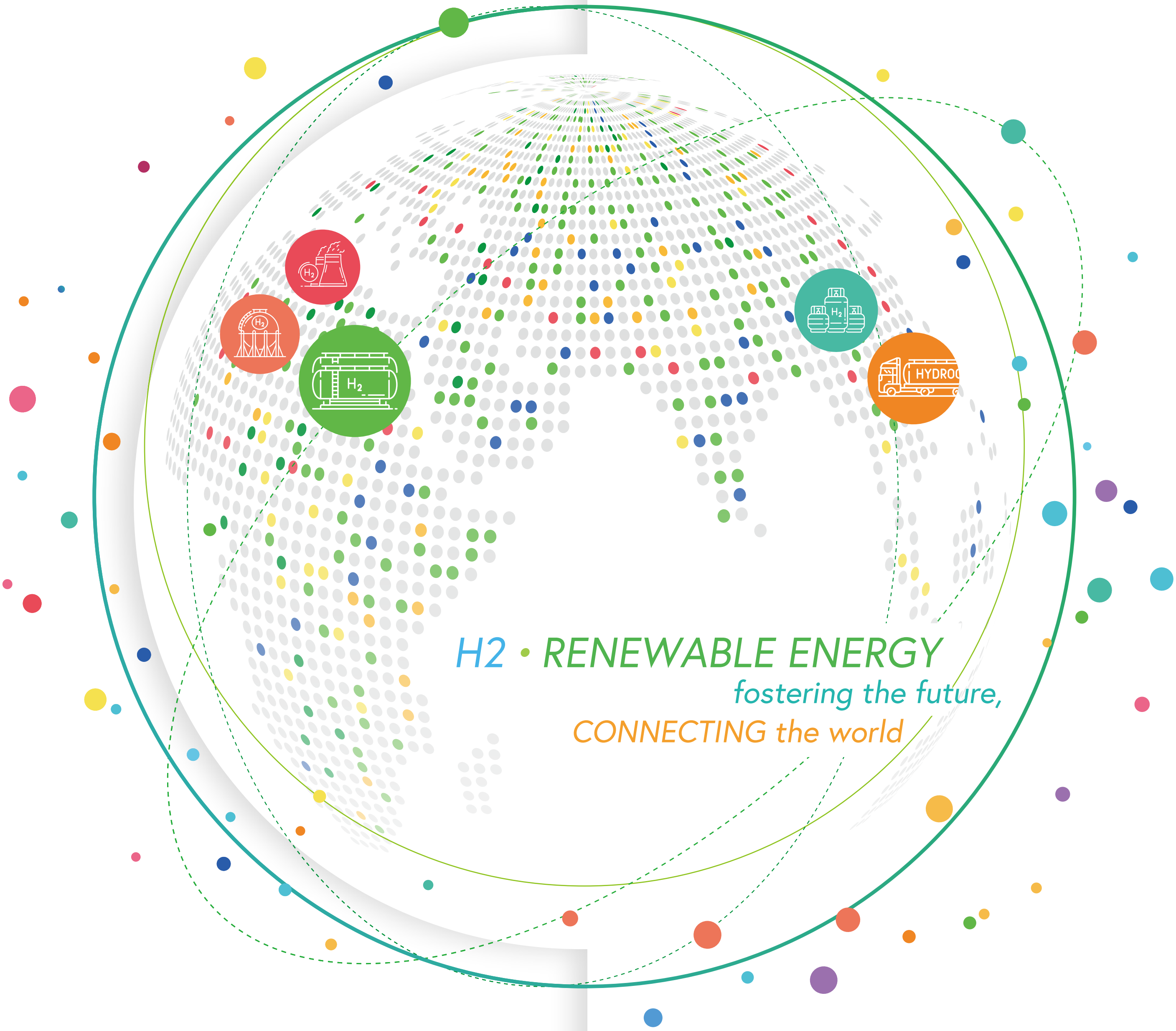
CIMC ENRIC

CIMC Enric Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code：3899



Annual Report 2023

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H2 • RENEWABLE ENERGY

fostering the future,

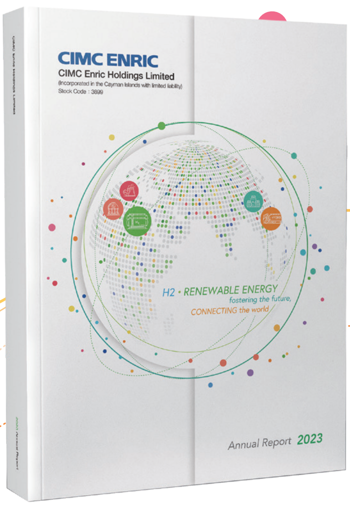
CONNECTING the world

Vision

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

Mission

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



About Us

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

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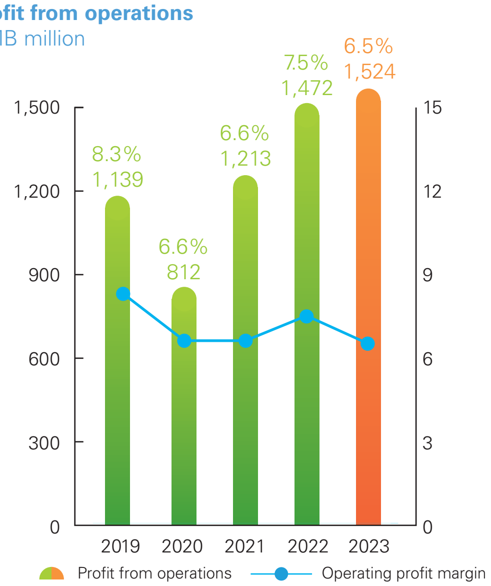
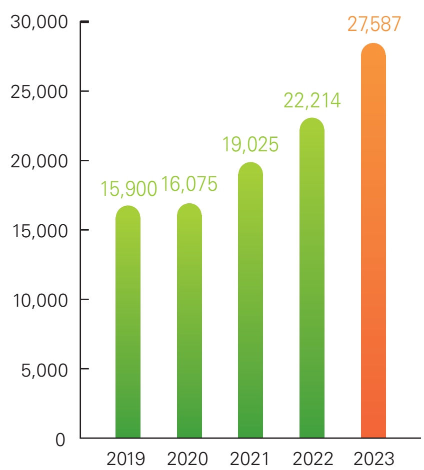
FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	**23,626,279**	19,601,761	18,424,763	12,289,567	13,743,019
Profit from operations	**1,524,827**	1,472,288	1,212,559	811,991	1,138,573
Finance costs	**(93,536)**	(80,470)	(70,425)	(44,730)	(62,132)
Share of results of associates and a joint venture	**25,997**	6,484	(2,577)	5,998	9,371
Profit before taxation	**1,457,288**	1,398,302	1,139,557	773,259	1,085,812
Income tax expenses	**(293,727)**	(313,364)	(231,165)	(207,051)	(184,407)
Profit for the year	**1,163,561**	1,084,938	908,392	566,208	901,405
Attributable to:					
Equity shareholders of the Company	**1,113,972**	1,055,062	883,581	579,923	911,007
Non-controlling interests	**49,589**	29,876	24,811	(13,715)	(9,602)
Profit for the year	**1,163,561**	1,084,938	908,392	566,208	901,405
Earnings per share					
– Basic	**RMB0.554**	RMB0.528	RMB0.447	RMB0.293	RMB0.464
– Diluted	**RMB0.499**	RMB0.468	RMB0.428	RMB0.293	RMB0.459
Total assets	**27,587,424**	22,214,474	19,024,673	16,074,720	15,900,033
Total liabilities	**(15,213,780)**	(12,686,967)	(10,524,996)	(8,603,362)	(8,515,522)
Net asset	**12,373,644**	9,527,507	8,499,677	7,471,358	7,384,511

Profit from operations
RMB million



Total assets at 31 December
RMB million



FINANCIAL HIGHLIGHTS

	As at 31 December		
	2023 RMB'000	2022 RMB'000	YOY Change
FINANCIAL POSITION			
Total assets	**27,587,424**	22,214,474	+24.2%
Net assets	**12,373,644**	9,527,507	+29.9%
Net current assets	**7,098,033**	6,119,401	+16.0%
Cash and cash equivalents	**6,998,191**	5,223,453	+34.0%
Interest bearing debts[1]	**2,626,935**	2,000,870	+31.3%
Gearing Ratio[2]	**21.2%**	21.0%	+0.2 ppt

	For the year ended 31 December		
	2023 RMB'000	2022 RMB'000	YOY Change
OPERATING RESULTS			
Revenue	**23,626,279**	19,601,761	+20.5%
Gross profit	**3,720,824**	3,401,440	+9.4%
EBITDA	**1,957,544**	1,858,946	+5.3%
Core profit[3]	**1,281,381**	1,227,963	+4.4%
Profit from operations	**1,524,827**	1,472,288	+3.6%
Profit attributable to equity shareholders	**1,113,972**	1,055,062	+5.6%
PER SHARE DATA			
Earnings per share – Basic (RMB)	**0.554**	0.528	+4.9%
Earnings per share – Diluted (RMB)	**0.499**	0.468	+6.6%
Net asset value per share (RMB)	**6.101**	4.697	+29.9%
KEY STATISTICS			
GP ratio	**15.7%**	17.4%	-1.7 ppt
EBITDA margin	**8.3%**	9.5%	-1.2 ppt
Operating profit margin	**6.5%**	7.5%	-1.1 ppt
Net profit margin[4]	**4.7%**	5.4%	-0.7 ppt
Return on equity[5]	**10.9%**	12.1%	-1.2 ppt
Interest coverage – times	**17.6**	19.1	-1.5
Cash conversion cycle days[6]	**54**	52	+2

Notes:

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

2 Gearing ratio = Interest bearing debts ÷ Total equity

3 Core profit* = Profit for the year + Amortisation of share base incentive scheme expense + Convertible bonds related imputed interest expenses

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

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

6 Cash conversion cycle days* = Inventory turnover days + Debtor turnover days + Contract assets turnover days – Creditor turnover days – Contract liabilities turnover days

* The core profit and cash conversion cycle days are non-HKFRS measures facilitating the evaluation of financial performance of the Group's core operations. Such non-HKFRS measures may be defined differently from similar terms used by other companies.

CHAIRMAN'S STATEMENT

Dear Shareholders, Investors and Partners,

In 2023, in the face of the complex and ever-changing external environment and the pressure imposed by continuing slowdown in the global economic growth, CIMC Enric insisted on the main course of its clean energy business, forming a "One Core and Two Wings" development pattern with its chemical and environmental and liquid food businesses to achieve long-term high-quality business development. During the year, the Group's chemical and environmental segment was successfully listed on the ChiNext Market of the Shenzhen Stock Exchange with the stock abbreviation of "CIMC Safe Tech" (SZ.301559), maintaining a global leading market share in the tank container amidst challenging circumstances. In addition, the liquid food business continued to make breakthroughs in beer, spirits, biopharmaceuticals and other areas, and its listing is also progressing steadily.

In tandem with the business development, the Group's financial performance has maintained rapid growth for four consecutive years since 2020. Both revenue and profit for the year reached a record high in 2023, with revenue rising to RMB23.63 billion, profit for the year rising to RMB1.16 billion, basic earnings per share reaching RMB0.554, the ROE at the end of the year was 10.9%, and dividend payout ratio was greatly increased to 50%.

Hydrogen & Renewable Energy fostering the future and connecting the world

The dual-carbon target has brought about tremendous changes in the global energy landscape. As one of the mainstays of clean energy, natural gas will play an increasingly important role in the energy transition, while renewable energy such as hydrogen and green methanol has also entered into a phase of accelerated development. During the year, focusing on intelligence, integration and globalization, the Group comprehensively upgraded the full industry lay out and integrated service capabilities of clean energy such as natural gas and hydrogen, and enhanced overseas business expansion, thus revenue and backlog orders from clean energy reached a record high.

On the one hand, the Group continued to consolidate its global leadership position in its champion clean energy products and core businesses, vigorously expanded the America, Africa, Europe, Southeast Asia and other overseas markets to firmly grasp the market opportunities, and fully enjoyed the benefit from the explosive growth of the LNG heavy-duty truck, offshore clean energy dual-fuel shipbuilding and other industries during the year. On the other hand, with the successful replication and promotion of the upstream project model for the joint production of hydrogen and LNG from coke oven gas and the smooth launch of decentralized energy equipment such as the downstream low-carbon energy station, the Group's "end-to-end" value chain of clean energy has been further perfected. Meanwhile, the intelligent interconnection and interoperability of key energy equipment was achieved through the intelligent upgrade of clean energy equipment, and the industry chain-wide operation of natural gas and hydrogen was empowered through the value recreation of the smart energy platform.

In addition, to closely cater to market demands, the Group has continued to promote the implementation of the strategic demonstration projects such as new energy storage and large-scale biomass green methanol, develop strategic emerging businesses, innovatively enlarge room for growth, thus building new momentum for the Group's development.

Technological breakthroughs were made to maintain industry leadership

The Group has always been committed to promoting industrial innovation with scientific and technological innovation, in particular, inspiring new industries and new models and developing new forms of productivity through the use of cutting-edge technologies in the industries in which the Group operates. In 2023, CIMC Enric made technological breakthroughs in various areas such as cryogenic storage and transportation equipment, especially in the hydrogen business field, it has successfully launched domestic first commercialized liquid hydrogen storage tanks, liquid hydrogen tank container and liquid hydrogen tankers, with the research and development of liquid hydrogen spherical tanks occupying a leading position. In addition, the Group successfully launched the first 30MPa hydrogen tube bundle container and cryogenic anhydrous ammonia transportation vehicles in China and secured batches of orders, contributing to the large-scale storage and transportation and commercialization application of hydrogen energy. The Group has also successfully launched the 45MPa diaphragm hydrogen compressor and the 90MPa liquid-driven hydrogen compressor, breaking through the core equipment bottleneck of the hydrogen energy industry chain, which have been widely used throughout the entire hydrogen energy industry chain, and suitable for hydrogen refuelling stations, pipeline hydrogen mixing and other application scenarios.

During the year, the number of advanced and new technology enterprises under the Group increased to 17, and Nantong CIMC Energy Equipment Co., Ltd. was successfully selected into the national list of "Little Giant" enterprises with the features of specialization, refinement, uniqueness and innovation in the fifth batch, making it the third member enterprise of the Group to win such an award. The Group has applied for nearly 120 new patents for invention, and the quality of its patents has been further improved, with invention patents accounting for 60.3%.

Green development with upgraded rating

The Group has been adhering to the sustainable development strategy of "technological innovation, intelligent interconnection, quality growth, and clean energy integrated and comprehensive service capability construction", and has been promoting the wider use of zero-carbon and low-carbon energy while upgrading its own digital and intelligent lean management, aiming to continue to empower the green development of all partners along the value chain.

Internally, the Group has continued to improve its internal systems to enhance its corporate governance standards, initiated the work relating to TCFD (Task Force on Climate-related Financial Disclosure) and published and disclosed for the first time the Company's TCFD report for 2023, and at the same time completed the preparation, publication and revision of the Integrity and Compliance Code, the Whistleblowing Policy and other systems.

In 2023, the Group received excellent ratings from a number of authoritative ESG rating agencies, among which, the MSCI ESG rating was upgraded by two notches to AA, which is currently the first and only AA rating in China's industrial equipment industry, and the Wind ESG rating was also upgraded to AA, which is the first in the industry in the Greater China region.

Under the challenging market environment in 2023, the Group's achieved hard-earned results, which would not have been possible without the continuous struggle and hard work of CIMC Enric's employees both at home and abroad, and the sincere cooperation of our customers for making progress together. For all that, and on behalf of the Board, I would like to express my heartfelt gratitude. Moreover, I would also like to extend my gratitude to our shareholders and investors who have continued to support and accompany the growth of CIMC Enric in the sluggish Hong Kong stock market over the past year.

Standing at the point of time when the global dual-carbon process is accelerating and with an eye on global development, we see tremendous development opportunities in overseas markets, including the Middle East region. The construction of domestic and overseas clean energy transportation vessels and clean energy-powered ships has entered a long-term uptrend channel. And the energy transition has fully paved the way for the increased demand for upstream clean energy alternative fuels. It is expected that in the next 2–3 years, the Group's project for joint production of hydrogen and LNG from coke oven gas will be rapidly replicated and promoted, and will gradually be put into production from 2024 onwards. The green methanol demonstration project is also expected to accelerate its development after its implementation.

In terms of the chemical and environmental business, CIMC Safe Tech, a subsidiary of the Group, will actively optimize its business layout and seek new business growth points in the environmental protection field. Liquid food business will continue to actively and steadily promote the direct-connected mechanism-based listing on Beijing Stock Exchange. CLPT, a subsidiary of the Group, has also actively responded to the needs of the liquid food industry for the sustainable development and green upgrading of its projects, and has incorporated the Group's business strengths to provide its customers with overall "carbon-neutral" beer and whisky turnkey project solutions and secured relevant project orders.

In the future, we will uphold the development philosophy of "green energy, clean logistics and improvement in quality of life", engage with industry partners, and work together to promote the wider and smarter development and application of green energy globally, so as to realize qualitative growth in the clean energy, chemical and environmental and liquid food businesses, and create sustainable development value and investment returns for the society and our shareholders.

Gao Xiang
Chairman

Hong Kong, 25 March 2024

CLEAN ENERGY SEGMENT

Offshore Clean Energy Industry Chain

Upstream (Production & Processing)

- Offshore oil and gas processing module

Midstream (Transportation)

- Small and medium liquified gas carrier (LEG/LPG/LNG)

Downstream (Terminal application)

- LNG bunkering vessel
- Oil-to-gas conversion for vessels

Onshore Clean Energy Industry Chain

Upstream (Production & Processing)

- Liquefaction plant/wellhead skid-mounted equipment
- Wellhead gas treatment and processing

Midstream (Storage & Transportation)

- Clean energy transportation equipment
- LNG peak shaving storage equipment and engineering
- Other clean energy storage equipment and engineering

Downstream (Terminal application)

- On-vehicle LNG fuel tank
- Industrial and commercial LNG fuel equipment

Hydrogen Energy Industry Chain

Upstream (Production & Processing)

- Demonstration project of hydrogen production from coke oven gas
- Alkaline Electrolyzer

Midstream (Storage & Transportation)

- Hydrogen tube bundle trailer
- Hydrogen storage tank

Downstream (Terminal application)

- Hydrogen refuelling station
- Hydrogen combined heat and power solution for buildings
- Type III and Type IV on-board hydrogen cylinder

MANAGEMENT DISCUSSION AND ANALYSIS
Industry Overview

Industry overview

Internationally, by the end of 2023, over 150 countries around the world had set carbon neutrality goals. Major economies such as Europe and the United States have explicitly proposed to promote the development of low-carbon industries to facilitate the transformation into green industries via increasing financial investment. The 28th Conference of the Parties (referred to as "COP28") to the United Nations Framework Convention on Climate Change (UNFCCC) in 2023 garnered widespread attention, on which a consensus on the first global stocktake as per the Paris Agreement has been reached, and the final resolution of the conference was unanimously agreed by 198 parties. It is a first for a United Nations climate change conference that participating countries agreed on establishing a roadmap for "transitioning away from fossil fuels" in the final text of the agreement. Domestically, under the guidance of the "dual-carbon" targets, the National Development and Reform Commission (NDRC), the National Energy Administration (NEA) and other departments have issued a series of supporting policies during the year, including "Opinions on Accelerating the Establishment of A Product Carbon Footprint Management System" and the "Natural Gas Utilization Policy (Draft for Comment)". At the beginning of 2024, the "Interim Regulations on the Management of Carbon Emissions Trading (Draft) " were reviewed and passed, marking a breakthrough in promoting market-oriented approaches to reduce emissions and foster green development.

With the recovery of natural gas consumption in 2023, China's apparent consumption of natural gas amounted to 394.5 billion m^3 according to NDRC, representing a YoY increase of 7.6%. The natural gas import also achieved a YoY increase. The data of the National Bureau of Statistics showed that, the natural gas import amounted to 119,970,000 tons, representing a YoY increase of 9.8%, of which the import of LNG amounted to 71,320,000 tons, representing a YoY increase of 12.4%, accounting for 59.4% of the overall import of natural gas. In addition, with the marginal effect of geopolitics such as the Ukraine crisis on the international energy market weakening, the prices of international spot and medium- to long-term futures of natural gas have recovered to the levels prior to the crisis. The data of the National Bureau of Statistics also showed that, the LNG price in the domestic market basically fluctuated at RMB4,000/ton except for the heating season in winter. In 2023, the average LNG price in the domestic market was approximately RMB4,819/ton, down by 28.9% compared with the same of RMB6,776/ton in 2022, and also decreased as compared with the same period of 2021. Meanwhile, the diesel price remained soaring high in 2023, with an average price in the domestic market of approximately RMB7,925/ton, and the price difference between oil and gas expanded, resulting in the ratio of LNG price to diesel price falling from 1.07, being the highest in 2022, to 0.61 as at the end of 2023, making natural gas a more economic choice and bringing a great impact to the downstream terminal application sector. With the implementation of the more stringent China VI-B emission standards for heavy-duty trucks, the LNG heavy-duty truck industry was gradually rebounding and recorded a significant increase in the second half of 2023. The industry data showed that in 2023, 152,000 LNG heavy-duty trucks were sold in the market, representing a YoY increase of more than three times, and the LNG heavy-duty truck penetration rate also increased from 5–10% to 17%, hitting a high record.

In 2023, the shipping industry also took a significant step forward in its commitment to decarbonization, with the acceleration of green upgrading in the industry globally. Clarksons Research's data showed that about 539 new vessels were built with clean energy alternative fuels, accounting for 45% of the year's new vessel tonnage, among which LNG-powered vessels remained the leading choice with 220 new orders, followed by orders for methanol dual fuel-powered vessels, increasing to 125 orders in 2023. At the same time, the price index of the newly-built liquefied gas vessels rose from 134.99 points at the beginning of 2021 to 198.07 points at the end of 2023, representing an increase of 47%, much higher than the average price index of 155.6 points in the past five years.

The year 2023 witnessed the sustained and rapid development of the global hydrogen energy industry, with China taking a pivotal role in propelling the industry's progress worldwide. The hydrogen energy industry has now been extensively deployed throughout China. On the policy front, six departments including the Standardization Administration and the NDRC jointly released the Guide for Hydrogen Energy Industry Standard System Construction (2023 Edition) in August 2023. This guide was intended to implement the national strategy for developing the hydrogen energy industry, ensuring that the standards play a crucial role in its growth and direction. It clarified the key tasks of domestic and international hydrogen energy standardization work in the next three years, and systematically built a standard system for the full hydrogen energy supply chain, covering hydrogen energy production, storage, transportation and application. At the provincial level, provincial hydrogen energy development plans have been formulated in 28 provinces, municipalities, and autonomous regions, and those without such plans are also advancing hydrogen energy demonstration projects. Data from the China Automotive Research Annual Report indicated that 7,503 hydrogen fuel cell vehicles in China were sold by the end of 2023, marking a nearly 50% increase from 2022. The number of hydrogen refuelling stations surpassed 400, and the annual tender scale for electrolysers was close to 1.7GW.

Onshore clean energy related policies

No.	Release time	Issuing authority	Policy name	Main contents
1	January 2023	CPC Central Committee, State Council	"2023 No. 1 Document of the Central Government"	The construction of "rural micro pipeline network" has been included once again in the important strategic deployment of comprehensively promoting rural revitalization. Developing clean energy is an important task for improving the energy structure, ensuring security, and advancing the construction of ecological civilization.
2	January 2023	NEA	"Key Points of Energy Supervision Work in 2023"	Policies are focused on industry regulation, further strengthening the supervision of the implementation of national major energy plans, policies, and projects, and enhancing the monitoring, analysis, and early warning of energy supply and demand situations for electricity and natural gas.
3	February 2023	NEA	Notice on Printing and Distributing the Action Plan for Accelerating the Integrated Development of Oil and Gas Exploration and Development with New Energy (2023–2025)	To strengthen the construction of the energy production, supply, storage and distribution system, help oil and gas play a greater role in the new energy system, promote the intelligence and greening of the oil and gas industry, and explore the formation of a new model of multi-energy complementarity and integrated development.

No.	Release time	Issuing authority	Policy name	Main contents
4	April 2023	NEA	"Guiding Opinions on Energy Work in 2023"	To emphasize the rapid increase in natural gas production and accelerate the construction of key natural gas production capacity projects. To speed up the integrated development of oil and gas exploration and development with new energy, and promote the intelligent and green development of the upstream oil and gas industry.
5	June 2023	Ministry of Commerce	"Notice of Issuing the List of Key Tasks in Pilot Free Trade Zones (2023–2025)"	To develop an international hub for oil and gas trading and pricing, extend financial and logistics services for natural gas transactions, and conduct in-depth pilot programs for bonded LNG bunkering services for international shipping vessels.
6	September 2023	NEA	"Natural Gas Utilization Policy (Draft for Comment)"	To promote high-quality development of the natural gas industry, which is beneficial for achieving the dual-carbon targets, optimizing and upgrading the industrial structure, ensuring national energy security, and generating positive economic and social benefits.
7	November 2023	Five departments including NDRC	"Opinions on Accelerating the Establishment of A Product Carbon Footprint Management System"	To enhance the management of carbon footprints for key products in our country, with the aim of establishing around 50 and 200 carbon footprint accounting rules and standards for these products by 2025 and 2030, respectively.

Offshore clean energy related policies

No.	Release time	Issuing authority	Policy name	Main contents
1	April 2023	Ministry of Transport	"Opinions on Innovating Maritime Services to Support the Comprehensive Deepening of Reform and Opening Up in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone"	To support the demonstration and application of vessels powered by clean energy and new energy such as hydrogen fuel and lithium batteries, and promote the use of shore power by vessels at berth in accordance with regulations, to facilitate energy conservation and emission reduction.
2	April 2023	NEA	"Guiding Opinions on Energy Work in 2023"	To enhance the ability to guarantee energy transportation by land and sea, and continue to consolidate the four major oil and gas import routes in the northwest, northeast, southwest and at sea.
3	May 2023	Ministry of Transport	"Letter on Written Research on the Development of New Energy and Clean Energy Vessels"	To conduct research and analyze the development trends of LNG, methanol, hydrogen, ammonia, and battery-powered vessels in the international and domestic shipping sectors, taking into account the fuel availability, technological maturity, safety, economic viability, and environmental friendliness.
4	December 2023	Five departments including Ministry of Industry and Information Technology (MIIT) and NDRC	"Opinions on Accelerating the Establishment of A Product Carbon Footprint Management System"	To accelerate the research and development of new types of carriers powered by liquid ammonia, liquid hydrogen and liquid carbon dioxide, and strengthen the research and development and application of marine new energy equipment such as offshore floating wind power, floating photovoltaic, and offshore integrated energy island.
5	December 2023	Five departments including MIIT and NDRC	"Action Plan for Green Development of Shipbuilding Industry (2024–2030) "	To promote the application of marine alternative fuels and new energy technologies in line with international standards by 2025, and the international market share of vessels powered by liquefied natural gas (LNG) and methanol, over 50%.

Hydrogen energy related policies

No.	Release time	Issuing authority	Policy name	Main contents
1	February 2023	CPC Central Committee, State Council	"Outline for Building a Powerful Country with Quality"	To initiate actions to improve resource efficiency in key industries and products, accelerate the development of low-carbon, zero-carbon and negative-carbon major key technologies, and promote the low-carbon transformation of high-energy-consuming industries.
2	April 2023	Eleven departments including NDRC	"Guide for Establishing a System of Standards for Carbon Peaking and Carbon Neutrality"	For the hydrogen energy, to focus on improving the technical standards of the whole industrial chain, accelerating the formulation and revision of basic general standards for hydrogen fuel quality and hydrogen energy testing.
3	June 2023	Ministry of Science and Technology	"Notice by the Ministry of Science and Technology on Publishing of the 2023 Annual Project Application Guidelines for 7 Key Special Projects Including the National Key R&D Plan "Hydrogen Energy Technology""	Focusing on three technical directions, namely the green production and large-scale transfer and storage system of hydrogen, the safe storage and rapid transportation and distribution system of hydrogen and the convenient and improved quality and efficient power system of hydrogen, the government planned to initiate 19 tasks with funding of RMB340 million from the State.
4	June 2023	NEA	"Blue Book on the Development of the New Power System"	To promote hydrogen production from renewable energy, research and develop advanced solid hydrogen storage materials, focus on breakthroughs in large-capacity, low-cost, high-efficiency electric-hydrogen conversion technology and equipment, and carry out large-scale demonstration applications for hydrogen production and comprehensive utilization.
5	August 2023	Six departments including the Standardization Administration and NDRC	Guide for Hydrogen Energy Industry Standard System Construction (2023 Edition)	The document proposed that by 2025, a standard system supporting the development of the whole chain of hydrogen energy production, storage, transportation and application would be basically established, and more than 30 national and industrial standards for hydrogen energy would be formulated and revised.

No.	Release time	Issuing authority	Policy name	Main contents
6	August 2023	Ten departments including NDRC	"Implementation Plan for the Demonstration Projects Featuring Advanced Green and Low-Carbon Technologies"	The green hydrogen demonstration projects have been included in the special support projects for carbon reduction from the source. These projects included low-cost (off-grid, interruptible load) renewable energy-based hydrogen production demonstrations, as well as the research, development, manufacturing, and demonstration applications of advanced, safe, and low-cost hydrogen storage and transportation equipment.
7	October 2023	NEA	"Notice on Further Regulating the Administration of Power Business Licenses for Renewable Energy Generation Projects"	Mainly to support the energy-consuming entities, utilizing technologies such as direct power supply from new energy sources, coupling of wind, solar and hydrogen energy storage, and flexible load management, to achieve a consumption ratio of new energy power exceeding 70%.
8	October 2023	NEA	"Notice on Organizing the Pilot and Demonstration of Renewable Energy Development"	Mainly to support the development and construction of offshore wind power and the integration of regional energy storage, hydrogen production, seawater desalination and other development needs. Also mainly to support energy-consuming entities in utilizing technologies such as direct power supply from new energy sources, coupling of wind, solar and hydrogen energy storage, and flexible load management.
9	December 2023	NDRC	"Catalogue for Guiding Industry Restructuring (2024 Version)"	To encourage the development, application, and equipment manufacturing of hydrogen production, transportation, and high-density storage technologies using renewable energy, the construction of hydrogen refuelling stations and clean alternative fuel refuelling stations for vehicles, as well as the development and application of mobile new energy technologies.

Business Review

Onshore Clean Energy Business

CIMC Enric is the leading key equipment manufacturer and integrated engineering services provider in China covering full natural gas industry layout and is capable of providing one-stop system solutions. Having been highly recognized by our customers, we are one of those with the highest market share in all product lines. For instance, we are leading in China in terms of production and sales volume of storage and transportation equipment for LNG, LPG, CNG and industrial gases.

In 2023, benefiting from domestic policy support and favourable factors such as the recovery of natural gas consumption and stabilised LNG prices, the onshore clean energy business achieved good growth in all aspects of the industrial chain. Particularly, in terms of terminal application, the demand for on-vehicle LNG cylinders was boosted by the surge in the LNG heavy-duty truck market, and new and delivered orders both grew significantly, with the cumulative new orders for on-vehicle LNG cylinders nearing RMB1.29 billion, representing a YoY increase of 39 times. The newly constructed production line for on-vehicle LNG cylinders has also commenced operation in the first quarter of 2024, with a maximum annual production capacity of 200,000 on-vehicle LNG cylinders. In addition, the Group continued to strengthen the expansion of clean energy multi-energy complementary business, and established Shanghai Energy System Company during the period to expand its low-carbon comprehensive energy service business around four major areas, namely industrial energy conservation, building energy conservation, agricultural energy conservation and mobile energy supply, and has successfully developed its own SL Blue Sky series and AM Amethyst series of modularised intelligent low-carbon energy station products, to provide customers with zero-carbon, safe and intelligent integrated energy system solutions with the support from CIMC's EQC Digital Intelligent Energy System platform.

The midstream storage and transportation equipment and engineering business also achieved outstanding results. With the increase in domestic natural gas consumption, the market demand for storage and transportation equipment has picked up. Against the backdrop of enhancing energy security, LNG emergency peak-shaving storage projects remain a key direction of construction. During the period, the Group won the bid for several natural gas peak-shaving storage projects, including a 29,000m^3 natural gas peak-shaving storage station in Shaanxi Province and the Shenzhen Natural Gas Peak-shaving Storage Phase II Expansion EPC Project.

The Group has also strengthened the construction of its onshore clean energy overseas marketing network and accelerated the expansion of overseas markets, setting up overseas offices in the Americas, Europe, Africa and Southeast Asia to enhance the influence of its international brand and service capabilities, as well as actively exploring the Middle East market during the period. In terms of overseas business, the Group's overseas revenue from onshore clean energy business hit a record high of over RMB2 billion in 2023, representing a year-on-year growth of 30%. The Group has signed the first EPC order for an overseas LNG liquefaction plant, and the revenue from its overseas engineering business has increased significantly by 40%. In addition, the Group made another breakthrough in the field of gas energy storage, winning the bid for the Key Technology Research and Demonstration – Compressed Air Storage System project under the "integration of source, network, load and storage" program of Three Gorges Corporation, which will provide new high-pressure gas storage equipment for the Corporation.

In the business fields related to upstream processing and operation, relying on the advantages of energy equipment and engineering such as liquefied modules, storage and transportation equipment as well as the existing client resource advantage, the Group has developed diversified non-traditional gas sources (including coke oven gas, wellhead gas, coalbed gas and other marginal gases) by focusing on high-quality resources in different regions, and has expanded and established three major gas production bases in Northwest China, Northeast China, Southwest China, so as to realise a value-added business pattern featuring the "production, storage, transportation and refuelling +" closed-loop operation from the upstream resource end to the terminal-application end, as well as the integrated industry interaction powered by digitisation and intelligence. During the period under review, following the demonstrative cooperation with Angang Steel, the Group successfully replicated the model of coke oven gas to hydrogen co-production LNG project with Shougang Shuigang and Lingang Steel, which is expected to commence production successively from 2024 onwards, realising the large-scale production of LNG and high-purity hydrogen. Leveraged on the Group's capability for integrated solutions of marginal gas processing and distribution, the Group continued to diversify its gas supply channels and achieved rapid growth in business scale during the period.

Offshore Clean Energy Business

The Group has proprietary design and manufacturing capabilities for a complete range of IMO C-type tank products in the world, and can independently complete the design and building of liquefied gas vessels and liquid cargo tanks. The Group has outstanding design and manufacturing capabilities in the fields of small and medium-sized gas carriers, LNG bunkering vessels, large-sized ethane carriers, IMO C-type liquid cargo tanks and LNG fuel tanks and marine oil and gas modules. And it is a world leader in the niche market of the small and medium-sized liquefied gas vessels with the top-ranking global market share, offering a product chain that covers full pressurised, semi-refrigerated & semi-pressurised carriers for various liquefied gases such as LPG, ethane, LEG, LNG and liquid ammonia, as well as LNG bunkering vessels.

In 2023, the Group's offshore clean energy business fully benefitted from the booming growth in the industry brought about by the development of global green shipping. During the period under review, the Group's new shipbuilding orders for clean fuel or dual-fuel vessels, as well as the corresponding orders for on-vessel LNG fuel tanks and liquid cargo tanks, grew significantly. The offshore clean energy business centre secured nearly 20 new building and optional vessel orders for its main vessel types, namely liquefied gas vessels and clean energy-powered vessels, including four 40,000m^3 LPG/liquid ammonia carriers (MGC vessels), one 12,500m^3 LNG bunkering vessel, 2+2 1,450 TEU LNG dual-fuel container vessels for European shipowners, 2+2 ethylene/ethane carriers for Singaporean shipowners and four 12,500T dual-fuel dry bulk carriers signed with CSC Cargo Co., Ltd. etc. The Group also achieved doubled new orders for on-vessel LNG liquid cargo tanks and fuel tanks, and during the year, the Group customised the development of the 3,400m^3 stainless steel LNG marine fuel tank that can use methanol or ammonia alternatively, and successfully covered the full range of ABC-type liquid cargo tanks, delivering the largest LNG B-type marine cargo tank in China. In 2021, the Group acquired the assets of shipyards and terminals along the Yangtze River through asset acquisitions, completing the related capacity expansion and deployment. The Group is also in the best position to embrace the long-term booming industry cycle and business explosion, having successfully constructed and delivered the first 8,200m^3 LNG bunkering vessel at the upgraded new plant during the year.

In terms of oil-to-gas conversion projects for inland waterway vessels, the Group delivered a total of 29 oil-to-gas vessels at the beginning of the year 2023, being the largest delivery in China in a single batch. During the period, the Group also entered into strategic agreements with partners such as Wuhan Changjiang Ship Design Institute (武漢長江船舶設計院) of the CSC Group and Jining Energy Development Group Limited (濟寧能源發展集團有限公司), focusing on the national development plan of green and intelligent ships, adopting the concept of green and intelligent shipbuilding and building green and intelligent ships, building digital workshops and intelligent factories to lead the "digital and intelligent transformation" of inland waterway shipbuilding, vigorously promoting the modularisation, standardisation and mass manufacturing of ships, accelerating the upgrading and iterating of inland waterway ships, and was committed to the eco-friendly upgrading of the Yangtze River and the Beijing-Hangzhou Grand Canal. In the second half of 2023, the demand for methanol-fueled vessels increased in the inland waterway new-energy vessel market, and the Group also strengthened its technology reserves and market development of methanol-fueled vessels, and was awarded the Accreditation-in-Principle (AIP) certificate for methanol-fueled tooling systems by the Det Norske Veritas (DNV). During the period, the inland waterway clean energy business centre also steadily promoted green methanol projects and made breakthroughs in site selection, business model and technology development.

Hydrogen Energy Business

The Group is a leading provider of hydrogen storage and transportation equipment and engineering services in China. Since 2006, the Group has commenced the hydrogen energy business with products covering various areas such as "production, storage, transportation, refuelling and application". As an international leading supplier of hydrogen energy equipment and solutions, the Group continued to expand its layout and development in the upstream, midstream and downstream fields of the hydrogen energy industry during the year, and made continuous improvement to its capability of integrated solutions.

In terms of upstream hydrogen production, leveraged on the Group's equipment manufacturing and service capabilities in the clean energy sector, the Group has successfully joined hands with Shougang Shuigang and Lingang Steel to develop a joint production of hydrogen and LNG from coke-oven gas project, which is a successful replication of the project model of effectively utilising industrial by-product gases for the production of clean energy. The first project with Angang Steel is expected to be put into production in 2024, which will realise the large-scale supply of high-purity hydrogen and LNG as well as the promotion of their application, and the Group will also develop "end-to-end" integrated services around this project. In the hydrogen production equipment sector, the Group successfully launched a 1,200m^3/h alkaline electrolyser in early 2023, while a skid-mounted methanol-hydrogen production equipment was also launched during the year. The Group will continue to proactively engage in the hydrogen production equipment sector and continuously improve its layout in hydrogen energy equipment.

In terms of midstream business, liquid hydrogen storage and transportation equipment sector was the Group's key direction of development in 2023. The group standard for mobile liquid hydrogen transport containers which the Group has taken the lead in drafting was officially released in the first half of the year, followed by the adoption of China's first corporate standard for "Mobile Vacuum Insulated Liquid Hydrogen Pressure Vessel", China's first 40m^3 commercial liquid hydrogen tank truck and 40-foot liquid hydrogen tank container were launched successfully, as milestones of the key R&D program of the Ministry of Science and Technology. Currently, the Group has a number of orders for liquid hydrogen storage and transportation equipment in hand, which will commence delivery in 2024. In the field of high-pressure hydrogen storage and transportation equipment, the Group continued to lead the development in the industry with a leading market share, successfully launching the first 30MPa hydrogen tube bundle container in China and achieving mass shipments, and achieving mass deliveries of 99/103MPa stationary hydrogen storage vessels, with positive feedback from the market. The industrialisation of 30MPa hydrogen tube bundle container has significantly reduced the cost of hydrogen transportation. In terms of hydrogen storage spherical tanks, with the launching of a large number of green hydrogen and green ammonia projects in China, the Group's medium-pressure hydrogen storage spherical tanks and liquid ammonia storage spherical tanks business also saw rapid growth, with a number of bids for hydrogen and liquid ammonia storage spherical tank projects won by the Group. Among them, the Group delivered 6 sets of 1,500m^3 of medium-pressure hydrogen storage spherical tanks in the first batch of green hydrogen demonstration projects in the Huadian Damaoqi Wind and Solar Hydrogen Generation Project Spherical Tank Hydrogen Storage EPC Engineering (華電達茂旗風光制氫項目球罐儲氫EPC工程) in Inner Mongolia, forming a wide influence in the industry, and realising the same-year delivery of the project in the same year of winning the tender, which has brought the Group to a new level in terms of technology standard and engineering capability.

In terms of the downstream application, the national standards for the "On-vehicle Compressed Hydrogen Carbon Fiber-wrapped Cylinders with Plastic Inner Tube" and the "Regular Inspection and Evaluation of On-vehicle Compressed Hydrogen Fiber-wrapped Cylinders", which CIMC Enric participated the compilation, were officially released and will be formally implemented from 1 June 2024. The construction of production base for Type IV on-vehicle hydrogen cylinders and supply system of CIMC Hexagon has also been completed in March 2024. Currently, the Type Ⅲ on-vehicle hydrogen cylinders on sale cover different specifications ranging from 110L to 390L, and the business scale continued to grow at a rapid pace with increasing market share; at the same time, hydrogen fuel cell heavy-duty trucks and hydrogen fuel cell smart rail tram equipped with the Group's Type IV on-vehicle hydrogen supply systems have been successively exported to Australia and Malaysia, respectively. In terms of hydrogen refuelling stations, the Group successfully delivered Hong Kong's first skid-mounted hydrogen refuelling station project and ancillary hydrogen tube bundle trailer, as well as Hong Kong's first double-decker hydrogen bus with Type IV on-vehicle hydrogen supply system, which contributed to the commissioning of Hong Kong's first hydrogen refuelling station and the first hydrogen bus, and opened up Hong Kong's hydrogen urban transportation application scenario.

Future Plans and Strategies

The global energy industry is entering a new phase of rapid development in its green and low-carbon transformation. Countries are taking green and clean development, as well as achieving carbon neutrality, as a significant opportunity and key strategy to enhance economic competitiveness, increase international influence, and seize technological leadership. The COP28 conference recognized "the need for deep, rapid, and sustained reductions in greenhouse gas emissions in line with 1.5℃ pathways". It called on nations to triple renewable energy capacity globally and double the global average annual rate of energy efficiency improvements by 2030; accelerate efforts globally towards materialising net zero emission energy systems, utilize zero-and low-carbon fuels well before or around mid-21st century; transition away from fossil fuels in energy systems, in a just, orderly and equitable manner, accelerate action in this critical decade, so as to achieve net zero emission by 2050 scientifically which was set at the COP28 conference; accelerate the development of zero- and low-emission technologies, including, renewables, nuclear, emission reduction technologies such as carbon capture and utilization and storage (CCUS); and accelerate the reduction of emissions from road transport via a range of means, including through development of infrastructure and rapid deployment of zero- and low-emission vehicles.

Natural gas, with its stable supply and broad applications, is acknowledged as the principal energy source for fostering clean and low-carbon economic and social development in achieving the carbon emission peak. It is also considered as the optimal transitional energy to support the rapid advancement of renewable energy in achieving the carbon neutrality. Benefiting from the increasing global LNG receiving capacity, improving infrastructure, and decreasing transportation costs, demand for LNG in the global market is on an upward trajectory. The International Energy Agency (IEA) predicts that LNG will replace coal as the world's second largest energy source in the global energy structure from 2030 to 2035, and the global demand for LNG will continue to grow in the long term. Shell's LNG Outlook 2024 predicts that global demand for LNG will continue to rise after 2040, with an estimated rise of over 50% to around 625–685 million tons a year by 2040, fueled by industrial demands in China and economic growth in South and Southeast Asian countries. The IEA expects that in 2024, there will be a "strong growth" in global natural gas demand compared to 2023, primarily due to colder temperatures and declining prices. The anticipated growth rate for global natural gas demand in 2024 is 2.5%, which is more resilient than the 0.5% growth observed in 2023. According to industry reports, China's apparent natural gas consumption is estimated to grow 6%-8% in 2024.

In the process of achieving dual-carbon goal, renewable energy sources such as hydrogen energy are poised for accelerated growth in scale and application. The Global Energy Interconnection Development and Cooperation Organization forecasts that by 2050, the worldwide demand for green hydrogen will hit 360 million tons, and hydrogen energy is anticipated to achieve extensive intercontinental and intracontinental optimization and distribution, with a transportation volume of approximately 50 million tons. Meanwhile, as the technical costs in respect of green hydrogen production and the CCUS continue to decline, the global production of green ammonia and green methanol is expected to reach 80 million and 60 million tons, respectively, by 2050.

The International Maritime Organization (IMO) has introduced new regulations that, effective from 1 January 2023, ships must secure an Energy Efficiency Existing Ship Index (EEXI) certification for energy efficiency. Additionally, they are required to gather data on CO2 emissions and report the Carbon Intensity Indicator (CII) for annual operations. The IMO has also set the critical time point for achieving net-zero emissions "by or around, i.e. close to, 2050", and the targets of reducing the total annual GHG emissions from international shipping by at least 20%, striving for 30%, by 2030 compared to 2008 levels, and achieving an adoption of zero or near-zero GHG emissions technologies and fuels, representing at least 5%, striving for 10%, of the energy used by international shipping. This implies a reduction in the consumption of traditional fuel oils by 20 to 40 million tons within the shipping industry. These new regulations are focused on emission reductions throughout the entire lifecycle of ships, with alternative fuels such as LNG, methanol, and liquid ammonia, along with new energy-saving technologies emerging as the primary choices for new ship constructions. According to the China Shipbuilding Industry Association, under the influence of emission reduction regulations, nearly half of the new ship orders are either using or preparing to use alternative fuels, and approximately a quarter of the orders incorporate one or more energy-saving technologies. As 2030 approaches, the greening trend of fleets are expected to accelerate, with the shipbuilding industry increasingly taking a proactive stance in its green transformation. It is also imperative to implement the strategies of "Gasification of the Yangtze River" and "Gasification of the Pearl River" for inland waterways.

Under the global trend of green development, sectors including industry, construction, and transportation (including shipping) are required to expedite their low-carbon transition to remain competitive in a future defined by carbon emission peak and carbon neutrality. With new technologies, models, and challenges in energy development both at home and abroad, the clean energy business of the Group also embraces new growth opportunities. In the future, the Group will remain committed to expanding its expertise in the smart equipment manufacturing, engineering services, and integrated solutions for renewable energy sources such as natural gas, hydrogen energy, green methanol and green ammonia, so as to help our customers across various niches of the industry chain to smoothly achieve low-carbon transformation. Through continuous technological research and innovation, we aim to promote the large scale application of clean energy in a faster, more efficient and safer way.

