470)
Total comprehensive income for the period	**434,256**	626,288

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024 − unaudited

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4,027,022**	3,837,906
Construction in progress		**563,365**	606,581
Right-of-use assets		**139,578**	141,006
Investment properties		**36,815**	37,557
Lease prepayments		**620,658**	545,755
Intangible assets		**222,035**	217,461
Goodwill		**295,617**	293,714
Deferred tax assets		**230,932**	166,574
Interests in associates and a joint venture		**654,553**	623,862
Financial instruments at fair value through profit or loss		**10,745**	1,714
Total non-current assets		**6,801,320**	6,472,130
Current assets			
Inventories		**5,868,043**	4,776,509
Contract assets		**2,732,152**	2,237,236
Trade and bills receivables	*8*	**3,706,439**	3,660,256
Deposits, other receivables and prepayments		**2,393,096**	2,157,619
Amounts due from related parties		**58,335**	66,438
Financial instruments at fair value through profit or loss		**18,657**	35,722
Term and restricted bank deposits		**854,246**	1,183,323
Cash and cash equivalents		**7,246,810**	6,998,191
Total current assets		**22,877,778**	21,115,294
Total assets		**29,679,098**	27,587,424
LIABILITIES			
Non-current liabilities			
Bank loans		**401,807**	385,038
Medium-term notes		**497,638**	–
Warranty provision		**182,352**	112,231
Deferred tax liabilities		**346,909**	257,786
Deferred income		**304,179**	310,748
Employee benefit liabilities		**4,634**	4,482
Lease liabilities		**111,592**	125,623
Financial instruments at fair value through profit or loss		**–**	611
Total non-current liabilities		**1,849,111**	1,196,519

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Current liabilities			
Bank loans		**163,658**	93,500
Convertible bonds		**1,511,355**	1,452,871
Lease liabilities		**29,154**	25,908
Loans from related parties		**504,033**	695,526
Trade and bills payables	*9*	**5,157,951**	4,441,204
Contract liabilities		**5,313,080**	4,442,324
Other payables and accrued expenses		**2,036,638**	2,069,149
Amounts due to related parties		**447,025**	512,955
Warranty provision		**51,254**	66,579
Financial instruments at fair value through profit or loss		**81,798**	140,728
Income tax payable		**85,049**	76,517
Total current liabilities		**15,380,995**	14,017,261
Total liabilities		**17,230,106**	15,213,780
NET ASSETS		**12,448,992**	12,373,644
EQUITY			
Share capital		**18,521**	18,521
Reserves		**10,914,791**	11,213,731
Equity attributable to equity shareholders of the Company		**10,933,312**	11,232,252
Non-controlling interests		**1,515,680**	1,141,392
TOTAL EQUITY		**12,448,992**	12,373,644

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024 – unaudited

	Attributable to equity shareholders of the Company												
	Share capital *RMB'000*	Share premium *RMB'000*	Shares held for share award scheme *RMB'000*	Contributed surplus *RMB'000*	Capital reserve *RMB'000*	Exchange reserve *RMB'000*	General reserve fund *RMB'000*	Retained earnings *RMB'000*	Convertible bonds reserve *RMB'000*	Other reserve *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2023	18,521	620,580	(88,359)	1,124,571	1,593,017	(467,365)	639,486	5,567,083	123,944	10,289	9,141,767	385,740	9,527,507
Profit for the period	–	–	–	–	–	–	–	568,673	–	–	568,673	1,359	570,032
Exchange difference on translation of foreign operations	–	–	–	–	–	58,085	–	–	–	–	58,085	(1,829)	56,256
Total comprehensive income	–	–	–	–	–	58,085	–	568,673	–	–	626,758	(470)	626,288
Special reserve-safe production fund	–	–	–	–	–	–	–	–	–	5,840	5,840	–	5,840
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	19,444	19,444
Equity-settled share-based payments	–	42,448	36,230	–	(5,995)	–	–	1,541	–	–	74,224	220	74,444
2022 final dividend paid	–	–	–	–	–	–	–	(432,899)	–	–	(432,899)	–	(432,899)
Dividends distribution made by a subsidiary to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(12,320)	(12,320)
Total contributions by and distributions to equity shareholders of the Company, recognised directly in equity	–	42,448	36,230	–	(5,995)	–	–	(431,358)	–	5,840	(352,835)	7,344	(345,491)
Balance at 30 June 2023	18,521	663,028	(52,129)	1,124,571	1,587,022	(409,280)	639,486	5,704,398	123,944	16,129	9,415,690	392,614	9,808,304

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024 – unaudited

	Attributable to equity shareholders of the Company												
	Share capital *RMB'000*	Share premium *RMB'000*	Shares held for share award scheme *RMB'000*	Contributed surplus *RMB'000*	Capital reserve *RMB'000*	Exchange reserve *RMB'000*	General reserve fund *RMB'000*	Retained earnings *RMB'000*	Convertible bonds reserve *RMB'000*	Other reserve *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2024	18,521	663,116	(56,427)	1,124,571	2,913,026	(466,608)	746,546	6,146,159	123,944	19,404	11,232,252	1,141,392	12,373,644
Profit for the period	–	–	–	–	–	–	–	486,141	–	–	486,141	17,688	503,829
Exchange difference on translation of foreign operations	–	–	–	–	–	(70,178)	–	–	–	–	(70,178)	605	(69,573)
Total comprehensive income	–	–	–	–	–	(70,178)	–	486,141	–	–	415,963	18,293	434,256
Special reserve-safe production fund	–	–	–	–	–	–	–	–	–	15,617	15,617	–	15,617
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	20,960	20,960
Equity-settled share-based payments	–	41,846	40,068	–	(373,455)	–	–	124,525	–	–	(167,016)	383,742	216,726
Transfer to general reserve	–	–	–	–	–	–	3,904	(3,904)	–	–	–	–	–
2023 final dividend paid	–	–	–	–	–	–	–	(563,504)	–	–	(563,504)	–	(563,504)
Dividends distribution made by a subsidiary to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(48,707)	(48,707)
Total contributions by and distributions to equity shareholders of the Company, recognised directly in equity	–	41,846	40,068	–	(373,455)	–	3,904	(442,883)	–	15,617	(714,903)	355,995	(358,908)
Balance at 30 June 2024	18,521	704,962	(16,359)	1,124,571	2,539,571	(536,786)	750,450	6,189,417	123,944	35,021	10,933,312	1,515,680	12,448,992

NOTES

1 BASIS OF PREPARATION

The consolidated results set out in this announcement are extracted from the interim financial report of the Group for the six months ended 30 June 2024. The interim financial reports are presented in Renminbi ("**RMB**") unless otherwise stated.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim financial report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"). The interim financial report has been authorised for issue by the Board of Directors on 22 August 2024.

In preparing the interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the HKICPA.

2 CHANGES IN ACCOUNTING POLICIES

(a) Amended standards adopted by the Group

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

- Amendments to HKAS 1, Presentation of financial statements: Classification of liabilities as current or non-current ("**2020 amendments**")

- Amendments to HKAS 1, Presentation of financial statements: Non-current liabilities with covenants ("**2022 amendments**")

- Amendments to HKFRS 16, Leases: Lease liability in a sale and leaseback

- Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial instruments: Disclosures − Supplier finance arrangements

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

(b) 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 2024 and have not been early adopted:

	Effective for accounting periods beginning on or after
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
Amendments to HKFRS 10, Consolidated financial statements and HKAS 28, Investments in associates and joint ventures: Sale or contribution of assets between an investor and its associate or joint venture	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 REVENUE

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

Revenue represents (i) the sales value of goods sold after allowances for returns of goods, excluding value added taxes or other sales taxes and after the deduction of any trade discounts; and (ii) revenue from project engineering contracts. The amount of each significant category of revenue recognised in revenue during the six months ended 30 June 2024 is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Sales of goods	**7,980,595**	7,446,467
Revenue from project engineering contracts	**3,499,343**	3,310,022
	11,479,938	10,756,489

4 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 services for tank containers; and explores business in environmental protection.

- Liquid food: this segment specialises in the engineering, manufacture and sale of stainless steel tanks for storage and processing liquid food such as beer, distilled spirits, fruit juice and milk; the provision of turnkey service for the brewery industry as well as other liquid food industries; and the provision of peripheral logistics service.

