CIMC ENRIC

CIMC Enric Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code：3899

H2·
RENEWABLE
ENERGY

2024

fostering
the future,
CONNECTING
the world

ANNUAL
REPORT

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ANNUAL REPORT

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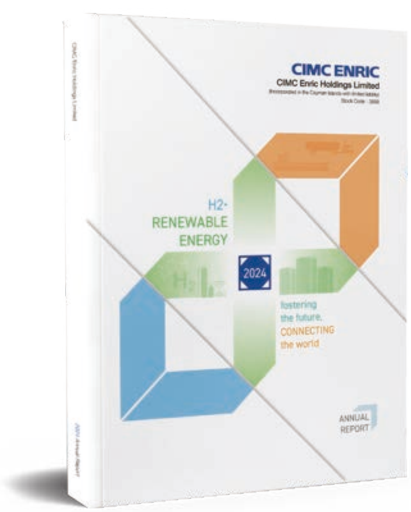
VISION

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.



Contents

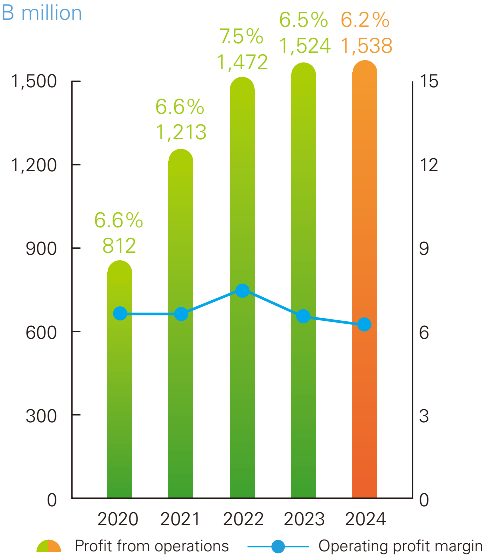
About Us

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.

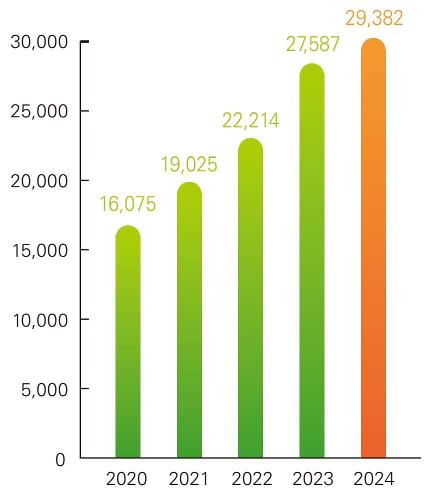
FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**24,755,737**	23,626,279	19,601,761	18,424,763	12,289,567
Profit from operations	**1,538,446**	1,524,827	1,472,288	1,212,559	811,991
Finance costs	**(104,404)**	(93,536)	(80,470)	(70,425)	(44,730)
Share of post-tax profit/(loss) of associates and a joint venture	**9,880**	25,997	6,484	(2,577)	5,998
Profit before taxation	**1,443,922**	1,457,288	1,398,302	1,139,557	773,259
Income tax expenses	**(300,087)**	(293,727)	(313,364)	(231,165)	(207,051)
Profit for the year	**1,143,835**	1,163,561	1,084,938	908,392	566,208
Attributable to:					
Equity shareholders of the Company	**1,094,871**	1,113,972	1,055,062	883,581	579,923
Non-controlling interests	**48,964**	49,589	29,876	24,811	(13,715)
Profit for the year	**1,143,835**	1,163,561	1,084,938	908,392	566,208
Earnings per share					
– Basic	**RMB0.542**	RMB0.554	RMB0.528	RMB0.447	RMB0.293
– Diluted	**RMB0.515**	RMB0.499	RMB0.468	RMB0.428	RMB0.293
Total assets	**29,381,665**	27,587,424	22,214,474	19,024,673	16,074,720
Total liabilities	**(16,276,627)**	(15,213,780)	(12,686,967)	(10,524,996)	(8,603,362)
Net assets	**13,105,038**	12,373,644	9,527,507	8,499,677	7,471,358

Profit from operations
RMB million



Total assets at 31 December
RMB million



FINANCIAL HIGHLIGHTS

	As at 31 December		
	2024 RMB'000	2023 RMB'000	ppt
FINANCIAL POSITION			
Total assets	**29,381,665**	27,587,424	+6.5%
Net assets	**13,105,038**	12,373,644	+5.9%
Net current assets	**9,179,125**	7,098,033	+29.3%
Cash and cash equivalents	**7,264,358**	6,998,191	+3.8%
Interest bearing debts[1]	**2,985,861**	2,626,935	+13.7%
Gearing Ratio[2]	**22.8%**	21.2%	+1.6ppt