In the upstream business segment, the Group will actively promote the implementation of demonstration projects and acquire new projects for producing clean alternative fuels such as hydrogen, LNG, and green methanol. In the midstream storage and transportation segment, the Group will bolster its research and development capabilities to maintain its leading position in the markets for LNG, gaseous hydrogen, liquid hydrogen, liquid ammonia and methanol storage and transportation. The Group will also proactively explore emerging business areas such as energy storage. For downstream application, the Group will facilitate the application of LNG heavy-duty trucks and hydrogen fuel cell vehicles in the transportation sector. The Group will also accelerate the development of distributed energy comprehensive services and expand into diversified application scenarios, helping customers in industries such as manufacturing, construction and agriculture to reduce carbon emissions and save energy, thus accelerating the decarbonization process. By upgrading the entire industry chain covering "production, storage, transportation, refuelling and application", the Group aims to achieve an "end-to-end" closed-loop operation and value addition for its clean energy business. In addition, the Group will also drive the development and platform construction of smart energy equipment, connecting clean energy equipment to achieve digital and intelligent management, and fostering new energy internet business models.

In response to the development challenges in the green upgrade of global shipping and inland waterways, the Group will continuously develop new technologies and processes and comprehensively drive industry transformation and green development across all stages of alternative fuel production, transportation, storage and refuelling. The Group will also actively capitalize on the high-growth phase of the shipbuilding industry, further enhancing its product portfolio to cover a comprehensive range of small and medium-sized liquefied gas carriers, dual-fuel ships powered by clean energy, LNG bunkering vessels, and LNG fuel tanks for marine applications.

In the overseas market, the Group will continue to intensify its efforts in expansion with initial results being achieved in the proactive deployment in recent years. The Group will keep enhancing its overseas sales network and the matrix of products and engineering services, and put efforts on market expansion in Asia-Pacific, Europe, North and South America, Africa, and the Middle East, to fully seize the development opportunities in the global market.

Research and Development

CIMC Enric further consolidates the leading position in R&D breakthroughs in the clean energy field and promotes the application and development of clean energy with strong technological advantages. In 2023, the Group was honoured with five national and provincial awards for science and technology advancement. As at the end of 2023, the Group has acquired the following patents and participated in the revision of the following standards:

- Domestic and international patents:
  Over 1,400 patents recognised domestically, including more than 200 inventions; 26 PCT international patent applications, 44 overseas patent applications, with 25 patents recognised; 805 recognised clean energy patents, including 47 recognised hydrogen energy patents.

- Standard formulation
  The Group presided over or participated in the revision of 39 national standards and 68 local/industry/group standards, among which 37 national standards are related to clean energy, including 7 hydrogen energy standards; 59 local/industry/group standards are related to clean energy, including 22 hydrogen energy standards.

In 2023, the Group further advanced the research and development of new products in the clean energy equipment field and completed the development of several new products. Some of the projects recorded breakthroughs. Additionally, the Group participated in the formulation of several standards. Details are set out below:

1. Acting as the chief editor for the first time, the Group participated in the drafting of Technical Code for Large Welded Cryogenic Low-pressure Flat-bottom Single-Capacity Storage Tank, which was approved by China Association for Engineering Construction Standardisation.

2. The Group completed the development of the first domestic phosphine and hydrogen mixer tube bundle container featuring with national leading product specifications and successfully delivered it to users, marking a new breakthrough in the field of electronic gas storage and transportation equipment in China.

3. The Group completed the development of China's first hydrogen-powered cogenerating mobile skid equipment, which effectively improved the energy utilisation efficiency.

4. The project of four 40K MGCs were developed under the cooperation of the Company and Shanghai Merchant Ship Design & Research Institute, marking the Company's further breakthrough in the design and building capacity for medium-size liquefied petroleum gas carriers (MGCs). As the new-generation MGC, the ship is equipped with 3 IMO-Type A-class cargo holds, which effectively expands the hold capacity and improves the economic performance of the ship. The adoption of LPG dual-fuel propulsion and high-pressure LPG dual-fuel main engine can help reduce pollutant and GHG emissions significantly, which indicates that the ship is expected to serve as a vital force for zero-carbon shipping.

5. The Group completed the design and development of the 13,000m^3 separate B-class LNG fuel compartment, the largest of its kind around the world, and the development of relevant process and construction method, and commenced the construction. Compared with the conventional C-class tank, the B-class fuel compartment features high capacity utilisation, flexible and diverse designs. The development and construction of B-class LNG fuel compartment marks further expansion of the Company's product lines.

6. The Group completed the design, installation and commissioning of the first industrial-purpose LPG micro-pipe network, and officially initiated the operation, which served as an excellent demonstration project.

7. The Group completed the development of the CO_2 semi-trailer with the largest capacity and the lightest weight in China for the time being, featuring 30m^3 capacity in the tanker and weight reduction of 1,020 kg.

8. The Group completed the development and promotion of the high-strength steel framework of LNG cylinders for vehicles, which were adopted by AUMAN, Shaanxi Automobile, Dongfeng Liuzhou Motor, Sinotruk and other manufacturers, marking the Group's status as the first supplier in this field across the country and the pioneer for upgrading of LNG cylinders for vehicles from aluminium alloy framework to high-strength steel framework.

9. The Group completed the development of the large-sized mounded LPG bullet and related system and cultivated the capability in design, building and system installation of the large-sized mounded LPG bullet. It successfully developed the technology for independently building the large-sized mounded bullet based on American Standards, the first of its kind across the country, and entered the international market with such achievement.

10. The technology for new-pattern high-pressure gas storage vessels further improved the storage efficiency and security, reduced costs and shortened the construction period. The Group won the bidding for the project sponsored by China Three Gorges Corporation, Development and Demonstration of Key Technologies for "Source-Network-Load-Storage Integration" – Gas Storage System for Compressed Air, and the project sponsored by Tsinghua University, Gas Storage Module and System Platform for Application of the CAES Station with Multiple-source Heat Accumulation Function.

11. The Group completed the design, manufacturing and commissioning of the monitoring device for marine engines, acquired the certificate for type certification and initiated marketing activities for such achievement.

12. The Group developed and forged the range of modular smart low-carbon energy stations with Sky Line (SL) series and Amethyst (AM) series as the highlights, and launched the SL1500 low-carbon energy station, the AM20 and AM20PLUS thermal power energy station, achieving market development for the projects relating to power generation by low-concentration coal mine gas and related management, power generation by ferroalloy tail gas and for the complementary system of combined cooling, heating and power.

13. The Group made progress in the application of the automatic welding technology of trackless wall-climbing welding for transverse and longitudinal seams of the liquid cargo tank. The welding tractor has been in the process of testing, and the trial for the longitudinal seams meets the relevant requirements. The welding trainings are in the preliminary stage, and practical samples are expected in the next stage.

In the meantime, the Group has been promoting several projects, including core process and device for helium extraction from BOG of LNG, methane production from coke-oven gas, development of core process and equipment for hydrogen extraction, and development of high-accuracy and smart mass flow meter, high-end cryogenic valve (liquid hydrogen, liquid helium).

To facilitate sustainable development, the Group has been vigorously advancing development projects in the new energy field and has recorded significant achievements in the field of hydrogen equipment, standards and regulations, details of which include the followings:

1. The Group spearheaded the completion of the first domestic "Group Standard for Transportable Liquid Hydrogen Storage and Transportation Vessels (《移動式液氫儲運容器團體標準》)", filling the blank of relevant industry standards for transportable liquid hydrogen pressure vessels.

2. The Group spearheaded the completion of the first domestic group standard "Special Technical Requirements for Compressed Hydrogen Aluminum Carbon Fiber-wrapped Cylinder-Style Container (《壓縮氫氣鋁內膽碳纖維全纏繞瓶式集裝箱專項技術要求》)", creating a new mode of hydrogen storage and transportation, to contribute to the promotion of the development of hydrogen energy storage and transportation equipment.

3. Acting as the principal drafter, the Group spearheaded in the formulation of Association Standard T/CATSI 05009–2023 for Steel Carbon Fiber-wrapped Tube Bundle Container (《鋼質內膽纖維環纏繞管束式集裝箱》), further enhancing our influence in the industry.

4. The Group completed the compliance review and filing procedures for the enterprise-standard Fixed Pressurised Spherical Vessel for Liquid Hydrogen with Vacuum Thermal Insulation and the relevant product design, becoming the only enterprise that has completed the filing procedures in China for the time being and laying solid foundation for further construction of the 400m^3 spherical tank for liquid hydrogen, a project sponsored by the Ministry of Science and Technology.

5. The Group completed the design, development and trial production of 45MPa diaphragm hydrogen compressor which has passed the factory validation test, thus initiating the market promotion.

6. The Group completed the design, development and trial production of 90Mpa hydraulic-drive hydrogen compressor, and released the product officially.

7. The Group completed the development of ASME standard liquid hydrogen tank container to provide more solutions for liquid hydrogen storage and transportation.

8. The Group completed the design, manufacture and prototype testing of liquid hydrogen storage tanks, and successfully signed the first product order.

9. The Group successfully launched 1,200Nm^3/h alkaline electrolyser, and all technical parameters of the product are at the leading level in the industry.

10. The Group was the first player in China to complete the compliance review for liquid hydrogen tanker and spherical liquid hydrogen tank, and successfully manufactured and launched the first commercial liquid hydrogen tanker in China.

11. The Group completed the development of the skid-mounted equipment for hydrogen preparation from methane, and waived the transportation process in the development of in-station small-sized skid-mounted hydrogen preparation equipment, further satisfying diverse demands for small-sized transportable hydrogen refuelling equipment in different sizes.

12. The Group completed the development of integrated skid-mounted smart hydrogen refuelling equipment, and achieved three levels of hydrogen refuelling adjustment, namely 170Kg/12h @12.5MPa, 340Kg/12h @12.5MPa and 500Kg/12h @12.5MPa.

13. The Group completed the development of large-capacity and high-security hydrogen storage technology, achieved technical breakthroughs in operating pressure, capacity and materials, maintained top-level application indicators for high-strength steel materials, and delivered six projects in respect of spherical hydrogen tanks, system pipelines and fire safety of equipment and devices.

Sales and Marketing

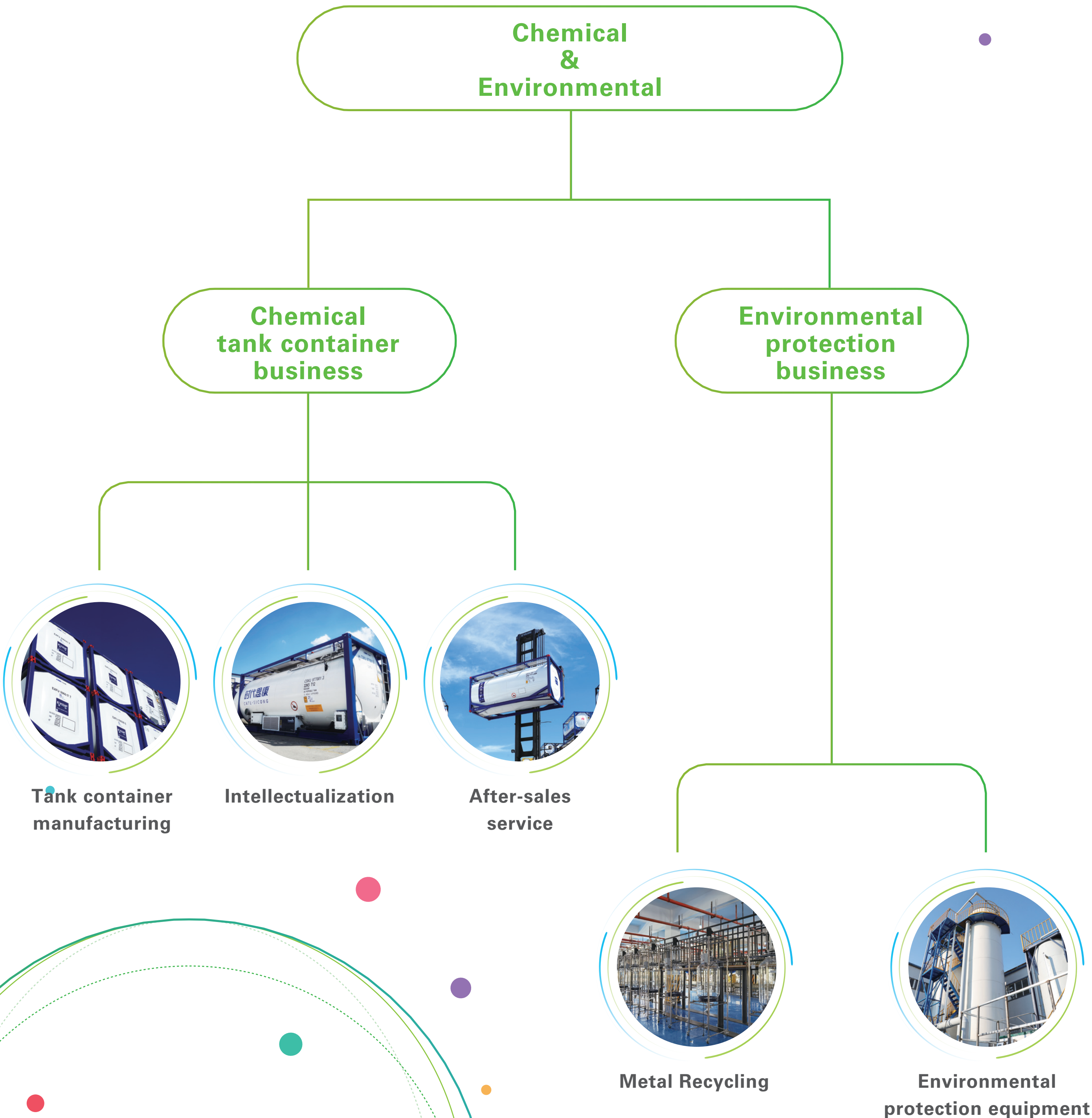
The Group's clean energy segment has established sales offices in China, the Europe, Southeast Asia and North America and branch companies in the United States and Singapore engaged in relevant businesses. The cryogenic, medium-pressure and high-pressure equipment products of this segment are mainly sold under the brand names "Enric", "Sanctum", "Hongtu", "CIMC Tank" and "Cryobest"; the brand names of liquefied engineering projects and EPC project engineering services are "CIMC ENTECH" and "Hashenleng"; products of distributed energy and low-carbon energy station are mainly under the brand name of "CIMC ENRIC"; the products and engineering services of the offshore clean energy business are under the brand name of "CIMC SOE"; the hydrogen energy equipment products and project engineering services are mainly sold under the self-owned brands "Enric" and "CIMC Hydrogen"; the Internet of Things intelligent operation and management platform is mainly sold under the brand names "Anjiehui", "Lanshi" and "Lanshui". Our customers are renowned domestic and overseas companies such as PetroChina, Sinopec, China Energy Group, ENN Group, Shenzhen Gas, China Resources Gas, Towngas China, Sinotruk, Dongfeng Motor, Foton Daimler, Faw Group, Avenir LNG, Wartsila, CHD, SFCC, REFIRE, Linkye Gas, Wisdom Motor and HYNOVATION.

Customer Service

The Group always attaches great importance to and maintains the long-term relationship with customers, and is committed to ensuring the safe and efficient operation of all kinds of clean energy equipment products and devices provided for customers. Adhering to the concept of "providing services for customers throughout the whole life cycle", the Group has established various regional service centers (stations) or cooperative service outlets according to the regional layout of customers, products and devices to ensure 7×24 hours all-weather services with technical guidance, installation and commissioning, rapid maintenance, application training and other technical service support in a prompt, convenient and efficient manner, so as to ensure the safe operation of customers throughout the process.

Through the upgrading and expansion of the integrated stations, the scope of services and service capabilities of the Group were further enhanced, with 9 integrated stations located in 8 provinces, including Xinjiang, Shaanxi, Sichuan, Hunan, Jiangsu, Hebei, Liaoning and Heilongjiang. Together with the self-built or cooperative joint establishment of service stations by various major enterprises and social resources, the service products were expanded from after-sales services of high-pressure, medium-pressure and cryogenic series products under the brand of CIMC Enric to the whole process of guaranteed accessories supply, installation and commissioning, operation and maintenance until the provision of general contracting services. The safe, professional, efficient and integrated after-sales services make the services closer to customers, respond faster to customers and provide more convenient services. In the future, through service coordination, the Group will continue to promote the upgrading and expansion of after-sales services, promote the integration, coordination and sharing of after-sales service resources of energy equipment, and comprehensively build an integrated, professional and network-based service layout of "service base + regional (comprehensive) service center (station) + network-based service station (outlet)", thus boosting services to a better level in the future.

CHEMICAL AND ENVIRONMENTAL SEGMENT



Industry Overview

As the jewel in the crown of the traditional container product series, tank containers play an important role in the liquid, gas, powder cargo transportation and storage areas, especially in the multimodal transport of hazardous chemicals. With the progress of global industry and the enhancement of environmental protection and safety regulations, the market scale of the chemical products has gradually been expanded, the trend of international division of labour has been highlighted, and the international chemical trade has become increasingly active. Chemical products are gradually transformed from primary and low-end to high-end and high value-added, which brings higher requirements for safety, environmental protection and efficiency in the transportation of dangerous goods, prompting the demand for tank containers to show an upward trend. Demand for tank containers, especially in emerging markets, is expected to grow further with the upgrading and improvement of transportation methods in the chemical industry.

Since the reform and opening up, the chemical industry has developed rapidly in China, making it the world's largest producer and consumer of chemicals. The long-term active promotion of the professional and containerised transportation of chemicals at the country level has laid a solid foundation for the long-term sustainable development of tank containers in China. In recent years, the requirements for zone-based and information management in the domestic chemical industry have boosted the development of after-sales demand for chemical parks, and the ancillary services market such as cleaning, annual inspection, repair services, conversion, renovation and other businesses has also shown positive growth momentum.

In the past two years, the global economy and trade were affected by multiple factors, including the international geopolitical tensions in the Russian-Ukrainian conflict and the Red Sea incident, and changes in interest rates of USD, etc. The global economy, including the chemical industry, saw "weak recovery", leading to a slowdown in the market demand for the tank containers in 2023 compared to the previous rapid growth. However, long-term speaking, advancing towards a safer, more economical, more environmentally friendly and smarter green logistics model is the general trend, and the tank container market sees a healthy momentum.

In terms of the chemical and environmental segment, with years of experience in production technology and quality management in the tank container manufacturing field, the segment successfully entered the medical imaging equipment market and became a core ancillary supplier in the industry. As the application of NMR technology in medical imaging diagnosis continues to deepen and the emphasis on medical imaging technology grows, the market demand for medical NMR equipment will also continue to rise.

In addition, the segment also explores new growth points in the environmental protection field in accordance with the Company's medium- to long-term strategic planning. With global promotion and the application of new energy, the demands for platinum family metal and other rare metals are expected to grow significantly, and the demands for recycled metals are expected to grow in the coming years, thereby steadily boosting the growth of the environmental protection-related business.

Logistics related policies

Time	Institution	Event/Document	Key contents
March 2023	Ministry of Transport, Ministry of Natural Resources, General Administration of Customs, National Railway Administration, China State Railway Group Co., Ltd.	"Action Plan for Promoting the High-Quality Development of Rail- Water Multimodal Transport (2023–2025)"	To accelerate the development of international container rail-water multimodal transport, and further promote the development of China-Europe railway lines, cross-border transportation lines and China western land-sea trade corridor lines with major ports as the nodes. The project construction of the collection and distribution capacity of railway, the development of container rail-water multimodal transport, and the structural adjustment of green collection and distribution capacity of bulk cargo ports will be included in the annual key work, and the "rail transport instead of road transport" and "waterway transport instead of road transport" will be vigorously promoted to facilitate the structural adjustment to the transportation.
December 2023	Ministry of Transport	Decision on Amending the Administrative Provisions on Road Freight Transport and Stations (Order of the Ministry of Transportation of the People's Republic of China No. 12 of 2023)	Special road freight transportation referred to in this provision refers to freight transportation using special vehicles with containers, refrigeration equipment, or tank containers, etc.
December 2023	Ministry of Transport	Decision on Amending the Provisions on the Administration of Road Transport of Dangerous Goods (Order of the Ministry of Transportation of the People's Republic of China No. 13 of 2023)	To encourage the use of special vehicles such as vans, tanks and containers for the transport of dangerous goods.

Environmental protection related policies

Time	Institution	Event/Document	Key contents
May 2023	Ministry of Ecology and Environment, NDRC	"Overall Implementation Plan for the Construction of Major Hazardous Waste Projects (2023–2025)"	By 2025, the applied basic research capability of prevention and control of ecological and environmental risks from hazardous wastes, the research and development capability of utilization and disposal technologies, and the technical support capability of management decision-making will be enhanced through the construction of the national technology center, 6 regional technology centers and 20 regional treatment centers, providing bottom-line support for and playing a leading and exemplary role in the utilization and disposal of hazardous wastes, especially special types of hazardous wastes, for the country as a whole.
November 2023	Ministry of Ecology and Environment	"Notice on Further Enhancing the Regularized Environmental Management of Hazardous Waste"	To accelerate the cleaning up of illegal and unreasonable policies and regulations, and not to illegally set up administrative barriers to restrict or prohibit the reasonable transfer of hazardous wastes across provinces or municipalities, not to illegally set up reviews for hazardous waste management plans, not to illegally delegate the approval authority of inter-provincial transfers of hazardous wastes and operating permits, and not to illegally restrict the regional scope or proportion of receiving industrial hazardous wastes in the approval process of hazardous waste operating permits.

Business Review

On 11 October 2023, the Group's chemical and environmental segment, which was successfully listed on the ChiNext Market of the Shenzhen Stock Exchange under the name of "CIMC Safe Tech (CIMC Safeway Technologies Co., Ltd.)". After the listing, CIMC Safe Tech continued to undertake the Group's chemical and environmental business, which would continue to be controlled by CIMC and CIMC Enric and would be consolidated into their financial statements.

This segment specializes in the research and development, manufacture and sale of a wide range of tank containers for chemical liquids, liquefied gases and powder commodities, and at the same time in the provision of cleaning, annual inspection, repair services, conversion, renovation and other after-sales services for tank containers, and the provision of customized information services for tank containers based on the Internet of Things technology. In 2023, CIMC Safe Tech, was successfully listed on the ChiNext Market of the Shenzhen Stock Exchange, and the chemical and environmental business embraced a new chapter with the support of the capital market. However, at the same time, the segment is also facing global geopolitical tensions, steel market volatility, exchange rate changes and other factors and challenges that may lead to a slowdown in economic growth and increased volatility in market demand. In response to these challenges, this segment has successfully consolidated its market shares and achieved sustainable development by strengthening research and development and innovation, optimizing supply chain management, upgrading production line layout, enhancing production flexibility, strengthening comprehensive quality management and digital operation and other strategies.

Although changes in the external environment of the market resulted in a decline in sale volumes of tank containers, the Company's main product, the Company maintained its leading position in the global market. The segment developed, manufactured and sold a full range of tank container products, covering standard stainless steel liquid tank containers, special stainless steel liquid tank contains, carbon steel gas tank containers, carbon steel powder tank containers, etc., and possessed the industry-leading tank container research and development and manufacturing capabilities. The global market share of the tank container products has been ranked first for many consecutive years, and the Company has been awarded the Manufacturing Industry Champion Demonstration Enterprise by the Ministry of Industry and Information Technology. Adhering to the business philosophy of sustainable development, this segment is committed to the "safe, green, intelligent and lightweight" technological development direction, and has been exploring and applying new technologies, new processes and new energy for energy saving and environmental protection. In 2023, the Company responded to the national green and environmental protection policies and constructed the first near-zero VOC emission coating powder spray line in the industry, whose mass production has been successfully realized.

In 2023, this segment won the "China Patent Excellence Awards" and "Grade AAA Appraisal Certificate for Management System Featuring the Integration of Informationisation and Industrialisation" at the national level, and was also honored as "Jiangsu Provincial Excellent Enterprise" and "Jiangsu Provincial Green Development Leading Enterprise" in Jiangsu Province, a major manufacturing province, and "Nantong Advanced Enterprise in Stabilizing Foreign Trade" and "Nantong Advanced Unit in Intelligent Renovation and Digital Transformation" at the municipal level as well, which were not only a recognition of craftsmanship and manufacturing achievements, but also an affirmation of efforts in green development. In terms of business model, following the concept of "Manufacturing + Service + Intelligence", the segment has been expanding our after-market service capability and implementing our strategic deployment around the chemical park. The intelligent business, especially the "Tankmiles" brand, continued to show a rapid upward trend, with a number of intelligent products such as digital sensors, digital display instruments, smart terminals and ethylene glycol heating and cooling systems achieving mass application in intelligent tank containers.

In addition, this segment has also actively explored industry-university-research cooperation with universities, and has established cooperative relationships with Shanghai Jiaotong University, Institute of Optoelectronics, Peking University and other organizations, providing a strong research and development support and innovative impetus for the future business development. Based on our strong manufacturing capability and strict quality control system, this segment also successfully expanded into the medical equipment component manufacturing field, especially applications in NMR imaging equipment.

Future Plans and Strategies

With the rapid development of the new energy industry and the strong support on the high-end technology industries by the state, the future development strategy of this segment will focus on a number of key areas to cope with the rapid growth and changes in the market demand. The growth in demand for new energy 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 utilizing our experience in high-precision welding in the medical field to expand into new businesses in the medical testing, industrial and scientific research fields.

Upholding the belief of "becoming an outstanding leader in the field of global chemical logistics and environmental protection", this segment will thoroughly implement the strategic direction of "innovation and leadership, intelligent renovation and digital transformation, tank containers linking the world, green development", and will continue to increase its investment in the research and development of technology and vigorously expand the tank container application market as well. Leveraging the application of more intelligent technologies and equipment and leaner production line layout, production efficiency will be increased, the working environment will be improved, the human-computer collaboration will be realized, and labor intensity will be reduced. In addition, a data-driven decision-making mechanism will be constructed via digital transformation and upgrading to further improve the overall standard of management.

On the basis of consolidating the tank container manufacturing business, this segment will also 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 is planning 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 the environmental protection business, this segment will continue to optimize its business layout and continue to 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.

Sales and Marketing, Customer Service

The segment's long-term leadership position in the tank container industry is attributable to the stable cooperative relationships established with its downstream customers, which include long-term partners, ensuring a stable customer base. Tank containers, our main products, are mainly for the global market, serving lessors, operators and end users. The Company's direct customers mainly include EXSIF, Streem Group, CS Leasing, Peacock Container, Trifleet, Seaco and other well-known foreign container leasing companies and Stolt Tank Container, Den Hartogh, Eagle Liner, Bertschi, Suttons International, China Railway Tielong, Milkyway and other end operators. The chemicals transported involve almost all global fine chemicals and basic chemicals giants and active players, including BASF, Bayer, DuPont, Sinochem, etc., covering Asia, North America, Europe, Australia and other regions. At the same time, the medical equipment components business mainly focuses on the medical imaging equipment field and serves medical equipment suppliers.

While strengthening its tank container equipment manufacturing business, the segment places a particular emphasis on full-life-cycle service for tank containers. It provides customers with a series of ancillary services including supply of parts and components, cleaning, repair services, renovation and conversion through the deployment of global after-sales networks to comprehensively enhance the customer service experience. In addition, the segment deepened the development of the "Internet of Things + Tank Container" business, and launched a series of Internet of Things software and hardware solutions for tank container products, including full life cycle monitoring, management and services, with the aim of enhancing the operational efficiency of customers' tank containers through intelligent technologies and providing more comprehensive and efficient services.

In terms of customer service, except for traditional sales services, we also continuously optimized our products and services through the establishment of a customer service platform and the utilization of data analysis and customer feedback to meet customer needs while strengthening customer relationship management to enhance customer satisfaction and loyalty. Through the implementation of these integrated strategies, the segment aims to further expand its market share, consolidate its leading position in the industry and provide its customers with more professional and personalized services.

Research and Development

The chemical and environmental segment is committed to providing customers with a full range of logistics solutions, and focuses on the development of special tank container products and the upgrade and iteration in standard products through the domestic and international collaborative research and development model of industry-university-research cooperation. On the basis of the past few years, the world's largest 52-foot railway dedicated tank containers has been successfully developed and put into mass production, which is another breakthrough made after the 45-foot BASF railway dedicated tank containers. In addition, the easy-to-clean square tank containers and the special new media gas tank containers applicable to the chemical industry have also been developed. In response to demand in industries such as the new energy, semiconductor, medical and health care, as well as the transportation media with extremely hazardous and harsh transportation conditions, the segment continued to expand the series varieties of special tank containers. At the same time, the segment actively led and participated in draft and revision of national standards to promote the application and promotion of tank containers in China.

For the intelligentization and electrification needs of tank containers and the peripheral chemical logistics equipment, the new liquid level sensor, liquid level smart terminal, logistics positioning module and explosion-proof ethylene glycol heating and cooling system, etc. have been developed and applied to better provide customers with value-added services for safe operation.

In addition, the segment continued to carry out the research and application of environmental-friendly surface treatment and new high-strength materials and actively expanded the research and application of laser welding and other new technologies in the tank container manufacturing field.

In order to further enhance the production efficiency and product quality, and improve the operating environment, the segment has comprehensively promoted the "intelligent renovation and digital transformation", commenced the research and application of automation and digitization technology on the production line, and completed the development of spatial curved surface automatic welding technology, which has realized the production model with one person responsible for more machines and the self-isolation automated sanding. These improvements not only improved the production efficiency and product quality, but also laid a solid foundation for our long-term sustainable development.

The segment has independently developed various core patented technologies, mainly including intelligent sensing technology, virtual simulation design and R&D technology, design and manufacturing technology for cold and hot chain storage and transportation equipment, special media storage and transportation technology, structural lightweight design and optimization technology, automated manufacturing technology for machinery and equipment, precision manufacturing technology for high-end medical ancillary equipment, precision molding control technology for complex structures, and mechanical testing and characterization technology. In 2023, a total of 38 patents of the segment were applied and accepted, 22 out of which were invention patents. There were 23 licensed patents, 11 out of which were licensed invention patents. By the end of 2023, the Company had 273 valid patents, including 79 invention patents, 186 utility model patents and 8 design patents. In addition, the segment has participated in draft of 9 national/industry standards, and has won many national and provincial scientific and technological awards, including the China Patent Excellence Awards, the Second Prize of the Scientific Progression Award by China Federation of Logistics and procurement, the Third Prize of Science and Technology Progress Award in Jiangsu Province, and the Jiangsu Province Patent Excellence Award, etc. Meanwhile, the segment also possessed the National Post-Doctoral Research Workstation, the Jiangsu Province Special Transportation Equipment Engineering Technical Research Center, the Jiangsu Enterprise Technology Center, the Jiangsu Industrial Design Centre, the National Intellectual Property Advantage Enterprise, the National Intellectual Property Demonstration Enterprise and other technical platforms and titles.

LIQUID FOOD SEGMENT

Brewery turnkey project

Craft beer turnkey project

Juice tank

Distillery turnkey project

Pharmaceutical vessel

Industry Overview

Population growth, growing global GDP, urbanization and premiumization lead to continuous growth in the demand for drinks and beverages, driving the ongoing demand for capacity expansions or modernization and upgrading initiatives. More recent trends regarding the increased focus on digitalization and sustainability, such as reduced carbon emissions and water & energy savings, demanded by the industry for the provision of highly efficient, sustainable and smart liquid food process solutions.

According to a research report on the Global Food & Beverage Processing Equipment Market by Imarc Group, the market has reached a size of US$61.4 billion in 2023 and is expected to grow by 4.7% annually (CAGR) during 2024–2032. The global beer market is anticipated to grow at a CAGR of 3.7% (Statista, January 2024), with the highest growth expected in the Asia Pacific region, driven by the increasing disposable incomes and changing lifestyles of consumers in this region.

The outlook of the Chinese beer market is positive, with an expected CAGR of 6% during 2023–2025. Growth drivers are the increased preferences for premium beers, and craft beers as consumers seek new tastes and higher quality products.

Although the demand for whiskey and other spirits saw a rapid growth in 2023, baijiu remains the most consumed spirit in China, taking up more than 90% of total distilled spirits consumption. Industry policies continue to drive the process of increased mechanization and intelligence in baijiu production lines. These modernization initiatives, as well as new capacity investments continue to generate opportunities for the liquid food segment.

Additionally, the alcohol industry has set up "zero-carbon production areas" and "zero-carbon plants" as construction targets during 14th Five Year. The segment will continue to seize the green upgrade opportunities for the carbon neutral transformation of domestic plants and parks for baijiu, craft beer, biopharmaceutics and so on.

Business Review

The liquid food segment is active in several types of turnkey projects globally, including beer, distilled spirits, solid fermentation (baijiu/condiments), juice, dairy and others, positioning itself well to benefit from positive global trends and key consumption drivers.

This segment specializes in the engineering, manufacture and sale of stainless steel tanks for storage and processing liquid food such as beer, distilled spirits, juices and milk; These products & services are incorporated in the provision of large turnkey engineering, procurement and construction (EPC) solutions projects, including the provision of peripheral logistics service, for the brewery industry as well as other liquid food industries.

The period under review has seen significant developments and accomplishments across various business lines of our operations, reflecting our commitment to excellence and innovation. Throughout this time frame, our focus remained steadfast on delivering exceptional turnkey solutions to our clients worldwide, while exploring new markets and expanding our capabilities.

In Mexico and Thailand, our turnkey brewery projects have continued to thrive, underscoring our expertise and reliability in delivering EPC solutions. We've successfully completed several projects, including turnkey brewery installations and expansion initiatives, solidifying our position as a trusted partner in the global brewing industry.

Our efforts to further diversify into non-beer markets have yielded promising results, particularly in the distilled spirits and juice sectors. With a steady influx of backlog orders and the successful execution of significant projects, we've demonstrated our adaptability and versatility in catering to diverse client needs.

In line with our strategic growth objectives, we've directed into new markets, including solid state fermentation and biopharmaceuticals, leveraging our expertise to secure initial projects and establish a foothold in these promising sectors. The ongoing development of these markets presents opportunities for expansion and long-term success.

2023 has been the year where we as a group started the earthworks and groundbreaking for our new to build greenfield facility in Mexico. The site will be located in Saltillo, Coahuila, just half an hour west of Monterrey. The new facility will support the Latin and North American market from a sales, project management, manufacturing and service perspective. We will build approximately a 6,000 sq.m. manufacturing plant with the possibility to further expand in the near future.

Additionally, we have opened two project management offices, respectively in Brazil and Japan, in order to be able to win and deliver more projects in their liquid food & beverages markets.

In the distillation market, particularly in whisky production, we've witnessed rapid growth, notably in regions like China. By securing important whisky projects, we've reinforced our leadership position and set benchmarks for excellence in the industry. Additionally, our focus on providing comprehensive EPC systems and solutions emphasizes our commitment to delivering value beyond conventional tank provision.

Our venture into the pharmaceutical sector has seen notable progress, with the commencement of key projects for leading producers of metered dose inhalants. These initiatives stress our capability to adapt our expertise to diverse industries and contribute meaningfully to critical sectors such as healthcare.

In November 2023, CLPT acquired the majority of the shares of Künzel Maschinenbau, renowned for its expertise in malt handling and grist mills for breweries. This strategic move enhances the group's brewery solutions portfolio, reflecting CLPT's commitment to excellence. The acquisition fosters collaboration, combining the Group's global presence with Künzel's specialized knowledge and complementary capabilities. Together, we anticipate expanding into new markets and enhancing our product offerings, ensuring continued customer satisfaction.

Looking ahead, we remain focused on growing and strengthening our position in all of our operational markets, with a keen emphasis on securing significant projects. Moreover, with the advantage of our state-of-the-art facilities, including the new workshops, we are planning to further expand our footprint in the solid state fermentation and pharmaceutical industries, driving sustained growth and value creation.

In summary, the period under review has been marked by notable achievements, strategic advancements, and a firm commitment to excellence across all facets of our business. As we navigate the evolving landscape of the global market, we remain dedicated to surpassing expectations, driving innovation, and fostering enduring partnerships that leads us toward a future of continued success.

Future Plans and Strategies

The segment's vision is driven by their core purpose, to be the best in the world for safe, efficient, and sustainable liquid processing solutions. Specific strategic themes were identified to continue the segment's profitable growth path throughout 2024 and beyond.

Main ambition for the business unit is to enhance the current business operations, strengthen product portfolio, explore new market opportunities, especially in non-beer business like solid state fermentation, and seek for geographical expansion opportunities through a better global footprint, product and market diversification, as well as product innovations, either organically or via mergers and acquisitions. China market (further) development will get more attention through focusing on markets/industries with our extended EPC capabilities and solutions, product and service portfolio.

The segment has set ambitious goals on sustainability, broken down into six key pillars. This sustainability strategy drives a range of initiatives, including the reduction of our own carbon footprint, complying with international ESG standards, actively supporting our clients in their journey towards Net-Zero and investing in a talented, diverse and engaged workforce.

Research and Development

The liquid food segment has professional R&D departments in place. Robust innovation management procedures support the development of ideas into successful market solutions by means of a stage gate process. This allows the companies to persist in innovation-driven development and providing customers with the most competitive equipment and engineering technology solutions.

The segment continued to explore the optimization of its core products, such as reliable and competitive mash filtration systems and smart applications for sustainable process optimization. For the beer market, the application of an advanced wort aeration nozzle that allows same fermentation performance with lower energy demand and the application of an advanced wort boiling system that allows same product quality with lower evaporation rate were further explored and developed. Additionally, R&D teams have focused on new, adjacent markets where the existing capabilities on fermentation and storage equipment were deployed to other markets, such as precision-fermented proteins (new foods). New process steps for more efficient working methods and the associated equipment are being developed for the distilling market. By the end of 2023, CLPT had 115 granted patents.

In almost all fields of activities, sustainability and circularity is becoming increasingly important. Almost every new brewery installation was equipped with specific recovery units to design the process as energy efficient as possible and to reduce any kind of waste.

The procedures in place, the increased intercompany and interdepartmental cooperation, the expansion of R&D team and the determined focus on future sustainability & digitalization trends puts the liquid food segment into a good position to support future new technologies and equipment required by its customers.

Sales and Marketing

The business segment is one of the world's largest manufacturers of tanks and process equipment, with subsidiaries across China, Germany, Belgium, Canada and the UK, as well as representative offices in the USA, Thailand, Japan and Brazil. The segment provides equipment solutions, engineering support and project services for the liquid food industries, through the brands Ziemann Holvrieka, Briggs of Burton, McMillan, Künzel and DME Process Systems. Core focus is on the design & manufacturing of turnkey (EPC) breweries and distilleries, stainless steel process & storage tanks and engineering solutions for leading global companies in the brewing, distilling, food & dairy, juice, pharmaceutical, health & beauty and biofuels industries. Major customers include global well-known alcoholic beverage companies in beer AB Inbev, Constellation Brands, Carlsberg, Asahi, Molson Coors, Heineken, and Distilled Spirits companies such as Diageo, Beam Suntory, Baccardi and Pernod Ricard plus customers from non-beer industries, like Drinkpak, MAB and GSK.

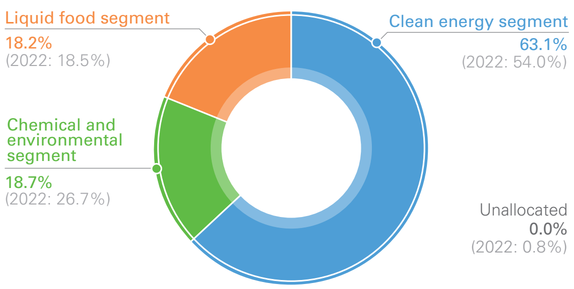
Customer service

The technical knowledge of engineers in the liquid food segment paired with practical experience from countless projects makes the segment a strong and reliable partner. It delivers tailor-made services to help clients realize objectives in improving cost effectiveness and an increased efficiency or optimization of the production. Worldwide support is offered in a broad range of services, including spare/replacement parts, engineering, consultancy, operational assistance, maintenance service, control system support, periodical inspection service, staff training, upgrades and retrofitting of installations. All our services are delivered on a project or case-to-case basis.

Revenue

During 2023, stimulated by favourable factors such as the recovery of domestic natural gas consumption and recovery of the Chinese economy and favourable government policies, the Group's clean energy and liquid food segments grew steadily during the year. 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 2023 rose by 20.5% to RMB23,626,279,000 (2022: RMB19,601,761,000). 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, the demand for LNG and industrial gases in many fields continues to grow, driving the sales of our storage and transportation equipment such as on-vehicle LNG fuel tanks, cryogenic storage tanks, industrial gas storage tanks and tank containers. As a result, the clean energy segment's revenue for 2023 rose by 40.8% to RMB14,907,121,000 (2022: RMB10,591,120,000), among which the hydrogen related business's revenue grew by 59.0% year-on-year to RMB700,493,000. The clean energy segment remained the top grossing segment and contributed 63.1% (2022: 54.0%) of the Group's total revenue.

With international logistics gradually recovering, the global demand for and supply of tank containers have reached a balance and demand for new containers gradually returned to a normal level. As a result, the chemical and environmental segment's revenue was down slightly by 15.8% to RMB4,414,336,000 (2022: RMB5,241,667,000). The segment made up 18.7% of the Group's total revenue (2022: 26.7%).

During 2023, benefitting from the increase in newly signed orders, the liquid food segment's revenue saw an increase of 18.6% to RMB4,292,702,000 during the year (2022: RMB3,619,638,000). The segment accounted for 18.2% of the Group's total revenue (2022: 18.5%).

The unallocated revenue was RMB12,120,000 (2022: RMB149,336,000) and made up 0.0% of the Group's total revenue (2022: 0.8%).

The Group's accumulated new orders received in 2023 and the backlog orders by the end of 2023 reached a record high, with a total of RMB26,639 million new orders signed in 2023 and the backlog orders of RMB22,850 million by the end of 2023. In particular, orders for the clean energy segment increased significantly, with new orders signed for the clean energy segment reaching RMB18,573 million during the period and the backlog orders by the end of 2023 amounting to RMB16,637 million. Among them, the new orders signed for hydrogen business in 2023 and the backlog orders by the end of 2023 were RMB831 million and RMB335 million, respectively. In 2023, the new orders for chemical and environmental and liquid food segments amounted to RMB3,304 million and RMB4,762 million, respectively, and the backlog orders by the end of 2023 amounted to RMB1,138 million and RMB5,075 million, respectively.

Gross Profit Margin and Profitability

The Group's overall gross profit margin ("GP margin") fell to 15.7% in 2023 from 17.4% in 2022. While clean energy segment's GP margin rose slightly, chemical and environmental and liquid food segments' decreased at varying degrees. The clean energy segment's GP margin increased slightly to 12.8% (2022: 12.5%), which was mainly attributable to the increase in revenue from overseas customers. During the year, the GP margin of chemical and environmental segment decreased to 21.0% (2022: 22.8%), which was mainly due to the global tank container supply and demand have reached a balance, the demand for standard tank containers has returned to normal, which has declined from the high level in 2022, and the capacity utilisation rate of the production line reduced, affecting the gross profit margin. The GP margin of the liquid food segment decreased to 20.7% (2022: 24.0%), 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 6.5% (2022: 7.5%), which was mainly due to a decrease in GP margin.

Other operating income totalling RMB331,689,000 in 2023 (2022: RMB262,725,000) consisted of interest income from bank deposits, government grants and other operating revenue. The rise in other operating income during the year was mainly attributed to an increase in interest income from bank deposits.

Selling expenses increased by 33.1% to RMB467,140,000 (2022: RMB351,029,000). Such expenses comprised provision for product warranty, royalty fee, human resources, commission and other expenses directly attributable to selling activities. Selling expenses increased mainly because of a rise in provision for product warranty, after-sale service charges and staff cost in line with an expanding scale of sales activities.

Administrative expenses rose by 7.5% to RMB1,960,235,000 (2022: RMB1,823,557,000) which was mainly due to increase in salaries and wages, legal and professional fees and research and development spending.

During the year, impairment losses on financial and contract assets turned to a gain of RMB36,479,000 (2022: losses of RMB58,754,000) and the improvement was mainly attributable to the strengthening of the Group's credit control measures.

Other net losses of RMB136,790,000 in 2023 (2022: gains of RMB41,463,000) mainly comprised foreign exchange loss/gain, net fair value losses on financial assets at fair value through profit or loss, compensation received, write-back of payables and advances from customers, loss on disposal of property, plant and equipment, charitable donations and miscellaneous losses. The change in 2023 was mainly due to foreign exchange gains turning into losses during the year.

During 2023, finance costs increased by 16.2% to RMB93,536,000 (2022: RMB80,470,000). Finance costs mainly comprised interest on bank loans, loans from related parties and zero coupon convertible bonds of RMB87,617,000 (2022: RMB76,978,000). The rise in interest expenses was mainly due to an increase in the amount of loans during the year.

Tax expenses for the Group decreased by 6.3% to RMB293,727,000 in 2023 (2022: RMB313,364,000). This fall was mainly attributable to the increase in profit contribution from advanced and new technology enterprises in China who enjoy a preferential income tax rate of 15% instead of the normal rate of 25%.

Liquidity and Financial Resources

As at 31 December 2023, the cash and cash equivalents of the Group amounted to RMB6,998,191,000 (2022: RMB5,223,453,000). A portion of the Group's bank deposits totaling RMB1,183,323,000 (2022: RMB382,398,000), which had more than three months of maturity at acquisition, were restricted for investments purposes or for guarantee of banking facilities. The Group has maintained sufficient cash on hand for repayment of bank loans as they fall due and continued to take a prudent approach in future development and capital expenditure. The Group has been cautiously managing its financial resources and constantly reviews and maintains an optimal gearing level.

As at 31 December 2023, the Group's bank loans and overdrafts amounted to RMB478,538,000 (2022: RMB444,699,000) and other than the long-term bank loans that are repayable in 2036, the remaining are repayable from within one year to five years. All bank loans bore interest at rates from 2.70% to 4.14% per annum (2022: 2.95% to 4.50%).

As at 31 December 2023, the Group did not have any secured bank loan (2022: nil) nor any bank loan that was guaranteed by the Company's subsidiaries (2022: nil). As at 31 December 2023, loans from related parties amounted to RMB695,526,000 (2022: RMB167,527,000), which are unsecured, interest bearing from 2.95% to 4.75% per annum (2022: 3.5% to 4.75%) and repayable within one year.