(a) Segment results, assets and liabilities

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

Segment assets include non-current assets and current assets with the exception of deferred tax assets and certain assets unallocated to an individual reportable segment. Segment liabilities include non-current liabilities and current liabilities with the exception of income tax payable, deferred tax liabilities, convertible bonds, medium-term notes 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 results of associates and a joint venture, directors' remuneration, auditors' remuneration and other head office or corporate administrative expenses.

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

	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	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	7,876,340	6,293,551	1,296,698	2,450,832	2,306,900	2,012,106	11,479,938	10,756,489
Inter-segment revenue	91	–	25,690	21,498	–	–	25,781	21,498
Reportable segment revenue	7,876,431	6,293,551	1,322,388	2,472,330	2,306,900	2,012,106	11,505,719	10,777,987
Timing of revenue recognition								
At a point in time	6,253,749	4,928,653	1,322,388	2,472,330	430,239	105,471	8,006,376	7,506,454
Over time	1,622,682	1,364,898	–	–	1,876,661	1,906,635	3,499,343	3,271,533
Reportable segment profit (adjusted profit from operations)	431,347	186,679	134,826	421,952	168,807	224,169	734,980	832,800

	Clean energy		Chemical and environmental		Liquid food		Total	
	As at 30 June 2024	As at 31 December 2023	**As at 30 June 2024**	As at 31 December 2023	**As at 30 June 2024**	As at 31 December 2023	**As at 30 June 2024**	As at 31 December 2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment assets	17,484,851	15,176,516	5,359,746	5,548,587	4,759,682	4,633,142	27,604,279	25,358,245
Reportable segment liabilities	10,848,278	9,391,170	874,035	905,358	2,188,065	2,117,627	13,910,378	12,414,155

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**11,505,719**	10,777,987
Elimination of inter-segment revenue	**(25,781)**	(21,498)
Consolidated revenue	**11,479,938**	10,756,489

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**734,980**	832,800
Elimination of inter-segment profit	**(356)**	(4,047)
Reportable segment profit derived from Group's external customers	**734,624**	828,753
Finance costs	**(48,066)**	(38,425)
Share of results of associates and a joint venture	**(3,355)**	17,246
Unallocated operating expenses	**(32,518)**	(77,256)
Consolidated profit before taxation	**650,685**	730,318

	As at 30 June	As at 31 December
	2024	2023
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**27,604,279**	25,358,245
Elimination of inter-segment receivables	**(14,728)**	(9,422)
	27,589,551	25,348,823
Deferred tax assets	**230,932**	166,574
Unallocated assets	**1,858,615**	2,072,027
Consolidated total assets	**29,679,098**	27,587,424

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Liabilities		
Reportable segment liabilities	**13,910,378**	12,414,155
Elimination of inter-segment payables	**(14,728)**	(9,422)
	13,895,650	12,404,733
Income tax payable	**85,049**	76,517
Deferred tax liabilities	**346,909**	257,786
Convertible bonds	**1,511,355**	1,452,871
Medium-term notes	**497,638**	–
Unallocated liabilities	**893,505**	1,021,873
Consolidated total liabilities	**17,230,106**	15,213,780

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

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June 2024 RMB'000	2023 RMB'000
Interest on bank loans, loans from related parties, medium-term notes and other borrowings	**21,522**	13,056
Interest on lease liabilities	**2,797**	3,022
Interest on convertible bonds	**21,949**	20,293
Less: interest capitalised	**(2,406)**	(1,355)
Bank charges	**4,204**	3,409
	48,066	38,425

(b) Other items

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Cost of inventories	**6,873,187**	6,272,032
Cost from project engineering contracts	**2,970,811**	2,713,291
Salaries, wages and allowances	**1,200,234**	1,086,925
Contributions to retirement schemes	**81,346**	67,389
Depreciation of property, plant and equipment	**175,841**	170,017
Depreciation of right-of-use assets	**13,159**	18,752
Amortisation of intangible assets	**22,593**	14,004
Amortisation of lease prepayments	**7,934**	7,402
Operating lease charges for property rental	**9,299**	5,131
Provision for product warranties	**28,959**	21,155
(Reversal of provision)/write-down of inventories	**(280)**	24,432
Equity-settled share-based payment expenses	**78,430**	35,619

For the six months ended 30 June 2024, research and development costs totalled RMB331,133,000 (for the six months ended 30 June 2023: RMB318,820,000).

(c) Impairment loss on financial and contract assets

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Impairment provision for trade receivables	**47,412**	48,722
Reversal of impairment provision for trade receivables	**(24,050)**	(40,244)
(Reversal of)/impairment provision for other receivables	**(612)**	385
Impairment provision for contract assets	**8,886**	4,988
Reversal of impairment provision for contract assets	**(6,515)**	(885)
	25,121	12,966

6 INCOME TAX

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Current income tax	**122,091**	178,409
Deferred income tax	**24,765**	(18,123)
	146,856	160,286

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 China (the "**Tax Law**"), the Company's subsidiaries in China 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 Chinese subsidiaries of the Group are regarded as Chinese resident enterprises. Therefore, during the period, no withholding tax liability was provided for the distributable profits of Chinese subsidiaries.

Taxation of subsidiaries in the Netherlands, Belgium, Denmark, Germany, United Kingdom, Canada, United States and Singapore are charged at the prevailing rates of 26%, 25%, 22%, 29%, 25%, 31%, 21% and 17% respectively in the relevant countries and are calculated on a stand-alone basis.

The Group is subject to the global minimum top-up tax under the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The Pillar Two income tax are levied on certain subsidiaries under the local new tax laws which introduced a domestic minimum top-up tax effective from 1 January 2024.

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred.

This new tax policy did not have a material impact on the interim financial report of the Group for the six months ended 30 June 2024.

7 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	
	2024	2023
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic earnings per share	**486,141**	568,673
Earnings for the purposes of diluted earnings per share	**482,480**	543,477

	Six months ended 30 June	
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,017,931,916**	2,006,925,926
Effect of dilutive potential ordinary shares in respect of convertible bonds and the Company's share option and share award schemes	**152,744,454**	147,772,871
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,170,676,370**	2,154,698,797

	Six months ended 30 June	
	2024	2023
	RMB	*RMB*
Earnings per share		
Basic earnings per share	**0.241**	0.283
Diluted earnings per share	**0.222**	0.252

8 TRADE AND BILLS RECEIVABLES

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
Trade receivables	**3,504,820**	3,549,837
Less: allowance for doubtful debts	**(268,570)**	(267,366)
	3,236,250	3,282,471
Bills receivables (i)	**470,189**	377,785
	3,706,439	3,660,256

(i) As at 30 June 2024, amounts of RMB279,170,000 (31 December 2023: RMB292,804,000) represent bank acceptance bills classified as financial assets at FVOCI, which the Group intended to hold until maturity or to discount or endorse to financial institutions for treasury management purposes. RMB94,277,000 and RMB96,742,000 (31 December 2023: RMB39,683,000 and RMB45,298,000) 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.

(ii) As at 30 June 2024, amounts of RMB70,013,000 and RMB2,702,000 (31 December 2023: RMB23,094,000 and RMB6,903,000) 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.

(iii) 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 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Current	**3,078,191**	3,021,998
Less than 3 months past due	**357,783**	337,288
More than 3 months but less than 12 months past due	**205,711**	239,681
More than 1 year but less than 2 years past due	**46,314**	33,243
More than 2 years but less than 3 years past due	**13,082**	24,084
More than 3 years due but less than 5 years past due	**5,358**	3,962
Amounts past due	**628,248**	638,258
	3,706,439	3,660,256

9 TRADE AND BILLS PAYABLES

	As at 30 June 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Trade creditors	**4,400,987**	3,801,102
Bills payables	**756,964**	640,102
	5,157,951	4,441,204

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

	As at 30 June 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Within 3 months	**3,876,565**	3,429,315
3 months to 12 months	**948,608**	697,272
Over 12 months	**332,778**	314,617
	5,157,951	4,441,204

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

10 DIVIDENDS

Final dividend of RMB563,504,000 in relation to the year ended 31 December 2023 was paid in 2024 (final dividend of RMB432,899,000 in relation to the year ended 31 December 2022 was paid in 2023).