	For the year ended 31 December		
	2024 RMB'000	2023 RMB'000	
OPERATING RESULTS			
Revenue	**24,755,737**	23,626,279	+4.8%
Gross profit	**3,554,234**	3,720,824	−4.5%
EBITDA	**2,018,950**	1,957,544	+3.1%
Core profit[3]	**1,335,782**	1,281,381	+4.2%
Profit from operations	**1,538,446**	1,524,827	+0.9%
Profit attributable to equity shareholders	**1,094,871**	1,113,972	−1.7%
PER SHARE DATA			
Earnings per share – Basic (RMB)	**0.542**	0.554	−2.2%
Earnings per share – Diluted (RMB)	**0.515**	0.499	+3.2%
Net asset value per share (RMB)	**6.461**	6.101	+5.9%
KEY STATISTICS			
GP ratio	**14.4%**	15.7%	−1.3ppt
EBITDA margin	**8.2%**	8.3%	−0.1ppt
Operating profit margin	**6.2%**	6.5%	−0.3ppt
Net profit margin[4]	**4.4%**	4.7%	−0.3ppt
Return on equity[5]	**9.6%**	10.9%	−1.3ppt
Interest coverage – times	**15.60**	17.6	−2.0
Cash conversion cycle days[6]	**29**	54	−25

Notes:

1. Interest bearing debts = Bank loans, loans from related parties, medium-term and short-term notes and convertible bonds
2. Gearing ratio = Interest bearing debts ÷ Total equity
3. Core profit *= Profit for the year + share-based payment expenses + convertible bonds 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

* Core profit and Cash conversion cycle days are both non-HKFRS measures and may be defined differently from similar terms used by other companies

Core profit facilitates evaluation of the cash-based financial performance of the Group's core operations while cash conversion cycle days facilitates assessment of the Group's efficiency in converting its inventory into cash inflows from sales

CHAIRMAN'S STATEMENT

Dear Shareholders, Investors, Partners and Colleagues,

In 2024, against the backdrop of accelerated energy transformation, the global industry landscape was totally reshaped. Faced with complex and everchanging internal and external environments, CIMC Enric stayed abreast of the industry trends with its sharp market insight while quickly adjusting its business pattern, rendering brilliant business performance even in challenging circumstances. We identified and seized new opportunities amidst challenges, opened up new horizons amid difficulties, with which we achieved breakthroughs in the development of new products, new fields and new business models, which gave us first-mover advantages in market competition.

In 2024, CIMC Enric achieved record-high revenue of RMB24.76 billion, with an annual profit of RMB1.14 billion and basic earnings per share of RMB0.542, enabling us to maintain an extraordinary dividend payout ratio of 50%.

Steady progress leading to long-term success: tackling industry turbulence with strategic determination

In 2024, the global economic environment remained complex and volatile, with energy security, the resilience of the industrial chain, and green and low-carbon development becoming the focus of global attention. In the face of external uncertainties, CIMC Enric managed to maintain its steady development with a clear strategic layout and efficient execution competency.

Guided by its "3+2+N" Strategy, the Company focused on the core racetrack of clean energy, consolidating its leading position in the global industry chain under the business strategy of "Key Equipment + Core Processes + Comprehensive Services". During the year, CIMC Enric's first project of joint production of hydrogen and LNG from coke oven gas was successfully commissioned and became profitable in the first year of operation, which was not only a major breakthrough of the Company in deployment of clean energy resources, but also a key step in accelerating its transformation into a technology-based integrated service provider of low-carbon intelligent solutions. As an integrated service provider, the Company is committed to providing customers with full-lifecycle clean energy services from project planning, equipment supply, engineering and construction to operation management. By integrating the upstream and downstream resources in the industry chain and providing one-stop solutions, the Company assisted traditional industries in developing efficient energy management approaches, realizing sustainable and economical clean energy transformation, reducing costs and increasing efficiency while saving energy and reducing carbon emissions.