As at 31 December 2023, the Group's convertible bonds amounted to RMB1,452,871,000 (31 December 2022: RMB1,388,644,000) and recognised imputed interest expenses of RMB41,404,000 for this year (2022: RMB37,716,000). With effect from 3 June 2023 following the payment of final dividend for the year ended 31 December 2022, the convertible bond's conversion price has been adjusted from HKD11.49 to HKD11.15 pursuant to the terms and conditions of the convertible bonds. The maximum number of Shares issuable by the Company upon conversion of all the outstanding convertible bonds amounted to 150,672,645 Shares as at 31 December 2023, representing an increase of 4,458,546 Shares as compared to 2022 (31 December 2022: 146,214,099 Shares). In accordance with the terms and conditions of the convertible bonds, the convertible bonds were reclassified from non-current liabilities to current liabilities in the consolidated financial statements as at 31 December 2023. No conversion of the convertible bonds had been made since the issue of convertible bonds and up to 31 December 2023.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2022: zero times) as the Group retained a net cash balance of RMB4,371,256,000 (2022: RMB3,222,583,000). The increase in net cash balance was mainly attributable to a cash inflow from operating cash and financing which is partially offset by the cash outflow from investing during the year.

The Group's interest coverage was 17.6 times for the year (2022: 19.1 times), which represented a decrease that was mainly due to an increase in interest expense for the year. However, the Group's profit from operation and strong operating cash flow demonstrate that the Group is fully capable of meeting its interest expense commitments.

During 2023, net cash generated from operating activities amounted to RMB1,780,476,000 (2022: RMB2,561,009,000), 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 RMB2,081,077,000 (2022: RMB483,946,000), this is mainly due to the payment for acquisition of property, plant, equipment and construction in progress, acquisition of subsidiaries, investment in associates, settlement of derivative financial instruments and placement of term deposits which totaled RMB2,720,783,000 (2022: RMB592,046,000).

During the year, the net cash generated from financing activities amounted to RMB1,979,683,000 (2022: outflow of RMB77,084,000), this is mainly due to the capital contribution from non-controlling interests which amounted to RMB2,077,364,000 (2022: RMB 265,418,000). This increase was mainly due to CIMC Safe Tech completed its initial public offering ("IPO") on the Shenzhen Stock Exchange. The Group drew bank loans and loans from related parties totaling RMB1,182,130,000 (2022: RMB711,955,000) and repaid RMB627,849,000 (2022: RMB728,042,000). In 2023, a final dividend of approximately RMB432,899,000 (2022: RMB364,258,000 was paid for the financial year 2021) was paid for the financial year of 2022.

Assets and Liabilities

As at 31 December 2023, total assets of the Group amounted to RMB27,587,424,000 (2022: RMB22,214,474,000) while total liabilities were RMB15,213,780,000 (2022: RMB12,686,967,000). The net asset value rose by 29.9% to RMB12,373,644,000 (2022: RMB9,527,507,000), which was mainly attributable to CIMC Safe Tech's IPO on the Shenzhen Stock Exchange and net profit RMB1,163,561,000 which was partially offset by dividend pay-out of RMB432,899,000. As a result, the net asset value per share increased from RMB4.697 at 31 December 2022 to RMB6.101 at 31 December 2023.

Contingent Liabilities

As at 31 December 2023, the Group had outstanding procurement performance guarantees issued by relevant banks totaling RMB3,328,102,000 (31 December 2022: RMB1,257,969,000). Apart from these, the Group did not have other material contingent liabilities.

Future Plans for Source of Funding and Capital Commitments

Traditionally, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and to an extent by external borrowings (such as bank loans, related party loans and convertible bonds). In addition, CIMC Safe Tech (one of the Company's subsidiaries) successfully completed its IPO and attracted funding from non-controlling interests that boosted the Group's source of funding during 2023. 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 31 December 2023, the Group had contracted but not provided for capital commitments of RMB347,159,000 (2022: RMB184,949,000). As of 31 December 2023, the Group did not have any authorised but not contracted for capital commitments (31 December 2022: nil).

Foreign Exchange Exposure

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

Capital Expenditure

In 2023, the Group invested RMB1,411,788,000 (2022: RMB501,722,000) in capital expenditure for expansion of production capacity, general maintenance of production capacity and new business ventures. The clean energy, chemical and environmental and liquid food segments invested RMB1,112,488,000, RMB88,904,000 and RMB208,224,000, respectively (2022: RMB382,516,000, RMB77,184,000 and RMB36,022,000 respectively) in this regard during the year. Other unallocated business invested RMB2,172,000 in aggregate during the year (2022: RMB6,000,000).

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

During the year ended 31 December 2023, 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 report.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the year ended 31 December 2023, CIMC Safe Tech successfully completed its IPO on the Shenzhen Stock Exchange which constituted a deemed disposal in CIMC Safe Tech's equity interest by the Company. Save as disclosed above, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures. For further details, please refer to the announcement of the Company dated 28 July 2023 and 10 October 2023, respectively.

Charge on Assets

As at 31 December 2023, no property, plant and equipment was pledged.

Employees and Remuneration Policies

As at 31 December 2023, the total number of employees of the Group was approximately 11,000 (2022: approximately 10,500). Total staff costs (including directors' emoluments, retirement benefits scheme contributions and equity-settled share-based payment expenses) were approximately RMB2,168,545,000 (2022: RMB2,051,266,000).

As an equal opportunity employer, the Group's remuneration and bonus policies are determined with reference to the performance, qualifications, and experience of individual employee and prevailing market rate. Other benefits include contributions to statutory mandatory provident fund scheme to employees in Hong Kong, contributions to government pension schemes to employees in Mainland China, and operation of various pension plans which are funded through payments to insurance companies for employees in Europe.

During the year ended 31 December 2023, no Directors waived their remuneration.

CATALOG FOR MAIN PRODUCTS OF CIMC ENRIC

Clean Energy

1 Processing & treatment

Engineering

- Liquefaction plant engineering
- Well gas engineering

Other

- Natural gas precessing business

2 Storage

Cryo Equipment

- LNG cryogenic storage tank
- Industrial gas cryogenic tank

Mid-pressure Products

- Mid-pressure tank
- Spherical tank

High-pressure Products

- High pressure storage cylinder set

Engineering

- Large LNG storage tank EPC
- Chemical product storage tank and engineering
- Engineering design

Other

- Nuclear fuel container
- Nuclear power equipment

3 Transport

Cryo Products

- LNG and industrial gas cryogenic trailer
- LNG and industrial gas tank containers

Mid-pressure Products

- LPG trailer with pump
- Mid-pressure trailer for LPC and propylene

High-pressure Products

- High pressure long pipe trailer and tube bundle container for CNG and industrial gas
- High-pressure gas cylinder

Engineering

- Liquefied gas vessel (LNG/LEG/Amonia/LPG etc.)
- Other types of vessel fueled by LNG and other clean energy
- LNG bunkering vessels

Other

- Cyogenic cargo tank for vessels

4 Applications

Cryo Equipment

- LNG on-vehicle cylinders
- Dewar flask
- Small cryogenic tank
- Cylinders for ships

High-pressure Equipment

- High pressure retrofit vehicle
- High voltage detection

Engineering

- Re-gasification station
- LNG refuelling station
- CNG refuelling station

Other

- Low-carbon energy station
- Compressor
- Desulfurization plant
- Carburetor

Clean Energy-Hydrogen Energy

1

Processing & treatment

Other

- Electrolyzer

2

Storage

Cryo Equipment

- Liquid hydrogen storage tank
- Liquid hydrogen spherical tank

Mid-pressure Products

- Liquid ammonia spherical tank

Other

- Industrial gas cylinder set - Hydrogen

3

Transport

Cryo Products

- Liquid hydrogen tank
- Liquid hydrogen tank carrier

Mid-pressure Products

- Anhydrous ammonia carrier

High-pressure Products

- High-pressure cylinder - Hydrogen
- Industrial gas cylinder container - Hydrogen
- Industrial gas car and tube bundle - Hydrogen - Type I, II and III

4

Down stream Applications

High-pressure Products

- On-board hydrogen supply system (Type III Cylinder, Type IV Cylinder)

Engineering

- Hydrogen refuelling station - standard and skid

Other

- Hydrogen dispenser series
- Hydrogen compressor
- Hydrogen electric system

Chemical & Environmental

- Chemical standard tank containers
- Chemical special tank containers
- Parts
- After-sale services
- Environmental protection product

Liquid Food

- Beer EPC projects
- Beer tank
- Non-beer tank and EPC projects
- Port affairs

Instructions:

1. Clean energy is classified according to 4 levels.
   1) Level 1, 2 categories, namely clean energy excluding hydrogen energy and hydrogen energy business
   2) Level 2, according to the upper, middle and downstream business is divided into 4 categories: processing & treatment, storage, transport, and applications
   3) Level 3, according to the nature of the product, is divided into 5 categories: cryo products, mid-pressure products, high-pressure products, engineering and other
   4) Level 4, the specific product name in both Chinese and English
2. Chemical & environmental and liquid food are classified according to 2 levels.

DIRECTORS AND SENIOR MANAGEMENT

Directors

Mr. Gao Xiang

Chairman, Non-executive Director and the chairman of Nomination Committee and Sustainable Committee

Mr. Gao, born in 1965, joined the Group as the General Manager in January 2009, was appointed as an Executive Director in September 2009, was re-designated to be the Chairman of the Board from the General Manger in April 2015, and was re-designated to be a Non-executive Director of the Company in January 2021. He graduated from the Tianjin University (天津大學), majoring in marine and vessel engineering, and is a senior engineer. From 1999 to 2008, Mr. Gao was the general manager of Tianjin CIMC North Ocean Containers Co., Ltd. (天津中集北洋集裝箱有限公司), Tianjin CIMC Containers Co., Ltd. (天津中集集裝箱有限公司), Tianjin CIMC Logistics Equipment Co., Ltd. (天津中集物流裝備有限公司), Tianjin CIMC Vehicles Sales and Service Center (天津中集車輛物流裝備有限公司) and Tianjin CIMC Special Vehicles Co., Ltd. (天津中集專用車有限公司), respectively. Mr. Gao was an assistant to the president of CIMC from 2004 to 2008, was a vice president of CIMC from 2015 to May 2018, was an executive vice president of CIMC from May 2018 to August 2020 and was a director of CIMC from October 2020 to March 2021. He is currently the president of CIMC. He also holds directorships in certain subsidiaries of CIMC and the Company.

Mr. Yang Xiaohu

President, Executive Director and a member of Sustainable Committee

Mr. Yang, born in 1975, is the President of the Company, an Executive Director and a member of the Sustainable Committee. He graduated in Huazhong University of Science and Technology (華中科技大學), majoring in vessel and marine engineering, and EMBA of China Europe International Business School. Mr. Yang joined CIMC as an officer of the quality control department of Shanghai CIMC Reefer Containers Co., Ltd. from 1997 to 1999, and was a sales manager of CIMC's container operation department from 2000 to 2009. He was a deputy general manager of the Company's sales and marketing department from April 2009 to April 2012, was an assistant to general manager of the Company from May 2012 to March 2015. He served as general manager from April 2015 to January 2018 and is currently the chairman of the board of 中集安瑞環科技股份有限公司 CIMC Safeway Technologies Co., Ltd* (formerly known as 南通中集罐式儲運設備製造有限公司, shares of which are listed on the Shenzhen Stock Exchange). Mr. Yang was a deputy general manager of the Company from April 2015 to October 2017, and was appointed as the Executive Director and the general manager of the Company on 27 October 2017 (the title of "General Manager" has been changed to "President" with effect from 1 January 2023 without any changes to his functions or executive responsibilities). He has been the vice president of China Container Industry Association since 2019. He holds directorships in certain subsidiaries of the Company.

Mr. Yu Yuqun

Non-executive Director and a member of Sustainable Committee

Mr. Yu, born in 1965, joined the Group as an Executive Director in September 2007 and was re-designated to be a Non-executive Director on 5 September 2016. He obtained a bachelor's degree and a master's degree in economics, both from the Peking University (北京大學). Mr. Yu joined CIMC in 1992, he is currently the vice president of CIMC, and responsible for capital market business. Mr. Yu was a company secretary of CIMC from October 2012 to March 2021. He is currently an independent non-executive director of IMEIK Technology Development Co., Ltd. (shares of which are listed on ChiNext Market of Shenzhen Stock Exchange). He holds directorships in certain subsidiaries of CIMC and the Company.

Mr. Zeng Han

Non-executive Director and a member of Remuneration Committee

Mr. Zeng, born in 1975, was appointed as a Non-executive Director on 18 May 2018. He graduated from Hangzhou Institute of Electronic Engineering with a bachelor's degree in Economics in July 1996, and later graduated from Jiangsu University of Science and Technology with a master's degree in management in June 1999. He joined CIMC in 1999 and has successively served as manager of the accounting division of the financial management department, assistant to the general manager, deputy general manager and executive general manager of financial management department. Mr. Zeng had been the general manager of the former financial department of CIMC since March 2017, and has been the general manager of the financial management department formed by the merger of the former financial department and the former capital management department since January 2018. Mr. Zeng has been chief financial officer of CIMC since 26 March 2020 and has served as vice president and chief financial officer of CIMC since 28 March 2023. Mr. Zeng has been appointed as a non-executive director of CIMC Vehicles (Group) Co., Ltd. (shares of which are listed on the Main Board of the Stock Exchange (stock code: HK.1839)) since 29 September 2021. He also held a concurrent post as manager of the financial department of the Company from 2009 to 2010. Mr. Zeng is a certified public accountant in China. He holds directorships in certain subsidiaries of CIMC and the Company.

Mr. Wang Yu

Non-executive Director

Mr. Wang, born in 1972, was appointed as a Non-executive Director on 5 September 2016. He graduated from Dalian Maritime University with Bachelor of Engineering (Transportation Management) in 1993 and Master of Laws (International Economic Law) in 1996. He worked in the legal affair department of China Ocean Shipping (Group) Company from 1996 to 2000 and America International Data Group's branch in China (美國國際數據集團(中國)公司) from 2001 to 2002. Mr. Wang joined CIMC in 2003, and has been the general manager of the legal department of CIMC since 2007. Mr. Wang is currently a non-executive director of CIMC Vehicles (Group) Co., Ltd. (shares of which are listed on the Main Board of the Stock Exchange (stock code: HK.1839)). He holds a number of directorships in certain subsidiaries of CIMC. Mr. Wang was admitted as a lawyer in the People's Republic of China in 1997 and is currently a non-practising lawyer. Mr. Wang is also an arbitrator of South China International Economic and Trade Arbitration Commission (華南國際經濟貿易仲裁委員會) (also known as Shenzhen Court of International Arbitration 深圳國際仲裁院) and China International Economic and Trade Arbitration Commission.

Mr. Tsui Kei Pang

Independent Non-executive Director, chairman of Remuneration Committee and a member of Audit Committee

Mr. Tsui, born in 1960, was appointed as an Independent Non-executive Director on 11 November 2009. He obtained a bachelor's degree in law (Honours) and a master's degree in law from The University of Hong Kong. He is a solicitor of Hong Kong, a Greater Bay Area Lawyer, a China Appointed Attesting Officer and a Civil Celebrant of Marriages. Mr. Tsui has been a Hong Kong practising solicitor for more than 25 years and is now a partner of Messrs. Anthony Siu & Co. He specialises in Hong Kong and China cross-border commercial legal services. He is also vice president of Association of China- Appointed Attesting Officers Limited and an honorary legal adviser of The Hong Kong Real Estate Association.

Mr. Wang Caiyong

Independent Non-executive Director, a member of Audit Committee and Nomination Committee

Mr. Wang, born in 1951, was appointed as an Independent Non-executive Director on 1 October 2018. He graduated from Fudan University (復旦大學), majoring in finance (correspondence course) in 1996 and completed the postgraduate study in finance at Beijing Technology and Business University in 2002. He is a registered accountant in the People's Republic of China (senior accountant). Mr. Wang was the deputy chief of the financial department of Dalian Maritime University from 1994 to 1995. Mr. Wang joined the head office of China Ocean Shipping (Group) Company (now known as China Cosco Shipping Corporation Limited) in 1995 and served as deputy general manager of supervisory department and head of auditing department; served as chief accountant of the head office of China Ocean Shipping Agency from 2000 to 2001; and served as chief accountant of Cosco Dalian Ocean Shipping Company from 2002, and retired in 2011. He was seconded to the supervisory board of the State Council from December 2001 for one year. Mr. Wang was also the deputy general secretary of China Institute of Internal Audit Transportation Branch from September 2011 to October 2014. He is currently the managing director of China Institute of Internal Audit and president of China Institute of Internal Audit Transportation Branch. Mr. Wang has won the 2006 China Excellent CFO Award.

Mr. Yang Lei

Independent Non-executive Director, a member of Audit Committee, Remuneration Committee and Nomination Committee

Mr. Yang, born in 1974, was appointed as an Independent Non-executive Director on 30 September 2022. He graduated from Northwest University (西北大學) with a Bachelor's degree in Petroleum Geology in 1995, and obtained a Master's degree in Sedimentology from the Department of Geology of Northwest University in 1998 and a Doctor of Philosophy degree in Mineral Survey and Exploration from China University of Petroleum (Beijing) (中國石油大學(北京)) in 2002. Mr. Yang is currently the Vice President and a research professor of the Institute of Energy of Peking University (北京大學能源研究院), and the Chairman of the Coordination Committee of the International Gas Union (國際燃氣聯盟協調委員會). Mr. Yang had held various positions at the National Development and Reform Commission and the National Energy Administration from July 2002 to April 2016. Mr. Yang had served as the first Senior Advisor from China to the Executive Director of the International Energy Agency from May 2016 to May 2019. Mr. Yang has nearly 25 years of extensive experience in strategic research and practical experience in the energy industry, and has dedicated himself to promote clean energy transition, market-oriented energy reform and global energy governance research. The Institute of Energy of Peking University, which was co-founded by Mr. Yang, has played a significant role in promoting energy transition and carbon neutrality domestically and abroad.

Ms. Wong Lai, Sarah

Independent Non-executive Director and chairman of Audit Committee

Ms. Wong, born in 1978, was appointed as an Independent Non-executive Director on 24 August 2023. She has over 20 years of experience in corporate finance, capital markets, initial public offerings, mergers and acquisitions and placement projects. Ms. Wong served as a partner at Transpac Capital Limited, a private equity firm licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") where she was mainly responsible for managing merger and acquisition projects and investor relationship. She had previously served as the deputy head of Investment Banking Division and head of Coverage and Financial Sponsors of the group of Guotai Junan International Holdings Limited (a company listed on the Stock Exchange (stock code: 1788)) in Hong Kong, head of Financial Sponsor team under the Global Coverage Department of BOC International; senior vice president of Fixed Income Division of the Greater China Region of DBS Bank (Hong Kong) Limited, director of Debt Capital Markets Department of BOC International and senior auditor at PricewaterhouseCoopers. Ms. Wong is currently serving as an independent non-executive director of ENN Energy Holdings Limited (a company listed on the main board of the Stock Exchange (stock code: 2688)). Ms. Wong graduated from the London Metropolitan University in the United Kingdom with an Honours Bachelor's Degree in accounting in 2001. Ms. Wong is a fellow member of the Association of Chartered Certified Accountants, and a responsible officer licensed under the SFO to carry on Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities.

Senior Management

Mr. Gao Wenbao

Vice President

Mr. Gao, born in 1973, is the Vice President of the Company responsible for the offshore clean energy business. He is also the president of the Company's offshore gas business unit and the vice president of the Company's hydrogen energy business unit. Mr. Gao graduated in Jilin University of Technology (吉林工業大學), majoring in machinery enterprise management. Mr. Gao worked first in the enterprise management department of Tianjin Xiali Automobile Engine Plant and then in the general manager's office in Tianjin Xiali Automobile Holdings Limited from August 1995 to September 2008, and was a manager of the enterprise management department, a manager of the human resources department and an assistant to general manager of Tianjin CIMC North Ocean Container Co., Ltd. from October 2000 to September 2009. He joined the Company in October 2009, and was a manager of the Company's enterprise management department, an assistant to general manager, and the deputy general manager of the Company, have also served as the general manager of Nantong CIMC SinoPacific Offshore & Engineering Co., Ltd (南通中集太平洋海洋工程有限公司, a wholly-owned subsidiary of the Company) since 2017.

Mr. Ju Xiaofeng

Vice President

Mr. Ju, born in 1968, is the Vice President of the Company responsible for energy equipment and engineering business. He is also the president of the Company's energy equipment and engineering business unit, and he is the vice president of China Industrial Gas Association. He gradated from Nantong University, majoring in mechanical design and obtained master degree of MBA of Nanjing University of Science & Technology. Mr. Ju worked in Nantong Electric Motor Factory from the period of 1989 to 1997. He joined the Group in March 1997 and served as deputy manager of production department and manager of enterprise management department of CIMC Nantong base, manager of enterprise management department of Taicang CIMC, general manager of enterprise management department of the Company, assistant to general manager and chief operation officer, and was appointed as deputy general manager in January 2021. He concurrently served as the general manager of the Company's energy equipment and engineering business unit since 2020. He was deputy general manager and executive deputy general manager of 中集安瑞環科技股份有限公司 CIMC Safeway Technologies Co., Ltd* (formerly known as 南通中集罐式儲運設備製造有限公司, a wholly-owned subsidiary of the Company) from the period of 2012 to 2014, general manager of Nantong CIMC Energy Equipment Co., Ltd.(a wholly-owned subsidiary of the Company) from the period of 2015 to 2016. He also holds directorships in certain subsidiaries of the Company.

Mr. Fang Jianping

Vice President

Mr. Fang, born in 1966, is currently the Vice President of the Company responsible for integrated energy systems solutions business. He graduated from Tongji University, majoring in Thermal Energy and Dynamic Mechanism as well as Business Administration, and obtained a Bachelor's degree in Engineering and a Master's degree in Business Administration. He joined the Group and served as vice president in January 2023. Since 1989, he has successively serve in multiple managing roles in Shanghai Astronautics Energy Co., Ltd., Shanghai Institute of Space Propulsion, Shanghai Aerospace Smart Energy Technology Co., Ltd., Shanghai Fiorentini Gas Equipment Co., Ltd., and Shanghai Aerospace Industry (Group) Co., Ltd. He has also served as the general manager of CIMC ENRIC Energy Systems (Shanghai) Co., Ltd (中集安瑞科能源系統(上海)有限公司, a wholly-owned subsidiary of the Company) since 2023.

Ms. Zhong Yingxin

Company Secretary

Ms. Zhong, born in 1976, is the Company Secretary of the Company, responsible for implementation of good corporate governance, investor relations, branding and corporate communications and major capital market transactions. She is an Associate Member of The Hong Kong Chartered Governance Institute. Ms. Zhong graduated from Zhongnan University of Economics and Law and majored in Legal English and Economic Law and received Master's degrees in Management (Finance) and Business Administration from Macquarie University in Australia. Ms. Zhong also holds a Master's degree of Corporate Governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong). Ms. Zhong joined the Company in year 2020 as the Deputy Head of Board Secretary Office and Investor Relations Director, and was appointed as the Company Secretary on 31 December 2021. Prior to joining the Company, Ms. Zhong worked in the several positions of Investor Relations and Investment Business Development in various listed companies with rich industrial and professional experience.

Mr. Lai Zeqiao

Financial Controller

Mr. Lai, born in 1977, is the Financial Controller of the Company, responsible for financial management, accounting and reporting, internal control, taxation and treasury management of the Company. He was appointed as the Financial Controller in April 2022. Mr. Lai graduated from Shenzhen University and obtained a Bachelor's degree in Management. He is a Certified Public Accountant in China and holds a Chartered Global Management Accountant certificate. He joined the Company in 2019. He has been serving as general manager of finance department. Before joining the Company, he served as audit manager in Ernest & Young from the period of 2000 to 2007; he then worked as financial controller in TCL from the period of 2007 to 2010 and CFO of Asia Pacific Petroleum Group Co., Ltd. from the period of 2010 to 2013; between 2013 and 2014, he appointed as an executive director of Xinjiang TCL Capital Investment Co. Ltd; between 2014 and 2018, he was appointed as vice president in Hotchip Technology in Shenzhen. Mr. Lai has extensive experience in finance and accounting management, internal control, taxation and treasury management.

* *For identification purpose only*

Corporate governance is the collective responsibility of the board of directors of the Company (the "Board"). The Board strongly believes that stakeholders' confidence and faith in the Company comes with good corporate governance, which is fundamental to creating long-term sustainable growth for shareholders and delivering long-term values to all stakeholders. The principles of the Company's corporate governance practices emphasise on an effective board, prudent risk management and internal control systems, transparency and quality disclosure, taking prompt actions in responding to identified improved opportunities and, most importantly, accountability to shareholders.

Corporate Culture

The Company deeply believes that healthy corporate culture is not only the core of good governance, but also the soul of an enterprise and an essential part of the sustainable development. In light of the vision of to be an industry-leading high-tech enterprise in clean energy, chemical and environmental, and liquid food industries, the Company develops its corporate culture according to the operating environment, values and strategies, including the value of acting lawfully, ethically, responsibly and the same belief concepts in the aspects of environmental protection, occupational health and safety, employee care and talent cultivation, etc., thereby stimulating the enterprise vitality, and endeavours to become a respected innovative enterprise to provide high-quality and reliable equipment and comprehensive value-added services to customers, generate sound returns for shareholders and employees, and create sustainable value to the society.

Corporate Governance Practices

Continued efforts have been undertaken in reviewing and enhancing the quality of corporate governance practices with reference to local and international standards. Since its listing on the Stock Exchange in October 2005, the Company has adopted the Corporate Governance Code (the "CG Code") as its principal guideline in relation to corporate governance practices.

The following policies and guidelines in connection with corporate governance are periodically reviewed and constitute supplementary components in the Company's governance framework:

- Policy on the Appointment of Directors;
- Director and Senior Management Remuneration Policy;
- Roles and Responsibilities of the Board and Senior Management;
- Procedures for Directors to seek Independent Professional Advice;
- Division of Responsibilities between the Chairman and the President of the Company;
- Procedures for Disclosure of Interests in Shares of the Company and its Associated Corporations;
- Code for Securities Transactions by Relevant Persons;
- Procedures for Shareholders to Propose a Person for Election as a Director;
- Shareholders' Communication Policy;

Corporate Governance Practices *(Continued)*

- Whistleblowing Policy;
- Integrity and Compliance Code*;
- Anti-Corruption and Fraud Policy;
- Information Disclosure Policy;
- Board Diversity Policy;
- Nomination Policy; and
- Dividend Policy.

Note * Integrity and Compliance Code ("the Code") was adopted by the Board on August 2023, which applies to all units and employees of the Company. The personnel who represent or act on behalf of the Company and all business partners of the Company (including but not limited to consultants, suppliers, contractors, subcontractors, agents, distributors, joint venture partners) and other stakeholders who are involved in our work shall comply with the relevant requirements of the Code.

Corporate Governance Code Compliance

Throughout the year ended 31 December 2023, the Company complied with all the code provisions that were in force as set out in Appendix C1 to the Listing Rules of the CG Code.

Securities Transactions by Directors

The Company has issued and adopted it own Code for Securities Transactions by Relevant Persons as the code of conduct regarding dealing in securities of the Company by the Directors and specific employees of the Company or its subsidiaries who, because of his office or employment in the Company or such subsidiary, is or is likely to possess inside information in relation to the Company or its securities. Such code is on terms no less exacting than those set out in the Model Code. For Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3.

Each Director is required to confirm with the Company in writing, twice a year, that he has complied with the Model Code. All the Directors have confirmed that they complied with the required standards thereof throughout the year ended 31 December 2023.

Board of Directors

The Board

The Board assumes the responsibility for leadership and control of the Group, and is collectively responsible for promoting the success of the Group.

Decisions which are taken by the Board include those relating to:

- long-term direction and objectives;
- strategic business development;
- corporate governance;
- risk management and internal control systems assessment;
- material financing projects;
- material acquisitions and disposals;
- interim and final results and dividends;
- connected and major transactions;
- appointments to the Board; and
- remuneration of the senior management.

The Board meets regularly to keep abreast of the business and operational performance of the Group. In 2023 and up to the date of this report, the Board, amongst others:

- reviewed the performance and formulated business strategies of the Group;
- reviewed and approved financial statements of the Group for the two years ended 31 December 2022 and 2023, and for the six months ended 30 June 2023 respectively;
- reviewed the effectiveness of risk management and internal control systems taken by the Group;
- reviewed and determined the remuneration packages of all Directors;
- reviewed the structure, size and composition of the Board;
- approved the proposed spin-off and separate listing of the liquid food business of the Group and approved the joint announcement regarding the proposed spin-off of CLPT and application for quotation on the NEEQ and preparation for listing on the BSE;
- approved the continuing connected transaction in relation to revision of annual caps for existing continuing connected transactions under (1) the master sales agreement (2022) and (2) the master procurement agreement (2022) and approved the announcements and circular regarding the related extraordinary general meeting ("EGM");

Board of Directors *(Continued)*

The Board *(Continued)*

- approved the connected transaction in relation to the disposal of approximately 5.63% equity interests in Shenzhen CIMC Tongchuang;
- approved the operating data and indicators for the three months ended 31 March 2023, the third quarter of 2023, and the nine months ended 30 September 2023;
- reviewed and approved the Group's 2022 Environmental, Social and Governance Report;
- approved the grant of a total of 39,500,000 share options to 208 eligible persons in accordance with the share option scheme of the Company adopted on 20 May 2016;
- approved the announcement in relation to the adjustment to conversion price of HKD1,680,000,000 zero coupon convertible bonds due 2026;
- approved the joint announcement regarding the approval by the CSRC of the application for registration of the initial public offering of shares of CIMC Safe Tech and the joint announcement regarding the completion of the initial public offering and A-share listing of CIMC Safe Tech;
- approved the announcement in relation to the principal unaudited financial data of CIMC Safe Tech for the third quarter ended 30 September 2023; and
- approved the (1) change of independent non-executive director and (2) change in composition of audit committee.

The Board is also responsible for performing the corporate governance functions of the Company, including developing, reviewing and monitoring the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements and the code applicable to employees and Directors; reviewing the Company's compliance with the CG Code and disclosure in its Corporate Governance Report.

In 2023 and up to the date of this Report, the Board, among others, performed the following corporate governance functions:

- reviewed the disclosure in the Corporate Governance Reports set out in the Company's Annual Reports for 2022 and 2023 respectively;
- approved and adopted the Integrity and Compliance Code of the Company;
- approved and adopted the revised Whistleblowing Policy of the Company; and
- approved and adopted the revised Terms of Reference of Sustainable Development Committee of the Company.

The Company has insured director's liability insurances for the directors, which provided protection to the directors for liabilities that might arise in the course of their performance of duties according to law and facilitate directors to fully perform their duties.

Board of Directors *(Continued)*

Chairman and President

The management of the Board and the day-to-day management of the Group's business are clearly divided and separately undertaken by the Chairman and the President to ensure a balance of power and authority. The roles of the Chairman and the President are segregated with a clear division of responsibilities set out in writing.

The Chairman is responsible for overseeing the effective functioning of the Board, setting the Group's strategies and direction, identifying business goals and the related business plans, monitoring the performance of senior management, and establishing good corporate governance practices. The Chairman of the Company had met with Non-executive Directors (including Independent Non-executive Directors) from time to time without the Executive Director present during the year 2023. Moreover, the Chairman held a meeting with the independent non-executive directors without the presence of other directors.

The President focuses on leading the senior management to execute the strategies and plans set out by the Board and reporting to the Board on the Group's operation from time to time to ensure proper discharge of duties delegated by the Board.

Non-executive Directors and Independent Non-executive Directors

Non-executive directors do not belong to the management of the Company as they do not participate in the daily operation and management of the Group. However, they are also not considered to be independent. Independent non-executive directors are independent directors who meet the independence criteria under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The non-executive directors (including the independent non-executive directors) of the Company have a term of appointment of three years. They have the same duties of care and skill and fiduciary duties as the executive director. They possess skills and experience in other aspects (such as financing and accounting, law, information technology, etc.) other than the Group's business knowledge, which helps to enhance the Board's balance of skills, experience and diversity of perspectives, whereby playing an important role in the Board.

The non-executive directors (including independent non-executive directors) serve as members of the Company's Board committees (including audit, remuneration, nomination and sustainable committee) and other responsibility committees, provide independent judgment to the Board to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, and monitor the Company's performance in achieving agreed corporate goals and objectives and the relevant reporting.

The Independent Non-executive Directors are particularly responsible for bringing an independent judgement on the Board. They take the lead where potential conflicts of interests arise and monitor the Company's performance in achieving agreed corporate goals and objectives and the relevant reporting.

In relation to each connected transaction or other transaction of the Company that requires independent shareholders' approval, an independent board committee comprising Independent Non-executive Directors who have no interests therein will be formed to give independent opinion on the transaction.

During the year, the Board has at all times complied with the requirements of the Listing Rules about the qualification and number of the non-executive directors, including the appointment of at least three independent non-executive directors, of which at least one has appropriate professional qualification, or accounting or related financial management expertise pursuant to Rule 3.10 of the Listing Rules, and pursuant to the requirement of Rule 3.10A of the Listing Rules, the Company's independent non-executive directors representing at least one-third of the Board.

Board of Directors *(Continued)*

Non-executive Directors and Independent Non-executive Directors *(Continued)*

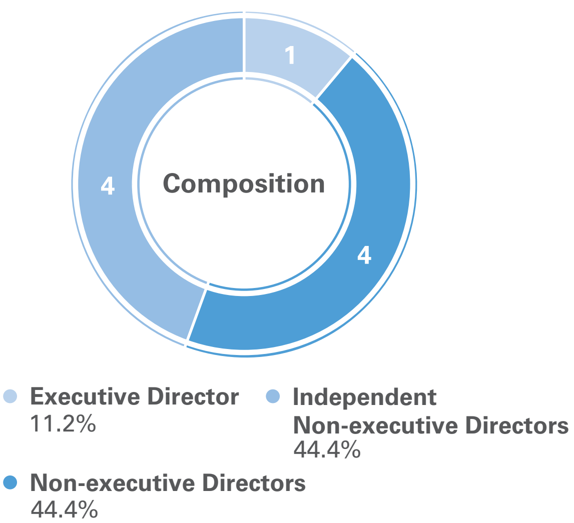
Although Mr. Tsui Kei Pang has served the Company for more than nine years, during his tenure of office, Mr. Tsui does not participate in the daily management of the Company, and has been able to fulfill all the requirements regarding independence of independent non-executive Director (including providing the annual confirmation of independence to the Company under Rule 3.13 of the Listing Rules) and provide different professional opinion from legal, compliance and regulatory perspectives to the Board, which has a positive effect on the corporate governance of the Company. Through exercising the scrutinising and monitoring function of independent non-executive Director, Mr. Tsui had contributed to an upright, efficient and good corporate governance Board for the interest of Shareholders. Hence, the Board considers that Mr. Tsui has discharged his duties as an independent non-executive Director to the satisfaction of the Board during his tenure of office, and believes that his valuable professional knowledge and good business acumen will continue to generate contribution to the Board, the Company and the Shareholders as a whole.

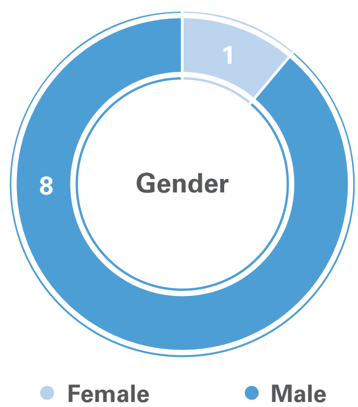
Reference is made to the Company's announcement dated 24 August 2023, Ms. Yien Yu Yu, Catherine resigned to be an independent non-executive director of the Company, and resigned to be the chairman of the audit committee of the Company with effect from 24 August 2023. On the same day, Ms. Wong Lai, Sarah was appointed as an independent non-executive director, and the chairman of the audit committee of the Company after Ms. Yien Yu Yu, Catherine's resignation as independent non-executive director of the Company.

The Company has received from each independent non-executive director a written confirmation of his/her independence. With reference to such confirmations, the Company, to its best knowledge, considers all the independent non-executive directors fulfilled the guidelines on independence as set out in Rule 3.13 of the Listing Rules and all to be independent.

Board Composition

The Board consists of nine members, made up of one Executive Director, four Non-executive Directors and four Independent Non-executive Directors (which constitutes over one-third of the Board, bringing in a sufficient independent voice). There is one female Director and eight male Directors. Details are as follows:





Board of Directors *(Continued)*

Board Composition *(Continued)*

Executive director	Non-executive directors	Independent non-executive directors
Mr. Yang Xiaohu *(President)*	Mr. Gao Xiang *(Chairman)* Mr. Yu Yuqun Mr. Zeng Han Mr. Wang Yu	Mr. Tsui Kei Pang Mr. Wang Caiyong Mr. Yang Lei Ms. Wong Lai, Sarah

The List of Directors and their roles and functions has been published on the websites of the Stock Exchange and the Company.

The Board members come from a wide range of professional and educational backgrounds, including legal, accounting and corporate finance, economics, academic, management and industry expertise. It brings a diverse and balance set of skills and experience to the Board, contributing to the effective direction of the Group. Independent non-executive directors are committed to ensuring that the Board safeguards the interests of all the shareholders of the Company, and takes into account the concerns of stakeholders ensuring the fairness and reasonableness of the Board resolutions to promote the sustainable development of the Company. Latest biographical details of all Directors are given in the section headed "Directors and Senior Management" on pages 46 to 50 and on the Company's website.

No relationship (neither financial, business nor family) exists among members of the Board as at the date of this report.

Time Devotion of Directors

The Directors shall take decisions objectively in the best interests of the Group as a whole. They meet regularly to keep abreast of its conduct, business activities, operational performance and latest development. Details of Director's attendance at Board and Board Committee meetings and general meetings held in 2023 and in 2024 (up to the date of this report) are set out in the paragraph headed "Director's Attendance" in this section.

The Directors ensure that they can give sufficient time and attention to the affairs of the Company. All Directors have disclosed to the Company, upon their appointment, and in a timely manner for any change, their offices held in public companies or organisations and other significant commitments (if any). They need to disclose to the Company from time to time for any changes and the time involved annually. No independent non-executive directors of the Company served seven listed companies or more. Information of Directors' office in other companies which is of significant nature is set out on pages 46 to 50 and on the Company's website.

The Company has also formulated the Board attendance policy during the year that unless there is a special reason or the low attendance rate due to a small number of meetings, the attendance rate of the directors in the Board meetings and major committees meetings of the Company should not be less than 80%. The attendance rate of all the directors of the Company in 2023 was above this target, and the overall attendance rate of all the directors in the meetings had reached 93.5%. The directors of the Company have also confirmed that they have given sufficient time and attention to the affairs of the Company for the year ended 31 December 2023.

Meetings of the Board

Notice of a regular Board meeting is given to all Directors at least 14 days in advance. Directors are invited to include items which they wish to be included in the agenda for the same to be finalised and are given the relevant meeting papers at least three days prior to a Board or Board Committee meeting.

Board of Directors *(Continued)*

Meetings of the Board *(Continued)*

Directors are properly briefed on agenda items and provided with opportunities to raise questions or comment at meetings. Where necessary, professional advisers will be invited to attend the meeting to give expert advice and explanations to the Directors on agenda items.

The Company has adopted the following practices to keep the directors informed of the latest information about the Group and facilitate the working of an effective and accountable Board:

- The Company's public relations service company informs the executive director of the news relating to the Company on every working day.
- The management timely communicates the possible reasons causing the significant fluctuation in stock price that they are aware of.
- Send the report about the operational, investment and financial performance of the Group to the directors of the Company on a monthly basis.
- Send the investor relations report about the capital market updates and the highlights of the recent communications with investors on a monthly basis.
- Send the progress of capital investment projects approved by the directors of the Company on a quarterly basis or when there is significant progress.
- As most of the directors of the Company are on occasional, and sometimes unexpected, business trips and/or are stationed in different regions of China, it may, in practice, be inconvenient to convene a full Board meeting on a frequent basis. Apart from encouraging them to attend in person, the directors could attend the meeting through electronic means of communication. For simple and straight forward Board resolutions, or a resolution that has been fully communicated through different communication channels and obtained the consent of all directors before the meeting, the Company Secretary will suggest the resolutions to be passed in the form of a written resolution with the relevant materials circulated together with draft resolutions to the full Board. Hence, the Board may review and approve certain issues in form of a written resolution. Nevertheless, to decide on any matter in relation to a notifiable transaction, a Board meeting will be convened; and to decide on any matter in which a substantial shareholder or a Director has a material interest, a Board meeting will be held with the presence of Independent Non-executive Directors who, and whose associates, have no interest in such matter.
- Where a director is unable to attend a meeting, he/she is informed about the matters to be discussed and encouraged to express his/her views to the Chairman of the Board or the Company Secretary (or his/her assistant) prior to the meeting.
- Agree and execute the next annual plan for Board meetings and Board committee meetings as well as corporate events with directors by the Company Secretary in December every year to reserve their times for attendance.
- The Chairman and the senior management will ensure all Directors (including the Non-executive Directors) have access to adequate, complete and timely information so that they can make informed decisions and discharge their duties and responsibilities as Directors. Directors may request further briefing or explanation on any aspect of the Group's operations or business and seek advice from the Company Secretary or his/her assistant on company secretarial and regulatory matters, including board procedures and corporate governance practices. Where appropriate, they can also seek independent professional advice at the Company's expenses pursuant to the "Procedures for Directors to seek Independent Professional Advice" adopted by the Board.

Board of Directors *(Continued)*

Meetings of the Board *(Continued)*

The Company Secretary or his/her assistant is responsible for taking minutes of Board and Board Committee meetings with details of the matters considered by the Board and decisions reached, including any concerns raised by the members of the Board or dissenting views expressed, as well as the recommendations to improve the Company's corporate governance and internal control systems. Draft minutes and written resolutions will be circulated to all Board members or Board Committee members for review and comment for a reasonable period. Final version of the minutes and written resolutions will be provided for record within a reasonable time (generally within 14 days after the meeting). Minutes of the Board meetings and Board committees meetings have been recorded in sufficient details, and the signed copies are kept in the Company's minutes book maintained by the Company Secretary for Directors' inspection.

Director's Attendance

	No. of meetings attended during the Director's tenure during 2023						
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainable Committee	General Meetings	Independent Board Committee
Non-executive Director							
Mr. Gao Xiang *(Chairman)*	16/16	–	–	3/3	1/1	2/2	–
Executive Director							
Mr. Yang Xiaohu *(President)*	16/16	–	–	–	1/1	2/2	–
Non-executive Directors							
Mr. Yu Yuqun	15/16	–	–	–	1/1	2/2	–
Mr. Zeng Han	16/16	–	4/4	–	–	2/2	–
Mr. Wang Yu	15/16	–	–	–	–	2/2	–
Independent Non-executive Directors							
Ms. Yien Yu Yu, Catherine (Note 1)	10/10	3/3	–	–	–	1/1	–
Mr. Tsui Kei Pang	16/16	4/4	4/4	–	–	2/2	1/1
Mr. Wang Caiyong	16/16	4/4	–	3/3	–	2/2	1/1
Mr. Yang Lei	16/16	4/4	4/4	3/3	–	2/2	1/1
Ms. Wong Lai, Sarah (Note 1)	6/6	1/1	–	–	–	1/1	1/1

Note:

1. On 24 August 2023, Ms. Wong Lai, Sarah was appointed as an independent non-executive director of the Company. On the same day, Ms. Yien Yu Yu, Catherine resigned to be an independent non-executive director of the Company.

Board of Directors *(Continued)*

Director's Attendance *(Continued)*

	No. of meetings attended during the Director's tenure between 1 January 2024 and the date of this report					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainable Committee	General Meetings
Non-executive Director						
Mr. Gao Xiang *(Chairman)*	3/3	–	–	1/1	1/1	–
Executive Director						
Mr. Yang Xiaohu *(President)*	3/3	–	–	–	1/1	–
Non-executive Directors						
Mr. Yu Yuqun	3/3	–	–	–	1/1	–
Mr. Zeng Han	3/3	–	1/1	–	–	–
Mr. Wang Yu	3/3	–	–	–	–	–
Independent Non-executive Directors						
Mr. Tsui Kei Pang	3/3	2/2	1/1	–	–	–
Mr. Wang Caiyong	3/3	2/2	–	1/1	–	–
Mr. Yang Lei	3/3	2/2	1/1	1/1	–	–
Ms. Wong Lai, Sarah	3/3	2/2	–	–	–	–

Directors' Training and Professional Development

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The Company is responsible for arranging and funding suitable training for the Directors, including but not limited to:

- Newly-appointed Director will be briefed by the Company's legal advisor on director's responsibilities under the relevant legal and regulatory requirements (including but not limited to the Companies Ordinances, the Listing Rules and the SFO). He will also be provided a memorandum on directors' duties and obligations which assists him in understanding his responsibilities as directors.

- The Chairman or the President will give a general induction on the Group and the Company will provide relevant information and organise various activities, for example, plant visits, to ensure they properly understand the business and governance policies of the Company.

- To update Directors' understanding of the Group's operations and business and refresh their knowledge and skills as directors, the Company provides with the Board materials on relevant regulation updates and on issues of significance or on new opportunities of the Group.

Board of Directors *(Continued)*

Directors' Training and Professional Development *(Continued)*

During the year, newly-appointed Director had been briefed by the Company's legal advisor on director's responsibilities under the relevant legal and regulatory requirements (including but not limited to the Companies Ordinances, the Listing Rules and the SFO). She was provided with a memorandum on directors' duties and obligations which assists her in understanding her responsibilities as a director.

During the year, the Company organised one seminar for the Directors relating to the introduction to the 2023 Listing Rules revision by the Hong Kong Stock Exchange and the highlights of the listing compliance of multi-level listed company group. Nine Directors, namely Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Yu Yuqun, Mr. Zeng Han, Mr. Wang Yu, Mr. Tsui Kei Pang, Mr. Wang Caiyong, Mr. Yang Lei and Ms. Wong Lai, Sarah attended the seminar in person. The directors and senior management have received training materials about the amendments on the Listing Rules for references as well from the Company Secretary. Due to their own professional capacities, individual Directors also participated in other training relating to the roles, functions and duties as a director of a listed company or further enhancement of their professional development. All the Directors had provided their training records for the year ended 31 December 2023 to the Company.

During the year, the Group explained and provided training to all employees on the preparedness for climate risks and opportunities, and climate-related financial disclosure ("TCFD"). A working group comprising senior management of the Company, key functional departments of the Company and the management of key member companies was formed to conduct TCFD-related research and projects. All directors of the Company were reported by the working group on the progress of the TCFD-related projects and provided their opinions and instructions of the on-going projects.

During the year, the President of the Company updated the business and prospects of the Group in detail to the Board on four times, providing the directors of the Company an detailed update on the operation and business of the Group, management on exchange rate and credit risk as well as the perspective of the industries of clean energy, chemical and environment, and liquid food.

Appointments and Resignations of Directors

The Company has the "Policy on the Appointment of Directors" in place which is a formal, considered and transparent procedure for the appointment of Directors.

The Nomination Committee identifies and recommends to the Board of suitable candidates as Directors, taken into account various criteria such as their education, qualification and experience to determine whether their attributes are relevant to the business of the Group and can complement to the capabilities of existing Directors, having due regard for the benefits of diversity on the Board, and their independence (in the case of candidates as Independent Non-executive Directors). The committee also makes recommendations to the Board on matters relating to the re-appointment of and succession planning for Directors.