The Board of Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Six months ended 30 June		Change
	2024	2023	*%*
	(unaudited)	(unaudited)	
Key financial data			
Revenue *(RMB'000)*	**11,479,938**	10,756,489	6.7%
－Clean energy segment	**7,876,340**	6,293,551	25.1%
－Chemical and environmental segment	**1,296,698**	2,450,832	(47.1%)
－Liquid food segment	**2,306,900**	2,012,106	14.7%
Gross profit *(RMB'000)*	**1,635,940**	1,771,166	(7.6%)
Net profit *(RMB'000)*	**503,829**	570,032	(11.6%)
Profit attributable to shareholders *(RMB'000)*	**486,141**	568,673	(14.5%)
Core profit* *(RMB'000)*	**604,208**	625,944	(3.5%)
Basic earnings per share *(RMB)*	**0.241**	0.283	(14.8%)

* Core profit[1] – Profit for the six months ended 30 June but stripping out share-based incentive scheme expenses and convertible bonds related imputed interest expenses

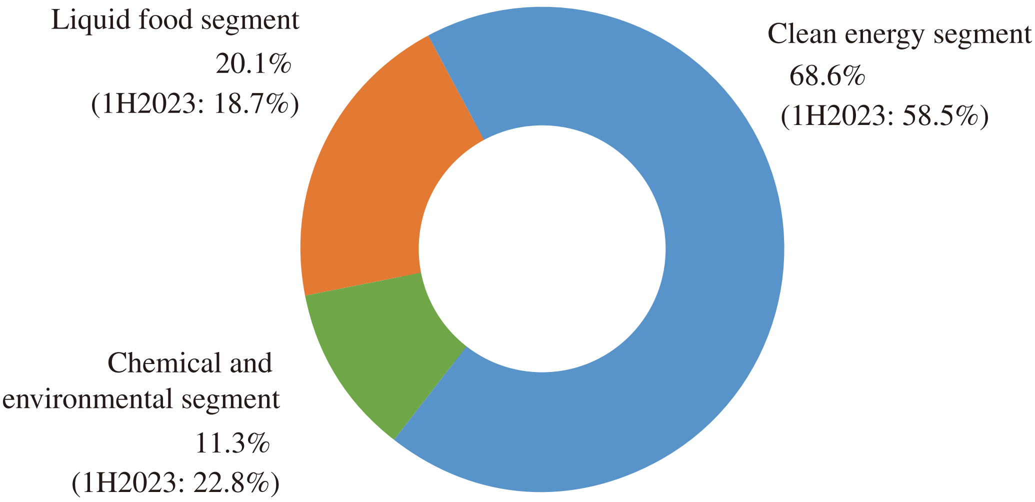
[1] The core profit is a non-HKFRS measure facilitating the evaluation of financial performance of the Group's core operations. Such non-HKFRS measure may be defined differently from similar terms used by other companies.

FINANCIAL REVIEW

Revenue

During the first half of 2024, favourable factors such as the recovery of domestic natural gas consumption, recovery of the Chinese economy and favourable government policies stimulated the Group's clean energy and liquid food segments to grow steadily during the period. At the same time, the slowdown in demand for tank containers has negatively impacted our chemical and environmental segment. As a result, the Group's consolidated revenue for the first half of 2024 rose by 6.7% to RMB11,479,938,000 (corresponding period in 2023: RMB10,756,489,000). The performance of each segment is discussed below.

Revenue breakdown by segment



With the continuous tightening of the country's requirements for environmental protection, energy conservation and emission reduction, driving the sales of our storage and transportation equipment such as on-vehicle LNG cyclinder, cryogenic storage tanks, industrial gas storage tanks and tank containers. As a result, the clean energy segment's revenue for the first half of 2024 rose by 25.1% to RMB7,876,340,000 (corresponding period in 2023: RMB6,293,551,000), among which the hydrogen related business's revenue increased by 65.2% to RMB445,586,000 (corresponding period in 2023: RMB269,686,000). The clean energy segment remained the top grossing segment and contributed 68.6% (corresponding period in 2023: 58.5%) of the Group's total revenue.

Due to slow down of the chemical industry, the tank container industry is gradually reducing idle stocks. Compared with the previous period's high-speed growth rate, the demand for tank containers has significantly slowed down and declined during the reporting period. As a result, the chemical and environmental segment's revenue was down by 47.1% to RMB1,296,698,000 (corresponding period in 2023: RMB2,450,832,000). The segment made up 11.3% of the Group's total revenue (corresponding period in 2023: 22.8%).

During the first half of 2024, benefitting from smooth progress of the projects, the liquid food segment's revenue saw an increase of 14.7% to RMB2,306,900,000 during the period (corresponding period in 2023: RMB2,012,106,000). The segment accounted for 20.1% of the Group's total revenue (corresponding period in 2023: 18.7%).

	Six months ended 30 June		**Change**
	2024	2023	*%*
	(unaudited)	(unaudited)	
Newly signed orders			
Total *(RMB million)*	**16,399**	12,666	29.5%
—Clean energy segment	**12,919**	7,912	63.3%
—Hydrogen business	**446**	345	29.3%
—Chemical and environmental segment	**1,688**	2,309	(26.9%)
—Liquid food segment	**1,792**	2,445	(26.7%)

	As at 30 June		**Change**
	2024	2023	*%*
	(unaudited)	(unaudited)	
Backlog orders			
Total *(RMB million)*	**29,351**	20,602	42.5%
—Clean energy segment	**22,933**	13,438	70.7%
—Hydrogen business	**332**	373	(11.0%)
—Chemical and environmental segment	**1,522**	2,095	(27.4%)
—Liquid food segment	**4,896**	5,069	(3.4%)

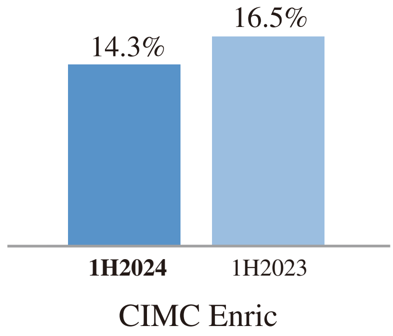
During the first half of 2024, the newly signed orders of the Group totalled RMB16,399 million, representing a YoY increase of 29.5%. As of the end of June, the backlog orders amounted to RMB29,351 million, representing a significant YoY increase of 42.5%, setting a new record. Benefiting from a promising outlook for the shipbuilding industry and the vigorous exploration of the overseas market for the onshore clean energy, the newly signed orders of the clean energy segment amounted to RMB12,919 million during the period, representing a YoY growth of 63.3%. and the backlog orders as of the end of June amounted to RMB22,933 million, representing a YoY surge of 70.7%. In particular, the newly signed orders of the offshore clean energy during the first half of 2024 and the backlog orders as of the end of June amounted to RMB6,864 million and RMB15,064 million, respectively, while the newly signed orders of the hydrogen energy business during the first half of the year and the backlog orders as of the end of June amounted to RMB446 million and RMB332 million, respectively.

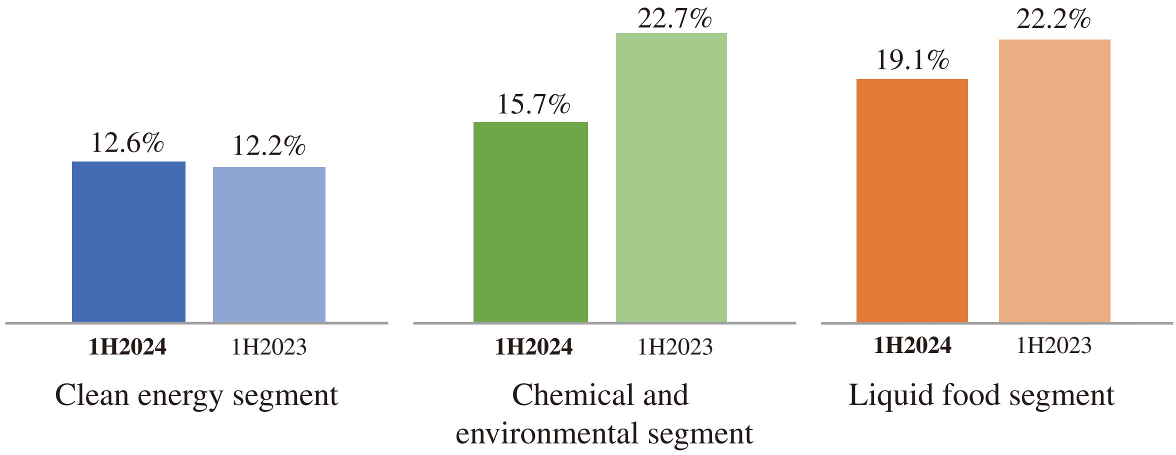
Newly signed orders for the first half of 2024 and backlog orders as of the end of June 2024 for the chemical and environmental segment amounted to RMB1,688 million and RMB1,522 million respectively. Since the beginning of this year, the demand for chemical tank containers has been gradually picking up, with newly signed orders for the second quarter of this year growing significantly by 245.4% over the first quarter, and newly signed orders for the first half of this year growing by 69.6% as compared to the second half of 2023. Newly signed orders for the period and backlog orders as of the end of June 2024 for the liquid food segment amounted to RMB1,792 million and RMB4,896 million respectively. In the first half of 2024, customers of the Group postponed some of their capital expenditure decisions due to the sluggish consumption of beer and spirits overseas, as well as the increase in the costs of raw materials, energy and labour, which in turn affected the newly signed orders of the Group's liquid food segment. In addition, during the same period last year, the Group secured a large-scale industrial beer project in South America for approximately EUR180 million (approximately RMB1.43 billion), resulting in a YoY decline in new orders during the period, yet the projects on hand of the Group's liquid food segment remained relatively full.