Over the past year, CIMC Enric expanded its technological research and market development with global partners, achieving critical breakthroughs in a number of important fields such as high-end liquid hydrogen equipment, energy storage solutions, high-manganese steel marine fuel tanks, inland-waterway LNG tank changeover mode. Leveraging its lean operation and agile delivery capabilities, the Company successfully landed a number of international benchmark projects, such as the spherical hydrogen storage tank project in the Middle East. With technological innovation as the engine, the Company strove to motivate its organizational potential, with another three of its subsidiaries becoming the national-level specialized, sophisticated, and innovative "Little Giant" enterprises, and multiple technological patents of theirs bridging the gaps in the industry.

Embracing an Intelligent Future: Driving Growth with Both Wings – Technology and Digitalization

As the development of digital technology has given rise to new industries and new modes, CIMC Enric is committed to the R&D and application of digital and intelligent technologies and products, aiming to develop an "end-to-end" integrated service capability for clean energy from the resource end to the application end. In its first project of joint production of hydrogen and LNG from coke oven gas which was commissioned in 2024, CIMC Enric independently developed and commissioned an intelligent operation platform, which was the first of its kind in China to apply artificial intelligence and digital twin technologies in the production, storage, transportation, marketing and use of energy, representing an injection of new-quality productive forces into the traditional industry.

In 2025, the Company will strive to achieve its goals of technology navigation, digital empowerment and universal collaboration. In terms of product development, the Company will focus on its advantageous area of clean energy equipment, strengthen the research and development of cutting-edge technologies such as hydrogen energy, energy storage, and multi-energy complementation, while continuing to promote the industrialization of low-carbon technologies to cultivate new profit growth drivers for the Company. In addition, in the field of intelligent manufacturing, through the deep integration of industrial internet and artificial intelligence in the whole industry chain of clean energy production, storage, transportation, refueling and utilization, the Company strives to build a "smart factory" and "smart service" system. On the one hand, the Company will enhance our production efficiency and product quality through the construction of intelligent plants and production lines. On the other hand, the Company will focus on promoting the application of vehicle and vessel networking technologies in the clean energy industry chain, striving to create "one network on land" and "one network on water", and further advancing the construction of an "end-to-end" integrated service ecosystem to realize the upgrading of the value chain.

Holding a Global Perspective: Writing a New Chapter of Energy Transformation with Our Original Aspiration and Faith

In 2024, the Company's global business deployment efforts met with remarkable results, with CIMC Enric's clean energy segment setting up sales offices in Africa, Southeast Asia, Europe and the Middle East, which has further improved our global sales network and enhanced the Company's service capability and responding speed in overseas markets. Leveraging on its globalized business layout and quality products and services, the Company's overseas revenue from clean energy operations reached a record high of RMB4.81 billion in 2024, representing a year-on-year increase of 41.4%. Specifically, in the African market, the Company successfully landed a number of large-scale natural gas projects thanks to its technological advantages in the field of clean energy equipment, providing strong support for the energy transformation of the local industry; in the Southeast Asian market, the Company promoted the application of LNG tanks in island power generation scenarios through in-depth cooperation with local enterprises; in the European market, the Company won the recognition of a number of internationally renowned enterprises based on its strength in the construction of LNG refueling vessels, which further consolidated its global market share in this segment; and in the Middle East, the Company won the tender for its first overseas spherical hydrogen storage tank project, opening up a new market.

Standing at the new starting point of strategic transformation and development, the Company will uphold its mission of "making energy cleaner, the environment more sustainable, and our lives better", seize the opportunities arising in the process of global carbon neutrality and carbon emissions peaking, and continue to strengthen its overseas presence. In addition, we will grasp the new opportunities for rapid growth brought about by the green upgrading of global shipping industry and the green transformation of inland-waterway vessels to promote our integrated aquatic clean energy solutions. Meanwhile, in response to the growing demand for clean fuels, we will strive to promote the replication and implementation of our strategic projects such as the joint production of hydrogen and LNG from coke oven gas and production of green methanol from biomass.

Every step of CIMC Enric's progress is attributable to the sweat and wisdom of each and every one of our hard-working people. On behalf of the Board of Directors, I would like to express my sincerest gratitude to our employees and partners around the world!

In the future, CIMC Enric will continue to consolidate the cornerstone of trust with "frankness" and break through the boundary of growth with "acceleration" in its endeavor for the goals of driving technology advancement, globalization of our business, and digitalization of our operations in the course of the great energy revolution. With innovation as the sail and collaboration as the oar, we will ride the wind and waves confidently and safely into the next glorious decade!