The articles of association of the Company (the "Articles") stipulate that at each annual general meeting (the "AGM") one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years and retiring Directors are eligible for re-election at the AGM at which they retire.

All Non-executive Directors (including the Independent Non-executive Directors) are appointed for a specific term of three years, subject to retirement by rotation.

According to the historical information of the past five years, the average term of re-election of each director is approximately two (2) years.

Board of Directors *(Continued)*

Nomination Policy

The Company has adopted "Nomination Policy" which sets out the selection criterial and nomination procedure of appointment of a director, and the details had been uploaded onto the Company's website. The criteria considered by the Nomination Committee in assessing the suitability of a candidate include, inter alia, skills and experience, diversity, integrity and commitment.

Nomination Committee will review this policy from time to time, and monitor the implementation of this policy, to ensure the effectiveness of this policy.

Details of the Nomination Committee are set out in the section headed "Delegation by the Board – Nomination Committee" in this report.

Board Diversity Policy and Practice

The Company has adopted a "Board Diversity Policy" which sets out the approach to achieve diversity of the Board. The Company considers that having a diverse Board is of vital importance to the Company's business development. Details had been uploaded onto the Company's website and a summary of the Board Diversity Policy is set out below:

- With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, educational background, professional qualifications and work experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

- Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, educational background, professional qualifications and work experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

- The Board will ensure an appropriate balance of gender diversity on the Board by reference to international and local recommended best practice. Single-gender Board will be deemed to be non-compliant with the diversity policy.

- The Board will take opportunities to increase the ratio of female members over time when selecting and making recommendations on eligible candidates for Board appointments, aiming to increase the ratio of female representation in the Board to no less than 20% by or before 2028.

There is one female Director of total nine Directors (representing approximately 11.1% of the members of the Board) and in addition to the Directors, we have five senior management, among which there are one female senior management (representing approximately 20% of the members of the senior management). As at 31 December 2023, 15.92% of the Company's employees were female and 84.08% were male. While the Group strives to achieve the goal of employee diversity to the maximum extent possible, with gender diversity taking into consideration in staff recruitment, there remains limitation due to the nature of the Group's business, which is to the most part physically demanding, and the industry is dominated by males. The Company will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management levels, and to develop a pipeline of female senior management and potential successors to the Board.

Board of Directors *(Continued)*

Board Diversity Policy and Practice *(Continued)*

Measurable objectives

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

(i) Independence: The Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong element of independence in the Board. The independent non-executive Directors shall be of sufficient calibre and stature for their views to carry weight.

(ii) Skills and experience: The Board possesses a balance of skills appropriate for the requirements of the business of the Company. The Directors have a mix of finance, academic and management backgrounds that taken together provide the Company with considerable experience in a range of activities.

(iii) Gender equality: The Board current consists of one female Director. The Board aims to increase the ratio of female representation in the Board to no less than 20% by or before 2028.

Apart from the above objectives, the Board Diversity Policy has complied with the following objectives with the Listing Rules:

1. Rules 3.10(1): at least one third of the members of the Board shall be independent non-executive Directors;

2. Rules 3.10(2): at least three of the members of the Board shall be independent non-executive Directors; and

3. Rules 3.10A: at least one of the members of the Board shall have obtained appropriate professional qualifications or accounting or related financial management expertise.

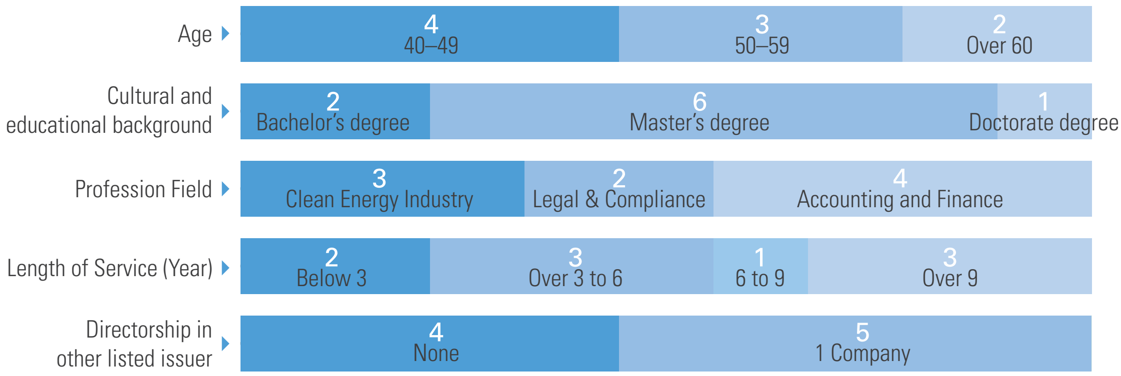
The Board has achieved the measurable objectives in the Board Diversity Policy and complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Board reviews the implementation and effectiveness of the Board. Diversity Policy, as appropriate, or at least on an annual basis.

The Board holds the above policy is effective enough to ensure diversity on the Board.

Board of Directors *(Continued)*

Board Diversity Policy and Practice *(Continued)*

Currently, the Board reflects various genders, cultural and educational backgrounds, and professional development. The directors' average years of service is 7, therefore they have deep knowledge of the Group. They have a broad range of individual attributes, interests and values, experiences and skills are balanced, therefore the Nomination Committee and the Board are of the view that the Board is diversified.



Mechanisms to Ensure Independent Views

The Company ensures independent views and input are available to the Board via the below mechanisms:

1. The Board composition and the independence of the independent non-executive Directors should be reviewed by the Nomination Committee on an annual basis, in particular the portion of the independent non-executive Directors and the independence of the independent non-executive director who has served for more than nine years.

2. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to his/her independence to the Company. The Company considers all its independent non-executive directors to be independent.

3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions in relation to the transactions with the controlling shareholders and/or its associates.

4. The chairman of the Board shall meet with independent non-executive Directors at least once annually.

5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the company policy.

The Board reviews the mechanisms for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive directors, and their contribution and access to external independent professional advice.

Board of Directors *(Continued)*

Remuneration of Directors and Senior Management

The Company's policy on remuneration is to maintain fair and competitive packages under a formal and transparent procedure to attract, retain and motivate talents.

The key components of the remuneration package of Executive Directors and senior management of the Company include basic salary and management bonus. The remuneration packages of Non-executive Directors (including Independent Non-executive Directors) includes a fixed director's fee. Share options were granted as a long-term incentive to motivate Directors and senior management in pursuit of corporate goal and objectives.

The remuneration package consists of fixed and variable remuneration, cash and benefits in kind, including but not limited to: basic salary which is fixed to commensurate with market rate and each individual's experience and ability; year-end bonus and/or share options granted with reference to an individual employee's position, performance and ability to contribute to the overall corporate success (the granting of share options is subject to shareholders' mandates as required and the applicable laws and regulations of relevant jurisdictions) and/or award shares; and other customary and/or mandatory benefits to employees, such as retirement fund scheme, insurance and paid holiday, with reference to prevailing practices in relevant jurisdictions.

The Remuneration Committee has adopted the model to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management. The Company has established the "Director and Senior Management Remuneration Policy", a formal and transparent procedure for fixing remuneration packages of all Directors and senior management of the Company. The committee will review such policy periodically, and consult the Chairman and/or President regarding proposed remuneration of other Executive Directors and senior management and make recommendations to the Board of the remuneration of Non- executive Directors in formal or informal meetings. No person shall be involved in deciding his own remuneration.

In evaluating the remuneration packages for directors and senior management of the Company, the Remuneration Committee takes into consideration various factors such as salaries paid by comparable companies, time commitment, responsibilities and employment terms elsewhere in the Group. The remuneration of the executive director and senior management of the Company are linked with the Company and personal performance, such as environmental, social and corporate governance performance indicators. If employees violate applicable rules and regulations, depends on circumstances, his/her year-end performance bonus and/or medium to long term incentives payments, will be deducted as punishment.

Details of the Remuneration Committee are set out in the section headed "Delegation by the Board – Remuneration Committee" in this report.

Details of Directors' remuneration for the two years ended 31 December 2022 and 2023 respectively are listed out in note 11 to the financial statements.

Board of Directors *(Continued)*

Remuneration of Directors and Senior Management *(Continued)*

The remuneration payable to the members of senior management of the Company fell within the following bands for the year 2023:

	Number of individuals
Below HKD1,000,000	1
HKD1,000,001 - HKD1,500,000	1
HKD1,500,001 - HKD2,000,000	3

The above five Senior Management also participated in the Share Award Scheme 2020 of the Company, the Share Option 2023, the CIMC Safe Tech Incentive Scheme and the CLPT Incentive Scheme respectively. During the year, the share-based payment expenses related to the aforementioned five individuals aggregated to approximately RMB4,810,000.

Delegation by the Board

Management Functions

The Board gives clear directions as to the power delegated to the management for the administrative and management functions of the Company.

Division of functions reserved to the Board and those delegated to management are set out clearly in writing and will be reviewed by the Board on a periodic basis and appropriate adjustments may, from time to time, be made to ensure the effective discharge of the Board's decision.

The senior management, led by the President, is responsible for executing strategies and plans set out by the Board and reporting to the Board periodically to ensure proper execution. Functions and responsibilities of the Board are set out in the section headed "Board of Directors" in this report.

Board Committees

To streamline its duties and uphold good corporate governance, the Board allocates certain of its executive and monitoring functions to four committees, namely the Audit Committee, the Remuneration Committee, Nomination Committee and Sustainable Committee, which are comprised of directors only.

Each of the committees has adopted clear written terms of reference setting out details of its authorities and duties and obligations on no less exacting terms than the CG Code to report its findings, decisions and recommendations to the Board. Full terms of reference of each of the committees have been published on the websites of the Stock Exchange and the Company.

In common with the Board, senior management will give adequate resources to the committees. The committees can also seek independent professional advice where necessary at the Company's expense and is supported by the Company Secretary.

Delegation by the Board *(Continued)*

Board Committees *(Continued)*

Audit Committee

The Audit Committee is made up of all Independent Non-executive Directors. Ms. Wong Lai, Sarah, being the Chairman of the Audit Committee, and Mr. Wang Caiyong, being a member of the Audit Committee, have appropriate professional qualifications, or accounting and/or related financial management expertise and experience. Mr. Yang Lei, being a member of the Audit Committee, is a industrial expertise who has over 25 years of extensive experience in strategic research and practical experience in the energy industry, and has dedicated himself to promote clean energy transition, market-oriented energy reform and global energy governance research. All members of the Audit Committee have sufficient experience in reviewing the audited financial statements as aided by auditors and senior management of the Group as well as reviewing the effectiveness of the risk management and internal control systems, the internal audit functions whenever required. None of them is a former partner of the external auditor of the Group. Its major responsibilities are:

- to oversee the relationship with the external auditor, including:

  (i) making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and addressing any questions of its resignation or dismissal;

  (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and

  (iii) developing and implementing policy on engaging the external auditor to supply non-audit services;

- to monitor the integrity of financial statements and reports of the Group and to review significant financial reporting judgements contained therein;

- to review the effectiveness of the Group's financial reporting system, risk management and internal control systems; and

- to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action, and act as the key representative body for overseeing the Company's relations with the external auditor.

Delegation by the Board *(Continued)*

Board Committees *(Continued)*

Audit Committee *(Continued)*

The committee meets the external auditor and senior management of the Company regularly. Four Audit Committee meetings were held during the year 2023. The head of finance department, head of internal audit function and the representatives of the external auditor also attended the relevant meetings. Attendance of the members is set out below:

Members	Attendance/ number of meetings held during the Director's tenure	Number of meetings	Attendance	Independence
Ms. Wong Lai, Sarah *(Chairman of the Audit Committee)* (Note 1)	1/1	4	100%	100%
Mr. Tsui Kei Pang	4/4			
Mr. Wang Caiyong	4/4			
Mr. Yang Lei	4/4			
Ms. Yien Yu Yu, Catherine *(former Chairman of the Audit Committee)* (Note 1)	3/3			

Note:

1. On 24 August 2023, Ms. Wong Lai, Sarah was appointed as an independent non-executive director of the Company and the Chairman of the Audit Committee. On the same day, Ms. Yien Yu Yu, Catherine resigned to be an independent non-executive director of the Company and the Chairman of the Audit Committee.

During 2023 and up to the date of this report, the Audit Committee held meetings principally for the following issues:

- made recommendations to the Board on the appointment and reappointment of external auditor, and approved the remuneration and terms of engagement of the external auditor for the year ended 31 December 2023;

- reviewed the effectiveness of the financial reporting procedures and risk management and internal control systems of the Group for each of the year ended 31 December 2022 and 2023 and the six months ended 30 June 2023, and made recommendations to the Board;

- reviewed the integrity of the Group's annual accounts for each of the year ended 31 December 2022 and 2023, and the interim results for the six months ended 30 June 2023 with the external auditor;

Delegation by the Board *(Continued)*

Board Committees *(Continued)*

Audit Committee *(Continued)*

- discussed with the management and external auditor the issues that may have significant impact on the financial statements, including but not limited to account receivables and cash flow management, and risk of impairment, etc.;
- reviewed the continuing connected transactions of the Group during 2023 which were subject to review by the Independent Non-executive Directors under the Listing Rules;
- reviewed the compliance and enforcement of the deed of non-compete undertakings dated 1 June 2009 (the "Deed of Non-compete Undertakings" or the "Deed") made by CIMC in favour of the Company which was subject to annual review by the Independent Non-executive Directors thereunder;
- reviewed the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- discussed with the external auditor the impact of any changes in accounting policies as well as the nature and scope of annual audit and interim review plans before the commencement of the audit work, and their reporting responsibilities;
- reviewed the policy for provision of non-assurance services by external auditor;
- reviewed the external auditor's management letters and the management's response thereto;
- reviewed the Whistleblowing Policy of the Company (revised version 2023), and recommended to the Board of the Company to adopt the revised policy; and
- listened to the work report of the head of internal audit functions, and reviewed the effectiveness of risk management and internal control systems of the Group and the whistle-blowing matters semiannually, and monitored the improvement (if any); and reviewed the work plan for 2024.

In 2023 and up to the date of this Report, the Company engaged PricewaterhouseCoopers as the external auditor of the Group. PricewaterhouseCoopers and PwC network provided audit and non-audit services to the Group with remuneration and terms of engagement approved by the Audit Committee, as follows:

Natural of Service	**Fees** RMB'000
– Audit services	7,242
– Non-audit services:	
Interim review service	1,034
Tax consultation service	1,411
Other services	640
Sub-total	3,085
Total	10,327

Delegation by the Board *(Continued)*

Board Committees *(Continued)*

Remuneration Committee

The Remuneration Committee is chaired by Mr. Tsui Kei Pang, an Independent Non-executive Director. Its other members are Mr. Zeng Han, a Non-executive Director, and Mr. Yang Lei, an Independent Non-executive Director.

It establishes and supervises a formal and transparent procedure for setting the Company's remuneration policies, including determining and reviewing the remuneration packages of Directors and senior management. Details of the Company's remuneration policies and practices of Directors and senior management are set out in the section headed "Board of Directors – Remuneration of Directors and Senior Management" in this report.

Four Remuneration Committee meetings were held during the year. Attendance of the members is set out below:

Members	Attendance/ number of meetings held during the Director's tenure	Number of meetings	Attendance	Independence
Mr. Tsui Kei Pang *(Chairman of the Remuneration Committee)*	4/4	4	100%	67%
Mr. Zeng Han	4/4			
Mr. Yang Lei	4/4			

In 2023, the Remuneration Committee had, amongst others, having reviewed the remuneration packages and structure for all Directors (except the members of the Remuneration Committee), assessing the performance of executive Directors, made recommendations to the Board on the remuneration packages of the directors and senior management of the Company for year 2023, made recommendations to the Board on the remuneration of new director and the re-appointed directors of the Company, reviewed the 2023 Share Options grant plan pursuant to the 2016 Scheme, and reviewed the 2023 Share Award grant plan pursuant to the Share Award Scheme 2020 and made recommendations to the Board.

On 21 November 2023, the Company granted a total of 39,500,000 share options to 208 eligible persons in accordance with the share option scheme of the Company adopted on 20 May 2016 (i.e. the 2016 Scheme), among which 5,350,000 share options were granted to the Directors (including the independent non-executive Directors) and 34,150,000 Share Options were granted to 199 other employees of the Group. The aforesaid share options granted to the independent non-executive Directors are not subject to any performance target. After considering (a) each of the independent non-executive Directors' length of service and contribution to the Group; (b) the independent non-executive Directors have contributed to the sustainable development and/or good corporate governance of the Group; and (c) the share options will be vested in tranches over a period of three years from the date of grant, the Remuneration Committee considers that the grant of share options will reinforce the commitment of the independent non-executive Directors to serve the Company while maintaining their objectivity and independence, and is therefore consistent with the objectives of the 2016 Scheme.

Delegation by the Board *(Continued)*

Board Committees *(Continued)*

Nomination Committee

The Nomination Committee is chaired by Mr. Gao Xiang, a Non-executive Director and chairman of the Board. Its other members are all Independent Non-executive Directors, namely Mr. Wang Caiyong and Mr. Yang Lei.

It identifies and recommends to the Board of suitable candidates as Directors, makes recommendations to the Board on matters relating to the appointment and re-appointment of and succession planning for Directors, and assesses the independence of Independent Non-executive Directors.

The Board adopted its "Nomination Policy" and "Board Diversity Policy", details had been uploaded onto the Company's website, and the summary of the policies are set out in the sections headed "Board of Directors – Nomination Policy" and "Board of Directors – Board Diversity Policy and Practice" in this report.

In August 2023, the Chairman of the Board recommended and introduced Ms. Wong Lai, Sarah to the Board as an Independent Non-executive Director after Ms. Yien Yu Yu, Catherine's resignation to be the Independent Non-executive Director of the Company, in consideration of that Ms. Wong Lai, Sarah's valuable professional knowledge and extensive expertise and experience in corporate finance, capital markets, initial public offerings, mergers and acquisitions and placement projects which will bring a fresh perspective and independent judgement to the Board and will be benefit for the development needs of the Company. After receiving the list of candidates for new director, the Nomination Committee had a dialogue with the Chairman of the Board and the candidate to understand the reasons for the recommendation and change, and assessed the merits of the candidate to the Company and the Board. In the selection process, the Nomination Committee evaluated the personal characteristics, field expertise, professional knowledge, industry qualifications and management experience of the candidate. After synthesising the evaluation opinions of all members on the candidates, the Nomination Committee made recommendations to the Board.

Three Nomination Committee meetings were held during the year. Attendance of the members is set out below:

Members	Attendance/ number of meetings held during the Director's tenure	Number of meetings	Attendance	Independence
Mr. Gao Xiang *(Chairman of the Nomination Committee)*	3/3	3	100%	67%
Mr. Wang Caiyong	3/3			
Mr. Yang Lei	3/3			

Delegation by the Board *(Continued)*

Board Committees *(Continued)*

Nomination Committee *(Continued)*

In 2023, the Nomination Committee had, amongst others:

- reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board, as well as diversity of Board members, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- considered the candidates nominated by the member of the Board and the need for identifying individuals suitably qualified to become Directors, and selecting or making recommendations to the Board after evaluation on the selection of individuals nominated for directorships;

- assessed the independence of Independent Non-executive Directors;

- reported to the Board on re-appointment of Directors and the succession planning for Directors, in particular for the chairman of the Board and the President; and

- made recommendation to the Board on retirement plan of the Directors in AGM according to the requirements of the Articles.

Sustainable Committee

The Sustainable Committee is chaired by Mr. Gao Xiang, a Non-executive Director and chairman of the Board. Its other members are Mr. Yang Xiaohu an Executive Director, and Mr. Yu Yuqun, a Non-executive Director.

Sustainable Committee establishes and recommends to the Board in relation to the Environmental, Social and Governance (the "ESG") Report and the ESG related matters, including but not limited to:

- report to the Board and making recommendations to the Board regarding the formulation and revision of the ESG related policies and practices of the Company, suggestion on setting the Company's ESG goals, updating major ESG issues and ESG risks regularly; and

- reviewing and monitoring the training and continuous professional development in ESG by directors and the senior management of the Company.

In 2023, the Sustainable Committee held one meeting to consider, review and make recommendations to the Board on the Company's 2022 ESG Report and the work plan for 2023. In addition, a TCFD project working group was established to conduct the climate risks and opportunities related works and the research on setting targets according to SBTi's requirement, and reported the project progress to the Sustainable Committee and the Board. The Company is committed to improving the management of ESG, actively responding to the topics concerned by the capital market, and constantly integrating ESG culture and strategies into its daily operation. During the year, MSCI, a prestige ESG rating agency, upgraded the Company's ESG rating from BBB to AA. For more information on our ESG performance, please refer to the Company's 2023 ESG Report.

Company Secretary

Ms. Zhong Yingxin ("Ms. Zhong"), the Company Secretary, is a full-time employee of the Company and has the knowledge of the daily affairs of the Company. All Directors have access to the advice and services of Ms. Zhong, the Company Secretary, through the year 2023. The Company Secretary reports to the Chairman and/or the President on corporate governance matters, and is responsible to provide assistance to the Chairman, the Board, Board committees and the President, ensure good information flow within the Board and the Board procedures and policies are followed, and facilitate communications among Directors as well as with shareholders and management.

During 2023, Ms. Zhong undertook over 15 hours of relevant professional training to update her skills and knowledge in accordance with the requirement under Rule 3.29 of the Listing Rules. Ms. Zhong is an Associate Member of The Hong Kong Chartered Governance Institute. Ms. Zhong's biography is set out on page 50 under the section headed "Directors and Senior Management" and on the Company's website.

Accountability and Audit

Financial Reporting

The Board is collectively responsible for ensuring a balanced, clear and understandable assessment of the Group's annual and interim reports and other financial disclosures and reports under statutory requirements.

In order to enable the Board to make an informed assessment of the financial and other information put before its approval, Executive Directors are provided with financial and other operational information and analytical review reports of the Group on a monthly basis. And all the Directors were provided with provided with general financial information with explanation thereof (if appropriate) of the Group on a monthly basis as well as monthly update from the management on operation, investment and financial Performance, to enable them to assess the Company's operational performance and financial position in a timely manner. Management would also meet with Directors regularly to present the quarterly results and discuss any variance between the budget and the actual results for monitoring purpose.

The accounting and finance department of the Company, headed by the Financial Controller of the Company, is specifically responsible for the accounting and financial reporting functions of the Group and for coordinating and supervising the relevant departments of all the operating subsidiaries of the Company. A majority of the staff of such departments possess academic qualifications and extensive working experience in accounting and financial reporting. The Group provides continuous training seminars, on-the-job training and offers allowance for external training programmes by professional bodies to motivate the staff to enhance and refresh their knowledge on an on-going basis.

The annual and interim results of the Group are announced in a timely manner within three months and two months respectively after the end of the respective financial periods. The integrity of the financial statements is monitored by the Audit Committee. A statement of Directors' responsibility for financial statements is set out in the Directors' Report on page 81. A statement of the reporting responsibility of the external auditor is set out in the Independent Auditor's Report on page 109.

Risk Management and Internal Controls

Risk management and internal control is a process effected by an entity's board, management and other personnel to provide reasonable but not absolute assurance regarding the achievement of corporate objectives. The Group's risk management and internal control systems are established to manage rather than eliminate all risks of failure, to safeguard shareholders' investment and assets from misappropriation, to maintain proper accounts and to ensure compliance with regulations towards the achievement of the Group's objectives.

Accountability and Audit *(Continued)*

Risk Management and Internal Controls *(Continued)*

The Board has the responsibility to ensure that appropriate and effective risk management and internal control systems for evaluating and determining and the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives are established and maintained by the Group. The Board also has the responsibility to oversee management in the design, implementation and monitoring of the risk management and internal control systems, while management is responsible for providing confirmation to the Board on the effectiveness of these systems.

The Board has the responsibility to oversee the Company's risk management and internal control systems on an ongoing basis, and ensure to conducts regular reviews on the effectiveness of the Group's risk management and internal control systems every year and will execute relevant enhancement and rectification processes accordingly.

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification

The Group implements the risk control strategy of "risk prevention first" to identify risks that may potentially affect the Group's business and operations, including but not limited to macroeconomic and policy situation risks, strategic management risks, EPC engineering project management risk, legal and compliance risk, research and development risk, financial and credit risk, contract risk, investment risk, procurement and supply chain risk, environment and health and safety risk, market risk and climate change. By means of daily communication with management and business departments (including but not limited to: corporate management, financial management, strategy and investment, engineering, procurement, legal compliance, marketing and customer service, etc.) on concerns about the development of international and domestic political and economic situations, the Group dynamically identify risks require attention or sudden risks which may potentially affect the Group's business and operations and establish a list for risks identified.

Risk Assessment

The Group carries out risk assessment every year, assesses the importance of risks identified by using the assessment criteria developed by the management and prioritizes the same from the perspective of the impact and consequence on the business and the likelihood of their occurrence.

Risk Response

- Conducts research and interviews with competent authorities to recognize sources of important risks identified and assessed, analyze risk causes, determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks;

- Provides business with risk control rules and standards, implements customized coping strategies and solutions based on business risk scenarios, performs ongoing and periodic monitoring of the nature and extent of the significant risks to ensure these risks are under effective management and control;

- Strengthens the monitoring and warning function of the internal control and risk management systems continuously based on the result of risk assessment, including the use of digital applications to achieve automatic analysis and early alert of business risks throughout the key business processes; and

- Provides appropriate special training according to the needs of different risk control positions, including environmental, health and safety training, anti-corruption training for key personnel, etc., with the purpose of promoting compliance culture and enhancing risk prevention awareness and risk alert capability of all staff.

Accountability and Audit *(Continued)*

Risk Management and Internal Controls *(Continued)*

Risk Monitoring and Reporting

- Establishes hierarchical supervisory responsibilities in the Group to ensure that risk monitoring is objective and effective;
- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control procedures are in place;
- Revises the risk management strategies and internal control procedures in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

The main features of the Group's risk management and internal control systems:

The Group's risk management and internal control systems are designed, implemented and monitored with reference to guidance documents such as COSO's Enterprise Risk Management – Integrated Framework and ISO31000 "Principles and Implementation Guidelines of Enterprise Risk Management". The Group established a risk management system and management mechanism that serves the Company's development strategy, formulated the "CIMC Enric Holdings Risk Management Manual". Featured by distinct division of powers and responsibilities, comprehensive coverage, prevention and control with focus, full involvement of employees and effective management and control, the system accords with the actual business conditions of the Company.

The Company established a risk management system that covers pre-event risk assessment, internal monitoring during the event, post-event audit evaluation, and defect rectification and tracking within a time limit. The system is designed to focuses on the integration with the existing business system as well as the Company's 5S management system for implementing strategic control. The risk management begins with the development strategy and is committed to ensuring the realization of the development strategy goals via process design. The Company's risk management organization system deems members under the Group and the first-level process departments of the headquarters as the first line of defense, which mainly responsible for controlling business risks; departments with risk management and control responsibilities such as risk management, internal monitoring, legal affairs and finance departments as the second line of defense, which responsible for compliance consultation, guidance, coordination and supervision on system design for business risk management and control; the audit committee of the Board of Directors and internal audit and supervision agencies as the third line of defense, which is responsible for supervision and evaluation of business risk management and control. These three lines of defense allows all employees to participate in the Company's risk management and control, vesting each organization clear rights and responsibilities to perform their own duties.

The Company continuously and regularly reports major matters such as risk management and internal control systems construction and operation to the management in a timely manner, assisting the management to understand the risk management situation and review the system in a timely manner, thus constantly optimize the risk management and internal control systems. Meanwhile, the Company includes risk and internal control management as "deduction indicators" into the quarterly and annual performance appraisals of the Company's business units and members. The internal control audit function is responsible for evaluating the internal control of the Company on a quarterly and annual basis, while the assessment results are included in the quarterly and annual performance evaluations of members, providing a strong mechanism guarantee for the effective operation and continuous improvement of risk management and internal control systems, and guiding companies to upgrade risk prevention and control and internal control compliance management.

Accountability and Audit *(Continued)*

Risk Management and Internal Controls *(Continued)*

The process used by the Group to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects are summarised as follows:

The internal audit division of the Company is responsible for monitoring the effectiveness of the risk management and internal control systems of the Group. The internal auditor assessed and reported on the adequacy and effectiveness of the established risk management and internal control systems of the Group (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, and those in relation to the Group's ESG performance and reporting) for the reporting year by performing comprehensive reviews and testing. No major deficiencies were identified in the reviews. After a holistic review of the Group, the internal audit division of the Company submitted a written report on the effectiveness of the Group's risk management and internal control systems to the Audit Committee for review on a yearly basis.

The Audit Committee plays an essential role in overseeing the Group's risk management and internal control systems. To ensure sufficient resources are provided for the Audit Committee to make informed decisions, information and assessment of financial and non-financial controls, management letters from the external auditor on matters identified during the course of statutory audit and review as well as the internal review report from the internal auditor were presented to the committee. The committee discusses with the management twice a year for ensuring that they have discharged their duty to establish and implement an effective risk management and internal control systems. The committee will report its findings and recommendations to the Board for consideration.

The Board has reviewed the "Report on the Effectiveness of Risk Management and Internal Control Systems" and the Group will put in place measures to strengthen and rectify its risk management and internal control system as recommended in the report. The Board acknowledges that the strengthening of risk management and internal control systems is a crucial and continual process and will conduct periodical review on the progress of such enhancement and rectification.

The Directors confirmed that they had conducted reviews on the effectiveness of the risk management and internal control systems of the Group in accordance with the Listing Rules and the Group's operational procedure guidelines. The Board considered the risk management and internal control systems of the Group effective and adequate throughout the year.

Internal Audit Team

The Group has established an internal audit team, which assesses the adequacy and effectiveness of the risk management and internal control systems of the Group regularly, and reports to the Audit Committee and the Board on the audit results annually and makes recommendations to the management and the Board to address the significant deficiencies of the system or problems that are identified during the monitoring process. The internal audit team has the right of access to all information of the Company to perform its duties.

Whistleblowing Policy

The Company has a formal detailed Whistleblowing Policy in place to enable employees to raise their concerns directly to the internal audit department about any possible impropriety in financial reporting, internal control or other matters within the Group in confidence, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action. An employee can raise his/her concern to the official channels such as the reporting mailbox. The internal audit department conducts investigations according to procedures and the identity of whistleblower will be kept confidential. The Group will take accountability into practice according to the investigation results and those who violate the laws will be pursued for legal responsibilities. The outcome of any investigation and follow-up action of all legitimate allegations will be reported to the Board and the Audit Committee by the Legal and Compliance Department. For details, please refer to the "Whistleblowing Policy" on the Company's website.

Accountability and Audit *(Continued)*

Anti-corruption Policy

The Company is committed to achieving and maintaining the highest corporate cultures of openness, probity and accountability, setting up strict "CIMC Enric Anti-Corruption and Fraud Policy" which applies to all employees, covering directors and employees at all levels of the Group and encourages all business partners, including major shareholders, joint venture partners, agents, consultants, contractors, suppliers and other stakeholders of the Group who are involved in relations with the Group, shall follow the principles of the anti-corruption policy. The Anti-corruption policy is publicly available on the Company's website.

Inside Information

Regarding the disclosure of inside information, the Company has a mechanism in place for monitoring its business development so that potential inside information can be promptly identified and escalated up for deciding whether an announcement should be made, as set out in the Company's Information Disclosure Policy which is available on the Company's website, in order to ensure compliance with the continuous obligations under the Listing Rules and the statutory obligation to disclose inside information under the SFO.

In determining whether certain information constitutes inside information, the Company adopts a bottom-up approach to escalate information about business developments of the organisation. The final decision on the outcome of inside information assessment shall rest with the Board. The Company designates the Chairman, the President, the Financial Controller, the Company Secretary and Investor Relation delegates to speak on behalf of the Company when communicating with external parties such as investors, analysts or media. Furthermore, all Directors and relevant employees (as defined in the Listing Rules) of the Group are required to follow the Company's Code for Securities Transactions by Relevant Persons when dealing with the Company's securities.

Non-compete Undertakings

In order to protect the best interests of the Group and uphold the integrity of independence from its controlling shareholder, CIMC, the Company entered into the Deed of Non-compete Undertakings with CIMC on 1 June 2009.

CIMC has given to the Company a letter of annual declaration where it declared, to the best of the knowledge of its board of directors and management, that it had been in compliance with all the non-competition undertakings and all other provisions set out in the Deed throughout the year ended 31 December 2023.

After reviewing the annual declaration and relevant information provided by CIMC, the Independent Non-executive Directors were of the view, to the best of their knowledge, that proper compliance on and enforcement of the Deed of Non-compete Undertakings was in place throughout the year.

Details of the Deed are set out in the circular of the Company dated 3 June 2009.

Communication with Shareholders

Effective Communication

The Board believes that effective communication of full and clear information of the Company is the key to enhance corporate governance standards and shareholders' confidence.

The Company holds conferences with analysts and the press to announce its annual results. In order to facilitate communication between the Company, shareholders and the investment community, the Directors and designated employees will maintain on-going dialogue with investors and analysts through one-on-one meetings, roadshows and marketing activities for investors.

Communication with Shareholders *(Continued)*

Effective Communication *(Continued)*

The Company will keep the shareholders and the investment community informed of its latest development via various publications such as announcements, circulars, annual and interim reports and press releases, which are available on the Company's website in both English and Chinese.

An AGM provides a constructive forum to maintain regular and mutual communication with shareholders. The Company will arrange the chairman of the Board and the respective chairman or member(s) of each of the Board committees (including the Independent Board Committee, where applicable), or if failing so due to unexpected and/or uncontrollable reasons, his/their duly appointed delegate(s), to attend the general meetings to exchange views with shareholders and answer their questions. All Directors are encouraged to attend general meetings and develop a balance understanding of the view of shareholders.

The external auditor will also be invited to attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

Separate resolutions are proposed on each substantially separate issue, including the election or re-election of each Director nominated.

To ensure the votes cast are properly counted and recorded, it is the practice of the Company to appoint representatives of its branch share registrar as scrutineer of the voting procedures in general meetings.

Shareholders' rights

Any shareholder is encouraged and entitled to attend all general meetings, provided that their shares have been recorded in the register of members of the Company. Prior notice of general meetings will be given to all registered shareholders by post at least 20 clear business days' notice for AGMs and at least 10 clear business days' notice for all other general meetings.

In general meetings, all resolutions will be put to vote by polls pursuant to the Listing Rules and the Articles. The chairman of a general meeting will explain the detailed procedures for conducting a poll at the commencement of a meeting and address queries from shareholders.

There are no provision allowing shareholders to propose new resolutions at the general meetings under The Companies Act of the Cayman Islands. However, shareholders can convene an EGM by following article 58 of the Articles. Pursuant to article 58 of the Articles, any shareholder(s) (at the date of deposit of requisition holding not less than 10% of the paid up capital of the Company carrying voting right at a general meeting) can require an EGM by sending a written requisition together with the proposed agenda items to the Board or the Company Secretary. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself/themselves may do so in the same manner, and all reasonable expenses incurred by him/them therefrom can be reimbursed by the Company.

Subject to the Articles and The Companies Act of the Cayman Islands, the Company may in general meeting by ordinary resolution elect any person to be a director of the Company either to fill a casual vacancy on the Board, or as an addition to the existing Board. A shareholder may propose a person other than a director of the Company for election as a director at a general meeting. The "Procedures for Shareholders to propose a person for election as a Director" has been published on the Company's website.

Shareholders should direct their questions about their shareholdings to the Company's branch registrar in Hong Kong.

Communication with Shareholders *(Continued)*

Effective Communication *(Continued)*

Shareholders' rights *(Continued)*

Shareholders may make enquiries with the Board at the general meetings. Alternatively, shareholders may at any time send their enquiries and concerns to the Board by addressing to the Company Secretary whose contact details are set out in "Investor relations contacts" hereafter in this section.

Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

General meetings held in 2023

In 2023, the Company held two general meetings, being one EGM and one AGM.

The EGM was held on 19 October 2023 at Room 2102, 21/F, World Wide House, 19 Des Voeux Road Central, Central, Hong Kong. Two resolutions were proposed in the meeting, and more than 50% of votes were cast in favour of the both resolutions. The two proposed resolutions were therefore passed as ordinary resolution of the Company. The resolutions included:

- To approve the revised annual caps for the Sales Transactions contemplated under the Master Sales Agreement (2022) in the amounts of RMB776 million, RMB1,054 million and RMB1,181 million for the three years ending 31 December 2025 respectively, and the transactions contemplated thereunder; and

- To approve the revised annual caps for the Procurement Transactions contemplated under the Master Procurement Agreement (2022) in the amounts of RMB686 million, RMB819 million and RMB903 million for the three years ending 31 December 2025 respectively, and the transactions contemplated thereunder.

Full text of the above resolutions was set out in the notice of EGM of the Company dated 25 September 2023. The poll results of the EGM have been published on the websites of the Stock Exchange and the Company.

The AGM was held on 17 May 2023 at Room 1, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong. Eight ordinary resolutions were proposed in the meeting. More than 50% of votes were cast in favour of all the ordinary resolutions. The proposed resolutions were therefore passed as resolutions of the Company. The major resolutions considered and approved included:

- receiving and considering the audited consolidated financial statements, directors' report and independent auditor's report for the year ended 31 December 2022;

- declaration of a final dividend in respect of year 2022 of HKD0.24 per ordinary share;

- re-election of the retiring Directors and authorising the Board to fix the remuneration of Directors;

- re-appointment of auditor and authorising the Board to fix the remuneration of auditor; and

- granting of general mandates to issue shares and to repurchase shares.

Full text of the above resolutions is set out in the notice of AGM of the Company dated 17 April 2023. The poll results of the AGM have been published on the websites of the Stock Exchange and the Company.

Communication with Shareholders *(Continued)*

Effective Communication *(Continued)*

General meetings held in 2023 *(Continued)*

In light of the above policies and communication channels already in force, and the EGM and the AGM held during the year which enabled the Directors to exchange views with the shareholders and answer their questions, the Board has reviewed and considered that the Company's shareholder communication policy has been appropriately implemented and remains effective during the year ended 31 December 2023.

Investor Relations Contacts

The Company values feedbacks from shareholders, investors and the public. Enquiries and proposals are welcome and can be put to the Company via the following means:

By phone	:	(86) 755 2680 2312/(86) 755 2680 2134
By fax	:	(852) 2865 9877
By post	:	Suites 1902–3, 19th Floor, Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong
By email	:	ir@enric.com.hk

The latest investor relations information is available at the Company's investor relations portal at https://www.enricgroup.com/ircommunication.

Changes of the Memorandum and Articles of Association

During the year ended 31 December 2023, no amendments were made to the Company's memorandum and articles of association. The latest version of the Company's memorandum and articles of association has been published on the websites of the Stock Exchange and the Company.

On 25 March 2024, the Board proposed to amend the existing amended and restated article of association of the Company (the "Existing Articles of Association") for the purposes of, among others, (i) updating and bringing the Existing Articles of Association in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from 31 December 2023 and (ii) incorporating certain housekeeping changes (the "Proposed Amendments"). Accordingly, the Board proposed to adopt the new amended and restated articles of association which consolidates the Proposed Amendments in substitution for, and to the exclusion of, the Existing Articles of Association in their entirety (the "New Articles of Association").

The Proposed Amendments and the adoption of the New Articles of Association are subject to the approval of the Shareholders by way of special resolution at the forthcoming AGM and will become effective upon the approval by the Shareholders at the forthcoming AGM.

By order of the Board
Gao Xiang
Chairman

Hong Kong, 25 March 2024

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 December 2023.

Principal Activities and Business Review

The principal activity of the Company is investment holding.

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 for the clean energy, chemical and environmental, and liquid food industries. Particulars of the Company's principal subsidiaries are set out in note 23 to the financial statements. A business review and further discussion and analysis of the principal activities can be found in "Chairman's Statement" and "Management Discussion and Analysis" sections of this Annual Report, which forms part of this directors' report.

Key financial and business performance indicators

The Group's key financial and business performance indicators comprise total assets growth, revenue growth, profit attribution to equity shareholders, return on equity and gearing ratio.

The Group's net assets increased by 29.9% to RMB12,373,644,000 (2022: RMB9,527,507,000) which was mainly attributable to net profit of RMB1,163,561,000 during the year.

Revenue rose by 20.5% to RMB23,626,279,000 (2022: RMB19,601,761,000) which shows the Group's revenue generating ability has recovered along with recovery of the global economy.

Profit attributable to equity shareholder rose by 5.6% to RMB1,113,972,000 (2022: RMB1,055,062,000) indicates the Group has recovered the ability in enhancing equity shareholders' value comparing with last year.

Return on equity decreased by 1.2 percentage points to 10.9% (2022: 12.1%) which was mainly caused by the increase in equity at a faster rate than the rise in profit attributable to equity shareholders.

Gearing ratio remained stable at 21.2% in 2023 (2022: 21.0%) which indicates the Group is maintaining a stable proportion of interest bearing debt in relation to the Group's equity.

Details of other key performance indicators are shown in "Financial Highlights" and "Financial Review" sections of this Annual Report.

Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators. During the year, the Company has complied, to the best of our knowledge, with the Companies Act of the Cayman Islands (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Act**"), the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), Listing Rules, the SFO, and other relevant rules and regulations. Besides, the subsidiaries within the Group continue to comply with their applicable local laws. During the year, the Company was not aware of any particular law and regulation that would have a significant impact on the Group's operation.

Principal Activities and Business Review *(Continued)*

Principal risks and uncertainties

The Group operates as a manufacturer of specialised equipment and provider of project engineering services for energy, chemical and liquid food industries. The Group's normal course of business is exposed to a variety of key risks including credit, liquidity, interest rate and currency risks. Details of the aforesaid key risks and risk mitigation measures are elaborated in note 6 to the financial statements.

The Group's business is also affected by the volatility or uncertainty of, externally (i) the macro-economic conditions in China and other global nations; (ii) the Chinese government's policies, especially natural gas pricing policies; (iii) the industrial development and market trends; and internally (i) the effectiveness of the Group's strategic plans; (ii) the effects generated from transactions; (iii) the Group's recruitment and retention of talents with relevant expertise and experience. In response to the above, the Group has formulated a range of plans and strategies as a whole and for each segment, details of which can be found in "Chairman's Statement" and "Management Discussion and Analysis" sections of this Annual Report.

Environmental policies and performance

The Group is committed to promoting green operation. The subsidiaries within the Group have implemented relevant environmental protection measures, and have developed new technologies and skills for the promotion of energy saving and emission reduction, in order to minimise the environmental damage caused during the production process. Internally, the Group encourages its employees to adopt environmentally responsible behavior to reduce use of resources, minimise waste and increase recycling.

The subsidiaries of the Company in China strictly comply with the country's environmental laws and regulations and were not aware of any material non-compliance with relevant standards, rules and regulations during the year.

For further details, please refer to the Environmental, Social and Governance Report, which will be reported separately from this report and will be published at the same time with this Annual Report.

Relationships with key stakeholders

The Group's success also depends on the support from key stakeholders which comprise employees, customers, suppliers, regulators and shareholders.

Employees

Employees are regarded as the most important and valuable assets of the Group. Apart from the compliance with relevant employment laws, the objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

Customers

The Group's customers come from energy, chemical and liquid food industries. The Group has the mission to provide excellent customer service whilst maintaining long term profitability, business and asset growth. Special focus has been devoted to the Group's after-sale services to maintain safe and efficient operation of the products for customers.

Principal Activities and Business Review *(Continued)*

Suppliers

Sound relationships with suppliers of the Group are important in the supply chain, which can derive cost effectiveness and foster long term business benefits. The Group has formulated criteria for selection of strategic suppliers, in terms of their product offers, operational scale and development strategies. Under a win-win objective, the Group has cooperated with strategic suppliers to achieve interactive learning and mutual support.

Regulators

The Company is listed in Hong Kong under the regulation of the Stock Exchange, SFC and other relevant authorities. It is the Group's desire to keep up to date and ensure compliance with new rules and regulations.

Shareholders

One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group targets to foster business development for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts, taking into account capital adequacy levels, liquidity positions and business expansion needs of the Group.

Financial Statements

The Directors acknowledge that it is their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the Group's profit or loss for the year then ended. In preparation of the financial statements, the Directors are required to:

(a) select appropriate accounting policies and apply them on a consistent basis, making judgements and estimates that are prudent, fair and reasonable;

(b) explain any significant departure from accounting standards; and

(c) prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company and the Group will continue in business for the foreseeable future.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and of the Group and for employing reasonable procedures to prevent and detect fraud and other irregularities.

The profit of the Group for the year ended 31 December 2023 and the state of the Company's and the Group's affairs as at such date are set out in the financial statements on pages 114 to 228.

Dividends and Reserves

The Board is pleased to propose a final dividend in respect of 2023 of HKD0.30 per ordinary share (the "2023 Final Dividend"), subject to the approval of shareholders in the forthcoming AGM to be held on 20 May 2024.

Details of movements in the reserves of the Company and of the Group during the year are set out in note 48 to the financial statements and the consolidated statement of changes in equity.

Dividend Policy

The Company has adopted "Dividend Policy", under the policy, the dividends may be recommended, declared and paid to shareholders from time to time. The Board shall consider the following factors in relation to the dividend amount:

- the actual and expected financial performance of the Group;
- economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;
- the Group's business strategies and operations, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;
- the current and future liquidity position and capital requirements of the Group; and
- any other factors the Board deems appropriate.

The Board of Directors proposed to increase the payout ratio to 50% for the year 2023.

Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year ended 31 December 2023 is as follows:

	Percentage of the Group's total	
	sales	**purchases**
The largest customer	4.7%	–
Five largest customers in aggregate	12.7%	–
The largest supplier	–	11.5%
Five largest suppliers in aggregate	–	17.5%

Note: At no time during the year have the Directors, their associates, or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in any of the five largest customers or suppliers of the Group.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group are set out in note 16 to the financial statements.

Retirement Schemes

The Group participates in government pension schemes for its employees in Mainland China and in a mandatory provident fund scheme for its employees in Hong Kong. In Europe, the Group operates various pension plans which are funded through payments to insurance companies. Particulars of retirement benefits are set out in note 41 to the financial statements. During the year ended 31 December 2023, the Group had no forfeited contributions under the government pension schemes in Mainland China and no forfeited contributions under the mandatory provident fund scheme in Hong Kong which may be used to reduce its existing level of contributions for the current year.

Charitable Donations

During the year, charitable donations made by the Group amounted to RMB453,000 (2022: RMB493,000).