Gross profit margin and profitability

The Group's overall gross profit margin ("**GP margin**") fell to 14.3% in the first half of 2024 from 16.5% in the corresponding period in 2023. While clean energy segment's GP margin rose slightly, both chemical and environmental and liquid food segments' GP margins decreased at varying degrees which combined to drag down the Group's overall GP margin.

Gross profit margin





The clean energy segment's GP margin improved slightly, which was mainly attributable to the increase in revenue from overseas customers. During the period, the GP margin of chemical and environmental segment decreased, which was mainly due to the global tank container supply and demand have reached a balance which lowered utilisation rate of the production line. During the period, the GP margin of liquid food segment decreased slightly which was mainly because of delay in progress of some projects and rise in certain costs. These were in turn caused by certain overseas clients postponing their investments where their respective government adopted an interest rate hike policy.

Profit from operations expressed as a percentage of revenue fell to 6.1% (corresponding period in 2023: 7.0%), which was mainly due to a decrease in GP margin.

During the period, income tax expense decreased by 8.4% to RMB146,856,000 (corresponding period in 2023: 160,286,000). The effective tax rate increased from 21.9% in the same period of 2023 to 22.6% in the current period was mainly attributable to decrease in profit contribution from advanced and new technology enterprises in China who enjoy a preferential tax rate of 15% instead of the normal tax rate of 25%.

Liquidity and financial resources

	30 June 2024	31 December 2023	**Change**
Net assets *(RMB'000)*	**12,448,992**	12,373,644	0.6%
Cash and cash equivalents *(RMB'000)*	**7,246,810**	6,998,191	3.6%
Interest bearing debts[1] *(RMB'000)*	**3,078,491**	2,626,935	17.2%
Gearing ratio[2]	**24.7%**	21.2%	3.5 ppt

1 Interest bearing debts = Bank loans, loans from related parties, medium-term notes and convertible bonds

2 Gearing Ratio = Interest bearing debts ÷ Net assets

As at 30 June 2024, the cash and cash equivalents of the Group amounted to RMB7,246,810,000 (31 December 2023: RMB6,998,191,000). A portion of the Group's bank deposits totalling RMB854,246,000 (31 December 2023: RMB1,183,323,000), which had a term of maturity more than three months from the date of their initial placement, were restricted for guarantee of banking facilities and for treasury management purpose. The Group has maintained sufficient cash on hand for repayment of bank loans and loans from related parties as they fall due, and has continued to take a prudent approach in future development and capital expenditure. The Group has consistently been cautious in managing its financial resources and will constantly review and maintain an optimal gearing level.

As at 30 June 2024, the Group's bank loans and overdrafts amounted to RMB565,465,000 (31 December 2023: RMB478,538,000) are all repayable within one year to five years except loans totalling RMB140,000,000 which are repayable after five years. Apart from the term loan as well as revolving banking facilities which are denominated in USD and HKD that bear interest at floating rates, the overall bank loans bear interest at rates from 2.70% to 5.50% per annum.

As at 30 June 2024, the Group did not have any secured bank loan (31 December 2023: nil) nor any bank loan that was guaranteed by the Company's subsidiaries (31 December 2023: nil). As at 30 June 2024, loans from related parties amounted to RMB504,033,000 (31 December 2023: RMB695,526,000), which are unsecured, interest bearing from 2.89% to 4.75% (31 December 2023: 2.95% to 4.75%) per annum and repayable within one year.

As at 30 June 2024, the Group's zero-coupon convertible bonds amounted to RMB1,511,355,000 (31 December 2023: RMB1,452,871,000). There has not been any conversion of the convertible bonds during the period. With effect from 4 June 2024, the convertible bonds conversion price has been further adjusted from HKD11.15 to HKD10.65 and if fully converted will be convertible into 157,746,478 shares of the Company, representing an increase of 7,073,833 shares (31 December 2023: 150,672,645 shares).

In April 2024, the Group issued three-year medium-term notes with par value totalling RMB500,000,000. The medium-term notes bear interest at 2.43% per annum and the proceeds from which after deducting the issuance costs were used for repayment of the Group's indebtedness and to supplement the Group's operating capital.

The net gearing ratio, which is calculated by dividing net debt over shareholders' equity, was zero times (31 December 2023: zero times) as the Group retained a net cash balance of RMB4,168,319,000 (31 December 2023: RMB4,371,256,000). The increase in net cash balance is mainly attributable to the inflow from operating activities which was offset to certain extent by the cash outflows from investing and financing activities.

The Group recorded a cash inflow from operating activities of RMB616,812,000 (corresponding period in 2023: RMB568,123,000) 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 RMB139,974,000 (corresponding period in 2023: RMB902,390,000). This is mainly due to the payment for acquisition of property, plant and equipment and construction in progress and cash paid for settlement of derivative financial instruments which totalled RMB337,270,000 and RMB121,413,000 respectively (corresponding period in 2023: RMB244,464,000 and RMB53,876,000 respectively). The outflow was offset to a certain extent by the net withdrawal of term deposits amounted to RMB269,628,000 (corresponding period in 2023: an outflow of net placement of term deposits of RMB568,903,000).

During the period, the cash outflow from financing activities amounted to RMB201,746,000 (corresponding period in 2023: inflow of RMB100,927,000). The cash outflow was mainly due to the payment of final dividend for 2023 and repayment of loans from related parties totalled RMB563,504,000 and RMB315,442,000 (corresponding period in 2023: RMB 432,899,000 and RMB88,707,000 respectively). The outflow was offset to a certain extent by the issuance of medium-term notes of RMB497,333,000 (corresponding period in 2023: nil).

As a result, the cash inflow of the Group during the period totalled RMB275,092,000 (corresponding period in 2023: a cash outflow of RMB233,340,000).

The Group's interest coverage was 15.0 times for the period (corresponding period in 2023: 26.9 times), demonstrating the Group is fully capable of meeting its interest expense obligations. As the general economic outlook has improved and the Group is in a stable financial position and able to fulfil its interest obligations, the Group will continue with a responsible approach in managing its cash resources.

Assets and liabilities

As at 30 June 2024, total assets of the Group increased from RMB27,587,424,000 (at 31 December 2023) to RMB29,679,098,000. Non-current assets and current assets increased by RMB329,190,000 and RMB1,762,484,000, respectively. At 30 June 2024, total liabilities of the Group increased by RMB2,016,326,000 to RMB17,230,106,000 (31 December 2023: RMB15,213,780,000). The net asset value increased slightly from RMB12,373,644,000 (at 31 December 2023) to RMB12,448,992,000 as at 30 June 2024. The net asset value per share also increased slightly to RMB6.138 at 30 June 2024 from RMB6.101 at 31 December 2023.

Contingent liabilities

As at 30 June 2024, the Group had outstanding procurement performance guarantees issued by relevant banks totalling RMB6,006,245,000 (31 December 2023: RMB3,328,102,000), project execution guarantees totalling RMB537,873,000 (31 December 2023: RMB496,645,000), warranty guarantees totalling RMB110,360,000 (31 December 2023: RMB96,045,000) and miscellaneous guarantees totalling RMB15,274,000 (31 December 2023: RMB16,626,000). 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.