Gao Xiang
Chairman

Hong Kong, 25 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

According to the Natural Gas Market Report of the International Energy Agency (IEA), the global natural gas demand increased by more than 2.8% in 2024, reaching a new historical high of 4,212 billion m³. Natural gas continues to replace oil and oil products in various fields, and this trend is supported by policies, regulations, and the market. Preliminary estimates show that natural gas met approximately 40% of the global incremental energy demand in 2024, contributing more than any other fuel. The Asia-Pacific region accounted for about 45% of the global incremental natural gas demand, with the main growth drivers being industrial and energy use. The transition from oil to natural gas in the power supply in the Middle East continued, the sales of liquefied natural gas (LNG) heavy-duty trucks in China reached a new historical high, and the substitution of LNG fuel in the shipping industry with stricter emission regulations accelerated. The IEA expects that in the medium term, the substitution of oil and oil products by natural gas in these fields will continue.

In 2024, the global shipping industry accelerated its green transformation, and the order volume of alternative-fuel ships in global new-build ship orders increased significantly. According to the statistical data of Clarksons, in 2024, the order volume of alternative-fuel ships in global new-build ship orders was 820, accounting for 50.1% of the total tonnage of new-build ship orders. The total value of alternative-fuel orders reached $107.9 billion, with a year-on-year growth of 67%. Among them, the order volume of LNG-powered ships was 390, and that of methanol-powered ships was 119. The order share of dual fuel-powered vessels has also been rising steadily, from 16% in 2018 to 52% in 2024, including 1,042 LNG dual fuel-powered vessels with a tonnage of 103.74 million tons. Container ships are one of the major orderers of these LNG dual-fuel ships. According to the current order situation, it is expected that the number of LNG-powered ships will double to 1,200 (excluding LNG carriers) by 2028.

In addition, as of December 30, 2024, the number of dual fuel-powered vessels globally that can use LNG as power reached 1,248, accounting for approximately 84% of alternative-fuel ships. Moreover, there were 641 LNG-powered ships in operation globally, and the delivery volume of LNG fuel ships in 2024 reached a record high of 169. With the continuous increase in the number of alternative-fuel ships in operation and orders, the demand for LNG bunkering vessels has also increased accordingly. In 2024, the LNG bunkering volume at major ports around the world also set a new record. The industry organization SEA-LNG stated that the LNG bunkering infrastructure is expanding significantly. Currently, 198 ports worldwide provide LNG bunkering services, and another 78 ports plan to build bunkering facilities. TotalEnergies Marine Fuels predicts that by 2030, the world will need 40 new LNG bunkering vessels to meet the expected demand, especially for more large-scale bunkering vessels.

Affected by the above industry trends, the Group's revenue from clean energy business grew robustly by 15.3% during the period. New orders signed increased significantly by 17.3%, particularly in the offshore clean energy sector, which benefited from the global green upgrade in shipping, leading to substantial year-on-year growth in both revenue and new orders.

According to the data from the National Development and Reform Commission and the National Bureau of Statistics, in 2024, the apparent consumption of natural gas in China was approximately 426.1 billion m^3, with a year-on-year growth of 8.0%. The import volume of natural gas was 131.69 million tons, a year-on-year increase of 9.9%. Among them, the import volume of LNG was 76.65 million tons, with a year-on-year growth of 7.5%, accounting for 57.9% of the total natural gas imports. In 2024, the price of LNG remained mild. The average price of LNG in the domestic market was approximately RMB4,557/ton, a decrease of about 5.4% compared to the same period in 2023. The price of diesel also showed a stable-to-downward trend. The average domestic diesel market price was around RMB7,520/ton, a decrease of about 5.1% compared to the same period in 2023. LNG maintained its economic advantage over diesel, and the gas-to-diesel price ratio remained at a low level of around 0.6. Affected by this, the downstream terminal application demand such as LNG heavy-duty trucks remained highly prosperous throughout the year, especially in the first half of 2024. Industry data shows that the annual sales of domestic LNG heavy-duty trucks in 2024 were approximately 180,000 units, a year-on-year increase of 19%, and the penetration rate of natural gas heavy-duty trucks reached 34%, reaching a new high.