Convertible Bonds

On 16 November 2021, the Company as issuer and Morgan Stanley & Co. International plc as manager (the "Manager") entered into a subscription agreement (the "Subscription Agreement"), pursuant to which and subject to the fulfilment (or waiver) of the conditions precedent set forth in the Subscription Agreement therein, the Company has agreed to issue, and the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the zero coupon convertible bonds due 2026 in the aggregate principal amount of HKD1,680,000,000 (the "Convertible Bonds"). On 30 November 2021, all conditions precedent under the Subscription Agreement were fulfilled and the issue of the Convertible Bonds were completed. Following the payment of dividend in 2022 and 2023, the conversion price of the Convertible Bonds was adjusted from HKD11.78 to HKD11.49 per Share and then further adjusted from HKD11.49 to HKD11.15 per Share pursuant to the terms and conditions of the Convertible Bonds. The maximum number of Shares issuable by the Company upon conversion of all the outstanding Convertible Bonds amounted to 150,672,645 Shares as at 31 December 2023 and no conversion had been made up to that date. For further details of the Convertible Bonds, please refer to the offering circular of the Company dated 25 November 2021, the announcements of the Company dated 13 July 2022 and 2 June 2023, and note 35 to the financial statement of this report.

Convertible Bonds *(Continued)*

The net proceeds from the issue of convertible bonds, after the deduction of fees, commissions and expenses payable was approximately RMB1,356,104,000 (the "Net Proceeds"). As at 1 January 2023, a total amount of net proceeds of RMB358 million was unutilised. Set out below is a summary of the utilisation of the Net Proceeds as at 31 December 2023:

	Net Proceeds (RMB million)					
Purpose of Net Proceeds	Planned use of proceeds	Amount utilised for the year ended 31 December 2021	31 December 2022	31 December 2023	Total amount utilised as at 31 December 2023	Explanation for variance
For enhancement and expansion of business operations						
– For upgrade of property, plant and equipment	202	52	150	–	202	
– For development of joint ventures and investment in associates	205	25	5	199	229	
Sub-total	407	77	155	199	431	
For improvement of research and development capabilities	180	28	152	–	180	
For potential mergers and acquisitions	183	–	–	159	159	Note 1
For general corporate purposes						
– For repayment of bank loans	529	529	–	–	529	
– For working capital	57	57	–	–	57	
Sub-total	586	586	–	–	586	
Total	1,356	691	307	358	1,356	

Note 1: Cash consideration paid for acquisitions was RMB158 million during 2023, the remaining unutilised proceeds of RMB24 million was used in development of joint ventures and investment in associates instead.

As at 31 December 2023, the Net Proceeds had been fully utilised.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 40 to the financial statements.

Share Issued

During the year, no shares has issued by the Company.

Details of the shares issued during the year are set out in note 40 to the financial statements.

Equity-linked Agreements

Save for the share option and share award schemes and the convertible bonds as set out on pages 90 to 95, on pages 95 to 99, and on pages 85 to 86 respectively, no equity-linked agreements were entered into by the Group, or existed during the year.

Bank Loans and Overdrafts

Details of bank loans and overdrafts of the Group at 31 December 2023 are set out in note 31 to the financial statements.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 2.

Directors

The Directors during the year ended 31 December 2023 and up to the date of this report were:

Non-executive Directors

Mr. Gao Xiang *(Chairman)*
Mr. Yu Yuqun
Mr. Zeng Han
Mr. Wang Yu

Executive Director

Mr. Yang Xiaohu *(President)*

Independent Non-executive Directors

Mr. Tsui Kei Pang
Mr. Wang Caiyong
Mr. Yang Lei
Ms. Wong Lai, Sarah *(appointed as independent non-executive Director on 24 August 2023)*
Ms. Yien Yu Yu, Catherine *(resigned as independent non-executive Director on 24 August 2023)*

At the forthcoming AGM, Mr. Yu Yuqun, Mr. Zeng Han and Mr. Wang Yu will retire by rotation and, being eligible, offer themselves for re-election in accordance with articles 84(1) and 84(2) of the Articles. Pursuant to article 83(3) of the Articles, Ms. Wong Lai, Sarah will retire subject to the re-election at the AGM.

Disclosure pursuant to Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the Company's last published interim report are set out below:

Ms. Yien Yu Yu, Catherine has resigned to be an independent non-executive director of the Company, and resigned to be the chairman of the audit committee of the Company with effect from 24 August 2023 as she would like to pursue a new career development.

Ms. Wong Lai, Sarah has been appointed as an independent non-executive director, and the chairman of the audit committee of the Company with effect from 24 August 2023.

Mr. Yang Xiaohu served as general manager from April 2015 to January 2018 and is currently the chairman of the board of 中集安瑞環科技股份有限公司 CIMC Safeway Technologies Co., Ltd* (formerly known as 南通中集罐式儲運設備製造有限公司, which is listed on the Shenzhen Stock Exchange on October 2023).

Directors' Service Contracts

No Director proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Directors' Interests in Shares

As at 31 December 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in the shares of the Company (Note 1)

Name of Director	Capacity	Interests in underlying shares pursuant to share options and the restricted share award scheme	% of issued share capital (Note 2)
Gao Xiang	Beneficial owner	3,300,000	0.16%
Yang Xiaohu	Beneficial owner	3,520,000	0.17%
Yu Yuqun	Beneficial owner	1,750,001	0.09%
Zeng Han	Beneficial owner	1,250,000	0.06%
Wang Yu	Beneficial owner	1,170,000	0.06%
Tsui Kei Pang	Beneficial owner	1,050,000	0.05%
Wang Caiyong	Beneficial owner	750,000	0.04%
Yang Lei	Beneficial owner	575,000	0.03%
Wong Lai, Sarah	Beneficial owner	450,000	0.02%

Notes:

1. These information is based on the disclosure of interests forms published on the website of the Stock Exchange as at 31 December 2023.

2. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 December 2023, which was 2,028,277,588.

Directors' Interests in Shares *(Continued)*

Long position in the shares of the Company (Note 1) *(Continued)*

Save as disclosed above, as at 31 December 2023, no other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations were recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, no person had any rights to subscribe for equity or debt securities of the Company as at 31 December 2023, nor have any such rights been granted or exercised during the year.

Substantial shareholders' Interests in Shares

As at 31 December 2023, the interests and short positions of every substantial shareholder, other than the Directors and the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows (Note 1):

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

Notes:

L – long position
S – short position

1. These information is based on the disclosure of interests forms published on the website of the Stock Exchange as at 31 December 2023.

2. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 December 2023, which was 2,028,277,588.

3. These ordinary shares comprise 190,703,000 ordinary shares held by Charm Wise and 1,180,313,211 ordinary shares held by CIMC HK. Charm Wise and CIMC HK are wholly-owned subsidiaries of CIMC.

4. These ordinary shares comprise 190,703,000 ordinary shares held by Charm Wise. Charm Wise is wholly-owned subsidiary of CIMC.

Save as disclosed above, as at 31 December 2023, (i) the register required to be kept under section 336 of the SFO recorded no other interests or short positions in the shares or underlying shares of the Company and (ii) the Directors are not aware of any other persons or corporations who were interested in 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Share Options

The Share Option Scheme adopted on 12 July 2006

The Company adopted the Share Option Scheme pursuant to an ordinary resolution passed at an EGM on 12 July 2006 (the "Scheme 2006"). Its purpose is to provide incentives and rewards to employees and Directors and eligible persons for their contributions to the Group.

Under the Scheme 2006, the Board is authorised, at its absolute discretion, to invite any Directors (whether executive or non-executive) or any employees (whether full-time or part-time) of any member of the Group, and any eligible persons to subscribe for shares of the Company.

The Scheme 2006 has a term of 10 years and shall expire on 11 July 2016, after which no further options will be granted. The share options are exercisable for a period to be notified by the Board to each participant, which shall not exceed 10 years from the date of grant. The Scheme 2006 was terminated on 20 May 2016, after which no further share option may be granted under the Scheme 2006, but in all other respects the provisions of the Scheme 2006 remain in full force and effect and share options granted prior to such termination continue to be valid and exercisable in accordance with the provisions of the Scheme 2006.

There is no minimum period which a share option must be held before it can be exercised, but the Board is authorised to impose at its discretion any such minimum period at the date of grant. The share options granted must be taken up within 14 days from the date of grant and on acceptance of each grant, a consideration of HKD1.00 is payable.

The exercise price of a share option shall be at least the highest of (i) the closing price of the Company's share as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average price of the closing prices of the Company's shares as stated in the daily quotations sheet of the Stock Exchange for the five consecutive trading days immediately preceding the date of grant; and (iii) the nominal value of a Company's share.

The maximum number of Shares in respect of which share options may be granted under the Scheme 2006 shall not exceed 10% of the issued share capital of the Company as at the date of adoption of the Scheme 2006. There was no service provider sublimit set under the Scheme 2006. As at 31 December 2023, 28,741,000 share options granted under the Scheme 2006 remained outstanding, pursuant to which 28,741,000 Shares may be issued accordingly, representing approximately 1.42% of the issued share capital of the Company as at 31 December 2023. As at the date of this report, 28,641,000 share options granted under the Scheme 2006 remained outstanding, pursuant to which 28,641,000 Shares may be issued accordingly, representing approximately 1.41% of the issued share capital of the Company as at the date of this report.

The maximum number of Shares issued and to be issued upon the exercise of the share options granted to each participant (including both exercised and outstanding share options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

Where further grant of share options to a participant would result in the Shares issued and to be issued upon exercise of all share options granted and to be granted to such participant (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total shares in issue, such further grant shall be subject to the shareholders' approval in general meeting with such participant and his associates abstaining from voting.

On 5 June 2014, the Company granted share options to certain eligible persons to subscribe for a total of 38,420,000 ordinary shares of HKD0.01 each in the capital of the Company under the Scheme 2006.

Share Options *(Continued)*

The Share Option Scheme adopted on 12 July 2006 *(Continued)*

During the year ended 31 December 2023, no share options were granted under the Scheme 2006. A total of 1,200,000 options granted under the Scheme 2006 previously were lapsed during the year of 2023.

All the above options granted were accepted by the respective participants.

During the year ended 31 December 2023, movements of the options under the Scheme 2006 were as follows:

Grantee	Date of grant	Exercise price of options (per Share)	Exercisable period	Number of share options: outstanding at 1 January 2023	granted during the year	exercised during the year	lapsed during the year	cancelled during the year	transferred to/from other category	outstanding at 31 December 2023
Directors										
Gao Xiang	05/06/2014 (Note 1)	HKD11.24	05/06/2016-04/06/2024	400,000	–	–	–	–	–	400,000
Yang Xiaohu	05/06/2014 (Note 1)	HKD11.24	05/06/2016-04/06/2024	400,000	–	–	–	–	–	400,000
Yu Yuqun	05/06/2014 (Note 1)	HKD11.24	05/06/2016-04/06/2024	300,000	–	–	–	–	–	300,000
Tsui Kei Pang	05/06/2014 (Note 1)	HKD11.24	05/06/2016-04/06/2024	300,000	–	–	–	–	–	300,000
				1,400,000	–	–	–	–	–	1,400,000
Employees	05/06/2014 (Note 1)	HKD11.24	05/06/2016-04/06/2024	23,721,000	–	–	(1,200,000)	–	–	22,521,000
Other participants (Note 2)	05/06/2014 (Note 1)	HKD11.24	05/06/2016-04/06/2024	4,820,000	–	–	–	–	–	4,820,000
Total				29,941,000	–	–	(1,200,000)	–	–	28,741,000

Notes:

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

2. Other participants refer to participants who were formerly Directors or employees of the Group at the time of the relevant grant of share options, but had subsequently left the Group.

For details of the fair value of the share options granted under the Scheme 2006 and the relevant assumptions, please refer to note 36 to the financial statements.

Share Options *(Continued)*

The Share Option Scheme adopted on 20 May 2016

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

The Scheme 2016 has a term of 10 years and will expire on 19 May 2026, after which no further options will be granted. As at the date of this report, the remaining life of the Scheme 2016 is approximately 2 years. The purpose of the Scheme 2016 is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants, and for such other purposes as the Board may approve from time to time.

The Board may, at its discretion, invite (i) any executive or non-executive Director including any independent non-executive Director or any employee (whether full-time or part-time) of any member of the Group and its associated companies and its jointly controlled entities and its related companies from time to time ("Enric Group"); (ii) any discretionary object of a discretionary trust established by any substantial Shareholder of the Company or any employee, executive or non-executive Director of any member of the Enric Group; (iii) any consultant, professional and other adviser to any member of the Enric Group; (iv) any chief executive or substantial shareholder of any member of the Enric Group; any associate of any Director, chief executive or substantial shareholder of any member of Enric Group; and (v) any employee (whether full-time or part-time) of substantial shareholder of any member of the Enric Group to take up options under Scheme 2016.

The share options under Scheme 2016 are exercisable for a period to be notified by the Board to each participant, which shall not exceed 10 years from the date of grant. There is no minimum period which an option must be held before it can be exercised, but the Board is authorised to impose at its discretion any such minimum period at the date of grant. On acceptance of each grant, a consideration of HKD1.00 is payable. The exercise price of an option shall be at least the highest of (i) the closing price of the Company's share as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a Business Day; (ii) the average price of the closing prices of the Company's shares as stated in the daily quotations sheet of the Stock Exchange for the five consecutive trading days immediately preceding the date of grant; and (iii) the nominal value of a Company's share.

The maximum number of shares which may be issued under the Scheme 2016 and any other share option schemes shall not exceed 10% of the issued share capital of the Company as at the date of adoption of the Scheme 2016 (i.e. 193,660,608 Shares, representing approximately 9.55% of the issued shares of the Company as at the date of this report). There was no service provider sublimit set under the Scheme 2016. However, the Board may seek approval of the shareholders in general meeting for refreshing the 10% limit and/or for granting options beyond the 10% limit. Notwithstanding the refreshed limit and granting of options beyond the limit, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised must not exceed 30% of the total number of shares in issue from time to time.

Share Options *(Continued)*

The Share Option Scheme adopted on 20 May 2016 *(Continued)*

The maximum number of shares issued and to be issued upon the exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

Where further grant of options to a participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total shares in issue, such further grant shall be subject to the shareholders' approval in general meeting with such participant and his associates abstaining from voting. Where any options to be granted to a substantial shareholder of the Company or independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all the options granted and to be granted under the Scheme 2016 and any other share option scheme (including options exercised, cancelled and outstanding) to such person in the period of 12 months up to and including the date of the grant (i) representing in aggregate over 0.1% of the total number of Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, over HKD5,000,000, the further grant of options must be approved by the Shareholders in general meeting. Details of the Scheme 2016 disclosed in the circular of the Company dated 6 April 2016.

On 21 November 2023, the Company granted share options to 208 eligible persons to subscribe for a total of 39,500,000 ordinary shares of HKD0.01 each in the capital of the Company under the Scheme 2016. No options granted under the Scheme 2016 were lapsed during the year of 2023.

As at 1 January 2023 and 31 December 2023, the number of options available for grant under the scheme mandate of the Scheme 2016 (after taking into account the share options granted under the Scheme 2006) was 163,719,608 and 125,419,608, respectively.

All the above options granted were accepted by the respective participants.

Share Options *(Continued)*

The Share Option Scheme adopted on 20 May 2016 *(Continued)*

During the year ended 31 December 2023, movements of the options under the Scheme 2016 were as follows:

				Number of share options						
Grantee	Date of grant	Exercise price of options (per Share)	Exercisable period	outstanding at 1 January 2023	granted during the year	exercised during the year	lapsed during the year	cancelled during the year	transferred to/from other category	outstanding at 31 December 2023
Directors										
Gao Xiang	21/11/2023 (Note 1)	HKD7.05	31/03/2025–20/11/2033	–	1,000,000	–	–	–	–	1,000,000
Yang Xiaohu	21/11/2023 (Note 1)	HKD7.05	31/03/2025–20/11/2033	–	1,200,000	–	–	–	–	1,200,000
Yu Yuqun	21/11/2023 (Note 1)	HKD7.05	31/03/2025–20/11/2033	–	450,000	–	–	–	–	450,000
Zeng Han	21/11/2023 (Note 1)	HKD7.05	31/03/2025–20/11/2033	–	450,000	–	–	–	–	450,000
Wang Yu	21/11/2023 (Note 1)	HKD7.05	31/03/2025–20/11/2033	–	450,000	–	–	–	–	450,000
Tsui Kei Pang	21/11/2023 (Note 1)	HKD7.05	31/03/2025–20/11/2033	–	450,000	–	–	–	–	450,000
Wang Caiyong	21/11/2023 (Note 1)	HKD7.05	31/03/2025–20/11/2033	–	450,000	–	–	–	–	450,000
Yang Lei	21/11/2023 (Note 1)	HKD7.05	31/03/2025–20/11/2033	–	450,000	–	–	–	–	450,000
Wong Lai, Sarah	21/11/2023 (Note 1)	HKD7.05	31/03/2025–20/11/2033	–	450,000	–	–	–	–	450,000
				–	5,350,000	–	–	–	–	5,350,000
Employees	21/11/2023 (Note 1)	HKD7.05	31/03/2025–20/11/2033	–	34,150,000	–	–	–	–	34,150,000
Total				–	39,500,000	–	–	–	–	39,500,000

Notes:

1. Regarding the share options granted on 21 November 2023, subject to certain conditions as stated in the offer letter to the respective grantee, up to one-third of the options granted to any grantee shall become exercisable from 31 March 2025 and up to 20 November 2033; up to two-third of which shall become exercisable from 31 March 2026 and up to 20 November 2033; and 100% of which shall become exercisable from 31 March 2027 and up to 20 November 2033.

2. Regarding the share options granted on 21 November 2023, (i) for grantees who are directors (other than independent non-executive Director) or employee of the members of the Group, the exercise of the share options is subject to his/her fulfillment of performance growth and performance appraisal-related indicators (including Group-wise financial performance targets and/or personal appraisal targets) as set by the Board; and (ii) the share options granted to independent non-executive Directors are not subject to any performance target. For further details, please refer to the announcement of the Company dated 21 November 2023.

3. The closing price of Shares immediately before the date on which the share options were granted is HKD7.04 (for share options granted on 21 November 2023).

Share Options *(Continued)*

The Share Option Scheme adopted on 20 May 2016 *(Continued)*

The fair values of the share options granted under the Scheme 2016 during the year ended 31 December 2023 are as follows:

Date of Grant	Number of options	Fair value per options at date of grant
21 November 2023	39,500,000	HKD2.56

For details of the fair value of the share options granted under the Scheme 2016 and the relevant accounting standard and policy adopted, please refer to note 36 to the financial statements.

As at 31 December 2023, (i) the total number of Shares that may be issued in respect of share options granted under the Scheme 2016 during the year ended 31 December 2023 was 39,500,000 Shares, representing approximately 1.97% of the weighted average number of Shares in issue for the year ended 31 December 2023; and (ii) the total number of Shares that may be issued in respect of all share options granted under the Scheme 2006 and Scheme 2016 was 68,241,000 Shares, representing approximately 3.40% of the weighted average number of Shares in issue for the year ended 31 December 2023.

Share Award Scheme 2020

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

	Share Award Scheme 2020
Purpose:	The purposes of the Award Scheme 2020 are (a) to provide eligible participants with an opportunity to own Shares in the Company thereby aligning the interests of the eligible participants with that of the Shareholders; (b) to incentivise eligible participants to benefit from value enhancement through delivery of performance targets; and (c) to encourage and retain Eligible Participants to make contributions to the long-term and sustainable growth of the Group. The Award Scheme 2020 forms part of the overall incentive plan for the employees of the Group. The Shares to be granted to Participants under the Award Scheme 2020 (the "Grant Shares") shall be in lieu of part of the cash bonus awarded under the overall incentive plan.
Eligible Participants:	Any employee of the Group at level 7 or above, and any employee of the Group selected by the Board.
Term:	Subject to any early termination of the Award Scheme 2020 in accordance with the Award Scheme 2020 Rules, the Award Scheme 2020 shall be valid and effective for a period of 10 years commencing from the adoption day of Award Scheme 2020 (i.e. up to 2 April 2030). As at the date of this report, the remaining life of the Award Scheme 2020 is approximately 5 years and 11 months.

Share Award Scheme 2020 *(Continued)*

	Share Award Scheme 2020
Number of Shares:	The total number of Shares which may be purchased or issued pursuant to the Award Scheme 2020 shall not in aggregate exceed 2% of the Company's total number of issued Shares as at the adoption day of Award Scheme 2020 (i.e. maximum 40,209,691 Shares).
Maximum number of Shares that can be granted to eligible participants:	The maximum number of Shares which may be granted to a participant at any one time or in aggregate under the Award Scheme 2020 must not exceed 0.5% of the Company's total number of issued Shares as at the adoption date of Award Scheme 2020 (i.e. maximum 10,052,422 Shares).
Subscription price:	The subscription price of the Restricted Shares shall be the average cost per Share purchased from the market by the trustee pursuant to the Award Scheme 2020 for the relevant grant. The subscription price shall be paid by the Grantees at such time before the vesting of the relevant grant shares to be determined at the discretion of the Board.
Operation:	The Board may from time to time cause to be paid to the trustee such amount required for the completion of the purchase of Shares on the Stock Exchange out of the Company's resources (15% of such sum will be paid out of the undistributed bonus of the management team of the Company, while the remaining 85% will be paid out of the internal funds of the Company). The trustee shall apply such amount towards the purchase of Shares in board lots only on the Stock Exchange at the prevailing market price. An initial amount of HKD160,000,000 has been budgeted for the purchase of Shares on the Stock Exchange. Subject to the prior approval of the Board, the budget of HKD160,000,000 may be revised if necessary. If the Shares to be granted are new Shares to be allotted and issued by the Company, the Company shall cause such Shares to be allotted and issued to the Trustee. The trustee shall hold such Shares in accordance with the terms of the terms of the trust deed and shall transfer such Shares to the relevant participants after all the relevant vesting conditions are fulfilled. As confirmed by the Directors, notwithstanding the aforesaid, all Grant Shares already granted or to be granted going forward to the Participants under the Award Scheme 2020 will only be funded by existing Shares.
Restrictions:	No grant and no issue and allotment of Shares shall be made by the Company, no payment shall be made and no instruction shall be given by the Company to the trustee to purchase Shares under the Award Scheme 2020 where any Director is in possession of Inside Information (as defined in the SFO) in relation to the Company or where dealings in the Shares are prohibited under all applicable laws, rules and regulations including without limitation the Listing Rules and/or the SFO. The transfer of vested Shares by the trustee to the relevant participants is not prohibited during such periods.

Share Award Scheme 2020 *(Continued)*

	Share Award Scheme 2020
Vesting:	The vesting of the grant shares is always subject to the participant remaining as an eligible participant after the date of the grant and on the vesting date. Any Share held by the trustee on behalf of a participant pursuant to the Award Scheme 2020 rules shall vest in such participant in accordance with the vesting condition(s) or vesting schedule as determined by the Board from time to time under the Award Scheme 2020 rules.
Vesting Rights:	Trustee shall not exercise any voting rights in respect of any Shares held under the trust. No instruction as to voting may be given by any participant to the trustee in respect of the grant Shares prior to the vesting of such grant shares in the participant.

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

Since adoption of the Award Scheme 2020 and up to 31 December 2022, the trustee had purchased in total 39,198,000 shares of the Company under the Award Scheme 2020. Further, during the year ended 31 December 2023, 700,000 Shares were purchased by the Trustee on the market for the purpose of the Award Scheme 2020. Moreover, since 1 January 2024 up to the date of this report, 300,000 Shares were purchased by the Trustee on the market for the purpose of the Award Scheme 2020.

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

On 17 November 2021, following the adoption of the Award Scheme 2020, the Board resolved to make a grant of 33,324,006 Grant Shares to the relevant grantees (including the Directors) under the Award Scheme 2020. Further, during the year ended 31 December 2022, a total of 2,991,708 Grant Shares were granted to the relevant grantees (comprising only employees of the Group) under the Award Scheme 2020. Further, during the year ended 31 December 2023, a total of 2,544,730 Grant Shares were granted to the relevant grantees (comprising Mr. Yang Lei (an independent non-executive Director) and employees of the Group) under the Award Scheme 2020. The aforesaid Grant Shares were satisfied by acquisition by the trustee under the Award Scheme 2020 of the relevant number of Shares from the open market.

As at 1 January 2023, the remaining number of Shares which may be further purchased pursuant to the Award Scheme 2020 was 1,011,691 Shares, and as at 31 December 2023, the remaining number of Shares which may be further purchased pursuant to the Award Scheme 2020 was 311,691 Shares. Further, as at the date of this report, the remaining number of Shares which may be further purchased pursuant to the Award Scheme 2020 was 11,691 Shares, representing approximately 0.001% of the issued shares of the Company as at the date of this report.

Share Award Scheme 2020 *(Continued)*

Details of the movements of the Grant Shares granted under the Award Scheme 2020 during the year ended 31 December 2023 are as follows:

Grantee	Date of Grant	Number of Grant Shares	Subscription price (per Share)	Closing price of Shares immediately before the date of grant of the Grant Shares	Number of Grant Shares: Granted but not vested as at 1 January 2023	Granted and held by the Trustee (During the year ended 31 December 2023)	Vested (Note 2) (During the year ended 31 December 2023)	Lapsed (During the year ended 31 December 2023)	Cancelled (During the year ended 31 December 2023)	Granted but not vested as at 31 December 2023	Vesting Period (Note 3)
Directors											
Gao Xiang	17 November 2021 (Note 1)	1,200,000	HKD3.7	HKD9.2	800,000	–	400,000	–	–	400,000	April 2022 to April 2024
Yang Xiaohu	17 November 2021 (Note 1)	1,200,000	HKD3.7	HKD9.2	800,000	–	400,000	–	–	400,000	April 2022 to April 2024
Yu Yuqun	17 November 2021 (Note 1)	800,001	HKD3.7	HKD9.2	533,334	–	266,667	–	–	266,667	April 2022 to April 2024
Zeng Han	17 November 2021 (Note 1)	600,000	HKD3.7	HKD9.2	400,000	–	200,000	–	–	200,000	April 2022 to April 2024
Wang Yu	17 November 2021 (Note 1)	600,000	HKD3.7	HKD9.2	400,000	–	200,000	–	–	200,000	April 2022 to April 2024
Tsui Kei Pang	17 November 2021 (Note 1)	300,000	HKD3.7	HKD9.2	200,000	–	100,000	–	–	100,000	April 2022 to April 2024
Wang Caiyong	17 November 2021 (Note 1)	300,000	HKD3.7	HKD9.2	200,000	–	100,000	–	–	100,000	April 2022 to April 2024
Yang Lei	3 April 2023 (Note 1)	125,000	HKD3.7	HKD7.6	–	125,000	25,000	–	–	100,000	April 2023 to April 2024
Wong Lai, Sarah	–	–	–	–	–	–	–	–	–	–	–
Zhang Xueqian (ceased to be an independent non-executive Director on 30 September 2022) (Note 4)	17 November 2021 (Note 1)	300,000	HKD3.7	HKD9.2	75,000	–	75,000	–	–	–	April 2022 to April 2024
Yien Yu Yu, Catherine (resigned to be an independent non-executive Director on 24 August 2023) (Note 5)	17 November 2021 (Note 1)	300,000	HKD3.7	HKD9.2	200,000	–	100,000	34,000	–	66,000	April 2022 to April 2024
Employees											
Top 4 highest paid individuals (excluding Directors)	17 November 2021 (Note 1)	1,410,000	HKD3.7	HKD9.2	–	–	–	–	–	–	April 2022
Other Employees	17 November 2021 (Note 1)	26,314,005	HKD3.7	HKD9.2	15,556,670	–	7,719,168	229,167	–	7,608,335	April 2022 to April 2024
	26 May 2022 (Note 1)	65,000	HKD3.7	HKD8.11	–	–	–	–	–	–	26 May 2022
	14 July 2022 (Note 1)	300,000	HKD3.7	HKD8.20	–	–	–	–	–	–	14 July 2022
	7 December 2022 (Note 1)	2,626,708	HKD3.7	HKD7.99	2,626,708	–	1,873,708	31,000	–	722,000	April 2023 to April 2024
	13 November 2023 (Note 1)	2,419,730	HKD3.7	HKD6.61	–	2,419,730	–	–	–	2,419,730	April 2024
Total		38,860,444			21,791,712	2,544,730	11,459,543	294,167	–	12,582,732	

Share Award Scheme 2020 *(Continued)*

Notes:

1. Other than the Subscription Price which shall be paid by the participants at the prescribed time according to the terms of the Award Scheme 2020, no other payment is required for acceptance of the grant of the Grant Shares.

2. The weighted average closing price of the shares immediately before the dates on which the Grant Shares were vested during the year was (i) HKD8.68 (for all grants dated 17 November 2021); (ii) HKD7.99 (for all grants dated 7 December 2022); and (iii) HKD7.60 (for all grants dated 3 April 2023).

3. The vesting is subject to the fulfilment of the relevant vesting conditions (including (i) the achievement of relevant level of net profits of the Group for the relevant year as determined by the Board (applicable to all participants other than the independent non-executive Directors); and (ii) achievement of relevant personal appraisal target (applicable to participants who are not Directors). For further details of the vesting schedule, please refer to note 36 to the financial statements.

4. In April 2022, the first tranche of the Grant Shares (i.e. 100,000 Grant Shares) were vested to Mr. Zhang Xueqian. Following the cessation of Mr. Zhang as an independent non-executive Director on 30 September 2022, 7,500 Grant Shares (being the portion of second tranche of Grant Shares granted to Mr. Zhang in proportion to the number of days of his tenure as an independent non-executive Director in 2022) shall remain valid and be vested in April 2023. On the other hand, the remaining 125,000 Grant Shares (being the remaining portion of the second tranche of Grant Shares and the third tranche of Grant Shares granted to Mr. Zhang) had lapsed.

5. In April 2022 and April 2023, the first and second tranche of the Grant Shares (i.e. 100,000 and 100,000 Grant Shares, respectively) were vested to Ms. Yien Yu Yu, Catherine. Following the resignation of Ms. Yien Yu Yu, Catherine as an independent non-executive Director on 24 August 2023, 66,000 Grant Shares (being the portion of the third tranche of Grant Shares granted to Ms. Yien Yu Yu, Catherine in proportion to the number of days of her tenure as an independent non-executive Director in 2023) shall remain valid and be vested in April 2024. On the other hand, the remaining 34,000 Grant Shares (being the remaining portion of the third tranche of Grant Shares granted to Ms. Yien Yu Yu, Catherine) had lapsed.

A total of 294,167 Grant Shares had lapsed and no Grant Shares were cancelled during the year ended 31 December 2023. As at 1 January 2023 and 31 December 2023, the number of Grant Shares available to be further granted under the Award Scheme 2020 was 6,130,977 and 3,880,414, respectively. There was no service provider sublimit set under the Award Scheme 2020.

The fair values of the Grant Shares granted under the Award Scheme 2020 during the year ended 31 December 2023 are as follows:

Date of Grant	Number of Grant Shares	Fair value per Grant Shares at date of grant
3 April 2023	125,000	HKD3.98
13 November 2023	2,419,730	HKD2.91

For the accounting standard and policy adopted of the Grant Shares granted under the Award Scheme 2020, please refer to note 36 to the financial statements.

Chemical and Environmental Business Unit Equity Incentive Scheme

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

According to Chemical and Environmental Business Unit Equity Incentive Scheme, incentive equity interest will be granted to the participants through the partnership platforms by way of subscribing for new share capital in CIMC Safeway Technologies Co., Ltd. (中集安瑞環科技股份有限公司) ("**CIMC Safe Tech**"). Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Yu Yuqun, Mr. Zeng Han, Mr. Wang Yu, the Directors of the Company have subscribed for new share capital of CIMC Safe Tech, which represent approximately 0.28%, 1.86%, 0.11%, 0.11% and 0.11% of the share capital of CIMC Safe Tech as at 31 December 2023, respectively. The details are disclosed in the announcement of the Company dated 27 November 2020.

The Chemical and Environmental Business Unit Equity Incentive Scheme is not subject to the disclosure requirement under Chapter 17 of the Listing Rules as CIMC Safe Tech is not a principal subsidiary of the Company.

Liquid Food Business Unit Equity Incentive Scheme

The Company adopted Liquid Food Business Unit Equity Incentive Scheme on 8 June 2022, to recognize past and present contributions and to incentivise the future contributions by the participants to the Liquid Food Business Unit. According to Liquid Food Business Unit Equity Incentive Scheme, incentive equity interest will be granted to the participants through the partnership platforms by way of subscribing for new registered capital in CIMC Liquid Process Technologies Co., Ltd. (中集安瑞醇科技股份有限公司) ("CLPT"). Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Zeng Han, Mr. Wang Yu, the Directors of the Company have subscribed for new registered capital of CLPT under the Liquid Food Business Unit Equity Incentive Scheme, which represent approximately 0.59%, 1.18%, 0.10% and 0.10% of the registered capital of CLPT as at 31 December 2023, respectively. The details are disclosed in the announcement of the Company dated 8 June 2022.

The Liquid Food Business Unit Equity Incentive Scheme is not subject to the disclosure requirement under Chapter 17 of the Listing Rules as CLPT is not a principal subsidiary of the Company.

Directors' Interests in Competing Business

During the year ended 31 December 2023, no Director was interested in the business apart from the Group's business, which competes or may compete, either directly or indirectly, with the Group's business.

Permitted Indemnity Provision

The Company's articles of association provides that every Director is entitled to be indemnified out of the assets and profits of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has purchased and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Connected Transactions and Interests in Contracts

Connected transactions and continuing connected transactions subject to annual review

Non-exempt connected transactions

During the year ended 31 December 2023, the Group had the following transactions which constituted non-exempt connected transactions as defined under Chapter 14A of the Listing Rules.

On 25 August 2023, CIMC Enric Investment Holdings (Shenzhen) Ltd.* (中集安瑞科投資控股(深圳)有限公司) ("CIMC Enric (Shenzhen)"), a direct wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Shenzhen CIMC Investment Co., Ltd.* (深圳市中集投資有限公司) ("**CIMC Investment**"), pursuant to which CIMC Enric (Shenzhen) agreed to transfer, and CIMC Investment agreed to acquire 5.63% equity interest in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.* (深圳中集同創供應鏈有限公司) at the consideration of RMB33.05 million (the "**Equity Transfer Agreement**"). As at the date of the Equity Transfer Agreement, CIMC was a controlling Shareholder indirectly holding approximately 67.60% of the Shares at the time and was therefore a connected person of the Company. As CIMC Investment was a subsidiary of CIMC and was therefore an associate of CIMC, CIMC Investment was also a connected person of the Company. Accordingly, the disposal under the Equity Transfer Agreement (the "Disposal") constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 0.1% but less than 5%, the Disposal is only subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 25 August 2023.

Non-exempt continuing connected transactions

During the year, the Group carried out the following transactions which constituted continuing connected transactions under Chapter 14A of the Listing Rules and were subject to annual review:

(i) Financial Service Framework Agreement (2022)

On 28 November 2022, the Company entered into the Financial Services Framework Agreement (2022) with CIMC Finance Company Ltd. (中集集團財務有限公司, a wholly-owned subsidiary of CIMC, "CIMC Finance") as service provider and CIMC as guarantor under which CIMC Finance agreed to provide various financial services (including deposit services, loan services, bill discounting services, foreign exchange settlement and purchasing services, issue of commercial note and guarantee services and other financial services) to the Group for a term of three years from 1 January 2023 to 31 December 2025.

For each of the three financial years ending 31 December 2025, the proposed annual caps for the deposit services ("Deposit Services") contemplated under the Financial Services Framework Agreement (2022) (being the maximum daily outstanding balance of deposits placed by the Group to CIMC Finance), shall be RMB700,000,000. The said annual caps have been determined with reference to the Group's historical maximum daily outstanding balance of deposits placed with CIMC Finance, the business forecast of the Group, the estimated cash and cash equivalent of the Group, the estimated cash flow and the estimated level of cash to be deposited with CIMC Finance to facilitate settlement of accounts with members of the Group and the CIMC Group.

As CIMC is a controlling shareholder of the Company, it is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As CIMC Finance was a non-wholly owned subsidiary of CIMC and was therefore an associate of CIMC, CIMC Finance was also a connected person of the Company. As a result, the transactions contemplated under the Financial Services Framework Agreement (2022) constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Connected Transactions and Interests in Contracts *(Continued)*

Connected transactions and continuing connected transactions subject to annual review *(Continued)*

Non-exempt continuing connected transactions *(Continued)*

(i) Financial Service Framework Agreement (2022) *(Continued)*

As some of the applicable percentage ratios in respect of the highest of the Deposit Service annual caps for the Deposit Services contemplated under the Financial Services Framework Agreement (2022) are more than 0.1% but all of them are less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements and are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the year ended 31 December 2023, the maximum daily outstanding balance of the Group's deposits placed with CIMC Finance was RMB690,014,000, the interest income from deposits recognised by the Group was RMB7,114,000 and no service charge was incurred by the Group, and therefore does not exceed the annual cap for deposit services for the year ended 31 December 2023.

With respect to the other transactions contemplated under the Financial Services Framework Agreement (2022) (i.e. other than the deposit services), they are fully exempt continuing connected transactions under the Listing Rules due to being (i) de minimis transactions defined under Chapter 14A of the Listing Rules; or (ii) financial assistance received by the Group which is conducted on normal commercial terms or better and not secured by the assets of the Group.

For further details of the Financial Services Framework Agreement (2022), please refer to the announcement of the Company dated 28 November 2022.

(ii) Master Sales Agreement (2022)

On 28 November 2022, the Company entered into the Master Sales Agreement (2022) with CIMC, under which the Company agreed to sell certain products for storage, transportation and processing in the fields of clean energy, chemical and environmental and liquid food, spare parts and raw materials for production, as well as components for construction projects to CIMC Group for a term of three years from 1 January 2023 and expiring on 31 December 2025.

For each of the three financial years ending 31 December 2025, the proposed estimated annual caps of the transactions contemplated under the Master Sales Agreement (2022) are no more than RMB500,000,000, RMB570,000,000 and RMB670,000,000 respectively. The proposed annual caps were determined based on the historical transaction amounts, the estimated investment in the natural gas equipment to cater for the projected growth in natural gas consumption in China, the expected growth in different business segments of the Group, the expected growth of CIMC Group's business, the projected number of products to be sold to the CIMC Group (both for providing finance leases to the relevant customers and for CIMC Group's own manufacturing and business operations) and the forecast in market price of the products (including the forecast increase in the selling price due to inflation).

On 23 August 2023, the Company revised the proposed annual caps of the transactions contemplated under the Master Sales Agreement (2022) for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 to RMB776,000,000, RMB1,054,000,000 and RMB1,181,000,000, respectively (the "**Revised Sales Annual Caps**"). The Revised Sales Annual Caps have been determined with reference to: (a) actual sales transactions recorded for the six-month period ended 30 June 2023; (b) sales orders received up to 30 June 2023 which are expected to be completed by 31 December 2023; (c) estimated sales orders that are expected to be received and completed by 31 December 2023; and (d) estimated growth in demand for the Group's products in 2024 and 2025.

Connected Transactions and Interests in Contracts *(Continued)*

Connected transactions and continuing connected transactions subject to annual review *(Continued)*

Non-exempt continuing connected transactions *(Continued)*

(ii) Master Sales Agreement (2022) *(Continued)*

As CIMC is a controlling shareholder of the Company, it is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As a result, the transactions contemplated under the Master Sales Agreement (2022) constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios in respect of the Revised Sales Annual Caps exceed 5%, the transactions contemplated under the Master Sales Agreement (2022) are subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the year ended 31 December 2023, the Group's actual sale to CIMC Group under the Master Sales Agreement (2022) was RMB362,129,000, which did not exceed the Revised Sales Annual Caps for the year ended 31 December 2023.

For further details of the Master Sales Agreement (2022), please refer to the announcements of the Company dated 28 November 2022 and 23 August 2023 and the circular of the Company dated 25 September 2023.

(iii) Master Processing Services Agreement (2022)

On 28 November 2022, the Company entered into the Master Processing Services Agreement (2022) with CIMC, under which CIMC greed to provide certain processing services (including but not limited to steel uncoiling, sand blasting and base coat spraying and other related processing services) and other services related to such processing services (including but not limited to site and equipment leasing, testing and training, water and electricity supply, after-sales maintenance and transportation services) to the Group for a term of three years from 1 January 2023 and expiring on 31 December 2025.

For each of the three financial years ending 31 December 2025, the proposed estimated annual caps of the transactions contemplated under the Master Processing Services Agreement (2022) shall be no more than RMB38,000,000, RMB41,000,000 and RMB45,000,000 respectively. The proposed annual caps are determined based on the historical transaction amounts under the Master Processing Services Agreement (2019), the expected sales volume growth of the Group's products that will require processing services during their production process and the expected growth in market prices due to inflation.

As CIMC is a controlling shareholder of the Company, it is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As a result, the transactions contemplated under the Master Processing Services Agreement (2019) constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios in respect of the highest annual caps for the continuing connected transactions contemplated under the Master Processing Services Agreement (2022) are more than 0.1% but all of them are less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements and are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Connected Transactions and Interests in Contracts *(Continued)*

Connected transactions and continuing connected transactions subject to annual review *(Continued)*

Non-exempt continuing connected transactions *(Continued)*

(iii) Master Processing Services Agreement (2022) *(Continued)*

During the year ended 31 December 2023, the actual processing service charge incurred by the Group under the Master Processing Services Agreement (2022) was RMB9,975,000, which did not exceed the relevant annual cap for the year ended 31 December 2023.

For further details of the Master Processing Services Agreement (2022), please refer to the announcement of the Company dated 28 November 2022.

(iv) Master Procurement Agreement (2022)

On 28 November 2022, the Company entered into the Master Procurement Agreement (2022) with CIMC, under which the Company agreed to procure various spare parts, raw materials (including but not limited to vehicle chassis, vehicle platforms, operating system, containers and steel (inclusive of waste and surplus materials)) and/or components for construction projects ("Relevant Spare Parts and/or Raw Materials") from CIMC for a term of three years from 1 January 2023 and expiring on 31 December 2025.

For each of the three financial years ending 31 December 2025, the proposed estimated annual caps of the transactions contemplated under the Master Procurement Agreement (2022) are no more than RMB590,000,000, RMB640,000,000 and RMB700,000,000 respectively. The proposed annual caps are determined based on the historical transaction amounts and the estimated sale volumes of products that would require spare parts, raw materials and/or components for construction projects supplied by CIMC Group with reference to the estimated growth in market prices due to inflation.

On 23 August 2023, the Company revised the proposed annual caps of the transactions contemplated under the Master Procurement Agreement (2022) for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 to RMB686,000,000, RMB819,000,000 and RMB903,000,000, respectively (the "**Revised Procurement Annual Caps**"). The Revised Procurement Annual Caps have been determined with reference to: (a) actual procurement transactions recorded for the six-month period ended 30 June 2023; (b) procurement orders received up to 30 June 2023 which are expected to be completed by 31 December 2023; (c) estimated sales orders that are expected to be received which will require procurement by 31 December 2023; and (d) estimated growth in demand for the Group's products in 2024 and 2025 that will require procurement of spare parts, raw materials and components for construction projects from the CIMC Group.

As CIMC is a controlling shareholder of the Company, it is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As a result, the transactions contemplated under the Master Procurement Agreement (2019) constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios in respect of the Revised Procurement Annual Caps exceed 5%, the Master Procurement Agreement (2022) are subject to reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the year ended 31 December 2023, the Group's actual total purchase from CIMC Group under the Master Procurement Agreement (2022) was RMB525,039,000, which did not exceed the Revised Procurement Annual Caps for the year ended 31 December 2022.

For further details of the Master Procurement Agreement (2022), please refer to the announcements of the Company dated 28 November 2022 and 23 August 2023 and the circular of the Company dated 25 September 2,023.

Connected Transactions and Interests in Contracts *(Continued)*

Connected transactions and continuing connected transactions subject to annual review *(Continued)*

Non-exempt continuing connected transactions *(Continued)*

The Independent Non-executive Directors have reviewed the above transactions and confirmed that in their opinion the above transactions have been entered into:

1. in the ordinary and usual course of business of the Group;

2. on normal commercial terms or better; and

3. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the above transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group above in accordance with Listing Rules 14A.56. The auditor has the following conclusions in the letter on continuing connected transactions disclosed by the Group:

a. nothing has come to the auditor's attention that causes him to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;

b. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes him to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

c. nothing has come to the auditor's attention that causes him to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

d. with respect to the aggregate amount of each of the above continuing connected transactions, nothing has come to the auditor's attention that causes him to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

Save as disclosed above, none of the related-party transactions or continuing related-party transactions set out in note 45 to the financial statements in this report fall within the scope of discloseable connected transaction or continuing connected transaction under the Listing Rules. The connected and continuing connected transactions of the Group are in compliance with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

Connected Transactions and Interests in Contracts *(Continued)*

Directors' and controlling shareholders' interests in transactions, arrangement or contracts of significance

Save as disclosed above, no other transactions, arrangement or contracts of significance to which the Company or its subsidiaries or fellow subsidiaries or its parent company, was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Save as disclosed above, no other (i) contracts of significance between the Company or its subsidiaries and the controlling shareholder or its subsidiaries; and (ii) contracts of significance for the provision of services to the Company or its subsidiaries by the controlling shareholder or its subsidiaries subsisted at the end of the year or at any time during the year.

Note: CIMC is the holding company of Charm Wise and CIMC HK, which are substantial shareholder and controlling shareholder of the Company respectively.

Confirmation of Independence

The Company has received from each of its Independent Non-executive Directors an annual confirmation of independence and considered each of them independent to the Group pursuant to Rule 3.13 of the Listing Rules.

Corporate Governance

The Company is committed to maintaining a high level of corporate governance practices.

The Company's corporate governance report is set out on pages 51 to 80. Details of each of the Audit Committee, the Remuneration Committee and the Nomination Committee are given in the same report. The Audit Committee has reviewed and discussed with management the annual results and the audited financial statements for the year ended 31 December 2023.

Closure of Register of Members

To ascertain shareholders' entitlements to the 2023 Final Dividend, the register of members of the Company will be closed from Wednesday, 29 May 2024 to Monday, 3 June 2024 (both days inclusive). In order to qualify for the 2022 Final Dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 28 May 2024.

Subject to the approval by shareholders at the AGM to be held on Monday, 20 May 2024, the 2023 Final Dividend will be paid in cash on or about 28 June 2024 to shareholders whose names appear on the register of members of the Company on Monday, 3 June 2024 (the "Record Date").

Moreover, for determination of the entitlement to attend and vote at the AGM, the transfer books and register of members will be closed from Monday, 13 May 2024 to Monday, 20 May 2024 (both days inclusive), during which period no transfer of Shares will be effected. In order to determine the identity of Shareholders who are entitled to attend and vote at the AGM, all Share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 10 May 2024.

Withholding and Payment of Enterprise Income Tax for Non-resident Enterprises on Distribution of the 2023 Final Dividend

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China" (the "Enterprise Income 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 is regarded as a Chinese Resident Enterprise, effective from the year 2013.

Pursuant to the Enterprise Income Tax Law and the "Implementation Regulations for the Enterprise Income Tax Law of the People's Republic of China", the Company is required to withhold and pay 10% enterprise income tax when it distributes the 2023 final dividend and dividends in subsequent years to its non-resident enterprise shareholders.