As at 30 June 2024, the Group had contracted but not provided for capital commitments of RMB184,201,000 (31 December 2023: RMB347,159,000), while the Group did not have any authorised but not contracted for capital commitments (31 December 2023: 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 2024, the Group invested RMB392,305,000 (corresponding period in 2023: RMB322,732,000) in capital expenditure for expansion of production capacity, general maintenance of production capacity and new business ventures.

Significant Investment Held and Future Plans for Material Investment and Capital Assets

During the six months ended 30 June 2024, the Group did not have any significant investment, and there was no plan for other material investments or additions of capital assets as at the date of this announcement.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2024, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures.

Charge on Assets

As at 30 June 2024, no property, plant and equipment was pledged.

Employees and Remuneration Policies

As at 30 June 2024, the total number of employees of the Group was approximately 11,000 (corresponding period in 2023: approximately 10,600). Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and equity-settled share-based payment expenses) were approximately RMB1,360,010,000 (corresponding period in 2023: RMB1,189,933,000). The rise in total staff costs were mainly attributable to the increase in production level during the period.

BUSINESS REVIEW

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

BUSINESS REVIEW BY SEGMENTS

Clean Energy

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

Onshore Clean Energy Business

In the first half of 2024, China's economy in general continued to show a positive trend of recovery, and the natural gas market further rebounded, with both supply and demand flourishing. The data of the National Bureau of Statistics showed that, in the first half of 2024, the domestic industrial natural gas production above-scale amounted to 123.6 billion m^3, reaching a record high for the same period in history, representing a YoY increase of 6%. According to the gas database monitoring, in the first half of 2024, domestic apparent consumption of LNG increased by 21% YoY to 20.17 million tons. From January to June 2024, China's apparent consumption of natural gas amounted to 213.8 billion m^3, representing a YoY increase of 10%. The import of natural gas also grew rapidly in China to 64.65 million tons from January to June 2024, up 14% YoY, of which LNG import volume amounted to 38 million tons, up 14% YoY, with an average import price of RMB3,489/ton, down 10% YoY.

The LNG market price oscillated downward and remained low due to the resonance of multiple factors such as the decrease in imported LNG price and the increase in supply. The data of the National Bureau of Statistics also showed that, in late June 2024, the average LNG price was RMB4,335/ton, while the diesel price was still at a high level, reaching RMB7,729/ton in late June 2024. As the price gap between LNG and diesel further widened, the price ratio was as low as 0.6, stressing the economy of natural gas, which continues to benefit terminal applications.

During the reporting period, the Group's upstream projects for joint production of hydrogen and LNG progressed smoothly. Among them, Angang CIMC project for joint production of hydrogen and LNG from coke oven gas has completed integration testing and officially put into production and operation. Additionally, a number of other projects under construction or in the pipeline were in the process of being actively pursued. The Angang CIMC project is the first project in China that realises the integration of digital and intelligent technology with business scenarios for energy production, storage, transportation, refuelling and use, providing an "end-to-end" ecological solution for the high value-added utilisation of coke oven gas, injecting new quality productive forces into the traditional industry, and assisting in energy saving and carbon reduction in the iron and steel industry. In the midstream business field, the Group's sales of natural gas storage and transportation equipment soared thanks to the growth in both apparent consumption and import volume of natural gas, with sales of LNG tank containers significantly increasing by 295% YoY. In the field of terminal application, with the economic advantage of natural gas being constantly stressed and the LNG heavy-duty truck market rapidly picking up, a total of 110,000 LNG heavy-duty trucks were sold in the domestic market during the period, representing a YoY increase of 104%, reaching a record high for the same period in history, giving the on-vehicle LNG cylinder market a remarkable boost. The Group's newly signed orders and delivered orders of on-vehicle LNG cylinders both grew significantly, recording a sales revenue of approximately RMB720 million during the period, representing a significant YoY growth of 711%.

During the reporting period, the overseas clean energy markets expansion also showed promising development. Focusing on Africa, the Middle East, South America, Southeast Asia and other countries and regions with abundant natural gas resources or fast-growing demand, the Group continued to expand its business layout. In the first half of 2024, the Group signed overseas bulk orders for LNG tank containers, LNG storage tanks and LNG trailers, and also won the tenders for a number of overseas projects such as gasification station and liquefaction plant, resulting in a significant increase of 48.8% YoY in the new overseas orders for onshore clean energy, reaching RMB1.51 billion.

Offshore Clean Energy Business

With the improving global environmental protection standards and the relevant perfecting policies and regulations, green shipping has become an important trend in the development of the industry. Clarksons Research's data showed that new building orders for alternative fuel vessels in the first half of 2024 accounted for approximately 44% of the total tonnage of all newly ordered vessels, with LNG remaining the most widely used alternative fuel, followed by methanol. The global shipbuilding industry is currently in a new uptrend cycle, with rising new vessel prices due to continued supply-side constraints. As of the end of June 2024, the Clarkson Newbuilding Price Index reached 187 points, representing a YoY increase of approximately 10%. Based on the confirmed orders on hand (approximately 50% on alternative fuels) and the investment plans for the next few years, Clarksons Research forecasts that by the end of 2030, alternative fuel options are available for more than one-fifth of the capacity of the global fleet.

During the period under review, the Group signed a total of 16 new building vessel orders, of which 12 were liquefied gas carriers, LNG bunkering vessels and other main vessel types, including four 40,000m^3 MGC vessels signed with Capital Gas, two 20,000m^3 LNG carrier and bunkering vessels signed with Avenir LNG Limited, and one 12,500m^3 LNG bunkering vessel and one 20,000m^3 LNG carrier and bunkering vessel signed with Vitol International Shipping Pte Ltd and so on. In addition, the Group successfully delivered three vessels in the first half of the year, including the first 12,000m^3 LNG carrier and bunkering vessel in China to CNOOC.

The Group is also proactively engaging in the development of green methanol fuels, and is steadily pushing forward its first biomass green methanol demonstration project with annual production capacity of 50,000 tons in Guangdong.

Hydrogen Energy Business

Since 2024, more than 10 hydrogen energy policies have been issued by state ministries and commissions in the People's Republic of China, improving the hydrogen industry policy system on various levels, such as technology research and development, standard formulation, and demonstration projects. And in April 2024, hydrogen energy was officially included in the Draft Energy Law of the People's Republic of China, legally establishing hydrogen's status as an energy source and accelerating the implementation of green hydrogen and green ammonia projects. Meanwhile, many provinces and municipalities across the country have also released hydrogen industry policies in the first half of the year. Currently,15 regions have already loosened restrictions on hydrogen energy, with some regions explicitly stating that green hydrogen does not require a hazardous chemicals safety license, which would greatly reduce the compliance threshold for green hydrogen manufacturing, accelerate the demonstration progress of hydrogen energy in the transportation and industrial sectors, and promote the high-quality and rapid development of the hydrogen industry. In the first half of 2024, 2,773 and 2,644 hydrogen fuel cell vehicles in China were manufactured and sold, respectively, representing a YoY increase of 11% and 10%.

During the period under review, in terms of upstream hydrogen production, the hydrogen production and storage equipment based on PEM electrolytic water technology, jointly developed by Tan Kah Kee Innovation Laboratory at Xiamen University and the Group, was successfully delivered. The group standard of the "T/CIET 336–2023 Technical Requirements for Hydrogen Production System with Proton Exchange Membrane Electrolysis of Water" in which the Group participated was successfully published. The first demonstration project of hydrogen production from coke oven gas will soon be successfully put into production. In terms of midstream storage and transportation, favored by the hydrogen energy policies of this year, the green hydrogen project and demonstration and application projects around the country were progressing rapidly, with the Group's cooperation projects focusing on large-scale green hydrogen storage and transportation, hydrogen expressway, industrial applications, etc., flourishing. In the first half of the year, the Group won the tender for the spherical tanks project for the green power and green hydrogen production, storage, refuelling and use integrated hydrogen mine comprehensive construction project in the mining area of Daye, Hubei Province, with the on-site installation of two spherical tanks already completed. Additionally, a variety of equipment such as long pipe trailers and on-board hydrogen supply systems was supplemented with the "Tianjin Port – Handan – Changzhi – Rongcheng" hydrogen zero-carbon two-way transportation corridor demonstration and application projects in Tianjin, Hebei and Shanxi Provinces, with an order value exceeding RMB50 million. In terms of liquid hydrogen, with the development of liquid hydrogen technology, the liquid hydrogen projects have gradually been implemented. In the first half of the year, the Zhangjiakou hydrogen liquefaction plant demonstration project and the Fuyang liquid hydrogen refuelling station demonstration project in which the Group participated were progressing steadily, with expected delivery in the second half of the year. In terms of hydrogen refuelling stations, the Group successfully delivered a number of fixed hydrogen refuelling stations and skid-mounted hydrogen refuelling stations in the first half of the year. In addition, the Group successfully won the tender for the hydrogen refuelling station in the Wuqiang service area (武強服務區) under Hebei Expressway Yanzhao Yixing Group (河北高速燕趙驛行集團), which would help to build the first hydrogen expressway service area in Hebei Province. The group standard of the "T/CIET 338–2023 Hydrogen Refuelling Station Operation and Management Regulation" in which the Group participated for compilation was also officially released.