In the field of hydrogen energy, in 2024, the hydrogen energy industry was for the first time written into the Government Work Report. As a new quality productive forces, hydrogen energy was officially listed by the state as a key development direction for strategic emerging industry and future industry. In November 2024, hydrogen energy was incorporated into the "Energy Law of the People's Republic of China", which conferred a legal status on hydrogen energy from the legislative level. It stated clearly that the state would actively and orderly promote the development and utilization of hydrogen energy to facilitate the high-quality development of the hydrogen energy industry. In December 2024, the Ministry of Industry and Information Technology, the National Development and Reform Commission, and the National Energy Administration jointly issued the "Notice on the Implementation Plan for Accelerating the Application of Clean and Low-carbon Hydrogen in the Industrial Field". It proposed that by 2027, positive progress should be made in the support of equipment and the promotion of technologies for the application of clean and low-carbon hydrogen in the industrial field. Clean and low-carbon hydrogen should achieve large-scale application in industries such as metallurgy and synthetic ammonia, and demonstration applications should be realized in multiple fields to establish a relatively complete industrial chain and industrial system. According to the Annual Report Data of China Automotive Technology and Research Center, by the end of 2024, the annual sales volume of hydrogen fuel cell vehicles in China was 7,131 units, representing a slight year-on-year decrease of 5% compared with 2023. According to incomplete statistics, by the end of 2024, the number of hydrogen refueling stations built nationwide exceeded 500, covering 31 provinces, municipalities directly under the central government, and autonomous regions. With the continuous efforts of relevant policies, the development of the hydrogen energy industry in 2025 is expected to accelerate.

Policies Related to Onshore Clean Energy

No.	Release time	Issuing authority	Policy name	Main content
1	March 2024	National Energy Administration	"Guidance on Energy Work in 2024"	Accelerate the construction of gas storage facilities and promote the projects of underground gas storage facilities and storage tanks at coastal liquefied natural gas (LNG) receiving terminals. Facilitate natural gas to play a greater role in the construction of the new energy system.
2	May 2024	The State Council	"Energy-saving and Carbon-reducing Action Plan for 2024-2025"	Optimize the consumption structure of oil and gas. Accelerate the large-scale development of unconventional oil and gas resources such as shale oil (gas), coalbed methane, and tight oil (gas). Guide the consumption of natural gas in an orderly manner, giving priority to ensuring residential use.
3	May 2024	National Development and Reform Commission	"Special Action Plan for Energy-saving and Carbon-reducing in the Iron and Steel Industry"	Expedite the development of new low-carbon smelting models. Support the production of high-value-added chemical products using by-product gas from the iron and steel industry, and accelerate the application of the technology for producing hydrogen from coke oven gas and co-producing liquefied natural gas. Speed up the research and development of non-blast furnace ironmaking technologies such as hydrogen-based direct reduction and hydrogen-rich smelting reduction.
4	June 2024	The National Development and Reform Commission and other five departments	"Guidance on Vigorously Implementing the Renewable Energy Replacement Action"	Propose the development of green fuels such as biomethane, biodiesel, and sustainable aviation fuel (SAF) according to local conditions, and actively and orderly develop hydrogen production from renewable energy sources.
5	June 2024	National Development and Reform Commission	"Measures for the Administration of Natural Gas Utilization"	To standardize the utilization of natural gas, optimize the consumption structure, improve the utilization efficiency, promote economical use, and ensure energy security, these measures are formulated.

No.	Release time	Issuing authority	Policy name	Main content
6	July 2024	National Development and Reform Commission, State Administration for Market Regulation, Ministry of Ecology and Environment	"Action Plan for Further Strengthening the Construction of the Standard and Measurement System for Carbon Peaking and Carbon Neutrality (2024-2025)"	Drive the research and development of technical standards for carbon emission reduction and carbon removal. Accelerate the development of standards for key carbon emission reduction technologies such as hydrogen metallurgy. Expedite the establishment of a full-chain standard system for carbon dioxide capture, transportation, and geological sequestration.
7	August 2024	The Central Committee of the Communist Party of China and the State Council	"Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development"	Expedite the construction of a new power system. Encourage the deployment of natural gas peak-shaving power plants in areas where the gas source can be secured and the gas price is affordable, so as to enhance the safe operation and comprehensive regulation capabilities of the power system.
8	August 2024	The State Council Information Office	"White Paper on 'China's Energy Transition'"	Expedite the construction of a multi-level local natural gas storage and peak-shaving system. Promote new comprehensive energy service models such as combined cooling, heating and power (CCHP) systems using natural gas, geothermal energy, distributed new energy sources, new energy storage, and waste heat utilization. Promote the market-oriented reform of the natural gas gate station prices in an orderly manner.
9	November 2024	General Office of the Ministry of Industry and Information Technology	"Guidelines for the Preparation of Standards for Calculating the Carbon Footprint of Key Industrial Products"	In accordance with the principle of first piloting and testing group standards and gradually converting them into industry standards or national standards, develop standards for calculating the carbon footprint of key products, giving priority to focusing on key products such as natural gas, hydrogen, synthetic ammonia, and methanol.
10	November 2024	Ministry of Transport, National Development and Reform Commission	"Action Plan for Reducing Costs, Improving Quality and Efficiency in Transportation and Logistics"	Encourage the removal of traffic restrictions on new energy urban distribution trucks with a weight below the light-duty level. Accelerate the improvement of the cleanliness level of vehicles and ships at ports, airports, logistics parks, etc. Speed up the implementation of the large-scale equipment renewal campaign in the transportation sector.