In respect of all shareholders whose names appear on the Company's register of members as at the Record Date who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company will distribute the 2023 Final Dividend after deducting an enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2023 Final Dividend payable to any natural person shareholders whose names appear on the Company's register of members as at the Record Date.

If any resident enterprise (as defined in the Enterprise Income Tax Law) listed on the Company's register of members which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC based de facto management body, does not desire to have the Company withhold and pay the said 10% enterprise income tax, it shall lodge with Computershare Hong Kong Investor Services Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend that it is entitled, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on Tuesday, 28 May 2024.

With respect to individual investors of Shenzhen-Hong Kong Stock Connect who hold Shares through HKSCC Nominees Limited, Hong Kong Securities Clearing Company Limited will pay the amount of the 2023 Final Dividend net of the 10% enterprise withholding tax to China Securities Depository and Clearing Corporation Limited for dividend distribution in accordance with relevant requirements under Notice Regarding Tax Policies Related to the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》) jointly published by the Ministry of Finance of the PRC, State Administration of Taxation of the PRC and China Securities Regulatory Commission.

If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold and pay the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of members on the Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of withholding and payment of enterprise income tax.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has, during the year and up to the date of this report, maintained a public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

Purchase, Sale or Redemption of Listed Securities

Saved as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the year.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Articles, or laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Auditor

The financial statements for the year have been audited by PricewaterhouseCoopers ("PwC"),

PwC has served as the auditor of the Company for twelve consecutive years. The Board and the Audit Committee consider that the rotation of auditor after an appropriate period of time is a good corporate practice and will enhance the independence of the auditor. On 25 March 2024, the Board has resolved, with the recommendation of its audit committee, to appoint KPMG as the new auditor of the Company following the retirement of PwC with effect from the conclusion of the forthcoming AGM and until the conclusion of the next AGM, subject to the approval by the Shareholders at the forthcoming AGM.

The Company is incorporated under the laws of Cayman Islands and to the knowledge of the Board there is no requirement under the laws of Cayman Islands for the retiring auditor to confirm whether or not there is any circumstance connected with their retirement which they consider should be brought to the attention of the Company's members and creditors. PwC has therefore not issued such confirmation. Both the Board and the Audit Committee have confirmed that there are no disagreements or unresolved matters between the Company and PwC, and that there are no other matters in respect of the retirement of PwC that need to be brought to the attention of the Shareholders.

The auditor of the Company has not changed in the past three years.

By order of the Board
Gao Xiang
Chairman

Hong Kong, 25 March 2024

pwc 羅兵咸永道

To the Shareholders of CIMC Enric Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of CIMC Enric Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 114 to 228, comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Expected credit losses ("ECL") assessment of trade receivables
- Impairment assessment of goodwill

Key Audit Matter	How our audit addressed the Key Audit Matter
ECL assessment of trade receivables	
Refer to Note 3.1(c) of accounting policy of trade receivables, Note 4 of accounting estimates and judgements, Note 6(a)(ii) of impairment of financial assets and Note 26 of trade and bills receivables to the consolidated financial statements. As at 31 December 2023, the carrying amount of trade receivables amounted to Renminbi ("RMB") 3,282,471,000 (31 December 2022:RMB3,108,077,000) after a provision of RMB267,366,000 (31 December 2022:RMB264,132,000), representing approximately 12% (31 December 2022:14%) of the Group's total assets. Loss allowances for trade receivables are determined based on management's assessment on the lifetime ECL of trade receivables. For trade receivables that do not share same risk characteristics with others, management assessed their ECL on the individual basis. For trade receivables that share same risk characteristics with others, management determined the ECL on the grouping basis. The management estimated the ECL to be incurred by considering the historical credit loss rates, past collection information and ageing profiles of trade receivables, with an adjustment to reflect both the current conditions and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables (the "forward-looking factors"). We focused on this area due to the significance of the trade receivables balance and the significant judgements and estimates involved in the ECL assessment.	We have performed the following procedures to address this key audit matter: (i) We understood, evaluated and validated the controls over the ECL assessment, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, and changes due to management bias or fraud. (ii) For accounts receivable assessed on the individual basis, we reviewed the management's basis for assessing ECL such as the customer's business performance and financial capability and past collection information. (iii) For accounts receivable which the ECL is measured based on the groupings of credit risk characteristics, (1) we assessed the appropriateness of the ECL assessment methodology; (2) we verified the accuracy of ageing profiles of receivable balances prepared by management on a sample basis; and (3) we tested the accuracy of the calculations of ECL based on the historical credit loss rates, past collection information, ageing profiles of trade receivables, and forward-looking factors with the involvement of our internal valuation experts. Based on our work performed, we found that management's judgements and estimates used in the ECL assessment of trade receivables were supported by the available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill	
Refer to Note 3.1(e) of accounting policy of impairment of non-financial assets, Note 4 of accounting estimates and judgements and Note 24 of goodwill to the consolidated financial statements. As at 31 December 2023, the carrying amount of goodwill of the Group amounted to RMB293,714,000 (31 December 2022:RMB254,166,000), which arose from business acquisitions. The goodwill was allocated to the Group's cash-generating units ("CGUs"). The accumulated impairment provision of goodwill of the Group amounted to RMB119,894,000 as at 31 December 2023 (31 December 2022: RMB108,224,000). Management conducted impairment assessment by comparing the recoverable amounts of the goodwill, which was estimated based on fair value less costs of disposal or value-in-use calculations (whichever is the higher), against their respective carrying values. The key assumptions adopted by management in the cash flow forecasts included future revenue growth rates, gross margins and discount rates. We focused on this area due to the fact that significant judgements and estimates were involved in identification of CGUs and assessing the key assumptions of goodwill impairment.	We have performed the following procedures to address this key audit matter: (i) We understood, evaluated and validated the controls over management's goodwill impairment assessment, and assessed the inherent risks of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud. (ii) We assessed whether the identification of CGUs and allocation of goodwill for impairment assessment aligned with our understanding of the Group's business activities. (iii) We compared the historical actual results to prior year budgets and forecasts to assess whether there are management bias in the process. (iv) We analysed and assessed the reasonableness of management's assumptions of future revenue growth rates and gross margins by considering the historical operating results and latest market conditions. (v) We evaluated the appropriateness of the discount rates adopted by management by involving our internal valuation experts. (vi) We tested the mathematical accuracy of the calculations of the recoverable amounts of these CGUs. (vii) We evaluated management's sensitivity analysis on the key assumptions, and assessed the corresponding impact on the impairment assessment results. Based on our work performed, we found that management's key assumptions on goodwill impairment assessment were supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Shin Wai Kit Ricky.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 March 2024

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Revenue	7	**23,626,279**	19,601,761
Cost of sales		**(19,905,455)**	(16,200,321)
Gross profit		**3,720,824**	3,401,440
Other operating income	8(a)	**331,689**	262,725
Other (losses)/gains, net	8(b)	**(136,790)**	41,463
Reversal of impairment losses/(impairment losses) on financial and contract assets	9(d)	**36,479**	(58,754)
Selling expenses		**(467,140)**	(351,029)
Administrative expenses		**(1,960,235)**	(1,823,557)
Profit from operations		**1,524,827**	1,472,288
Finance costs	9(a)	**(93,536)**	(80,470)
Share of results of associates and a joint venture	22	**25,997**	6,484
Profit before taxation	9	**1,457,288**	1,398,302
Income tax expenses	10	**(293,727)**	(313,364)
Profit for the year		**1,163,561**	1,084,938
Attributable to:			
Equity shareholders of the Company		**1,113,972**	1,055,062
Non-controlling interests		**49,589**	29,876
Profit for the year		**1,163,561**	1,084,938
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
– Basic earnings per share	14	**RMB0.554**	RMB0.528
– Diluted earnings per share	14	**RMB0.499**	RMB0.468

The notes on pages 122 to 228 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Profit for the year		**1,163,561**	1,084,938
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**744**	(88,529)
Share of other comprehensive income of an associate	22	**–**	57
Other comprehensive income/(loss) for the year, net of tax		**744**	(88,472)
Total comprehensive income for the year		**1,164,305**	996,466
Attributable to:			
Equity shareholders of the Company		**1,114,729**	972,510
Non-controlling interests		**49,576**	23,956
Total comprehensive income for the year		**1,164,305**	996,466

The notes on pages 122 to 228 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2023

		As at 31 December	
	Notes	2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**3,837,906**	3,738,485
Construction in progress	17	**606,581**	327,324
Right-of-use assets	18	**141,006**	140,139
Investment properties	19	**37,557**	38,906
Lease prepayments	20	**545,755**	561,331
Intangible assets	21	**217,461**	138,935
Goodwill	24	**293,714**	254,166
Deferred tax assets	37(b)	**166,574**	140,086
Interests in associates and a joint venture	22	**623,862**	219,716
Financial instruments at fair value through profit or loss	30	**1,714**	249
Total non-current assets		**6,472,130**	5,559,337
Current assets			
Inventories	25	**4,776,509**	4,636,367
Contract assets	15(d)	**2,237,236**	1,101,611
Trade and bills receivables	26	**3,660,256**	3,470,415
Deposits, other receivables and prepayments	27	**2,157,619**	1,644,343
Amounts due from related parties	45(c)	**66,438**	157,009
Financial instruments at fair value through profit or loss	30	**35,722**	39,541
Term and restricted bank deposits	28	**1,183,323**	382,398
Cash and cash equivalents	29	**6,998,191**	5,223,453
Total current assets		**21,115,294**	16,655,137
Total assets		**27,587,424**	22,214,474
LIABILITIES			
Non-current liabilities			
Bank loans	31	**385,038**	76,925
Convertible bonds	35	**–**	1,388,644
Warranty provision	34	**112,231**	96,487
Deferred tax liabilities	37(b)	**257,786**	119,125
Deferred income	38	**310,748**	300,567
Employee benefit liabilities	39	**4,482**	12,583
Loans from related parties	45(d)	**–**	31,812
Lease liabilities	18(a)	**125,623**	116,251
Financial instruments at fair value through profit or loss	30	**611**	8,837
Total non-current liabilities		**1,196,519**	2,151,231

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
Current liabilities			
Bank loans	31	**93,500**	367,774
Convertible bonds	35	**1,452,871**	-
Lease liabilities	18(a)	**25,908**	32,667
Loans from related parties	45(d)	**695,526**	135,715
Trade and bills payables	32	**4,441,204**	3,492,365
Contract liabilities	15(d)	**4,442,324**	3,816,213
Other payables and accrued expenses	33	**2,069,149**	2,010,982
Amounts due to related parties	45(c)	**512,955**	392,156
Warranty provision	34	**66,579**	50,878
Financial instruments at fair value through profit or loss	30	**140,728**	92,976
Income tax payable	37(a)	**76,517**	144,010
Total current liabilities		**14,017,261**	10,535,736
Total liabilities		**15,213,780**	12,686,967
Net assets		**12,373,644**	9,527,507
EQUITY			
Share capital	40(a)	**18,521**	18,521
Reserves	40(b)	**11,213,731**	9,123,246
Equity attributable to equity shareholders of the Company		**11,232,252**	9,141,767
Non-controlling interests		**1,141,392**	385,740
Total equity		**12,373,644**	9,527,507

The notes on pages 122 to 228 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 114 to 228 were approved by the Board of Directors on 25 March 2024 and were signed on its behalf.

Gao Xiang	**Yang Xiaohu**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity shareholders of the Company												
	Share capital RMB'000 40(a)	Share premium RMB'000 40(b)(i)	Shares held for share award scheme RMB'000 36(b)(c)	Contributed surplus RMB'000 40(b)(ii)	Capital reserve RMB'000 40(b)(iii)	Exchange reserve RMB'000 40(b)(v)	General reserve fund RMB'000 40(b)(vi)	Retained earnings RMB'000	Convertible bonds reserve RMB'000 40(b)(iv)	Other reserve RMB'000 40(b)(vii)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2021	18,516	573,651	(125,124)	1,124,571	1,206,131	(384,756)	497,913	5,203,886	123,944	4,684	8,243,416	256,261	8,499,677
Profit for the year	–	–	–	–	–	–	–	1,055,062	–	–	1,055,062	29,876	1,084,938
– Share of other comprehensive income of an associate	–	–	–	–	–	–	–	57	–	–	57	–	57
– Exchange differences on translation of foreign operations	–	–	–	–	–	(82,609)	–	–	–	–	(82,609)	(5,920)	(88,529)
Total comprehensive income for the year	–	–	–	–	–	(82,609)	–	1,055,119	–	–	972,510	23,956	996,466
Issuance of shares in connection with exercise of share options (note 36(a))	5	7,574	–	–	(2,215)	–	–	–	–	–	5,364	–	5,364
Shares held for share award scheme – vesting of awarded shares	–	39,355	36,765	–	(38,397)	–	–	–	–	–	37,723	–	37,723
Effect of conversion of a subsidiary from a limit liability company into a joint stock company (note 40(b)(iii)(c))	–	–	–	–	189,935	–	(22,937)	(166,998)	–	–	–	–	–
Lapse of share options (note 36(a))	–	–	–	–	(3,844)	–	–	3,844	–	–	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(7,956)	(7,956)
Capital contribution from non-controlling interests (note 46)	–	–	–	–	136,210	–	–	–	–	–	136,210	146,030	282,240
Equity-settled share-based transactions (note 36(b))	–	–	–	–	66,897	–	–	–	–	–	66,897	–	66,897
Transfer to general reserve	–	–	–	–	–	–	164,510	(164,510)	–	–	-	-	-
2021 final dividends paid	–	–	–	–	–	–	–	(364,258)	–	–	(364,258)	-	(364,258)
Dividends distribution made by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(32,663)	(32,663)
Special reserve – safe production fund (note 40(b)(vii))	–	–	–	–	–	–	–	-	–	5,605	5,605	–	5,605
Equity-settled share-based transactions of subsidiaries (note 36(c), (d))	–	–	–	–	38,300	–	–	–	–	–	38,300	112	38,412
Total contributions by and distributions to owners of the company, recognised directly in equity	5	46,929	36,765	–	386,886	–	141,573	(691,922)	–	5,605	(74,159)	105,523	31,364
At 31 December 2022	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

The notes on pages 122 to 228 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity shareholders of the Company												
	Share capital RMB'000 40(a)	Share premium RMB'000 40(b)(i)	Shares held for share award scheme RMB'000 36(b)(c)	Contributed surplus RMB'000 40(b)(ii)	Capital reserve RMB'000 40(b)(iii)	Exchange reserve RMB'000 40(b)(v)	General reserve fund RMB'000 40(b)(vi)	Retained earnings RMB'000	Convertible bonds reserve RMB'000 40(b)(iv)	Other reserve RMB'000 40(b)(vii)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2022	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 year	–	–	–	–	–	–	–	1,113,972	–	–	1,113,972	49,589	1,163,561
– Exchange differences on translation of foreign operations	–	–	–	–	–	757	–	–	–	–	757	(13)	744
Total comprehensive income for the year	–	–	–	–	–	757	–	1,113,972	–	–	1,114,729	49,576	1,164,305
Shares held for share award scheme – vesting of awarded shares	–	42,536	36,312	–	(39,939)	–	–	–	–	–	38,909	–	38,909
Acquisition of subsidiaries (notes 46, 47(b))	–	–	–	–	–	–	–	–	–	–	–	39,563	39,563
Lapse of share options (note 36(a))	–	–	–	–	(5,063)	–	–	5,063	–	–	–	–	–
Transfer to general reserve	–	–	–	–	–	–	107,060	(107,060)	–	–	–	–	–
Capital contribution from non-controlling interests (note 46)	–	–	–	–	1,271,131	–	–	–	–	–	1,271,131	786,977	2,058,108
Equity-settled share-based transactions (note 36(a), (b))	–	–	–	–	33,664	–	–	–	–	–	33,664	–	33,664
2022 final dividends paid (note 13)	–	–	–	–	–	–	–	(432,899)	–	–	(432,899)	–	(432,899)
Dividends distribution made by subsidiaries to non-controlling interests (note 46)	–	–	–	–	–	–	–	–	–	–	–	(115,150)	(115,150)
Special reserve – safe production fund (note 40(b)(vii))	–	–	–	–	–	–	–	–	–	9,115	9,115	–	9,115
Transactions with non-controlling interests (note 46)	–	–	–	–	(9,253)	–	–	–	–	–	(9,253)	9,253	–
Purchase of shares in connection with share award scheme	–	–	(4,380)	–	–	–	–	–	–	–	(4,380)	–	(4,380)
Equity-settled share-based transactions of subsidiaries (note 36(c), (d))	–	–	–	–	41,837	–	–	–	–	–	41,837	914	42,751
Others	–	–	–	–	27,632	–	–	–	–	–	27,632	(15,481)	12,151
Total contributions by and distributions to owners of the company, recognised directly in equity	–	42,536	31,932	–	1,320,009	–	107,060	(534,896)	–	9,115	975,756	706,076	1,681,832
At 31 December 2023	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

The notes on pages 122 to 228 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Operating activities			
Profit before taxation		**1,457,288**	1,398,302
Adjustments for:			
Depreciation and amortisation		**376,837**	350,640
Depreciation for right-of-use assets	18	**37,470**	36,400
Reversal of impairment losses/(impairment losses) on financial and contracts assets	9(d)	**(36,479)**	58,754
Impairment of goodwill	24	**11,670**	–
Impairment losses on construction in progress	17	**–**	42,122
Impairment losses on property, plant and equipment	9(c)	**4,362**	–
Impairment of investments in associates	22	**941**	11,564
Impairment of inventories and prepayments		**65,105**	31,698
Equity-settled share-based payment expenses	9(b)	**76,416**	105,309
Share of results of associates and a joint venture	22	**(25,997)**	(6,484)
Write-back of restructuring liabilities, payables and advances from customers	8(b)	**(7,845)**	(29,799)
Change in fair value of financial instruments at fair value through profit or loss	8(b)	**148,522**	209,211
Amortisation of deferred income	38	**(26,971)**	(23,637)
Interest income from bank deposit		**(39,607)**	(24,430)
Interest charges	9(a)	**85,949**	73,604
Net loss/(gain) on disposal of property, plant and equipment, lease prepayment	8(b)	**14,295**	(6,993)
Gain on disposal of investments in an associate	8(b)	**(1,853)**	(747)
Net gain on disposal of subsidiaries	8(b)	**–**	(135)
Foreign exchange gains		**(56,374)**	(213,153)
Operating profit before changes in working capital		**2,083,729**	2,012,226
Increase in inventories		**(118,743)**	(355,712)
Increase in trade receivable and bills receivables		**(110,159)**	(558,002)
(Increase)/decrease in contract assets		**(1,116,385)**	135,295
Increase in deposit, other receivables and prepayments		**(472,277)**	(227,081)
Decrease in amounts due from related parties		**90,571**	27,089
Increase in trade and bills payables		**922,808**	189,597
Increase in other payables and accrued expenses		**176,112**	116,860
Increase in contract liabilities		**600,789**	1,397,335
Increase in amounts due to related parties		**120,799**	124,918
Increase in employee benefit liabilities		**736**	8,228
Increase in deferred income	38	**37,152**	43,996
Increase/(decrease) in warranty provisions		**30,388**	(24,757)
(Increase)/decrease in restricted bank deposits	28	**(187,935)**	54,731
Provision for special reserve - safe production fund		**9,115**	5,605
Cash generated from operations		**2,066,700**	2,950,328
Income tax paid	37(a)	**(286,224)**	(389,319)
Net cash from operating activities		**1,780,476**	2,561,009

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Investing activities			
Payment for acquisition of property, plant and equipment and construction in progress		**(842,861)**	(448,425)
Payment for acquisition of intangible assets		**(4,471)**	(10,973)
Proceeds from disposal of property, plant and equipment, lease prepayment		**19,184**	55,905
Interest received		**35,573**	24,430
Acquisition of subsidiaries, net of cash acquired	47(d)	**(149,338)**	–
Payment for investment in associates	22	**(415,118)**	(42,324)
Dividends from associates	22	**4,836**	1,042
Net cash received from disposal of a subsidiary		**–**	928
Proceeds from disposal of investment in an associate		**33,045**	19,768
Cash paid for settlement of derivative financial instruments		**(162,059)**	(94,297)
Placement of term deposits		**(1,151,407)**	(7,000)
Withdrawal of term deposits		**542,451**	7,000
Repayment of loans to a related party		**–**	10,000
Contingent consideration received from non-controlling interests	5(a)	**9,088**	–
Net cash used in investing activities		**(2,081,077)**	(483,946)
Financing activities			
Proceeds from drawdown of bank loans	42	**422,633**	580,055
Repayment of bank loans	42	**(393,035)**	(406,522)
Interest paid		**(39,793)**	(32,282)
Repayment of other borrowings		**–**	(5,080)
Capital contribution from non-controlling interests		**2,077,364**	265,418
Proceeds from shares issued under share option scheme	36(a)	**–**	5,364
Proceeds from subscription to restricted share award scheme	36(b)	**31,805**	37,723
(Payment for)/proceeds from subscription to subsidiaries' equity incentive schemes	36(c), (d)	**(42,585)**	82,934
Loans from related parties	45	**759,497**	131,900
Repayment of loans from related parties	45	**(234,814)**	(321,520)
Payment of lease liabilities	42	**(40,073)**	(40,653)
Dividends paid to the Company's shareholders	13	**(432,899)**	(364,258)
Dividends paid to non-controlling interests		**(115,150)**	(10,163)
Payment of listing fees of a subsidiary		**(13,267)**	–
Net cash generated from/(used in) financing activities		**1,979,683**	(77,084)
Net increase in cash and cash equivalents		**1,679,082**	1,999,979
Cash and cash equivalents at 1 January		**5,223,453**	3,173,351
Effect of foreign exchange rate changes		**95,656**	50,123
Cash and cash equivalents at 31 December	29	**6,998,191**	5,223,453

The notes on pages 122 to 228 form an integral part of these consolidated financial statements.

1 General information

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

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

The Company has been listed on The Main Board of The Stock Exchange of Hong Kong Limited since 2006.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 25 March 2024.

2 Basis of preparation and changes in accounting policies

2.1 Basis of preparation of the consolidated financial statements

The consolidated financial statements of CIMC Enric Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for the certain financial assets and liabilities (including derivative instruments), which are measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2 Basis of preparation and changes in accounting policies *(Continued)*

2.2 Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for their annual reporting period commencing 1 January 2023:

- Amendments to HKFRS 17 - Insurance Contracts
- Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to HKAS 8 – Definition of Accounting Estimates
- Amendments to HKAS 12 – International Tax Reform – Pillar Two Model Rules
- Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the amended standards does not have a significant impact on the consolidated financial statements.

2.3 New standards and amendments not yet adopted

Certain new accounting standards and amendments have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January, 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January, 2024
Amendments to HKFRS 16	Lease Liability in Sale and Leaseback	1 January, 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January, 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	1 January, 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January, 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

3 Summary of material and other accounting policies

3.1 Material accounting policies

(a) Revenue recognition

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- Provides all of the benefits received and consumed simultaneously by the customer; or
- Creates and enhances an asset that the customer controls as the Group performs; or
- Do not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

If control of asset transfers at a point in time, revenue is recognised when the customer obtains the physical or the legal title of the completed goods and the Group has present right to payment and the collection of the consideration is probable.

When the Group recognises the revenue according to the progress of the completed services, the Group recognises the part that has obtained the unconditional right to collect consideration as accounts receivables, and the rest as contract assets, and impairment based on expected credit losses is recognised for subsequent measurement as well. If the contract price received or receivable by the Group exceeds the consideration of completed services, the excess is recognised as a contract liability. The Group's contract assets and contract liabilities under the same contract are presented on a net basis.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(b) Project engineering contracts

Project engineering contracts are contracts specifically negotiated with a customer for the engineering design or the construction of an asset or a group of assets where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 3.1(a). When the outcome of a project engineering contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a project engineering contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

Project engineering contracts in progress at the balance sheet date are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the balance sheet as the "contract assets" or the "contract liabilities", as applicable. Progress billings not yet paid by the customer are included under "trade and bills receivables". Amounts received before the related work is performed are presented as "contract liabilities".

(c) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 26 for further information about the Group's accounting for trade receivables.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 26 for further details.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(d) Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating business level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed (see note 3.1(e)).

Upon disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Impairment of non-financial assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- construction in progress;
- investment properties;
- right-of-use assets;
- lease prepayments;
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(e) Impairment of non-financial assets *(Continued)*

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in the income statement if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(f) Current and deferred income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(f) Current and deferred income tax *(Continued)*

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    - the same taxable entity; or

    - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(g) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 3.1(h).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

(iii) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(g) Principles of consolidation and equity accounting *(Continued)*

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 3.1(e).

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred for the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase, recognised in "Other gains, net".

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies

(a) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's functional currency is HK dollars ("HKD"), because the funds generated from financial activities are majority HKD, and impacted the Company as a whole. As majority of the subsidiaries of the Company are located and operate in Mainland China, and apply functional currency of RMB, the consolidated financial statements are presented in RMB, which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within "Other gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(b) Foreign currency translation *(Continued)*

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(c) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(c) Investments and other financial assets *(Continued)*

(iii) Measurement *(Continued)*

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model adopted for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other gains, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Other gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other gains, net" and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss subsequently measured at FVPL is recognised in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets measured at FVPL are recognised in change in fair value in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(c) Investments and other financial assets *(Continued)*

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of a contract.

(e) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments; and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the higher of present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, and the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in "Change in fair value of financial instruments".

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(g) Property, plant and equipment

(i) Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 3.1(e)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 3.2(w)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the income statement on the date of retirement or disposal.

(ii) Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	10 to 40 years
Leasehold improvements	2 to 5 years
Pipelines	25 to 30 years
Machinery	3 to 20 years
Motor vehicles	3 to 6 years
Office equipment	3 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(iii) Construction in progress represents items of property, plant and equipment under construction and pending installation and is stated at cost less impairment losses (see note 3.1(e)). Cost comprises direct and indirect costs, related to acquisition and installation of the property, plant and equipment, incurred before the asset is substantially ready for its intended use.

Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

No depreciation is provided for construction in progress.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(h) Investment properties

Investment properties are land use rights and buildings held for long-term rental yields and not occupied by the Group.

Investment properties are stated at historical cost less accumulated amortisation and impairment loss, if any. They are amortised using the straight-line method over their estimated useful life of 30 to 50 years. Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in income statement during the financial period in which they are incurred.

(i) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads and borrowing costs, where applicable (see note 3.2(y)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 3.1(e)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Others that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 3.1(e)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Technical know-how	5 to 10 years
Tradename	15 years
Trademarks	5 years
Software	3 to 10 years
Customer relationship	4 to 10 years
Right of operation	30 years

Both the period and method of amortisation are reviewed annually.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(j) Lease

Leases are recognised as a right-of-use asset, which include land use rights and disclosed separately as lease prepayments in note 20, and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(j) Lease *(Continued)*

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(j) Lease *(Continued)*

(i) Variable lease payments

Variable lease payments based on an index or a rate are initially measured using the index or the rate at the commencement date. The Group do not forecast future changes of the index/rate; these changes are taken into account when the lease payments change. Variable lease payments that are not based on an index or a rate are not part of the lease liability, but they are recognised in profit or loss when the events or conditions that triggers those payments occurs.

(ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases of the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable upon fulfilment of certain notice period. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise such options. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(l) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(m) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in note 3(n) and accordingly dividends thereon are recognised on an accruals basis in the income statement as part of finance costs.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(p) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pursuant to the relevant laws and regulations of the PRC, the PRC subsidiaries have joined a defined contribution basic retirement scheme for their employees arranged by the local Labour and Social Security Bureau. The subsidiaries make contributions to the retirement scheme at the applicable rates based on the amounts stipulated by the government organisation. The contributions are accrued in the year in which the associated services are rendered by employees. When employees retire, the local Labour and Social Security Bureau are responsible for the payment of the basic retirement benefits to the retired employees. The Group has no further obligations beyond the annual contributions.

Besides the retirement benefits, pursuant to the relevant laws and regulations of the PRC, the PRC subsidiaries are obligated to make contributions to social security plans for employees, including housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance, at the applicable rate(s) based on the employees' salaries. The contributions are accrued in the year in which the associated services are rendered by employees.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, employees contributions are subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately.

(ii) Share-based payments

The fair value of share options and restricted award shares granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity.

For grant of share options, the fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest. For grant of restricted award shares, the amount to be expensed as share-based compensation expenses is determined by reference to the fair value of the restricted shares granted, taking into account all non-vesting conditions associated with the grants on grant date. The total expense is recognised on a straight-line basis over the relevant vesting periods, with a corresponding credit made to an employee share-based capital reserve under equity.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(p) Employee benefits *(Continued)*

(ii) Share-based payments *(Continued)*

For grant of share options, during the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the income statement for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share capital and share premium account) or the option expires and lapsed (when it is released directly to retained earnings).

For grant of restricted award shares, during the vesting periods, the Group revises its estimates of the number of restricted award shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to employee share-based compensation expense in the current year, with a corresponding adjustment to the employee share-based capital reserve.

For grant of restricted award shares, shares held by the Group's Trust are disclosed as shares held for share award scheme and deducted from equity.

(iii) Jubilee benefits

Jubilee benefits ascribed to past service are calculated and added to the staff remuneration provision. Changes in the provision are recognised in the income statement.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(r) Convertible bond

The component parts of the convertible bond issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained earnings. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

The Group assesses if the embedded derivatives in respect of the early redemption features are deemed to be clearly and closely related to the host debt contract. Embedded derivatives need not be separated if they are regarded as closely related to its host contract. If they are not, they would be separately accounted for.

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortized over the period of the convertible bond using the effective interest method.

(s) Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of "other revenue".

Interest income is presented as "interest income from bank deposits" where it is earned from financial assets that are held for cash management purposes, see note 7 below.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(t) Government grants

Unconditional government grants are recognised in the income statement as income when the grants become receivable. Other government grants are presented initially in the balance sheet and shall be recognised in the income statement when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grants. Grants related to the subsidy of acquiring assets are presented as deferred income in the balance sheet and are recognised in the income statement on a systematic and rational basis over the useful lives of the assets. Grants related to compensating expenses are recognised in the income statement on a systematic and rational basis in the same period as those expenses are charged in the income statement and presented in "other operating income".

(u) Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, and

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(x) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

- has control or joint control of the Group;
- has significant influence over the Group; or
- is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- The entity is controlled or jointly controlled by a person identified in (i);
- A person identified in the first point of (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- One entity provides key management personnel services to the Group or the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4 Accounting estimates and judgements

Certain critical accounting judgements in applying the Group's accounting policies are described below.

(a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is the ability of the debtors to settle the receivables. Notwithstanding that the Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher than the amount estimated.

(b) Impairment of non-financial assets

In considering the impairment losses that may be required for certain of the Group's assets which include goodwill, the recoverable amount of the asset needs to be determined. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of sale volume, selling price, discount rates and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sale volume, selling price, discount rates and amount of operating costs.

4 Accounting estimates and judgements *(Continued)*

(c) Completion percentage of input method

As explained in notes 3.1(a) and 3.1(b) revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the project engineering contract, as well as the work done to date. Based on the Group's recent experience and the nature of the project engineering activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(d) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

5 Fair value measurement of financial instruments

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. The different levels of fair value estimation have been defined as follows:

- **Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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

	At 31 December 2023		At 31 December 2022	
	Level 2 RMB'000	Level 3 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets				
– FVPL – foreign currency forwards	19,732	–	24,162	–
– FVPL – contingent considerations receivable	–	17,704	–	15,628
– FVOCI – bills receivables	–	292,804	–	220,474
Financial liability				
– FVPL – foreign currency forwards	93,299	–	101,813	–
– FVPL – contingent considerations payable	–	48,040	–	–

5 Fair value measurement of financial instruments *(Continued)*

(a) Fair value hierarchy *(Continued)*

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

	Bills receivables RMB'000	**Contingent considerations receivable** RMB'000	**Total** RMB'000
At 1 January 2022	104,475	404	104,879
Additions	2,059,376	–	2,059,376
Disposals/settlements	(1,943,377)	–	(1,943,377)
Fair value change recognised in profit or loss	–	15,224	15,224
At 31 December 2022	220,474	15,628	236,102
At 1 January 2023	**220,474**	**15,628**	**236,102**
Additions	**3,446,781**	**–**	**3,446,781**
Disposals/settlements	**(3,374,451)**	**–**	**(3,374,451)**
Contingent consideration received from non-controlling interests	**–**	**(9,088)**	**(9,088)**
Fair value change recognised in profit or loss	**–**	**11,164**	**11,164**
At 31 December 2023	**292,804**	**17,704**	**310,508**

The following table presents the changes of the Group's financial liabilities of level 3 within the fair value hierarchy for the year ended 31 December 2023:

	Contingent considerations payable RMB'000
At 1 January 2023	**–**
Additions through acquisitions of subsidiaries (note 47(c))	**48,040**
At 31 December 2023	**48,040**

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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2023 and 2022.

5 Fair value measurement of financial instruments *(Continued)*

(b) Valuation techniques used to determine fair values

Level 2 financial instruments comprise forward foreign exchange contracts. The fair value of these financial instruments determined using forward exchange rates at the balance sheet day and quoted redemption prices from the banks issued the products respectively.

Level 3 financial instruments comprise bills receivables, contingent considerations receivable and contingent considerations payable. Bills receivables were fair valued by using future cash inflow with discount. The contingent considerations receivable and contingent considerations payable were estimated based on the value of probable future cash outflow or inflow with discount.

There were no other changes in valuation techniques during the period.

(c) Valuation processes of the Group

A team in the finance department of the Group performs the valuations of financial instruments required for financial reporting purposes. This team reports directly to the financial controller. Discussions of valuation processes and results are held between the financial controller and the valuation team at least twice a year.

(d) Fair value of other financial instruments

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

6 Financial risk management

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost and at FVPL, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

(i) Risk management

The Group's credit risk is primarily attributable to trade and bills receivables, contract assets, other receivables and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In order to minimise the credit risk, management of the Group has delegated a team responsible for credit risk management. Management assessed the provision of impairment on the basis of expected credit losses model ("ECL"). ECL for trade receivables is based on management's estimate of the lifetime ECL to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue balances, customers' repayment history and financial position and an assessment of both the current and forecast general economic environment.

6 Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

(ii) Impairment of financial assets

The Group has five types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Contract assets
- Bills receivables
- Other receivables, including amounts due from related parties
- Cash and bank balances

(ii-1) Cash and bank balances

While cash and bank balances are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(ii-2) Bills receivables

The Group's bills receivables are bank acceptance notes and trade acceptance notes issued by banks and large corporates with good reputation, and the Group has assessed that the expected credit losses are not significant in 2023.

(ii-3) Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses of trade receivables and contract assets, trade receivables and contract assets have been assessed for impairment both on an individual basis and on a collective group basis based on different credit risk characteristics. The contract assets relate to unbilled work in progress, and their risk characteristics are essentially the same as the trade receivables of similar contracts. Therefore, the Group considers that the expected credit loss rate of trade receivables is close to that of contract assets.

Trade receivables and contract assets are categorised as follows for assessment purpose:

- Group 1 – individual: Receivables and contract assets with pending lawsuits or disputes
- Group 2 – collective: Other trade receivables and contract assets

6 Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

(ii) Impairment of financial assets *(Continued)*

(ii-3) Trade receivables and contract assets *(Continued)*

As at 31 December 2023 and 2022, the cost and the loss allowance of trade receivables and contract assets in these categories are as follows:

	31 December 2023		31 December 2022	
	Cost RMB'000	Loss allowance RMB'000	Cost RMB'000	Loss allowance RMB'000
Group 1				
– Trade receivables	**115,280**	**(113,732)**	75,993	(75,537)
– Contract assets	**111,223**	**(30,544)**	138,302	(57,623)
Group 2				
– Trade receivables	**3,434,557**	**(153,634)**	3,296,216	(188,595)
– Contract assets	**2,181,139**	**(24,582)**	1,042,334	(21,402)
Total	**5,842,199**	**(322,492)**	4,552,845	(343,157)

For receivables and contract assets with pending lawsuits or disputes, the credit risk characteristics are unique, the Group has assessed that the expected credit losses on an individual basis.

For other trade receivables and contract assets, the expected loss rates are assessed based on the payment profiles of sales over a period of 36 months before 31 December 2023 or 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

6 Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

(ii) Impairment of financial assets *(Continued)*

(ii-3) Trade receivables and contract assets *(Continued)*

The loss allowance of Group 2 as at 31 December 2023 and 31 December 2022 was determined as follows for both trade receivables and contract assets:

31 December 2023	Current RMB'000	Less than 3 months past due RMB'000	More than 3 months but less than 12 months past due RMB'000	More than 1 year but less than 2 years past due RMB'000	More than 2 years but less than 3 years past due RMB'000	More than 3 years but less than 5 years past due RMB'000	More than 5 years past due RMB'000	Total RMB'000
Expected loss rate	1.59%	3.09%	6.80%	28.50%	41.61%	77.24%	100.00%	3.17%
Gross carrying amount – trade receivables	2,697,547	347,973	257,173	46,491	37,921	17,360	30,092	3,434,557
Gross carrying amount – contract assets	2,181,139	–	–	–	–	–	–	2,181,139
Loss allowance	77,456	10,737	17,493	13,249	15,780	13,409	30,092	178,216

31 December 2022	Current RMB'000	Less than 3 months past due RMB'000	More than 3 months but less than 12 months past due RMB'000	More than 1 year but less than 2 years past due RMB'000	More than 2 years but less than 3 years past due RMB'000	More than 3 years but less than 5 years past due RMB'000	More than 5 years past due RMB'000	Total RMB'000
Expected loss rate	2.08%	5.53%	8.77%	30.04%	46.18%	81.63%	100.00%	4.84%
Gross carrying amount – trade receivables	2,474,072	442,067	201,286	67,118	63,522	15,164	32,987	3,296,216
Gross carrying amount – contract assets	1,042,334	–	–	–	–	–	–	1,042,334
Loss allowance	73,051	24,433	17,652	20,159	29,337	12,378	32,987	209,997

6 Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

(ii) Impairment of financial assets *(Continued)*

(ii-3) Trade receivables and contract assets *(Continued)*

The loss allowance for trade receivables and contract assets as at 31 December reconciles to the opening loss allowance as follows:

	Trade receivables RMB'000	**Contract assets** RMB'000
Opening loss allowance as at 1 January 2022	295,096	74,152
Increase in loss allowance recognised in profit or loss during the year	98,854	16,529
Reversal of impairment provision	(62,038)	(2,032)
Written off during the year as uncollectible	(68,029)	(10,518)
Exchange differences	249	894
Closing loss allowance as at 31 December 2022	264,132	79,025
Increase in loss allowance recognised in profit or loss during the year	**72,222**	**12,440**
Reversal of impairment provision	**(63,272)**	**(31,680)**
Written off during the year as uncollectible	**(6,313)**	**(4,898)**
Exchange differences	**597**	**239**
Closing loss allowance as at 31 December 2023	**267,366**	**55,126**

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

6 Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

(ii) Impairment of financial assets *(Continued)*

(ii-4) Other receivables, including amounts due from related parties

As at 31 December 2023, the Group has assessed that other receivables due from related and third parties are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months' expected losses. Management consider 'low credit risk' for other receivables due from third parties where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Moreover, other receivables from related parties are considered to be low credit risk considering the good financial position and credit history of the related parties.

The loss allowance for other financial assets at amortised cost as at 31 December reconciles to the opening loss allowance as follows:

	Other receivables due from third parties RMB'000	Other receivables due from related parties RMB'000
Opening loss allowance as at 1 January 2022	8,404	45,127
Increase in the allowance recognised in profit or loss during the year	12,417	–
Reversal of impairment provision	(4,976)	–
Receivables written off during the year as uncollectible	(1,928)	–
Closing loss allowance as at 31 December 2022	13,917	45,127
Increase in the allowance recognised in profit or loss during the year	**108**	**24**
Reversal of impairment provision	**(55)**	**(26,266)**
Receivables written off during the year as uncollectible	**(6)**	**(5,510)**
Closing loss allowance as at 31 December 2023	**13,964**	**13,375**

6 Financial risk management *(Continued)*

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval granted by the parent company when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	2023 Contractual undiscounted cash flow					2022 Contractual undiscounted cash flow				
	Within 1 year or on demand RMB'000	1 to 5 years RMB'000	5 to 10 years RMB'000	Total RMB'000	Carrying amount RMB'000	Within 1 year or on demand RMB'000	1 to 5 years RMB'000	5 to 10 years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank loans	108,324	311,542	103,765	523,631	478,538	378,149	89,247	–	467,396	444,699
Trade and bills payables	4,441,204	–	–	4,441,204	4,441,204	3,492,365	–	–	3,492,365	3,492,365
Other payables excluding payroll, tax payable, other surcharges payable and accrued expenses	578,486	–	–	578,486	578,486	590,598	–	–	590,598	590,598
Loans from related parties and amounts due to related parties	706,564	–	–	706,564	695,526	531,905	32,487	–	564,392	559,683
Lease liabilities	27,690	85,300	47,844	160,834	151,531	36,712	124,926	–	161,638	148,918
Convertible bonds	1,582,142	–	–	1,582,142	1,452,871	–	1,556,922	–	1,556,922	1,388,644
Financial instruments at fair value through profit or loss	92,688	611	–	93,299	93,299	92,976	8,837	–	101,813	101,813
	7,537,098	397,453	151,609	8,086,160	7,891,455	5,122,705	1,812,419	–	6,935,124	6,726,720

6 Financial risk management *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing bank deposits, bank loans, loans from related parties and convertible bonds with floating and fixed rates. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure.

The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank deposits, bank loans, loans from related parties and convertible bonds at the balance sheet date.

	2023		2022	
	Effective interest rate %	**RMB'000**	Effective interest rate %	RMB'000
bank deposits				
– Floating rate	**1.33%**	**7,104,895**	0.62%	5,554,967
– Fixed rate	**4.02%**	**1,075,256**	2.04%	49,501
Bank loans				
– Floating rate	**3.47%**	**(193,538)**	3.73%	(361,774)
– Fixed rate	**3.31%**	**(285,000)**	4.08%	(82,925)
Loans from related parties				
– Fixed rate	**3.25%**	**(695,526)**	2.59%	(167,527)
Convertible bonds				
– Fixed rate	**2.93%**	**(1,452,871)**	2.93%	(1,388,644)

6 Financial risk management *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

At 31 December 2023, it is estimated that a general increase/(decrease) of 50 basis points in interest rates, with all other variables held constant, would increase/(decrease) the Group's profit after tax and retained earnings by approximately RMB26,568,000 (2022: RMB19,474,000). Other components of consolidated equity would not change in response to the general increase/(decrease) in interest rates.

For sensitivity analysis above in respect of the exposure to cash flow interest rate risk arising from floating rate bank deposits and bank loans held by the Group at the balance sheet date, the impact on the Group's profit after tax (and retained earnings) is estimated as an annualised impact on interest income assuming that such a change in interest rates had occurred at the balance sheet date.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in foreign currencies, i.e. currencies other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk is primarily ("USD") and ("EUR"). The Group manages this risk as follows:

(i) Forecast transactions

Depreciation or appreciation of the Renminbi against foreign currencies can affect the Group's results. The Group manage the magnitude of cash flows arising from the foreign exchange purchases and sales and timing of payment and receipts so as to minimize the magnitude of foreign exchange translation from their functional currency.

(ii) Recognised assets and liabilities

In respect of financial assets and liabilities held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group's borrowings are denominated in RMB and HKD. The period of these borrowings are generally within 12 months. The Group considered the foreign currency risk arising from these short term borrowings is insignificant.

6 Financial risk management *(Continued)*

(d) Currency risk *(Continued)*

(iii) Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	Exposure to foreign currencies 2023			
	USD RMB'000	HKD RMB'000	EUR RMB'000	GBP RMB'000
Trade and bills receivables	**398,953**	**1,998**	**46,789**	**–**
Deposits and other receivables	**258,382**	**–**	**71,727**	**532**
Cash and cash equivalents	**1,636,399**	**226**	**122,584**	**5,544**
Restricted cash	**77,346**	**–**	**1,264**	**–**
Trade and bills payables	**(39,073)**	**(24)**	**(14,579)**	**(35,443)**
Other payables and accrued expenses	**(92,940)**	**–**	**(448)**	**(2,816)**
FVPL – foreign currency forwards	**(73,824)**	**–**	**283**	**–**
Overall net exposure	**2,165,243**	**2,200**	**227,620**	**(32,183)**

	Exposure to foreign currencies 2022			
	USD RMB'000	HKD RMB'000	EUR RMB'000	GBP RMB'000
Trade and bills receivables	907,087	–	47,650	–
Deposits and other receivables	11,305	–	9,410	430
Cash and cash equivalents	571,826	48,453	142,909	41,817
Restricted cash	24,417	–	–	–
Trade and bills payables	(3,416)	–	(17,384)	(48,201)
Other payables and accrued expenses	(57,325)	(45)	(1,045)	(4,398)
FVPL – foreign currency forwards	(74,853)	–	(2,798)	–
Overall net exposure	1,379,041	48,408	178,742	(10,352)

6 Financial risk management *(Continued)*

(d) Currency risk *(Continued)*

(iv) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise if foreign exchange rates to which the Group has significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant.

	2023		2022	
	Increase/ (decrease) in foreign exchange %	Increase/ (decrease) profit after tax and retained earnings RMB'000	Increase/ (decrease) in foreign exchange %	Increase/ (decrease) profit after tax and retained earnings RMB'000
USD	5%	(66,580)	5%	(67,582)
	-5%	66,580	-5%	67,582
HKD	5%	83	5%	1,815
	-5%	(83)	-5%	(1,815)
EUR	5%	3,040	5%	892
	-5%	(3,040)	-5%	(892)
GBP	5%	(2,182)	5%	(895)
	-5%	2,182	-5%	895

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax (and retained earnings) measured in the respective functional currencies, translated from foreign currencies into the functional currency at the exchange rate ruling at the balance sheet date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2023.

7 Revenue

The Group is principally engaged in the design, development, manufacturing, engineering and sales 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 tax 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 year is as follows:

	2023 RMB'000	2022 RMB'000
Sales of goods	**14,752,277**	12,832,262
Revenue from project engineering contracts	**8,874,002**	6,769,499
	23,626,279	19,601,761

8 Other operating income and other (losses)/gains, net

		2023 RMB'000	2022 RMB'000
(a) Other operating income			
Government grants	(i)	**76,949**	100,470
Other operating revenue	(ii)	**123,443**	137,825
Interest income from bank deposits		**131,297**	24,430
		331,689	262,725

(i) Government grants represent various forms of incentives and subsidies given to the Company's subsidiaries by the PRC government, which includes the recognition of deferred government grants amounting to RMB26,971,000 as set out in note 38 (31 December 2022: RMB23,637,000).