Prospects

Onshore Clean Energy Business

In recent years, the international geopolitical situation has been in great turmoil, the supply chain of the energy industry chain has been repeatedly disrupted, and the global energy landscape has been profoundly adjusted. Amid the ongoing global energy transition, LNG, as a clean, stable and safe fossil energy, has enjoyed booming supply and demand and rapid growth, and has gained popularity among many governments and energy giants. A recent report by Goldman Sachs predicts that global investment in LNG is expected to grow by more than 50% by 2029, with global LNG supply projected to surge by 80% by 2030.

On the demand side, oil and gas giant Shell forecasted in its 2024 annual LNG outlook report that global LNG demand is expected to grow by more than 50% by 2040, with strong demand from China, South Asia and Southeast Asian countries being the main drivers behind. According to the forecasts of analysts ICIS and Rystad, China's LNG import volume is expected to rebound from 70 million tons in 2023 to 80 million tons in 2024, surpassing the record of 78.79 million tons in 2021. The data from the International Energy Agency (IEA) also showed that China accounted for 30% of all LNG purchase and sale agreements signed in the past five years. Based on the current trend, China's share of active LNG contracts will double from 12% in 2021 to around 25% by 2030. As an advanced and intelligent manufacturer of clean energy equipment, the Group's related equipment and projects are also expected to continue to benefit from the fast ramp-up of LNG demand.

Offshore Clean Energy Business

Driven by the steady recovery of the global economy and the low-carbon transformation in the energy sector, the global demand for natural gas has continued to increase in recent years. Among them, the proportion of LNG trade volume has been increasing annually. As predicted by the Gas Exporting Countries Forum (GECF), the proportion of global LNG trade volume in natural gas trade volume is expected to increase to 48% by 2030 and 56% by 2050, respectively.

According to the CCS Wuhan Rules & Research Institute (中國船級社武漢規範所), the proportion of LNG fuel used in new inland vessels will reach over 10% by 2025. According to the total number of newly-built ships, China is expected to construct at least 500 LNG-fueled inland vessels. For the conversion of existing inland vessels to LNG fuel-powered vessels, there are approximately 7,000 potential vessels to be retrofitted. At that time, China will have approximately 8,000 LNG-fueled inland vessels (including existing ones). According to the comprehensive calculation of the number and fuel consumption of LNG-fueled vessels above, the annual consumption of LNG fuel for domestic vessels in China will be approximately 500,000 tons by 2025. It is expected that 40% of coastal vessels in the Pearl River Delta and Yangtze River Delta will be refuelled with LNG. The market demand for LNG fuel is expected to reach 360,000 to 510,000 tons in 2025 and 770,000 to 1,060,000 tons in 2030, respectively. In light of the limited LNG refueling facilities currently in China, the market demand for it is considerable.

As a global leader in the niche of small and medium-sized liquefied gas vessels, the Group will fully benefit from the booming shipbuilding industry cycle and the opportunities for global energy structure transformation with its full-spectrum liquefied gas vessel construction capabilities and diversified customised fuel tank solution capabilities to meet the urgent demand for green ships in the market.

Hydrogen Energy Business

Hydrogen energy has been legally recognised as an important component of the national energy system and a critical carrier for achieving green and low-carbon transformation in energy consumption. It is also a strategic emerging industry and a key direction for future industrial development. According to statistics from the China Hydrogen Energy Alliance, 78 renewable hydrogen projects have been completed and put into operation as of June 2024, with a total project scale of approximately 970 MW and a production capacity of approximately 110,000 tons per year, covering 25 provinces (municipalities, autonomous regions) and involving 70 enterprises. The Group is accelerating infrastructure construction and actively creating new quality productive forces in the energy sector. At present, the Group has completed the layout of equipment and capabilities for the production, storage, transportation, refuelling and application of hydrogen energy throughout the entire industry chain. With the accelerated maturity of the hydrogen energy industry, the ability to provide integrated solutions based on the layout of the entire industry chain will gradually emerge, bringing new growth opportunities for our business.

Future Plans and Strategies

The strategic development direction of the Group is gradually extending from "equipment + engineering" to "comprehensive service provider", aiming to create the integrated industry interaction powered by digitisation and intelligence relying on "key equipment + core processes + comprehensive services", and transform into a comprehensive service provider of technology-based low-carbon intelligent new energy solutions.

Onshore Clean Energy Business

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

Offshore Clean Energy Business

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

Hydrogen Energy Business

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

Research and Development

During the first half of 2024, the clean energy segment completed the development of several new products. Some of the research and development projects recorded breakthroughs. Additionally, the Group participated in the formulation of several standards. For example:

1. Participated in the formulation of the national standard Seamless Steel Tubes for Large Volume Gas Tank (GB/T 28884–2024) (GB/T 28884–2024《大容積氣瓶用無縫鋼管》), which has been released, further enhancing the Group's reputation in the field of large volume gas tank manufacturing.

2. Presided over the formulation of the group standard Technical Regulations for Safety Use of Helium Tube Trailer (T/CCGA 20014–2024) (T/CCGA 20014–2024《氦氣長管拖車安全使用技術規範》), which has been released by the China Industrial Gases Industry Association, making new contributions to the development of special gas storage and transportation equipment.

3. Completed the optimisation and upgrade of hydrogen energy transportation equipment for the φ 715 glass fiber wrapped gas tank, further enhancing the market competitiveness of the products.

4. Completed the R&D of international underwater CO_2 energy storage tank containers, which are a new application scenario for CO_2 energy storage and have achieved bulk sales of energy storage products for export.

5. Completed the R&D of new integrated technology for micro-innovation of LPG mid-pressure products, reduced the weight by 300kg per vehicle by using SAD stress analysis design, and continued to maintain the leading advantage of the largest capacity and the most loading mass in China; each vehicle could load additional 3 to 5 tons of media with the unique multi-hole upper-inlet structure, bringing significant economic benefits to customers.

6. Submitted a summary report on the trial manufacturing and pilot use of the Three New Technologies of "New Materials, New Technologies, and New Process" for Small LPG (Commercial Propane) Vehicle Tanker with Liquid Discharge Pump to the State Administration for Market Regulation; carried out the design, installation and commissioning of the first industrial distributed clean energy project in Xinjiang Region with official operation realised good demonstration results.

7. Constructed and delivered the first large-scale vertical ultra-high LNG double ear marine fuel tank in the world, adopting a new vertical saddle design to further diversify the types of fuel tank products.

8. Completed the main body structural construction of the largest domestic B-type fuel tank project, which is expected to be delivered in the second half of 2024; compared with the C-type fuel tank, the B-type fuel tank features high capacity utilisation, wide applicability and high reliability, making B-type fuel tank an ideal choice for large LNG fuel tanks and LNG transport and refuelling marine cargo tanks.

9. Successfully launched the SL1500 low-carbon energy station of the Sky Line series, which was applied to the power generation project by ferroalloy tail gas in Ulanqab, further promoting low-carbon and green energy development.

10. Focused on building high-end supporting equipment for the chip industry, completed the preliminary design of high-purity ammonia spherical tanks and the formulation of general manufacturing technology requirements, and its design and manufacturing technology reserves had been preliminarily completed.

The Group also had a number of projects initiated and promoted, including high-precision intelligent mass flow meters, high-end cryogenic valves (liquid hydrogen, liquid helium), high-efficiency liquid driven hydrogen long-term storage technology and equipment, vacuum environmental protection consolidation tanks, etc.