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

8 Other operating income and other (losses)/gains, net *(Continued)*

	2023 RMB'000	2022 RMB'000
(b) Other (losses)/gains, net		
Foreign exchange (loss)/gain	**(21,304)**	213,153
Net fair value loss on financial instruments at fair value through profit or loss	**(148,522)**	(209,211)
Write-back of restructuring liabilities	**–**	26,303
Write-back of payables and advances from customers (i)	**7,845**	3,496
Net (losses)/gains on disposal of property, plant and equipment and lease prepayment	**(14,295)**	6,993
Compensation received	**28,992**	4,720
Gain on disposal of investment in an associate	**1,853**	747
Gain on disposal of investment in subsidiaries	**–**	135
Donation expenses	**(453)**	(493)
Other net gains/(losses)	**9,094**	(4,380)
	(136,790)	41,463

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

9 Profit before taxation

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

(a) Finance costs

	2023 RMB'000	2022 RMB'000
Interest on bank loans and loans from related parties	**43,109**	35,656
Interest on lease liabilities	**3,104**	3,606
Interest on convertible bonds	**41,404**	37,716
Less: interest capitalised	**(1,668)**	(3,374)
Bank charges	**7,587**	6,866
	93,536	80,470

9 Profit before taxation *(Continued)*

(b) Staff costs

	2023 RMB'000	2022 RMB'000
Salaries, wages and allowances	**1,922,146**	1,822,739
Contributions to retirement schemes (note 39)	**169,983**	123,218
Equity-settled share-based payment expenses	**76,416**	105,309
	2,168,545	2,051,266

(c) Other items

	2023 RMB'000	2022 RMB'000
Cost of inventories (note 25)	**13,316,349**	10,931,814
Cost from project engineering contracts (note 25)	**6,589,106**	5,268,507
Auditor's remuneration		
– Audit services	**7,242**	12,400
– Non-audit services	**3,085**	4,285
Depreciation of property, plant and equipment (note 16)	**329,866**	306,488
Depreciation of right-of-use assets (note 18)	**37,470**	36,400
Amortisation of lease prepayments (note 20)	**15,605**	15,981
Amortisation of intangible assets (note 21)	**30,046**	26,850
Impairment losses on construction in progress (note 17)	**–**	42,122
Impairment losses on property, plants and equipment (note 16)	**4,362**	–
Write-down of inventories (note 25)	**74,986**	36,574
Reversal of write-down of inventories (note 25)	**(3,491)**	(4,876)
Research and development costs	**690,440**	557,968
Operating lease charges for property rental (note 18)	**20,029**	11,699
Provision for product warranties (note 34)	**116,152**	104,699
Reversal of provision for product warranties (note 34)	**(58,808)**	(90,175)

9 Profit before taxation *(Continued)*

(d) Reversal of impairment losses/(impairment losses) on financial and contract assets

	2023 RMB'000	2022 RMB'000
Impairment provision for trade receivables (note 6(a))	**(72,222)**	(98,854)
Reversal of impairment provision for trade receivables (note 6(a))	**63,272**	62,038
Impairment provision for contract assets (note 6(a))	**(12,440)**	(16,529)
Reversal of impairment provision for contract assets (note 6(a))	**31,680**	2,032
Impairment provision for other receivables (note 6(a))	**(132)**	(12,417)
Reversal of impairment provision for other receivables (note 6(a))	**26,321**	4,976
	36,479	(58,754)

10 Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2023 RMB'000	2022 RMB'000
Current tax		
Provision for the year	**221,576**	334,471
Adjustments for current income tax of prior years	**(34,610)**	(17,331)
	186,966	317,140
Deferred tax		
Origination and reversal of temporary differences	**106,761**	(3,776)
	293,727	313,364

10 Income tax in the consolidated income statement *(Continued)*

(a) Taxation in the consolidated income statement represents: *(Continued)*

(i) 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 years.

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

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

(iv) 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.

(v) Amendments to HKAS 12 "International Tax Reform – Pillar Two Model Rules" were issued July 2023 which are effective upon issuance and require retrospective application. The Group applied the temporary exception from deferred tax accounting for Pillar Two top-up taxes immediately upon the release of the amendments.

The Organization for Economic Co-operation and Development ("OECD") published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws ("Pillar Two legislation") to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which the Group is reasonably expected to fall into. It imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate determined by the Pillar Two model rules on a jurisdictional basis is below a minimum rate of 15%.

The Group has reviewed its corporate structure in light of the introduction of Pillar Two model rules in various jurisdictions and engaged external tax specialists in assessing its tax exposure. As at 31 December 2023, the Group mainly operates in Mainland China, in which exposures to Pillar Two income taxes might exist in the future although the legislation is not yet enacted or substantively enacted. Besides, certain subsidiaries of the Company are located in jurisdictions such as the United Kingdom, Germany and the Netherlands where Pillar Two legislation had been enacted or substantively enacted, but not yet in effect. Based on Pillar Two model rules published by the OECD, it is estimated that the Group's income tax would not be materially different if Pillar Two legislation had been in effect for the year ended 31 December 2023. Nevertheless, we will continue to monitor legislation and assess the exposure when it is enacted or comes into effect in the jurisdictions where the Group operates.

10 Income tax in the consolidated income statement *(Continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2023 RMB'000	2022 RMB'000
Profit before taxation	**1,457,288**	1,398,302
Notional tax on profit before taxation, calculated at the applicable rates	**393,469**	382,593
Effect of tax concessions (a(ii))	**(126,786)**	(129,156)
Super deduction for research and development expenditure	**(55,848)**	(42,946)
Tax effect of non-deductible expenses	**19,351**	34,202
Tax effect of tax losses not recognised as deferred tax assets	**82,381**	52,816
Tax effect of temporary differences not recognised as deferred tax assets	**19,238**	37,852
Adjustments for current income tax of prior years	**(34,610)**	(17,331)
Utilisation of tax losses which no deferred tax assets were recognised before	**(3,468)**	(4,666)
Income tax expenses	**293,727**	313,364

11 Directors' remuneration

Details of Directors' remuneration for the year ended 31 December 2023 are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000	Share Incentive Scheme
Executive Director:						
Yang Xiaohu	–	1,326	39	4,200	5,565	Note 1, 2, 3 & 4
Non-executive Directors:						
Gao Xiang	162	–	–	–	162	Note 1, 2, 3 & 4
Yu Yuqun	162	–	–	–	162	Note 1, 2 & 4
Zeng Han	162	–	–	–	162	Note 1, 2, 3 & 4
Wang Yu	162	–	–	–	162	Note 1, 2, 3 & 4
Independent Non-Executive Directors:						
Wong Lai, Sarah (i)	102	–	–	–	102	Note 4
Tsui Kei Pang	288	–	–	–	288	Note 1 & 4
Wang Caiyong	288	–	–	–	288	Note 1 & 4
Yien Yu Yu, Catherine	186	–	–	–	186	Note 1
Yang Lei	288	–	–	–	288	Note 1 & 4
	1,800	1,326	39	4,200	7,365	

11 Directors' remuneration *(Continued)*

Details of Directors' remuneration for the year ended 31 December 2022 are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000	Share Incentive Scheme
Executive Director:						
Yang Xiaohu	–	1,168	39	2,095	3,302	Note 1, 2, 3 & 4
Non-executive Directors:						
Gao Xiang	155	–	–	–	155	Note 1, 2, 3 & 4
Yu Yuqun	155	–	–	–	155	Note 1, 2 & 4
Zeng Han	155	–	–	–	155	Note 1, 2, 3 & 4
Wang Yu	155	–	–	–	155	Note 1, 2, 3 & 4
Independent Non-Executive Directors:						
Zhang Xueqian	206	–	–	–	206	Note 1
Tsui Kei Pang	275	–	–	–	275	Note 1 & 4
Wang Caiyong	275	–	–	–	275	Note 1 & 4
Yien Yu Yu, Catherine (ii)	275	–	–	–	275	Note 1
Yang Lei	69	–	–	–	69	Note 1 & 4
	1,720	1,168	39	2,095	5,022	

Note 1: As at 31 December 2023, Mr. Yang Xiaohu (an Executive Director of the Company), had been granted 1,200,000 restricted shares under the Share Award Scheme 2020 of the Company; Mr. Gao Xiang, Mr. Yu Yuqun, Mr. Zeng Han, Mr. Wang Yu (Non-executive Directors of the Company), had been granted 1,200,000, 800,001, 600,000, 600,000 restricted shares respectively. Mr. Tsui Kei Pang and Mr. Wang Caiyong (Independent Non-Executive Directors of the Company) had been granted 300,000 restricted shares each. Yien Yu Yu, Catherine, Mr Yang Lei (Independent Non-Executive Directors of the Company) had been granted 300,000 and 125,000 restricted shares respectively. The share-based payment expense recognised by the Group in 2023 in relation to the Share Award Scheme 2020 amounted to RMB29,144,000 (2022: RMB66,897,000), among which the share-based payment expense related to the directors of the Company amounted to approximately RMB3,600,000 (2022: RMB10,962,000).

Note 2: As at 31 December 2023, Mr. Yang Xiaohu, held 1.86% interest in the enlarged capital of CIMC Safe Tech (a subsidiary of the Company) under its Equity Incentive Scheme (the "SafeTech Incentive Scheme"); Mr. Gao Xiang, Mr. Yu Yuqun, Mr. Zeng Han, Mr. Wang Yu held 0.28%, 0.11%, 0.11% and 0.11% interest respectively in the enlarged capital of CIMC Safe Tech under the Safe Tech Incentive Scheme. The related share-based payment expense recognised by the Group in 2023 amounted to RMB19,943,000 (2022: RMB15,604,000), among which the share-based payment expense attributable to the directors of the Company amounted to approximately RMB8,808,000 (2022: RMB6,893,000).

11 Directors' remuneration *(Continued)*

Note 3: As at 31 December 2023, Mr. Yang Xiaohu, held 1.18% interest in the enlarged capital of Liquid Process Technologies Co., Ltd ("CLPT", a subsidiary of the Company) under the Equity Incentive Scheme (the "CLPT Incentive Scheme"); Mr. Gao Xiang, Mr. Zeng Han and Mr. Wang Yu held 0.59%, 0.10%, 0.10% interest respectively in the enlarged capital of CLPT under the CLPT Incentive Scheme. The related share-based payment expense recognised by the Group in 2023 amounted to RMB22,808,000 (2022: RMB22,808,000), among which the share-based payment expense attributable to the directors of the Company amounted to approximately RMB8,811,000 (2022: RMB8,811,000).

Note 4: As at 31 December 2023, Mr. Yang Xiaohu (an Executive Director of the Company), had been granted 1,200,000 share options under the Share Option Scheme II of the Company; Mr. Gao Xiang (Non-executive Directors of the Company), had been granted 1,000,000 share options, Mr. Yu Yuqun, Mr. Zeng Han, Mr. Wang Yu (Non-executive Directors of the Company), had been granted 450,000 share options respectively, under the Share Option Scheme II of the Company. Ms. Wong Lai, Sarah, Mr. Tsui Kei Pang, Mr. Wang Caiyong, Mr. Yang Lei (Independent Non-Executive Directors of the Company) had been granted 450,000 share options under the Share Option Scheme II of the Company respectively. The share-based payment expense recognised by the Group in 2023 amounted to RMB4,520,000 (2022: nil), among which the share-based payment expense related to the directors of the Company amounted to approximately RMB686,000 (2022: nil).

Details for the aforesaid matters included the Share Option Scheme II and the Share Award Scheme 2020 and the Safe Tech Incentive Scheme and the CLPT Incentive Scheme, please refer to Note 36(a), Note 36(b), Note 36(c) and Note 36(d).

(i) Ms. Wong Lai, Sarah was appointed as an independent non-executive director of the Company with effect from 24 August 2023.

(ii) Ms. Yien Yu Yu, Catherine resigned as an independent non-executive director of the Company with effect from 24 August 2023.

For the year ended 31 December 2023, no emoluments were paid by the Group to any of the director as an inducement to join or upon joining the Group or as compensation for loss of office.

12 Individuals with highest emoluments

The five individuals whose emoluments were the highest in the Group for the year include one (2022: two) directors whose emoluments are reflected in the analysis shown in Note 11. The emoluments payable to the remaining four individuals (2022: three) during the year are as follows:

	2023 RMB'000	2022 RMB'000
Salaries, allowances and benefits in kind	**3,757**	2,640
Bonuses	**23,152**	15,623
Retirement scheme contributions	**527**	579
	27,436	18,842

The emoluments fell within the following bands:

	2023 Number of Individuals	2022 Number of Individuals
HKD2,000,001 – HKD2,500,000	**1**	–
HKD6,000,001 – HKD6,500,000	**1**	–
HKD8,000,001 – HKD8,500,000	**–**	1
HKD8,500,001 – HKD9,000,000	**–**	1
HKD9,500,001 – HKD10,000,000	**–**	–
HKD10,500,001 – HKD11,000,000	**1**	–
HKD11,500,001 – HKD12,000,000	**1**	1

13 Dividends

Final dividend of RMB432,899,000 in relation to the year ended 31 December 2022 was paid in 2023.

A final dividend in respect of the year ended 31 December 2023 of HKD0.30 (equivalent to approximately RMB0.27) per share has been proposed by the Directors. The proposed final dividend in respect of 2023 is subject to the approval of shareholders in the forthcoming annual general meeting. These financial statements do not reflect this dividend payable as it was not approved as at the balance sheet date.

14 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:

	2023 **RMB'000**	2022 RMB'000
Earnings		
Earnings for the purposes of basic earnings per share	**1,113,972**	1,055,062
Earnings for the purposes of diluted earnings per share	**1,076,966**	1,003,448

	2023	2022
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**2,009,829,866**	1,997,107,907
Effect of dilutive potential ordinary shares in respect of the convertible bonds and the Company's share option and share award schemes (notes 35 and 36)	**149,166,446**	148,126,518
Weighted average number of shares for the purpose of diluted earnings per share	**2,158,996,312**	2,145,234,425

	2023 **RMB**	2022 RMB
Earnings per share		
Basic earnings per share	**0.554**	0.528
Diluted earnings per share	**0.499**	0.468

15 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 characteristics of the business units.

- Clean energy: this segment specialises in the manufacture and sale of a wide range of equipment and construction for the storage, transportation, application, processing and distribution of natural gas, liquefied petroleum gas ("LPG") and hydrogen such as compressed natural gas and hydrogen trailers, seamless pressure cylinders, liquefied natural gas ("LNG") trailers, LNG and hydrogen storage tanks, LPG tanks, LPG trailers, natural gas and hydrogen refuelling station systems and natural gas compressors; and the provision of engineering, procurement and construction services for the natural gas and hydrogen industries; the design, production and sale of small and medium-sized offshore liquefied gas carriers; natural gas and hydrogen processing and distribution services and the provision of value-added services for the clean energy industry.

- Chemical and environmental: this segment specialises in the manufacture and sale of a wide range of equipment, such as tank containers, for the storage and transportation of liquefied or gaseous chemicals and powder chemicals; the provision of maintenance and value-added service for tank containers; and explore 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 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.

15 Segment reporting *(Continued)*

(a) Segment results, assets and liabilities *(Continued)*

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

In addition to receive segment information concerning adjusted profit from operations, management is provided with segment information concerning revenue (including inter-segment sales), interest income from bank deposits, interest expenses, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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 year is set out below.

	Clean energy		Chemical and environmental		Liquid food		Total	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Revenue from external customers	14,907,121	10,591,120	4,414,336	5,241,667	4,292,702	3,619,638	23,614,159	19,452,425
Inter-segment revenue	–	–	44,491	63,329	–	–	44,491	63,329
Reportable segment revenue	14,907,121	10,591,120	4,458,827	5,304,996	4,292,702	3,619,638	23,658,650	19,515,754
Timing of revenue recognition								
At a point in time	10,254,475	7,428,433	4,458,827	5,304,996	71,346	33,270	14,784,648	12,766,699
Over time	4,652,646	3,162,687	–	–	4,221,356	3,586,368	8,874,002	6,749,055
Reportable segment profit (adjusted profit from operations)	560,536	316,607	703,394	832,522	446,250	439,340	1,710,180	1,588,469
Interest income from bank deposits	30,154	8,056	57,063	6,346	35,281	334	122,498	14,736
Interest expense	(23,260)	(12,172)	(6,986)	(5,175)	(937)	(7,192)	(31,183)	(24,539)
Depreciation and amortisation for the year	(282,166)	(262,983)	(42,025)	(39,095)	(51,131)	(47,523)	(375,322)	(349,601)
Reportable segment assets	15,176,516	12,306,206	5,548,587	3,802,275	4,633,142	4,709,411	25,358,245	20,817,892
Additions to non-current assets during the year	567,907	331,497	76,804	106,547	204,232	42,152	848,943	480,196
Reportable segment liabilities	9,391,170	6,407,380	905,358	1,444,547	2,117,627	2,537,281	12,414,155	10,389,208

15 Segment reporting *(Continued)*

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

	2023 RMB'000	2022 RMB'000
Revenue		
Reportable segment revenue	**23,658,650**	19,515,754
Elimination of inter-segment revenue	**(44,491)**	(63,329)
Unallocated revenue	**12,120**	149,336
Consolidated revenue	**23,626,279**	19,601,761

	2023 RMB'000	2022 RMB'000
Profit		
Reportable segment profit	**1,710,180**	1,588,469
Elimination of inter-segment profit	**(4,703)**	(3,823)
Reportable segment profit derived from Group's external customers	**1,705,477**	1,584,646
Finance costs	**(93,536)**	(80,470)
Share of results of associates and a joint venture	**25,997**	6,484
Unallocated operating income and expenses	**(180,650)**	(112,358)
Consolidated profit before taxation	**1,457,288**	1,398,302

	2023 RMB'000	2022 RMB'000
Assets		
Reportable segment assets	**25,358,245**	20,817,892
Elimination of inter-segment receivables	**(9,422)**	(6,542)
	25,348,823	20,811,350
Deferred tax assets	**166,574**	140,086
Unallocated assets	**2,072,027**	1,263,038
Consolidated total assets	**27,587,424**	22,214,474

15 Segment reporting *(Continued)*

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

	2023 RMB'000	2022 RMB'000
Liabilities		
Reportable segment liabilities	**12,414,155**	10,389,208
Elimination of inter-segment payables	**(9,422)**	(6,542)
	12,404,733	10,382,666
Income tax payable	**76,517**	144,010
Deferred tax liabilities	**257,786**	119,125
Convertible Bond	**1,452,871**	1,388,644
Unallocated liabilities	**1,021,873**	652,522
Consolidated total liabilities	**15,213,780**	12,686,967

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets, construction in progress, lease prepayments, investment properties, and goodwill ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and construction in progress, and the location of the operation to which they are allocated, in the case of lease prepayments, investment properties, intangible assets, right-of-use assets and goodwill.

	Revenues from external customers		**Specified non-current assets**	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
PRC (place of domicile)	**12,178,415**	8,995,216	**5,056,587**	4,721,293
United States	**1,392,543**	2,121,782	**–**	7
European countries	**3,246,945**	2,564,086	**624,889**	476,447
Asian countries (other than PRC)	**3,340,034**	3,426,382	**218**	1,788
Other American countries	**2,884,489**	2,000,278	**–**	–
Other countries	**583,853**	494,017	**–**	–
	11,447,864	10,606,545	**625,107**	478,242
	23,626,279	19,601,761	**5,681,694**	5,199,535

For the year ended 31 December 2023, there was no single external customer that accounted for 10% or more of the Group's total revenue (2022: nil).

15 Segment reporting *(Continued)*

(d) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2023 RMB'000	2022 RMB'000
Contract assets	**2,292,362**	1,180,636
Loss allowance	**(55,126)**	(79,025)
Total contract assets	**2,237,236**	1,101,611
Contract liabilities – Sales of goods	**1,930,258**	1,221,282
Contract liabilities – Project engineering contracts	**2,512,066**	2,594,931
Total contract liabilities	**4,442,324**	3,816,213

(i) Changes in contract assets and liabilities

Contract assets balances of the Group increased as at 31 December 2023 as the Group had several ongoing projects at the end of 2023.

The increase of contract liabilities of the Group was due to down payment received from customers relating to several large-scale engineering projects undertaken by the Group during the year ended 31 December 2023.

(ii) Revenue recognised in relation to contract liabilities

The following table discloses the amount of revenue recognised in the current reporting period relating to carried-forward contract liabilities.

	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
– Sales of goods	**1,164,505**	1,098,056
– Project engineering contracts	**1,903,124**	825,406
	3,067,629	1,923,462

16 Property, plant and equipment

	Buildings RMB'000	Leasehold improvements RMB'000	Pipelines RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Total RMB'000
Cost:							
At 1 January 2022	2,530,027	299	161,771	2,334,930	158,179	340,819	5,526,025
Additions	18,256	–	–	103,089	21,939	28,864	172,148
Transfers from construction in progress (note 17)	483,095	–	–	127,656	57,146	20,663	688,560
Transfers to investment properties	(197)	–	–	–	–	–	(197)
Disposals	(18,535)	–	–	(74,264)	(8,750)	(13,537)	(115,086)
Exchange differences	7,392	–	–	8,060	2,180	2,467	20,099
At 31 December 2022	3,020,038	299	161,771	2,499,471	230,694	379,276	6,291,549
At 1 January 2023	**3,020,038**	**299**	**161,771**	**2,499,471**	**230,694**	**379,276**	**6,291,549**
Additions	**39,711**	**269**	**–**	**115,769**	**12,894**	**40,843**	**209,486**
Additions through acquisitions of subsidiaries (note 47(d))	**14,949**	**–**	**–**	**1,932**	**8,163**	**1,333**	**26,377**
Transfers from construction in progress (note 17)	**91,550**	**–**	**–**	**115,054**	**4,998**	**17,849**	**229,451**
Disposals	**(5,769)**	**–**	**–**	**(66,015)**	**(8,215)**	**(11,541)**	**(91,540)**
Exchange differences	**955**	**–**	**–**	**1,847**	**–**	**39**	**2,841**
	3,161,434	**568**	**161,771**	**2,668,058**	**248,534**	**427,799**	**6,668,164**
Accumulated depreciation and impairment:							
At 1 January 2022	(718,144)	(299)	(14,485)	(1,228,605)	(87,445)	(257,081)	(2,306,059)
Charge for the year	(113,237)	–	(5,074)	(146,681)	(15,642)	(25,854)	(306,488)
Written back on disposals	5,189	–	–	53,706	8,572	10,536	78,003
Transfers to investment properties	57	–	–	–	–	–	57
Exchange differences	(7,012)	–	–	(7,622)	(1,944)	(1,999)	(18,577)
	(833,147)	(299)	(19,559)	(1,329,202)	(96,459)	(274,398)	(2,553,064)
At 1 January 2023	**(833,147)**	**(299)**	**(19,559)**	**(1,329,202)**	**(96,459)**	**(274,398)**	**(2,553,064)**
Charge for the year	**(100,158)**	**(67)**	**(5,074)**	**(159,077)**	**(25,231)**	**(40,259)**	**(329,866)**
Written back on disposals	**1,769**	**–**	**–**	**38,875**	**6,626**	**10,791**	**58,061**
Impairment charge	**–**	**–**	**–**	**(4,362)**	**–**	**–**	**(4,362)**
Exchange differences	**(217)**	**–**	**–**	**(781)**	**–**	**(29)**	**(1,027)**
At 31 December 2023	**(931,753)**	**(366)**	**(24,633)**	**(1,454,547)**	**(115,064)**	**(303,895)**	**(2,830,258)**
Net book value:							
At 31 December 2023	**2,229,681**	**202**	**137,138**	**1,213,511**	**133,470**	**123,904**	**3,837,906**
At 31 December 2022	2,186,891	–	142,212	1,170,269	134,235	104,878	3,738,485

16 Property, plant and equipment *(Continued)*

As at 31 December 2023, the Group was in the process of registering the title of buildings at net book value of RMB50,924,500 (31 December 2022: RMB58,512,600) with the relevant government authorities.

Depreciation of the property, plant and equipment has been charged to the following categories in the consolidated income statement:

	2023 RMB'000	2022 RMB'000
Cost of sales	**264,738**	253,767
Selling expenses	**3,839**	5,205
Administrative expenses	**61,289**	47,516
	329,866	306,488

17 Construction in progress

	2023 RMB'000	2022 RMB'000
At 1 January	**327,324**	775,858
Additions	**522,941**	286,267
Additions through acquisitions of subsidiaries (note 47(d))	**619**	–
Transfers to property, plant and equipment (note 16)	**(229,451)**	(688,560)
Transfers to intangible assets (note 21)	**(15,571)**	(4,664)
Impairment losses (a)	**–**	(42,122)
Exchange differences	**719**	545
At 31 December	**606,581**	327,324

(a) Impairment assessment is conducted by comparing the recoverable amounts of the respective construction in progress projects against their carrying amounts. Based on the results of the impairment assessment conducted, the Group did not recognise any impairment losses on construction in progress projects in 2023 (2022: RMB42,122,000).

18 Leases

This note provides information on leases where the Group is a lessee.

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2023 RMB'000	2022 RMB'000
Right-of-use assets		
Buildings	137,591	134,995
Others	3,415	5,144
	141,006	140,139
Lease liabilities		
Current	25,908	32,667
Non-current	125,623	116,251
	151,531	148,918

Additions to the right-of-use assets during the year amounted to RMB48,245,000 (2022: RMB81,964,000).

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2023 RMB'000	2022 RMB'000
Depreciation charge of right-of-use assets		
Buildings	35,740	34,663
Others	1,730	1,737
	37,470	36,400
Interest expense (included in finance cost)	3,104	3,606
Expense relating to short-term leases and leases of low-value assets (included in cost of goods sold and administrative expense)	20,029	11,699

The total cash outflow for leases in 2023 was RMB40,073,000 (2022: RMB40,653,000).

18 Leases *(Continued)*

(c) The Group's leasing activities and related accounting treatments

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 20 years, and do not have extension options included in the contracts.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

19 Investment Properties

	2023 RMB'000	2022 RMB'000
Cost:		
At 1 January	**52,120**	59,172
Transfer to owner-occupied property (notes 16 & 20)	**(47)**	(7,052)
At 31 December	**52,073**	52,120
Accumulated depreciation:		
At 1 January	**(13,214)**	(12,383)
Transfer to owner-occupied property (notes 16 & 20)	**18**	490
Charge in year	**(1,320)**	(1,321)
At 31 December	**(14,516)**	(13,214)
Net book value:		
At 31 December	**37,557**	38,906

20 Lease prepayments

	2023 RMB'000	2022 RMB'000
Cost:		
At 1 January	**714,221**	719,611
Transfer from investment properties (note 19)	**47**	7,249
Disposals	**–**	(12,639)
At 31 December	**714,268**	714,221
Accumulated amortisation:		
At 1 January	**(152,890)**	(138,614)
Charge for the year	**(15,605)**	(15,981)
Transfer from investment properties (note 19)	**(18)**	(547)
Written back on disposal	**–**	2,252
At 31 December	**(168,513)**	(152,890)
Net book value:		
At 31 December	**545,755**	561,331

Lease prepayments represent payments for land use rights situated in the PRC. The Group's land use rights have remaining terms ranging from 24 to 46 years as at 31 December 2023 (31 December 2022: 25 to 47 years).

21 Intangible assets

	Technical know-how RMB'000	Tradename RMB'000	Trademarks RMB'000	Software RMB'000	Customer relationship RMB'000	Right of operation RMB'000	Total RMB'000
Cost:							
At 1 January 2022	273,988	75,250	1,176	54,346	47,000	21,000	472,760
Additions	21,971	–	–	1,074	–	–	23,045
Transfers from construction in progress (note 17)	–	–	–	4,664	–	–	4,664
Exchange differences	557	645	144	197	–	–	1,543
At 31 December 2022	296,516	75,895	1,320	60,281	47,000	21,000	502,012
At 1 January 2023	**296,516**	**75,895**	**1,320**	**60,281**	**47,000**	**21,000**	**502,012**
Additions	**653**	**–**	**–**	**3,304**	**–**	**–**	**3,957**
Additions through acquisitions of subsidiaries (note 47(d))	**49,000**	**–**	**–**	**58**	**37,806**	**–**	**86,864**
Transfers from construction in progress (note 17)	**813**	**–**	**–**	**14,758**	**–**	**–**	**15,571**
Exchange differences	**385**	**3,890**	**70**	**470**	**–**	**–**	**4,815**
At 31 December 2023	**347,367**	**79,785**	**1,390**	**78,871**	**84,806**	**21,000**	**613,219**
Accumulated amortisation:							
At 1 January 2022	(242,755)	(28,102)	(216)	(14,140)	(47,000)	(2,511)	(334,724)
Charge for the year	(9,694)	(4,306)	(334)	(11,603)	–	(913)	(26,850)
Exchange differences	(314)	(963)	(121)	(105)	–	–	(1,503)
At 31 December 2022	(252,763)	(33,371)	(671)	(25,848)	(47,000)	(3,424)	(363,077)
At 1 January 2023	**(252,763)**	**(33,371)**	**(671)**	**(25,848)**	**(47,000)**	**(3,424)**	**(363,077)**
Charge for the year	**(17,100)**	**(3,470)**	**(359)**	**(7,574)**	**(630)**	**(913)**	**(30,046)**
Exchange differences	**(95)**	**(2,196)**	**(31)**	**(313)**	**–**	**–**	**(2,635)**
At 31 December 2023	**(269,958)**	**(39,037)**	**(1,061)**	**(33,735)**	**(47,630)**	**(4,337)**	**(395,758)**
Net book value:							
At 31 December 2023	**77,409**	**40,748**	**329**	**45,136**	**37,176**	**16,663**	**217,461**
At 31 December 2022	43,753	42,524	649	34,433	–	17,576	138,935

21 Intangible assets *(Continued)*

The amortisation of the intangible assets has been charged to the following categories in the consolidated income statement:

	2023 RMB'000	2022 RMB'000
Cost of sales	**913**	913
Administrative expenses	**29,133**	25,937
	30,046	26,850

22 Interests in associates and a joint venture

The movement of the interests in associates during the year is as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	**119,711**	110,099
Additions	**415,118**	42,324
Impairment loss	**(941)**	(11,564)
Dividend distribution	**(4,836)**	(1,042)
Share of results of associates	**25,987**	6,479
Share of other comprehensive income of an associate	**–**	57
Disposal	**(31,192)**	(26,642)
At 31 December	**523,847**	119,711

The movement of the interests in a joint venture during the year is as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	**100,005**	100,000
Share of results of a joint venture	**10**	5
At 31 December	**100,015**	100,005

22 Interests in associates and a joint venture *(Continued)*

Particulars of the principal investments in associates and a joint venture as at 31 December 2023 and 2022 are set out below:

Name of entity	Nature of relationship	Place and date of establishment/ incorporation	Authorised/ registered/paid-in capital	Proportion of ownership interest 2023	Proportion of ownership interest 2022
Associate:					
Shanghai Tanklink Technology Development Co., Ltd. ("Tanklink")*	Associate	PRC 12 March 2014	Registered and paid-in capital of RMB7,500,000	15.3%#	18.0%#
Guizhou Yinke Environmental Resources Co., Ltd. ("Yinke")	Associate	PRC 17 January 2017	Registered and paid-in capital of RMB53,570,000	23.6%#	27.7%#
Yichuan Tianyun Clean Energy Co., Ltd.	Associate	PRC 3 January 2019	Registered and paid-in capital of RMB80,000,000	38.7%	38.7%
Dali Bohai Precious Metal Technology Co., Ltd.	Associate	PRC 11 March 2022	Registered and paid-in capital of RMB30,000,000 and RMB27,000,000 respectively	20.0%	20.0%
CIMC-Hexagon Hydrogen Energy Technologies Limited	Associate	Hong Kong 21 June 2021	Registered and paid-in capital of USD26,545,146	49.0%	49.0%
Aigulu (Shanghai) Intelligent Technology Co., Ltd. ("Aigulu")*	Associate	PRC 31 December 2019	Registered and paid-in capital of RMB1,742,709	8.8%#	–
Shandong Xinneng Shipping Co., Ltd.*	Associate	PRC 17 November 2014	Registered and paid-in capital of RMB600,000,000	15.0%	–
Guizhou Shuigang New Energy Co., Ltd.*	Associate	PRC 14 October 2022	Registered and paid-in capital of RMB1,350,000,000 and RMB1,100,000,000 respectively	19.0%	–
Joint Venture:					
Angang CIMC (Yingkou) New Energy Technology Co., Ltd.	Joint Venture	PRC 6 August 2021	Registered and paid-in capital of RMB200,000,000	50.0%	50.0%

* The Group holds less than 20% of the ownership interest of the entities, however, the Group has significant influence in the entities as the Group has the right to appoint director(s) to the board of the entities. As at 31 December 2023 and 2022, the associates and a joint venture set above were individually immaterial to the Group.

\# The proportion of ownership interest shown here did not take into account of the effect of the respective equity incentive partnership platforms of CIMC Safe Tech nor of CLPT.

23 Subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	Ownership interest held by the Group			
				Direct		Indirect	
				2023	2022	2023	2022
Enric (Bengbu) Compressor Company Limited	PRC, limited liability company	Manufacture and sale of compressors and related accessories, PRC	Registered and paid-in capital of HKD60,808,385	–	–	100.0%	100.0%
Shijiazhuang Enric Gas Equipment Company Limited	PRC, limited liability company	Manufacture and sale of clean energy pressure vessels, PRC	Registered and paid-in capital of USD52,000,000	–	–	100.0%	100.0%
Enric (Langfang) Energy Equipment Integration Company Limited	PRC, limited liability company	Provision of integrated business solutions for gas equipment, PRC	Registered and paid-in capital of HKD130,000,000	–	–	100.0%	100.0%
CIMC Hydrogen Technology (Beijing) Co., Ltd. (formerly known as Beijing Enric Energy Technologies Limited)	PRC, limited liability company	Research and development of technology for application in natural gas equipment, PRC	Registered and paid-in capital of HKD40,000,000	–	–	100.0%	100.0%
CIMC Enric (Jingmen) Energy Equipment Company Limited ("Jingmen")	PRC, limited liability company	Investment holding, PRC	Registered and paid-in capital of HKD340,000,000	–	–	100.0%	100.0%
Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd. ("Hongtu") (i)	PRC, limited liability company	Manufacture and sale of clean energy related equipment, PRC	Registered and paid-in capital of RMB300,000,000	–	–	90.0%	90.0%

23 Subsidiaries *(Continued)*

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	Ownership interest held by the Group			
				Direct		Indirect	
				2023	2022	2023	2022
CIMC Safeway Technologies Co., Ltd. ("CIMC Safe Tech") (ii)	PRC, joint stock company	Production and sales of tank containers, PRC	Registered and paid-in capital of RMB600,000,000	–	–	76.5%#	90.0%#
Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd. ("Sanctum")	PRC, limited liability company	Design, production, sales and technical service of cryogenic storage and transportation equipment, PRC	Registered and paid-in capital of RMB795,532,042 and RMB702,262,042 respectively	–	–	100.0%	100.0%
Zhangjiagang CIMC Sanctum Special Equipment Co., Ltd. ("Sanctum Special Equipment")	PRC, limited liability company	Manufacture and sale of clean energy pressure vessel, PRC	Registered and paid-in capital of RMB30,000,000	–	–	100.0%	100.0%
CIMC Enric Tank and Process B.V.	The Netherlands, limited liability company	Investment holding, the Netherlands	Authorised and paid-in capital of EUR20,000,000 and EUR14,038,200 respectively	–	–	88.2%#	88.2%#
Enric Gas Equipment Yangzhou Company Limited	PRC, limited liability company	Repair and maintenance of clean energy pressure vessels, PRC	Registered and paid-in capital of RMB12,000,000	–	–	100.0%	100.0%
CIMC Enric Investment Holdings (Shenzhen) Limited ("EIHL")	PRC, limited liability company	Investment holding, PRC	Registered and paid-in capital of USD80,000,000	–	–	100.0%	100.0%

23 Subsidiaries *(Continued)*

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	Ownership interest held by the Group Direct 2023	Direct 2022	Indirect 2023	Indirect 2022
CIMC Enric Engineering Technology Co., Ltd. ("CET")	PRC, limited liability company	Provision of project clean energy engineering services, PRC	Registered and paid-in capital of RMB110,000,000	–	–	100.0%	100.0%
Nantong CIMC Energy Equipment Co., Ltd. ("Nantong Energy")	PRC, limited liability company	Manufacture and sales of clean energy related equipment, PRC	Registered and paid-in capital of RMB500,000,000	–	–	100.0%	100.0%
Ziemann Holvrieka GmbH	Germany, limited liability company	Sales, engineering and manufacturing of liquid food tanks, Germany	Authorised and paid-in capital of EUR16,000,000	–	–	88.2%#	88.2%#
CIMC Enric SJZ Gas Equipment, INC.	U.S.A., limited liability company	Sale of pressure vessels, U.S.A.	Registered and paid-in capital of USD900,000	–	–	100.0%	100.0%
Enric Management Limited	British Virgin Islands, limited liability company	Investment holding, British Virgin Islands	Authorised capital of 50,000 no par value shares and paid-in capital of RMB20,000	100.0%	100.0%	–	–
Nantong Yijiehui Technology Co., Ltd. (formerly known as CIMC Sanctum Cryogenic Equipment Nantong Co., Ltd.)	PRC, limited liability company	Manufacture and sale of pressure vessels, PRC	Registered and paid-in capital of RMB90,000,000 and RMB70,000,000 respectively	–	–	100.0%	100.0%

23 Subsidiaries *(Continued)*

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	Ownership interest held by the Group			
				Direct		Indirect	
				2023	2022	2023	2022
CIMC Liquid Process Technology Co., Ltd. ("CLPT") (ii)	PRC, joint stock company	Manufacture and sale of tanks, PRC	Registered and paid-in capital of RMB737,160,026	–	–	88.2%#	88.2%#
Liaoning CIMC Hashenleng Gas Liquefaction Plant Co., Ltd. ("Hashenleng") (i)	PRC, limited liability company	Provision of integrated business solutions for gas equipment, PRC	Registered and paid-in capital of RMB50,000,000	–	–	85.0%	85.0%
Briggs of Burton PLC ("Briggs")	U.K., limited liability company	Process engineering, U.K.	Registered and paid-in capital of GBP50,000	–	–	88.2%#	88.2%#
CIMC Enric Energy Engineering (S) Pte. Ltd. ("CEE")	Singapore, limited liability company	Engineering and manufacture services for the oil and gas industry, Singapore	Paid-in capital of SGD9,750,000	–	–	100.0%	100.0%
Nantong CIMC SinoPacific Offshore & Engineering Co., Ltd.	PRC, limited liability company	Design and manufacture of liquified gas carriers and marine oil and gas module, PRC	Registered and paid-in capital of RMB1,623,166,838	–	–	100.0%	100.0%

23 Subsidiaries *(Continued)*

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	Ownership interest held by the Group			
				Direct		Indirect	
				2023	2022	2023	2022
Shanghai CIMC TZ Clean Energy Co., Ltd. ("ESH") (i)	PRC, limited liability company	Clean energy technology, PRC	Registered and paid-in capital of RMB100,000,000	–	–	90.0%	90.0%
CIMC Nantong Port Development Co., Ltd ("EYX") (i)	PRC, limited liability company	Terminal and depot services, PRC	Registered and paid-in capital of RMB4,285,710	–	–	61.7%#	61.7%#
Ningxia Changming Natural Gas Development Ltd. ("Ningxia Changming") (i)	PRC, limited liability company	Liquefaction of natural gas, PRC	Registered and paid-in capital of RMB420,770,963	–	–	95.3%	67.5%
Shanxi Tianhao Clean Energy Co., Ltd. ("ESX") (i)	PRC, limited liability company	Liquefaction of natural gas and coalbed gas, PRC	Registered and paid-in capital of RMB60,000,000	–	–	50.0%	50.0%
DME Process Systems Ltd. ("DME")	Canada, limited liability company	Design and manufacture of craft brewing equipment, Canada	Registered and paid-in capital of CAD1,210,000	–	–	88.2%#	88.2%#

23 Subsidiaries *(Continued)*

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	Ownership interest held by the Group — Direct 2023	Direct 2022	Indirect 2023	Indirect 2022
Lindenau Full Tank Services GmbH ("LFTS")	Germany, limited liability company	Transformation, sales and renovation of energy tank, Germany	Registered and paid-in capital of EUR25,000	–	–	100.0%	100.0%
McMillan Coppersmiths & Fabricators Limited ("McMillan")	U.K., limited liability company	Manufacture of copper distiller for liquor, U.K.	Registered and paid-in capital of GBP10,000	–	–	88.2%#	88.2%#
CIMC Xinneng (Shenzhen) Technology Co., Ltd	PRC, limited liability company	Clean energy technology, PRC	Registered and paid-in capital of RMB28,000,000	–	–	100.0%	100.0%
CIMC Hexagon Hydrogen Energy Development (Hebei) Co., Ltd ("HSK") (i)	PRC, limited liability company	Clean energy technology, PRC	Registered and paid-in capital of RMB100,000,000 and RMB46,020,000 respectively	–	–	51.0%	51.0%

23 Subsidiaries *(Continued)*

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	Ownership interest held by the Group			
				Direct		Indirect	
				2023	2022	2023	2022
CIMC Liquid Process (Nantong) Technologies Co., Ltd	PRC, limited liability company	Design and manufacture of craft brewing equipment, PRC	Registered and paid-in capital of RMB20,000,000	–	–	88.2%#	–
CIMC Enric Energy System (Shanghai) Co., Ltd. ("SHNY") (i)	PRC, limited liability company	Clean energy technology, PRC	Registered and paid-in capital of RMB100,000,000 and RMB50,000,000 respectively	–	–	90.0%	–
ChengDu Lanshi Cryogenic Technology Ltd. ("CDLS") (i)	PRC, limited liability company	Design and manufacture of valves, PRC	Registered and paid-in capital of RMB46,000,000	–	–	70.0%	–
CIMC Xinneng (Binhai) Technology Co., Ltd. ("EBH")	PRC, limited liability company	Clean energy technology, PRC	Registered and paid-in capital of RMB29,000,000	–	–	100.0%	–

(i) As at 31 December 2023, except for the non-wholly owned subsidiary disclosed in Note 46, the non-controlling interests in all of the other non-wholly owned subsidiaries are immaterial to the Group.

(ii) As at the date of this report, all of the Group's subsidiaries in China are limited liabilities companies except for CIMC Safe Tech and CLPT which are joint stock companies.

The ownership interest held by the Group shown here did not take into account of the effect of the respective equity incentive partnership platforms of CIMC Safe Tech nor of CLPT.

24 Goodwill

	2023 RMB'000	2022 RMB'000
Cost		
At 1 January	**362,390**	364,895
Addition through acquisition of subsidiaries (note 47(d))	**43,390**	–
Exchange differences	**7,828**	(2,505)
At 31 December	**413,608**	362,390
Less: Impairment provision		
At 31 December	**(119,894)**	(108,224)
Net Goodwill	**293,714**	254,166

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") as follows:

	2023 RMB'000	2022 RMB'000
CET	**86,558**	86,558
Hongtu	**27,221**	27,221
Briggs	**80,628**	74,774
McMillan	**24,057**	22,311
Yulin Wanxintai Industry and Trade Co., Ltd ("Wanxintai")	**13,162**	19,319
CDLS	**40,726**	–
Sanctum	**8,297**	8,297
CIMC Safe Tech	**7,265**	7,265
Jingbian Talengtong Natural Gas Co., Ltd ("Talengtong")	**–**	5,513
LFTS	**3,136**	2,908
Künzel Maschinenbau GmbH ("Künzel")	**2,664**	–
At 31 December	**293,714**	254,166

24 Goodwill *(Continued)*

(a) Impairment tests for goodwill *(Continued)*

For the significant amount of goodwill allocated to the CGU relating to CET, Hongtu, Briggs, McMillan, Wanxintai and CDLS, the key assumptions and discount rate used in the value-in-use calculations in 2023 and 2022 are as follows.

	CET		Hongtu		Briggs	
	2023	2022	**2023**	2022	**2023**	2022
Revenue (average annual growth rate)	**9%**	10%	**3%**	3%	**13%**	13%
Gross margin (% of revenue)	**10%**	9%	**16%**	16%	**23%**	27%
Pre-tax discount rate	**14.76%**	15.92%	**14.95%**	15.61%	**13.08%**	14.87%

	McMillan		Wanxintai		CDLS	
	2023	2022	**2023**	2022	**2023**	2022
Revenue (average annual growth rate)	**5%**	10%	**3%**	2%	**9%**	NA
Gross margin (% of revenue)	**46%**	46%	**4%**	8%	**44%**	NA
Pre-tax discount rate	**14.63%**	13.22%	**15.55%**	16.40%	**15.38%**	NA

Revenue refers to the average annual growth rate over the five-year forecast period. It is based on the CGU's growth forecasts and the average long-term growth rate for the relevant industry.

Gross margin refers to the average margin as a percentage of revenue over the five-year forecast period. It is determined based on the CGU's past performance and their expectations for market development.

Other operating costs are forecasted based on the current structure of the business, adjusted for inflationary increases but not the effect of any future restructuring or cost saving measures that might be adopted. The amounts disclosed above are the average operating costs for the five-year forecast period.

The discount rate used is pre-tax and reflect specific risks relating to the relevant CGU.

25 Inventories

(a) Inventories in the consolidated balance sheet comprise:

	2023 RMB'000	2022 RMB'000
Raw materials	**1,500,527**	1,461,693
Work in progress	**1,519,535**	1,487,518
Finished goods	**1,494,377**	1,481,752
Consignment materials	**262,070**	205,404
	4,776,509	4,636,367

25 Inventories *(Continued)*

(b) The analysis of the amount of inventories recognised as an expense and included in income statement is as follows:

	2023 RMB'000	2022 RMB'000
Cost of inventories (note 9(c))	**13,316,349**	10,931,814
Cost from project engineering contracts (note 9(c))	**6,589,106**	5,268,507
Write-down of inventories (note 9(c))	**74,986**	36,574
Reversal of write-down of inventories (note 9(c))	**(3,491)**	(4,876)
Raw material consumed for research and development	**236,921**	225,170
	20,213,871	16,457,189

(c) The movements of allowance for impairment are analysed as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	**148,544**	122,016
Allowance for impairment	**74,986**	36,574
Write-off on disposal of inventories	**(18,787)**	(4,400)
Reversal of allowance	**(3,491)**	(4,876)
Exchange differences	**400**	(770)
At 31 December	**201,652**	148,544

26 Trade and bills receivables

	2023 RMB'000	2022 RMB'000
Trade receivables	**3,549,837**	3,372,209
Less: allowance for excepted credit loss	**(267,366)**	(264,132)
	3,282,471	3,108,077
Bills receivables (i)	**377,785**	362,338
	3,660,256	3,470,415

26 Trade and bills receivables *(Continued)*

(i) As at 31 December 2023, amounts of RMB292,804,000 represent bank acceptance bills classified as financial assets at fair value through other comprehensive income, which the Group had endorsed to financial institutions for treasury management purposes (31 December 2022: RMB220,474,000). Amounts of 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 (31 December 2022: RMB80,110,000 and RMB61,754,000).

As at 31 December 2023, amounts of RMB23,094,000 and RMB6,903,000 (31 December 2022: RMB41,673,000 and RMB29,302,000) 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, therefore, the amounts remained on-book.

(a) Ageing analysis

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

	2023 RMB'000	2022 RMB'000
Current	**3,021,998**	2,784,761
Less than 3 months past due	**337,288**	417,634
More than 3 months but less than 12 months past due	**239,681**	183,634
More than 1 year but less than 2 years past due	**33,243**	46,959
More than 2 years but less than 3 years past due	**24,084**	34,185
More than 3 years but less than 5 years past due	**3,962**	3,242
Amounts past due	**638,258**	685,654
	3,660,256	3,470,415

Trade and bills receivables are expected to be settled within one year. In general, debts are due for payment upon 30–90 days after billing. Subject to negotiation, credit terms up to twelve months are available for certain customers with well-established trade and payment history on a case-by-case basis. Details on the Group's credit policy are set out in note 6(a)(ii).

(b) Fair values of trade and bills receivables

The carrying amounts of the Group's trade and bills receivables as at 31 December 2023 and 31 December 2022 approximated their fair values.

26 Trade and bills receivables *(Continued)*

(c) Impairment and risk exposure

The loss allowance increased by RMB3,234,000 from RMB264,132,000 as at 1 January 2023 to RMB267,366,000 as at 31 December 2023 for trade receivables.

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk was included in note 6.

27 Deposits, other receivables and prepayments

	2023 RMB'000	2022 RMB'000
Prepayments to suppliers	**1,500,455**	1,164,320
Deductible input value-added tax and other refundable taxes	**434,757**	264,846
Deposits for tenders and contract work	**153,483**	153,473
Prepayments for services	**38,451**	27,109
Staff advances	**27,873**	32,519
Others	**16,564**	15,993
Less: Loss allowance	**(13,964)**	(13,917)
	2,157,619	1,644,343

28 Term and restricted bank deposits

	2023 RMB'000	2022 RMB'000
Term deposits	**612,990**	–
Deposits for performance guarantees	**570,333**	382,398
Term and restricted bank deposits	**1,186,323**	382,398

29 Cash and cash equivalents

	2023 RMB'000	2022 RMB'000
Cash in hand and demand deposits	**6,998,191**	5,223,453

30 Financial instruments at fair value through profit or loss

The Group classifies the following financial instruments at fair value through profit or loss.

(a) Derivative financial instruments

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging accounting criteria, they are classified as "held for trading" for accounting purposes and are accounted for at fair value through profit or loss below. The Group has the following derivative financial instruments.

	2023		2022	
	Assets RMB'000	**Liabilities RMB'000**	Assets RMB'000	Liabilities RMB'000
Forward foreign exchange contracts – held for trading	**19,732**	**(93,299)**	24,162	(101,813)

At 31 December 2023 and 2022, the Group held forward foreign currency contracts to manage the currency risk on expected future payments to suppliers for which the Group has firm commitments.

As at 31 December 2023, the Group had certain unsettled forward contracts, mainly denominated in United States Dollars ("USD") and Euro ("EUR"). The nominal value of these contracts amounted to USD322,208,000 (31 December 2022: USD395,692,000) and EUR13,800,000 (31 December 2022: EUR19,877,000), respectively. Pursuant to these forward contracts, the Group are required to buy/sell foreign currencies, such as USD and EUR of contracted nominal value at agreed rates in exchange for RMB at the contract settlement dates. These forwards contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forwards contracts range from 2 January 2024 to 3 December 2024 (31 December 2022: 5 January 2023 to 31 October 2024).

(b) Risk exposure and fair value measurements

For information about the methods and assumptions used in determining fair value refer to note 5.

(c) Contingent Consideration

As at 31 December 2023, the contingent considerations receivable amounted to RMB17,704,000 (31 December 2022: RMB15,628,000). It represented the fair value of the contingent considerations receivable in relation to the acquisition of Talengtong and Wanxintai on 1 April 2021.

As at 31 December 2023, the contingent considerations payable amounted to RMB48,040,000 (31 December 2022: nil) represented the fair value of the contingent considerations payable in relation to the acquisition of CDLS on 10 July 2023 (note 47).

31 Bank loans

(a) The bank loans were repayable as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	**93,500**	367,774
After 1 year but within 2 years	**118,538**	43,500
After 2 years but within 5 years	**164,700**	33,425
After 5 years	**101,800**	–
	478,538	444,699

(b) At 31 December 2023, all the bank loans were unsecured.

(c) The carrying amounts of the Group's bank loans are denominated in the following currencies:

	2023 RMB'000	2022 RMB'000
RMB	**478,538**	82,925
HKD	**–**	361,774
	478,538	444,699

(d) All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratios. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 6(b).

32 Trade and bills payables

	2023 RMB'000	2022 RMB'000
Trade creditors	**3,801,102**	2,970,755
Bills payables	**640,102**	521,610
	4,441,204	3,492,365

32 Trade and bills payables *(Continued)*

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

	2023 RMB'000	2022 RMB'000
Within 3 months	**3,429,315**	2,487,962
3 months to 12 months	**697,272**	826,202
Over 12 months	**314,617**	178,201
	4,441,204	3,492,365

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

33 Other payables and accrued expenses

	2023 RMB'000	2022 RMB'000
Accrued expenses	**533,198**	549,574
Employees' salary, bonus and welfare	**591,260**	585,464
Preacquisition restructuring liabilities of a subsidiary	**3,672**	3,672
Deposits received	**87,175**	86,866
Payables in relation to share award scheme	**–**	5,087
Other taxes payable	**351,719**	265,865
Payables for construction work	**257,703**	219,790
Other surcharges payable	**14,486**	19,481
Payables in relation to share-based transactions of subsidiaries (note 36(c), (d))	**180,068**	222,653
Dividend payables to a non-controlling shareholder	**22,500**	22,500
Others	**27,368**	30,030
	2,069,149	2,010,982

(i) All other payables and accrued expenses are expected to be settled within one year.

34 Warranty provision

	2023 **RMB'000**	2022 RMB'000
At 1 January	**147,365**	172,122
Additional provision made	**116,152**	104,699
Reversal of provision	**(58,808)**	(90,175)
Provisions utilised	**(29,051)**	(50,468)
Exchange differences	**3,152**	11,187
At 31 December	**178,810**	147,365
Represented by:		
Current portion	**66,579**	50,878
Non-current portion	**112,231**	96,487
Balance at 31 December	**178,810**	147,365

The Group provides one to three years' warranty period for certain products. Provision is made for the best estimate of the expected cost that were required to incur within the warranty period under these arrangements in respect of sales made prior to the balance sheet date. The amount of provision has taken into account the Group's recent claim experience.

35 Convertible bonds

On 30 November 2021, the Company issued 5-year zero coupon convertible bonds at a principal amount of HKD1,680,000,000 (the "CBs") pursuant to the relevant subscription agreement dated on 16 November 2021.

In accordance with the terms and conditions of the subscription agreement, the bondholders will have the right to require the Company to redeem all or some of such holder's bonds on 30 November 2024 (the "Put Option Date") at 102.27 per cent of their principal amount, together with unpaid default interest thereon (if any) accrued upto the Put Option Date. Therefore, as at 31 December 2023, the CBs were classified as current liabilities in the consolidated financial statements.

Bondholders may convert their CBs into ordinary shares at any time on or after 10 January 2022 up to the 10th day prior to 30 November 2026. With effects from 3 June 2023 following the payment of final dividend for the year ended 31 December 2022, the CB's conversion price has been further adjusted from HKD11.49 to HKD11.15 pursuant to the terms and conditions of the CB.

As at the date of approval of these financial statements, no conversion shares had been issued under the convertible bonds.

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each bond at its principal amount, together with accrued and unpaid interest thereon, on 30 November 2026 or in certain circumstances specified in the agreement.

The convertible bonds is a compound instrument consisting of a liability component and an equity component.

There are embedded derivatives in respect of the early redemption features of the convertible bonds. Such embedded derivatives are deemed to be clearly and closely related to the host contract and therefore do not need to be separately accounted for.

As at the date of issue, the fair value of the liability component and the equity component of the convertible bond was disclosed as below:

	30 November 2021 RMB'000
Principal amount	1,374,106
Transaction cost	(18,002)
Liability component	(1,232,160)
Equity component	123,944

35 Convertible bonds *(Continued)*

Subsequent to the initial recognition, the liability component of the CB has been carried at amortised cost using the effective interest method. The effective interest rate of the liability component of the CBs was 2.9% per annum as at 31 December 2023 (31 December 2022: 2.9%). The movement of the liability component and the equity component of the CB for the year ended 31 December 2023 is set out below:

	Liability component RMB'000	**Equity component RMB'000**	**Total RMB'000**
As at 1 January 2023	**1,388,644**	**123,944**	**1,512,588**
Interest charged	**41,404**	**–**	**41,404**
Exchange differences	**22,823**	**–**	**22,823**
As at 31 December 2023	**1,452,871**	**123,944**	**1,576,815**

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
As at 1 January 2022	1,234,980	123,944	1,358,924
Interest charged	37,716	–	37,716
Exchange differences	115,948	–	115,948
As at 31 December 2022	1,388,644	123,944	1,512,588

The equity component will remain in convertible bonds equity reserve until the embedded conversion option is exercised or the convertible bonds reach maturity.

If the CBs were fully converted as at 31 December 2023, 150,672,645 ordinary shares would have been issued (31 December 2022: 146,214,099).

36 Equity-settled share-based transactions

(a) Share option scheme

The Company has a share option scheme ("Scheme I") which was adopted on 12 July 2006 whereby the Directors of the Company are authorised, at their discretion, to invite eligible persons to subscribe for shares of the Company. A consideration of HKD1.00 should be paid by grantee upon acceptance of the share options granted. Each option gives the holder the right to subscribe for one ordinary share in the Company at its contracted exercise price. Scheme I expired on 11 July 2016 and the Company has adopted a new share option scheme ("Scheme II") since 12 July 2016. Scheme II lasts for 10 years and during the year ended 31 December 2023, a total of 39,500,000 options had been granted under Scheme II.

(i) The terms and conditions at the date of grants are as follows:

	Number of options	Vesting conditions	Contractual life of options
Options granted to Directors:			
– on 5 June 2014	2,700,000	40% after two years, 30% after three years and 30% after four years from the date of grant	10 years commencing on the date of grant
– on 21 November 2023	5,350,000	33.3% after 31 March 2025, 33.3% after 31 March 2026 and 33.4% after 31 March 2027	10 years commencing on the date of grant
Options granted to employees and other eligible persons:			
– on 5 June 2014	35,720,000	40% after two years, 30% after three years and 30% after four years from the date of grant	10 years commencing on the date of grant
– on 21 November 2023	34,150,000	33.3% after 31 March 2025, 33.3% after 31 March 2026 and 33.4% after 31 March 2027	10 years commencing on the date of grant
Total share options granted	77,920,000		

36 Equity-settled share-based transactions *(Continued)*

(a) Share option scheme *(Continued)*

(ii) The number and weighted average exercise prices of share options are as follows:

	2023 Weighted average exercise price	2023 Number of options	2022 Weighted average exercise price	2022 Number of options
Outstanding at the beginning of the year	**HKD11.24**	**29,941,000**	HKD11.24	31,459,000
Exercised during the year	**HKD11.24**	**–**	HKD11.24	(558,000)
Lapsed during the year	**HKD11.24**	**(1,200,000)**	HKD11.24	(960,000)
Granted during the year	**HKD7.05**	**39,500,000**	NA	–
Outstanding at the end of the year	**HKD8.81**	**68,241,000**	HKD11.24	29,941,000
Exercisable at the end of the year		**68,241,000**		29,941,000

The options outstanding at 31 December 2023 had an exercise price of HKD8.81 (31 December 2022: HKD11.24) and a weighted average remaining contractual life of 5.92 years (31 December 2022: 1.427 years). The expenses arising from the share option scheme recognised during the year were RMB4,520,000 (2022: nil).

(iii) Fair value of share options and assumptions

The fair values of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimates of the fair value of the share options granted are measured based on a binomial lattice model. The contractual lives of the share option are used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions

Date granted	21 November 2023	5 June 2014
Fair value at measurement date	HKD2.56	HKD4.70
Share price	HKD6.99	HKD11.00
Exercise price	HKD7.05	HKD11.24
Expected volatility	44.00%	45.89%
Option life	10 years	10 years
Expected dividends	3.56%	1.55%
Risk-free interest rate	3.59%	2.04%

36 Equity-settled share-based transactions *(Continued)*

(a) Share option scheme *(Continued)*

(iii) Fair value of share options and assumptions *(Continued)*

The expected volatilities are based on the historic volatilities (calculated based on the weighted average remaining lives of the share options), adjusted for any expected changes to future volatilities based on publicly available information. Expected dividends are based on estimated dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

(b) Share award scheme 2020

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

As at 31 December 2023, the trustee had accumulatively purchased 39,898,000 shares (31 December 2022: 39,198,000 shares) of the Company under the Award Scheme 2020.

On 17 November 2021, the Company granted 33,324,006 shares to selected participants. Further, during the year ended 31 December 2022, a total of 2,991,708 Grant Shares were granted to the selected participants under the Award Scheme 2020.The granted shares are held by the trustee on behalf of the selected participants until the grant shares are vested. Selected participants are entitled to the related distribution derived from the relevant granted shares during the period from the date of the issue of the grant shares to the vesting date (both dates inclusive) of such granted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions. Further, during the year ended 31 December 2023, a total of 2,544,730 Grant Shares were granted to the selected participants under the Award Scheme 2020.The granted shares are held by the trustee on behalf of the selected participants until the grant shares are vested. Selected participants are entitled to the related distribution derived from the relevant granted shares during the period from the date of the issue of the grant shares to the vesting date (both dates inclusive) of such granted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions.

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

36 Equity-settled share-based transactions *(Continued)*

(b) Share award scheme 2020 *(Continued)*

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

Grant date	Number of granted shares	Vesting period	Subscription price
17/11/2021	33,324,006	35.8%, 32.2% and 32.0% by April 2022, April 2023 and April 2024, respectively	HKD3.70
16/5/2022	65,000	26 May 2022	HKD3.70
14/7/2022	300,000	14 July 2022	HKD3.70
7/12/2022	2,626,708	71.9% and 28.1% by April 2023 and April 2024, respectively	HKD3.70
3/4/2023	125,000	20% by April 2023 and 80% by April 2024, respectively	HKD3.70
13/11/2023	2,419,730	April 2024	HKD3.70

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

	2023	2022
Number of awarded shares		
Outstanding at the beginning of the year	**21,791,712**	33,324,006
Granted during the year	**2,544,730**	2,991,708
Lapse during the year	**(294,167)**	(2,237,000)
Vested during the year	**(11,459,543)**	(12,287,002)
Outstanding as at 31 December	**12,582,732**	21,791,712

36 Equity-settled share-based transactions *(Continued)*

(b) Share award scheme 2020 *(Continued)*

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

The weighted average fair value of restricted shares granted in 2022 and 2023 was HKD3.33 per share and HKD8.81 per share (equivalent to approximately RMB2.98 per share and RMB5.92 per share respectively). The expenses arising from the Award Scheme 2020 recognised during the year were RMB29,144,000 (2022: RMB66,897,000).

(c) Equity incentive scheme of CIMC Safe Tech

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

The total capital contribution made by the participants (through the Partnership Platforms) of the Safe Tech Incentive Scheme was approximately RMB97,134,000 (31 December 2022: RMB139,719,000), representing 10% of the enlarged share capital of CIMC Safe Tech upon completion of the increase of the share capital pursuant to the scheme. As at 31 December 2023, the vesting conditions had not been fulfilled and the selected participants were not entitled to any distribution made by CIMC Safe Tech. The expenses from the Safe Tech Incentive Scheme recognised during the year were RMB19,943,000 (2022: RMB15,604,000).

(d) Equity incentive scheme of CLPT

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

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

The total capital contribution by the participants (through the partnership platforms) was approximately RMB82,934,000 (31 December 2022: RMB82,934,000), representing 6.33% of the enlarged share capital of CLPT upon completion of the capital increase pursuant to the scheme. As at 31 December 2023, the vesting conditions are not fulfilled and the selected participants were not entitled any distribution of CLPT. The expenses from the CLPT Award Scheme recognised during the year were RMB22,808,000 (2022: RMB22,808,000).

37 Income tax in the consolidated balance sheet

(a) Current taxation in the consolidated balance sheet:

	2023 RMB'000	2022 RMB'000
Current tax payable at the beginning of the year	**144,010**	194,158
Provision for income tax on profit for the year	**221,576**	334,471
Current tax paid	**(286,224)**	(389,319)
Exchange differences	**(2,845)**	4,700
Current tax payable at the end of the year	**76,517**	144,010

(b) Balances of deferred income tax assets and liabilities without taking into consideration the offsetting within the same tax jurisdiction are as follows:

	2023 RMB'000	2022 RMB'000
Deferred tax assets	**258,356**	168,876
Deferred tax liabilities	**(349,568)**	(147,915)
Deferred tax assets, net	**(91,212)**	20,961

As at 31 December 2023, the amount of RMB91,782,000 (31 December 2022: RMB28,790,000) had been offset between deferred tax assets and deferred tax liabilities.

37 Income tax in the consolidated balance sheet *(Continued)*

(c) Deferred tax assets and liabilities recognised:

The components of deferred tax assets and liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Provision for impairment losses RMB'000	Provision for product warranties RMB'000	Accrued expenses RMB'000	Tax losses RMB'000	Income recognised on project engineering contract/ inventories RMB'000	Fair value adjustment of tangible and intangible assets RMB'000	Depreciation allowances in excess of the related depreciation RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	79,016	16,815	41,853	–	(82,721)	(13,859)	(20,320)	(924)	19,860
(Charged)/credited to the income statement	4,590	(3,974)	18,685	49	(23,109)	(561)	705	7,391	3,776
Exchange differences	–	–	–	–	(2,675)	–	–	–	(2,675)
At 31 December 2022	83,606	12,841	60,538	49	(108,505)	(14,420)	(19,615)	6,467	20,961

	Provision for impairment losses RMB'000	**Provision for product warranties RMB'000**	**Accrued expenses RMB'000**	**Tax losses RMB'000**	**Income recognised on project engineering contract/ inventories RMB'000**	**Fair value adjustment of tangible and intangible assets RMB'000**	**Depreciation allowances in excess of the related depreciation RMB'000**	**Others RMB'000**	**Total RMB'000**
At 1 January 2023	**83,606**	**12,841**	**60,538**	**49**	**(108,505)**	**(14,420)**	**(19,615)**	**6,467**	**20,961**
(Charged)/credited to the income statement	**24,913**	**2,808**	**47,878**	**–**	**(167,747)**	**12,448**	**(2,739)**	**(24,322)**	**(106,761)**
Exchange differences	**–**	**–**	**–**	**–**	**(5,412)**	**–**	**–**	**–**	**(5,412)**
At 31 December 2023	**108,519**	**15,649**	**108,416**	**49**	**(281,664)**	**(1,972)**	**(22,354)**	**(17,855)**	**(91,212)**

(d) Deferred tax assets not recognised:

The Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB865,937,000 (31 December 2022: RMB551,836,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses shall expire in five years from year of occurrence under current tax legislation. Tax losses of approximately RMB50,089,000, RMB81,115,000, RMB106,243,000, RMB253,860,000, RMB374,630,000 will expire in 2024, 2025, 2026, 2027, and 2028 respectively.

38 Deferred income

	2023 RMB'000	2022 RMB'000
At 1 January	**300,567**	280,208
Additions	**37,152**	43,996
Recognised in the income statement	**(26,971)**	(23,637)
At 31 December	**310,748**	300,567

Deferred income mainly represents government grants obtained for the purposes of sponsoring the costs of construction of plants incurred by the Group. The related deferred income was recognised in the income statement over the useful life of the assets to match the depreciation charge of the relevant assets after the completion.

39 Employee benefit liabilities

Employee benefit liabilities represent provision for jubilee benefits, a defined contribution scheme, which are payable to the employees under the employment benefit schemes operated by the Group.

40 Capital and reserves

(a) Share capital

	2023 Number of shares	2023 RMB'000	2022 Number of shares	2022 RMB'000
Authorised:				
Ordinary shares of the Company of HKD0.01 each (i)	**10,000,000,000**		10,000,000,000	
Non-redeemable convertible preference shares of the Company of HKD0.01 each (ii)	**2,000,000,000**		2,000,000,000	
Issued and fully paid:				
Ordinary shares				
At 31 December	**2,028,277,588**	**18,521**	2,028,277,588	18,521

40 Capital and reserves *(Continued)*

(a) Share capital *(Continued)*

A summary of the above movements in issued share capital of the Company is as follows:

	2023 Number of shares of HKD0.01 each	**2023** RMB'000	2022 Number of shares of HKD0.01 each	2022 RMB'000
At 1 January	**2,028,277,588**	**18,521**	2,027,719,588	18,516
Exercise of share options (note 36(a))	**–**	**–**	558,000	5
At 31 December	**2,028,277,588**	**18,521**	2,028,277,588	18,521

(i) The Company was incorporated in the Cayman Islands under the Companies Law (Revised) as an exempted company with limited liability on 28 September 2004.

On 20 July 2006, the Company listed its entire issued share capital by way of introduction on the Main Board of the Hong Kong Stock Exchange.

(ii) Pursuant to a special resolution passed at an extraordinary general meeting of the Company on 26 June 2009, the Company's authorised share capital was increased from HKD100,000,000 to HKD120,000,000 by the creation of 2,000,000,000 non-redeemable convertible preference shares ("Convertible Preference Shares") of HKD0.01 each.

The Convertible Preference Shares are non-redeemable by the Company. The holders of the Convertible Preference Shares ("Convertible Preference Shareholders") may request the Company to convert one Convertible Preference Share into one ordinary share during the period from the date of allotment and issue of the Convertible Preference Shares to the date the Company passes a voluntary winding up resolution or is otherwise placed into liquidation. The conversion is subject to the condition that the Convertible Preference Shareholders shall not exercise the conversion rights if upon the conversion, the percentage of the ordinary shares held by the public would drop below the minimum public float requirements under the Listing Rules applicable to the Company.

The Convertible Preference Shareholders are entitled to participate pari passu in any dividends payable to the holders of the ordinary shares on a pro rata as-if-converted basis. On return of capital on winding up or otherwise, the assets of the Company available for distribution shall be applied towards repayment of an amount equal to the aggregate of paid-up amounts of the Convertible Preference Shares, and the Convertible Preference Shareholders shall not have the right to participate in any remaining assets.

The Convertible Preference Shareholders shall not be entitled to vote at general meetings of the Company unless a resolution is to be proposed at a general meeting for winding-up the Company or a resolution is to be proposed at a general meeting which if passed would vary, modify or abrogate the rights and privileges of the Convertible Preference Shares.

As at 31 December 2023 and 2022, no convertible preference shares of the Company had been issued.

40 Capital and reserves *(Continued)*

(b) Nature and purpose of reserves

(i) Share premium

The application of the share premium account of the Company is governed by the Companies Law (Revised) of the Cayman Islands.

(ii) Contributed surplus

The contributed surplus of the Group includes the sum of difference between:

(a) the nominal value of the share capital and the existing balance on the share premium account of a subsidiary acquired; and the nominal value of the shares issued by the Company in exchange under a reorganisation of the Group during the year ended 31 December 2005;

(b) the nominal value of the share capital and the existing balance on the share premium account of the subsidiaries acquired; and the nominal value of the shares issued by the Company in exchange for the acquisition of certain subsidiaries during the year ended 31 December 2009;

(c) the registered capital of Nantong CIMC Transportation & Storage Equipment Co., Ltd. (currently known as Nantong Energy) acquired at RMB69,945,550; and the aggregate cash consideration paid by the Group of RMB66,330,000 for the acquisition of Nantong Energy during the year ended 31 December 2012;

(d) the registered capital of Holvrieka (China) Co., Ltd. (currently known as CLPT) acquired at RMB324,539,380; and the nominal value of the 39,740,566 ordinary shares issued by the Company in exchange for the acquisition of CLPT during the year ended 31 December 2014; and

(e) the nominal value of the share capital of Burg Service B.V. acquired at RMB1,263,000; and the aggregate cash consideration paid by the Company of RMB11,737,000 for the acquisition of Burg Service B.V. during the year ended 31 December 2015.

(iii) Capital reserve

The capital reserve of the Group includes:

(a) the portion of the grant date fair value of unexercised share options and restricted award shares granted to Directors, employees and other eligible persons of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments;

(b) the capital reserve arising from the transactions with non-controlling interests (Note 46); and

(c) the capital reserve arising from conversion of a subsidiary from a limit liability company into a joint stock company.

40 Capital and reserves *(Continued)*

(b) Nature and purpose of reserves *(Continued)*

(iv) Convertible bonds reserve

the convertible bonds reserve of RMB123,944,000 arising the equity component from issue of convertible bonds (Note 35).

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements denominated in foreign currencies to Renminbi.

(vi) General reserve fund

The Group's wholly-owned subsidiaries in the PRC are required to transfer 10% of their net profits, as determined in accordance with PRC accounting rules and regulations, to the general reserve fund until the balance reaches 50% of the registered capital of the respective subsidiaries. The general reserve fund can be used for the subsidiaries' working capital purposes and to make up for previous years' losses, if any. This fund can also be used to increase capital of the subsidiaries, if approved. This fund is non-distributable other than upon liquidation. Transfers to this fund must be made before distributing dividends to the Company.

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

(vii) Other reserve

In accordance with the regulations issued by Ministry of Finance and State Administration of Work Safety of the PRC, the Company is required to establish a special reserve ("Safe Production Fund") calculated based on the revenue of sales of liquefied natural gas.

(viii) Distributable reserves

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account and the contributed surplus account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

At 31 December 2023, the Company had RMB6,577,623,000 available for distribution to equity shareholders of the Company (31 December 2022: RMB5,524,235,000).

(ix) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

40 Capital and reserves *(Continued)*

(b) Nature and purpose of reserves *(Continued)*

(ix) Capital management *(Continued)*

The Group monitors its capital structure on the basis of a net debt to adjusted capital ratio. For this purpose the Group regards net debt as total debt (as defined as including the items in the table below) less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

Consistent with the Group's capital management strategy in 2022, the Group aims to maintain the net debt to adjusted capital ratio within 100%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The net debt to adjusted capital ratio is as follows:

	Notes	2023 RMB'000	2022 RMB'000
Total liabilities			
Bank loans	31	**478,538**	444,699
Loans from related parties	45(d)	**695,526**	167,527
Trade and bills payables	32	**4,441,204**	3,492,365
Contract liabilities	15(d)	**4,442,324**	3,816,213
Other payables and accrued expenses	33	**2,069,149**	2,010,982
Amounts due to related parties	45(c)	**512,955**	392,156
Warranty provision	34	**178,810**	147,365
Lease liabilities	18	**151,531**	148,918
Convertible bonds	35	**1,452,871**	1,388,644
Total debt		**14,422,908**	12,008,869
Less: Cash and cash equivalents	29	**(6,998,191)**	(5,223,453)
Net debt		**7,424,717**	6,785,416
Total equity		**12,373,644**	9,527,507
Less: Dividends paid	13	**(432,899)**	(364,258)
Adjusted capital		**11,940,745**	9,163,249
Net debt to adjusted capital ratio		**62%**	74%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

41 Retirement benefits

The subsidiaries in the PRC participate in government pension schemes whereby they are required to pay annual contributions at certain rates of the basic salaries of their PRC employees. Under these schemes, retirement benefits of the existing and retired employees are payable by the relevant authorities and the Group has no further obligations beyond the annual contributions.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, employees contributions are subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately.

42 Cash flow information

(a) Non-cash investing and financing activities

There were no material non-cash investing and financing transactions except for the additions of the right-of-use assets described in Note 18, the share-based compensation described in Note 36 for the years ended 31 December 2023.

(b) Net debt reconciliation

This section sets out reconciliation of liabilities arising from financing activities for the period presented.

	Bank loans RMB'000	Loans from related parties RMB'000	Other borrowings RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000	Payables in relation to share-based transactions of subsidiaries RMB'000	Total RMB'000
Net debt as at 31 December 2021	(250,235)	(357,147)	(5,080)	(103,814)	(1,234,980)	(139,719)	(2,090,975)
Cash flows	(173,533)	189,620	5,213	40,653	–	(82,934)	(20,981)
Interest charge	–	–	(133)	(3,606)	(37,716)	–	(41,455)
Acquisition – leases	–	–	–	(81,964)	–	–	(81,964)
Reclassification	–	–	–	–	–	–	–
Other charges (i)	(17,557)	–	–	(187)	(115,948)	–	(133,692)
Other non-cash movements	(3,374)	–	–	–	–	–	(3,374)
Net debt as at 31 December 2022	(444,699)	(167,527)	–	(148,918)	(1,388,644)	(222,653)	(2,372,441)

42 Cash flow information *(Continued)*

(b) Net debt reconciliation *(Continued)*

	Bank loans RMB'000	Loans from related parties RMB'000	Other borrowings RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000	Payables in relation to share-based transactions of subsidiaries RMB'000	Total RMB'000
Net debt as at 31 December 2022	(444,699)	(167,527)	–	(148,918)	(1,388,644)	(222,653)	(2,372,441)
Cash flows	(29,598)	(524,683)	–	40,073	–	42,585	(471,623)
Interest charge	–	–	–	(3,104)	(41,404)	–	(44,508)
Acquisition – leases	–	–	–	(48,245)	–	–	(48,245)
Disposal – leases	–	–	–	12,482	–	–	12,482
Other charges (i)	(4,241)	–	–	(3,819)	(22,823)	–	(30,883)
Other non-cash movements	–	(3,316)	–	–	–	–	(3,316)
Net debt as at 31 December 2023	(478,538)	(695,526)	–	(151,531)	(1,452,871)	(180,068)	(2,958,534)

(i) Other charges include foreign exchange differences which are presented as non-cash adjustment in operating cash flow in the statement of cash flow.

43 Contingencies

(a) Performance guarantees

As at 31 December 2023, the Group had outstanding procurement performance guarantees issued by relevant banks totaling RMB3,328,102,000 (31 December 2022: RMB1,257,969,000), project execution guarantees totaling RMB496,645,000 (31 December 2022: RMB497,122,000), warranty guarantees totaling RMB96,045,000 (31 December 2022: RMB152,364.000) and miscellaneous guarantees totaling RMB16,626,000 (31 December 2022: RMB12,961,000).

44 Commitments

(a) Capital commitments outstanding at 31 December not provided for in the financial statements are as follows:

	2023 RMB'000	2022 RMB'000
Contracted for – Production facilities	347,159	184,949

(b) As at 31 December 2023 and 2022, the Group did not have any material short-term and low value lease commitments.

45 Material related party transactions

Saved as disclosed in other notes of these financial statements, the following transactions were carried out with CIMC and its subsidiaries and associates:

(a) Transactions with CIMC and its subsidiaries and associates

Nature of transactions

		2023 RMB'000	2022 RMB'000
Sales	(i)	**362,129**	293,806
Purchases	(ii)	**525,039**	435,850
Comprehensive charges	(iii)	**6,470**	262
Processing charges	(iv)	**9,975**	29,011
Processing income	(v)	**745**	444
Office services income	(vi)	**817**	935
Loans from related parties	(vii)	**759,497**	131,900
Repayment of loans from related parties	(vii)	**234,814**	321,520
Loan interest expenses	(vii)	**8,573**	13,112
Deposit service	(viii)	**690,014**	599,653
Interest income from deposits	(viii)	**7,114**	6,070
Subcontracting charges	(ix)	**–**	212,135

(i) Sales to related parties mainly represent sales of products to related parties.

(ii) Purchases from related parties mainly represent purchases of raw materials for production.

(iii) Comprehensive charges mainly represent services including staff messing, medical expenses and general services provided to the Group by related parties.

(iv) Processing charges mainly represent processing services, site leasing and other related services provided to the Group by related parties.

(v) Processing income mainly represents processing services of welding, heat treatment and testing provided to related parties by the Group.

(vi) Office services income mainly represents provision of office services including staff catering, transportation services, site leasing and general office services to related parties.

(vii) The loans are unsecured, interest bearing from 2.95% to 4.75% (31 December 2022: 3.50% to 4.75%) per annum and are repayable between one to two and a half years.

(viii) Deposit service represents deposit acceptance service provided by a related party to the Group. The amount represents the maximum daily outstanding balance of the Group's deposits placed with a related party. The deposits bear interest from 0.55% to 1.35% (31 December 2022: 0.55% to 1.85%) and can be withdrawn on demand.

(ix) Subcontracting services mainly represent services for construction of an entire ship or any parts thereof and other related services provided to the Group by related parties.

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

45 Material related party transactions *(Continued)*

(b) Remuneration for key management personnel

Remuneration for key management personnel, including amounts paid to the Company's Directors as disclosed in note 11, certain highest paid employees as disclosed in note 11 and other key management personnel is as follows:

	2023 RMB'000	2022 RMB'000
Short-term employee benefits	**45,725**	38,219
Share-based compensation benefits	**39,135**	51,529
	84,860	89,748

Total remuneration is included in "staff costs" (see note 9(b)).

(c) Amounts due from/(to) related parties

	2023 RMB'000	2022 RMB'000
Trade receivables for products sold and other receivables (i)	**66,438**	157,009
Trade payables for raw material purchased and receipts in advance for sales (i)	**(512,955)**	(392,156)

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

45 Material related party transactions *(Continued)*

(d) Loans from related parties

	2023 RMB'000	2022 RMB'000
Loans from CIMC Finance Company Ltd. ("CIMC Finance")	**232,861**	157,727
Loan from CIMC	**453,665**	9,800
Loan from CIMC LYG's NCI	**9,000**	–
Total	**695,526**	167,527

	2023 RMB'000	2022 RMB'000
Loans from related parties-Current	**695,526**	135,715
Loans from related parties-Non-current	**–**	31,812
Total	**695,526**	167,527

(i) The loans are unsecured, interest bearing from 2.95% to 4.75% (31 December 2022: 3.5% to 4.75%) per annum and are repayable within one year (31 December 2022: between one year to two and a half years).

(e) Deposits placed with CIMC Finance

	2023 RMB'000	2022 RMB'000
Deposits	**632,082**	572,302

(i) The deposits bear interest and can be withdrawn on demand.

(ii) The deposits are included as part of the Group's cash and cash equivalents (note 28).

46 Non-controlling interests

The movements of non-controlling interests were as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	**385,740**	256,261
Total comprehensive income for the year	**49,576**	23,956
Acquisition of subsidiaries (note 47(d))	**39,563**	–
Capital contribution from non-controlling interests (a)	**786,977**	146,030
Dividends distribution made by subsidiaries to non-controlling interests	**(115,150)**	(32,663)
Purchase of equity interests from non-controlling interests	**(15,481)**	(7,956)
Transactions with non-controlling interests	**9,253**	–
Equity-settled share-based transactions of subsidiaries	**914**	112
	1,141,392	385,740

(a) Capital contribution from non-controlling interests during the year ended 31 December 2023 mainly included the following transactions:

(i) On 8 February 2023, the Group entered into a capital injection agreement with Fang Jianping, pursuant to which Fang Jianping agreed to inject capital of RMB5,000,000 to SHNY.

(ii) On 6 April 2023, the Group entered into a capital injection agreement with Hexagon Purus HK Holding AS ("Hexagon Purus"), pursuant to which Hexagon Purus agreed to inject capital of RMB19,445,000 to CIMC-Hexagon Hydrogen Energy Technologies Limited.

(iii) On 10 October 2023, the Group entered into a capital injection agreement with Shandong Ronghui Products Group Co., Ltd. ("Shandong Ronghui"), pursuant to which Shandong Ronghui agreed to inject capital of RMB2,940,000 to CIMC Xinneng (Jining) Technology Co., Ltd.

(iv) On 11 October 2023, CIMC Safe Tech has completed its initial public offering on the Shenzhen Stock Exchange. Upon completion of the IPO, the Company has remained the controlling shareholder of CIMC Safe Tech. The carrying amount of net assets attributable to ordinary shareholders of CIMC Safe Tech amounted to RMB757,142,000 was recognised as an increase in non-controlling interests. The difference between the amount of capital injected and the carrying amount of net assets attributable to ordinary shareholders of CIMC Safe Tech amounted to RMB1,271,131,000 and was recorded as an increase in reserves of the Group.

46 Non-controlling interests *(Continued)*

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	CIMC Safe Tech	
Summarised balance sheet	**2023 RMB'000**	2022 RMB'000
Current assets	**4,872,059**	3,117,905
Current liabilities	**791,014**	1,148,707
Net current assets	**4,081,045**	1,969,198
Non-current assets	**709,879**	712,001
Non-current liabilities	**128,008**	151,975
Net non-current assets	**581,871**	560,026
Net assets	**4,662,916**	2,529,224
Accumulated NCI	**72**	3,699

	CIMC Safe Tech	
Summarised income statement and statement of comprehensive income	**2023 RMB'000**	2022 RMB'000
Revenue	**4,663,224**	5,539,215
Profit for the period	**592,262**	689,413
Other comprehensive income	**2,596**	1,098
Total comprehensive income	**594,858**	690,511
Profit allocated to NCI	**(3,643)**	(18,284)
Dividends paid to NCI	**–**	–

	CIMC Safe Tech	
Summarised cash flow statement	**2023 RMB'000**	2022 RMB'000
Cash flows from operating activities	**917,664**	997,510
Cash flows used in investing activities	**(778,759)**	(160,674)
Cash flows from/(used in) financing activities	**1,516,054**	(121,369)

47 Business combinations

(a) On 1 July 2023, the Group acquired 70% equity interest in CDLS, a company that is principally engaged in manufacture of measurement apparatus, at a consideration of RMB133,040,000.

(b) On 1 November 2023, the Group acquired 100% equity interest in Künzel Maschinenbau GmbH, a company that is principally engaged in EPC projects of raw material handling for breweries, at a consideration of RMB73,643,000.

(c) The following table summarises the considerations paid or payable and the amounts of the assets acquired and liabilities assumed recognised at the respective acquisition date.

	CDLS RMB'000	**Künzel** RMB'000	**Total** RMB'000
Purchase consideration			
– Cash paid	85,000	73,643	158,643
– Contingent considerations (d)	48,040	–	48,040
Total purchase considerations	133,040	73,643	206,683

(d) The following table summarises the considerations paid and the amounts of the assets acquired and liabilities assumed recognised at the respective acquisition dates.

Preliminary recognised amounts of identifiable assets acquired and liabilities assumed:

	Provisional Fair value		
	CDLS RMB'000	**Künzel** RMB'000	**Total** RMB'000
Cash and cash equivalents	9,214	91	9,305
Financial instruments at fair value through profit or loss	10,545	–	10,545
Property, plant and equipment	9,036	17,341	26,377
Intangible assets	49,000	37,864	86,864
Right-of-use assets	357	1,591	1,948
Construction in progress	–	619	619
Inventories	45,074	41,431	86,505
Trade and bills receivables, other receivables deposits and prepayments	70,345	37,254	107,599
Trade and bills payables, other payable and accrued expense	(61,694)	(65,212)	(126,906)
Total identifiable net assets	131,877	70,979	202,856
Non-controlling interests	(39,563)	–	(39,563)
Goodwill (note 24)	40,726	2,664	43,390
	133,040	73,643	206,683

47 Business combinations *(Continued)*

(d) The following table summarises the considerations paid and the amounts of the assets acquired and liabilities assumed recognised at the respective acquisition dates. *(Continued)*

	CDLS RMB'000	Künzel RMB'000	Total RMB'000
Outflow of cash to acquire business, net of cash acquired			
– cash consideration paid	(85,000)	(73,643)	(158,643)
– cash and cash equivalents in the subsidiaries acquired	9,214	91	9,305
Net cash outflow on acquisition	(75,786)	(73,552)	(149,338)

(e) **Contingent considerations**

The contingent consideration payable of RMB51,500,000 by the Group is contingent upon the future financial performance of CDLS. The fair value of RMB48,040,000 was estimated based on the value of probable future cash inflow extending beyond one year of the business combination and applying an appropriate discount rate to arrive at the present value.

(f) **Revenue and profit contribution**

The acquired business of CDLS contributed revenues of RMB172,403,000 and net profit of RMB54,157,000 to the group for the period from 1 July to 31 December 2023.

If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and profit for the year ended 31 December 2023 would have been RMB221,854,000 and RMB67,122,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

The acquired business of Künzel contributed revenues of RMB31,862,000 and net profit of RMB5,041,000 to the group for the period from 1 November to 31 December 2023.

If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and profit for the year ended 31 December 2023 would have been RMB138,081,000 and RMB2,278,000 respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2023, together with the consequential tax effects.

48 Balance sheet and reserve movement of the Company

(a) Balance sheet of the Company

	As at 31 December	
	2023 **RMB'000**	2022 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**176**	19
Investments in subsidiaries	**5,487,201**	5,376,245
Right-of-use assets	**1,988**	–
Total non-current assets	**5,489,365**	5,376,264
Current assets		
Other receivables	**45,191**	3,339
Amounts due from subsidiaries	**7,051,302**	4,265,209
Cash and cash equivalents	**2,345**	3,332
Total current assets	**7,098,838**	4,271,880
Total assets	**12,588,203**	9,648,144
LIABILITIES		
Non-current liabilities		
Convertible bonds	**–**	1,388,644
Lease liabilities	**1,067**	–
Total non-current liabilities	**1,067**	1,388,644
Current liabilities		
Bank loans	**–**	361,774
Convertible bonds	**1,452,871**	–
Trade and bills payables	**216**	554
Other payables and accrued expenses	**33,742**	40,515
Amounts due to subsidiaries	**3,965,965**	1,752,779
Current lease liabilities	**1,032**	–
Total current liabilities	**5,453,826**	2,155,622
Total liabilities	**5,454,893**	3,544,266
Net assets	**7,133,310**	6,103,878
EQUITY		
Share capital	**18,521**	18,521
Reserves	**7,114,789**	6,085,357
Total equity	**7,133,310**	6,103,878

48 Balance sheet and reserve movement of the Company *(Continued)*

(b) Reserve movement of the Company

	Share premium RMB'000 40(b)(i)	Shares held for share award scheme RMB'000 36(b)(c)	Contributed surplus RMB'000 40(b)(ii)	Capital reserve RMB'000 40(b)(iii)	Exchange reserve RMB'000 40(b)(v)	Convertible bond reserve RMB'000 40(b)(iv)	Retained Earnings RMB'000	Total RMB'000
At 1 January 2022	573,651	(125,124)	4,903,654	142,409	(248,345)	123,944	620,958	5,991,147
Total comprehensive income for the year	–	–	–	–	432,651	–	(84,162)	348,489
Issuance of shares in connection with exercise of share options (note 36(a))	7,574	–	–	(2,215)	–	–	–	5,359
Disposal of shares held for share award scheme (note 36(b))	39,355	36,765	–	(38,397)	–	–	–	37,723
Lapse of share options (note 36(a))	–	–	–	(3,844)	–	–	3,844	–
Equity-settled share-based transactions (note 36(c))	–	–	–	66,897	–	–	–	66,897
2021 final dividends paid	–	–	–	–	–	–	(364,258)	(364,258)
At 31 December 2022	620,580	(88,359)	4,903,654	164,850	184,306	123,944	176,382	6,085,357
At 31 December 2022 and 1 January 2023	**620,580**	**(88,359)**	**4,903,654**	**164,850**	**184,306**	**123,944**	**176,382**	**6,085,357**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**131,831**	**–**	**1,262,307**	**1,394,138**
Issuance of shares in connection with exercise of share options (note 36(a))	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Purchase of shares in connection with share award scheme	**–**	**(4,380)**	**–**	**–**	**–**	**–**	**–**	**(4,380)**
Shares held for share award scheme – vesting of awarded shares	**42,536**	**36,312**	**–**	**(39,939)**	**–**	**–**	**–**	**38,909**
Lapse of share options (note 36(a))	**–**	**–**	**–**	**(5,063)**	**–**	**–**	**5,063**	**–**
Equity-settled share-based transactions (note 36(c))	**–**	**–**	**–**	**33,664**	**–**	**–**	**–**	**33,664**
2022 final dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(432,899)**	**(432,899)**
At 31 December 2023	**663,116**	**(56,427)**	**4,903,654**	**153,512**	**316,137**	**123,944**	**1,010,853**	**7,114,789**

49 Immediate and ultimate controlling party

At 31 December 2023 and 2022, the immediate parent of the Company is China International Marine Containers (Hong Kong) Limited, which is incorporated in Hong Kong. This entity does not produce consolidated financial statements available for public use.

At 31 December 2023 and 2022, the Directors consider the ultimate controlling party of the Company to be CIMC, which is established in the PRC and the address of its principal place of business is CIMC R&D Center, No. 2, Gangwan Avenue, Shekou Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the PRC. This entity produces consolidated financial statements available for public use.

CORPORATE INFORMATION

Directors

Non-executive Directors

Gao Xiang *(Chairman)*
Yu Yuqun
Zeng Han
Wang Yu

Executive Director

Yang Xiaohu *(President)*

Independent Non-executive Directors

Tsui Kei Pang
Wang Caiyong
Yang Lei
Wong Lai, Sarah (appointed as independent non-executive Director on 24 August 2023)
Yien Yu Yu, Catherine (resigned as independent non-executive Director on 24 August 2023)

Company Secretary

Zhong Yingxin

Audit Committee

Wong Lai, Sarah*
Tsui Kei Pang
Wang Caiyong
Yang Lei

Remuneration Committee

Tsui Kei Pang*
Zeng Han
Yang Lei

Nomination Committee

Gao Xiang*
Wang Caiyong
Yang Lei

Sustainable Committee

Gao Xiang*
Yang Xiaohu
Yu Yuqun

* *chairman/chairperson of the relevant Board committees*

Authorised Representatives

Gao Xiang
Zhong Yingxin

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Shenzhen, Guangdong
The PRC

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Suites 1902–3, 19th Floor
Bank of America Tower
No. 12 Harcourt Road
Central
Hong Kong

Auditor

Pricewaterhouse Coopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisors

Jingtian & Gongcheng LLP
Suites 3203–3207
32/F Edinburgh Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

Woo, Kwan, Lee & Lo
26th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

Principal Bankers

BOC HK
ING Bank N.V.
Bank of Communications
China Construction Bank
Dah Sing Bank
Taipei Fubon Bank
Rabobank

Principal Share Registrar and Transfer Agent

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1–1100
Cayman Islands

Hong Kong Branch Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Important Date

Annual General Meeting

20 May 2024

Closure of Register of Members for the 2023 Final Dividend

29 May 2024 to 3 June 2024 (both days inclusive)

Payment of 2023 Final Dividend

On or about 28 June 2024

Stock Code

3899

Company Website

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