To facilitate sustainable and healthy development, the Group is actively expanding its development projects in the new energy field and has made significant progress in the field of hydrogen equipment, standards and regulations. For example:

1. The Company's first project for joint production of hydrogen and LNG from coke oven gas with Angang Steel will be officially put into production, providing "end-to-end" green solutions for the high value-added utilisation of coke oven gas.

2. Participated in the preparation of the industry standard Technical Specifications for Road Transportation of Hydrogen (Liquid Hydrogen) (《氫氣(含液氫)道路運輸技術規範》), laying the foundation for road transport of civilian liquid hydrogen tank truck.

3. Participated in the preparation and publication of group standards for High-Performance Carbon Fiber for 70MPa Type IV Hydrogen Storage Cylinder Pressure Vessels (T/C1 279–2024) (《T/C1 279–2024 70MPa IV型儲氫瓶壓力容器用高性能碳纖維》), Solid Hydrogen Storage Integrated Equipment Technical Requirements (T/CIET 463–2024) (《T/CIET 463–2024固態儲氫一體化設備技術要求》), Pneumatic Control Valves for Liquid Hydrogen (T/CAB 0331–2024) (《T/CAB 0331–2024液氫用氣動控制閥》), Emergency Shut-Off Valves for Liquid Hydrogen (T/CAB 0330–2024) (《T/CAB 0330–2024液氫用緊急切斷閥》), Ball Valves for Liquid Hydrogen (T/CAB 0329–2024) (《T/CAB 0329–2024液氫用球閥》) and Butterfly Valves for Liquid Hydrogen (T/CAB 0328–2024) (《T/CAB 0328–2024液氫用蝶閥》), contributing to the standardised development of the liquid hydrogen industry.

4. Completed the liquid hydrogen filling of the first commercial liquid hydrogen storage tank and tank carrier in China, officially entering the testing phase of liquid hydrogen type.

5. Commenced construction of the first domestic commercial liquid hydrogen spherical tank, and the construction and pressure testing of the inner container have been completed, and the insulation construction of the inner container has begun.

6. Completed the launch and release of 90Mpa liquid-driven hydrogen compressor, and achieved the production and delivery of liquid-driven compressor on skid-mounted hydrogen refuelling stations.

7. The type IV hydrogen cylinder features low gravimetric capacity and high hydrogen storage density per unit mass. Its production line has entered the phase of equipment debugging and product certification, and bulk production will be realised in the second half of 2024.

Chemical and Environmental

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

In the first half of 2024, amidst the complex international political and economic situation, this segment remained focused on high-quality development and adhered to the principle of making progress while maintaining stability, which ensured that production and operation were carried out in an orderly manner in accordance with the established strategies and annual targets through unremitting efforts and overcoming difficulties. The segment maintained its global market share of tank containers at No. 1, demonstrating resilience in its development, with the business of medical equipment components growing steadily and after-market business continuing to advance.

In the past two years, the global economy and trade have been affected by multiple factors, including international geopolitical tensions and fluctuations in the USD interest rate, etc. The global economy, including the chemical industry, has experienced a "weak recovery", leading to a slowdown in the market demand for tank containers compared to the previous rapid growth.

According to ITCO statistics, as of January 2024, the total inventory of the global tank container market reached 850,000 units, with a compound annual growth rate of 8% from 2013 to 2023. In the long run, the tank container market is still maintaining an upward spiral, and heading towards a safer, more economical, more environmentally friendly and smarter green logistics model.

With years of experience in production technology and quality management in the field of tank containers, the segment has developed its medical equipment components business and become a core supplier of medical imaging equipment such as Siemens, Philips, United Imaging Healthcare (聯影醫療) and Jansen NMR (健信核磁). In the future, the segment will plough into the field of medical imaging equipment, expand the depth and breadth of products, and cooperate more deeply with mainstream customers to further expand and strengthen, thus enhance the market share.

The after-market business mainly includes cleaning, refurbishment, renovation, maintenance and inspection of tank containers. The segment is gradually building up its after-market service network for tank containers and has already provided after-market services such as cleaning, refurbishment, renovation, maintenance and inspection of tank containers to its customers in areas such as the Netherlands and Jiaxing City, Zhejiang Province. In the future, the segment will rely on the "Tank Container After-market Service and Network Upgrade" project to add advanced equipment, introduce technical talents, optimise the technical service process, and enhance the overall after-market comprehensive service capability.

Prospects

Tank container is a kind of safe and efficient chemical logistics equipment. In the long run, the gradual promotion of multimodal transport policy, stricter chemical safety requirements and trans-regional investments in the chemical industry will help improve the penetration rate of tank containers in the chemical logistics area and promote the continuous growth of the chemical logistics industry, thus driving the tank container industry and market to maintain a rising trend in the long run. In recent years, with the rapid development of chemical industry in China, the specialisation of chemicals and containerised transport is actively promoted on a national level, which has laid out a solid foundation for the long-term sustainable development of tank containers in China.

In February 2024, President Xi chaired the 4th meeting of the Central Commission for Financial and Economic Affairs (CCFEA), at which he stressed "lowering logistics costs for the whole society is an important measure to improve the efficiency of economic operations; the key methods to lower logistic costs are adjusting structures and promoting reformation for lowering logistic costs, warehousing costs and management costs effectively; optimising the logistic structures to strengthen the "rail transport instead of road transport" and "waterway transport instead of road transport", promoting the integrated transportation system reformation for forming an integrated, efficient, competitive and orderly logistic market".

In May 2024, the Notice on the Key Task of Cost Reduction in 2024 (《關於做好2024年降成本重點工作的通知》) issued by the National Development and Reform Commission (NDRC), which proposed to develop multimodal transport vigorously and supported the development of a "one-bill system" and "one-container system". It also proposed to accelerate the construction of ports, logistics parks and other special-purpose railway lines, vigorously promote "rail transport instead of road transport" and "waterway transport instead of road transport" for bulk cargo and medium-to-long-distance cargo transportation, improve the efficiency of transportation, facilitate faster growth of the transportation capacity of container rail-water multimodal transport at ports and promote the proportion of green collection and distribution capacity of bulk cargoes at ports, logistics parks and industrial and mining enterprises to increase steadily.

Future Plans and Strategies

Upholding the corporate vision of "becoming an outstanding leader in the field of global chemical logistics and environmental protection," this segment will implement the corporate mission of "innovation and leadership, intelligent renovation and digital transformation, tank containers linking the world, green development." Innovation and leadership: centering on emerging industries, the Company will insist on long-term investment in research and development, continuous innovation, continued development of application products for new scenarios, and the coverage of the needs of customers in emerging industries; intelligent renovation and digital transformation: the Company will introduce intelligent technology and equipment transformation for upgrading production processes, reducing costs and increasing efficiency, and achieving the improvement on management processes and production digitalisation; tank containers linking the world: the Company will promote the application in the tank container industry, guide the development trend of the tank container industry, consolidate and increase the market share and improve the tank container penetration rate; green development: the Company will actively save energy and reduce emission, establish green factories, guide the environmental protection standards in the industry, and improve the standard of green environmental protection for the manufacturing in industry.

With the rapid development of the new energy industry and the state's policy support on the high-end technology industries, this segment will focus on a number of key areas in the future to cope with the rapid changes and expansion in the market demand. The growth in demand for battery electrolyte and the rise of high-tech industries such as chips and semi-conductors indicate that the market for electrolyte tank containers and electronic-grade inner liner tank containers will be expanded further. At the same time, the development policies of domestic multimodal transport will further highlight the advantages of tank container transportation, enabling users in the new energy industry to turn to the use of tank container equipment for logistics transportation. In addition, we will actively enter the biopharmaceutical industry by developing pharmacy-grade tank container products and utilising our experience in high-precision welding in the medical field to expand into new businesses in the medical testing, industrial and scientific research fields, including superconductive equipment.

Based on consolidating the tank container manufacturing business, this segment will focus on improving the level of intelligence in products, and use the Internet of Things technology to help customers improve operational efficiency and facilitate intelligent logistics. The segment aims to accelerate the global layout of tank container after-sales services and provide customers with full life cycle services, so as to expand our brand influence, enhance our competitiveness, and offer customers better value-added services, therefore further improving customer satisfaction and loyalty.

In terms of medical equipment business, based on the strong manufacturing capability and strict quality control system, on the basis of stabilising the market position of nuclear magnetic components, this segment carried out in-depth strategic cooperation with the international mainstream medical suppliers to become the world's leading high-quality supplier of container components and services in the field of MR superconducting magnetic resonance, and further extended the high-end medical equipment supporting coverage at the same time.

In terms of the environmental protection business, this segment will continue to optimise its business layout and explore potential opportunities in the waste recycling of urban mines and rare and precious metals, etc. It is committed to promoting a sustainable industrial model and contributing to the sustainable development of the society and the environment.

Research and Development

In the first half of 2024, the segment led and participated in the preparation of a national standard "Safety Technical Requirements for Road Transportation of Liquid Dangerous Goods-Metal Transportable Tank Container (《液體危險貨物道路運輸金屬可移動罐櫃安全技術要求》)", to fill the blank of this industry standards in China, and has completed the solicitation of opinions from the public.

The segment is committed to providing customers with a full range of logistics solutions, and achieving the development of a series of special tank container products and the upgrade and iteration in standard products through collaborative research and development model of industry-university-research cooperation among China, England and Europe. The world's largest 52-foot tank container has been successfully developed, which can be used to replace railroad tankers. In order to solve the cleaning problems that have long plagued square tank users due to the internal structure of the product, we have provided easy-to-clean square tank containers. Aiming at high-potential downstream applications, we have laid out product solutions in advance, and developed vacuum environmentally friendly collection and transportation tank containers, and special inner liner tank containers for flow energy storage power stations.

The segment has been favored by customers since the release of the new intelligent IoT platform last year, with more than 10,000 devices operated on the enterprises' privatised platforms to help them avoid troubles. Since this year, IOT products have added an over-the-air (OTA) upgrade function, realising remote terminal control of customers and greatly improving customer experience.

The segment continues to be committed to the development and application of new technologies, processes and materials, actively carrying out the upgrade of production lines to automation, digitalisation and intelligence. In terms of environmental protection, the ultra-low volatile organic compounds (VOCs) emission powder coating technology has been applied in large-scale production. In terms of welding application, the double-welding wire submerged arc welding of gas tank cylinder ring seam have been completed, which has improved the welding efficiency and quality. In the surface treatment of tank containers, fully automatic shot blasting has been realised, which reduces the labor intensity of employees and improves products quality simultaneously.

Liquid Food

The business entity of this segment is CIMC Liquid Process Technologies Co., Ltd. ("**CLPT**", security code: 872914). This segment specialises in the design, manufacturing and delivery of stainless steel tanks and process equipment for various industries such as beer, distilled spirits, hard seltzer, solid fermentation, fruit juice, Ready To Drink beverages (RTDs) and biopharmaceuticals. The segment possesses globally reputable and leading brands Ziemann Holvrieka, Briggs, DME, Künzel and McMillan.

This segment has been deeply engaged in the field of bio fermentation intelligent equipment and production lines for 16 years, providing "turnkey project" solutions for process design, equipment manufacturing, installation and integration systems for major customers in biomedicine, distillation, brewing and other industries. Its manufacturing base is based in Europe, North America and China, with sales and service outlets all over the world, and the brand has a high reputation in the world. At present, this segment has obtained ISO9000, ISO14000, OHSAS18000 and other management system certifications, integration of industrialisation and industrialisation implementation certification, intelligent manufacturing management system certification, ASME U United States pressure vessel certification, PED EU pressure equipment certification, pressure vessel manufacturing special equipment license, etc.. This segment is awarded as "Jiangsu Province Specialisation, Refinement and Novelty Medium-Sized Enterprises", "Jiangsu Province Service-Oriented Manufacturing Demonstration Enterprise" and "National High-Tech Enterprises".

This segment has built a provincial-level enterprise technology center and two municipal-level R&D centers and has established industry-university-research cooperation with Jiangnan University and other universities. In the assessment of technological achievements sponsored by Jiangsu Province, the temperature-controlled fermentation technology applied in the field of bio fermentation intelligent production lines is regarded as cutting edge both in Chinese and international markets, which is primarily employed in the intelligent productions lines of biological fermentation and steel industries. The segment has 110 intellectual property rights, including 21 I Class invention patents and 79 utility models; among them, there are 7 high-value patents and 23 inventions accepted for ten years.

During the period under review, numerous projects were being executed, including the following highlighted projects: large scale turnkey brewery project in Cambodia, juice cargo tank project and other brewing and distilling projects in Mexico & Ireland.

In the first half of 2024, the overseas markets faced several challenges, including increased costs for raw materials, electricity and wages. Moreover, the anticipated growth in these markets has not materialised due to the macro-economic changes in consumer behavior and the increased cost-of-living where consumers cut back on non-essential purchases. These conditions have led the clients to adopt a more cautious approach to capital expenditures, resulting in postponements of current and new project executions. However, it is expected that most investment decisions will resume once market conditions stabilise.

The segment has implemented several mitigation actions to navigate the changed market conditions. Most notably, the strategic initiatives of transformation and upgrading of domestic traditional industries and development of "new quality productivity" have provided huge opportunities for this segment in the domestic market. This segment has been recognised by more domestic customers with its excellent EPC project delivery experience, automation, intelligent level and energy saving and emission reduction green development capabilities.

The focus remains on further diversification into the pharmaceutical industry and continuing to seize existing opportunities in regions with higher growth trajectories such as Asia Pacific, and supporting existing customers in meeting their sustainability goals. Ongoing operational excellence initiatives are positioning the segment strongly to seize emerging opportunities as market conditions stabilise.

The segment is under the process of spin-off and separate listing. On 28 June 2024, CLPT received the approval for the public transfer and quotation on the National Equities Exchange and Quotations System (全國中小企業股份轉讓系統) ("**NEEQ**") and the quotation of CLPT on the NEEQ has commenced on 8 August 2024, with the security code: 872914.

Prospects

With its expertise in designing, manufacturing, and project engineering of bio fermentation processing equipment, the segment drives integrated solutions forward for the beer, distilled spirits, juice and various other industries. This accomplishment is a result of the segment's experience in global project delivery, strong technical capabilities, and continued commitment to superior quality. Major growth drivers for the global liquid processing industry are a growing world population, rising middle class, increased share of people living in urban areas and a continued focus on sustainable production and CO_2 footprint reduction. This, in combination with increased customer interests in technological advancement and sustainable solutions, puts the segment in a favorable position to ensure sustained future growth.

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

Future Plans and Strategies

Looking ahead, the liquid food segment will continue to consolidate its leading position in beer and distilling sectors, expand business opportunities in some other prosperous industries horizontally.

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

Research & Development

The liquid food segment has continued to focus on the research and development and in-depth development of a series of liquid food equipment products, including:

- The segment is currently exploring the development of industrial complex distillation systems. Additionally, the R&D teams worked on mechanical vapor recompression solutions for the Scottish whiskey industry, supporting our customers to save their energy costs and to contribute to their sustainability targets.

- The segment deeply participated in the upgrading and transformation of Chinese solid fermentation industry technology, with research and development of technology and equipment for the whole solid fermentation industry chain, in which, it focused on the equipment for key processes such as the grain processing system to improve the utilisation of grains which benefits agrifood preservation and food chain.

- The segment has recently started to participate in two public research projects concerning the development of soft sensing devices for yeast propagation and beer fermentation (Ostwestfalen-Lippe University of Applied Science and Arts) as well as basic research to virtualise purposes of liquid food plant engineering and commissioning by means of modularisation and simulation (Technical University of Munich, Weihenstephan).

CORPORATE GOVERNANCE

The Company complied with all the code provisions of the Corporate Governance Code set out in part 2 of Appendix C1 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 2024.

The latest corporate governance report of the Company is set out in the Annual Report 2023. 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, the trustee of Share Award Scheme (2020) purchased 300,000 shares on the Stock Exchange pursuant to the terms of the trust deed under the Share Award Scheme (2020).

Saved as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities (including sale of treasury shares (as defined under the Rules Governing the Listing of Securities on the Stock Exchange), if any) of the Company during the six months ended 30 June 2024. The Company does not have any treasury shares as at 30 June 2024.

DIRECTORS

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

By order of the Board
CIMC Enric Holdings Limited
Gao Xiang
Chairman

Hong Kong, 22 August 2024

The Interim Report 2024 will be dispatched to the shareholders as requested and published on the websites of the Company and the Stock Exchange as soon as possible.