Policies Related to Offshore Clean Energy

No.	Release time	Issuing authority	Policy name	Main content
1	December 2023	Five departments including the Ministry of Industry and Information Technology and the National Development and Reform Commission	"Outline of Green Development Actions for the Shipbuilding Industry (2024-2030)"	It is proposed that by 2025, a preliminary green development system for the shipbuilding industry will be established, the application of marine alternative fuels and new energy technologies will be in sync with international standards, and the international market share of green-powered ships using liquefied natural gas (LNG), methanol, etc. will exceed 50%. By 2030, the green development system for the shipbuilding industry will be basically completed.
2	February 2024	Ten departments including the National Development and Reform Commission	"Guidance Catalogue of Industries for Green and Low-Carbon Transition (2024 Edition)"	Cultivate and strengthen new drivers for green development and accelerate the green transformation of the development mode. The catalogue includes industries such as green shipbuilding and green and low-carbon upgrading and transformation of ships.
3	March 2024	The State Council	"Action Plan for Promoting Large-scale Equipment Upgrades and Trade-ins of Consumer Goods"	Vigorously support the development of new-energy-powered ships. Improve the supporting infrastructure and standards for new-energy-powered ships, and gradually expand the application scope of new-energy ships powered by liquefied natural gas, green methanol, etc.
4	June 2024	Thirteen departments including the Ministry of Transport	"Action Plan for Large-scale Equipment Upgrades in the Transportation Sector"	Vigorously support the development of transport ships powered by new and clean energy sources. Accelerate the R&D of ship types powered by fuels such as liquefied natural gas (LNG), alcohols, hydrogen, and ammonia. Support the development of international-voyage ships powered by fuels such as green alcohols and green ammonia, and promote the application of LNG ships on eligible coastal and inland waterway routes.

No.	Release time	Issuing authority	Policy name	Main content
5	July 2024	The National Development and Reform Commission and the Ministry of Finance	"Several Measures to Strengthen Support for Large-scale Equipment Upgrades and Trade-ins of Consumer Goods"	Support the scrapping and renewal of old operating ships. Accelerate the scrapping and renewal of old ships with high energy consumption and high emissions, and promote the development of ships powered by new and clean energy sources. Provide subsidies according to different ship types.
6	August 2024	The Ministry of Transport and the National Development and Reform Commission	"Detailed Rules for the Implementation of Subsidies for the Scrapping and Upgrading of Old Operating Vessels in the Transportation Sector"	The main propulsion power of ships should be single-fuel liquefied natural gas, single-fuel methanol, hydrogen fuel, ammonia fuel, or dual-fuel of liquefied natural gas and fuel oil with a fuel-oil substitution rate of over 60%, or dual-fuel of methanol and fuel oil with a fuel-oil substitution rate of over 50%.
7	December 2024	General Office of the Central Committee of the Communist Party of China and General Office of the State Council	"Opinions on Accelerating the Construction of a Unified and Open Transportation Market"	Improve the policies for the clean energy substitution of transportation equipment, and promote the application of new and clean energy sources in transportation vehicles such as medium- and heavy-duty trucks and ships. Coordinate the spatial integration, co-construction, and sharing of transportation infrastructure and energy infrastructure.

Policies Related to Hydrogen Energy

No.	Release time	Issuing authority	Policy name	Main content
1	February 2024	National Railway Administration, National Development and Reform Commission, Ministry of Ecology and Environment, Ministry of Transport, China State Railway Group Co., Ltd.	"Implementation Plan for Promoting Low-carbon Development in the Railway Industry"	It is pointed out that the renewal of locomotives and rolling stock should be accelerated. Promote the demonstration and application of hydrogen fuel cells, low-carbon fuel engines, and multi-combination power systems in shunting operations at stations and in short-distance, low-volume inter-city and suburban passenger traction scenarios.
2	February 2024	Department of Transport of Shandong Province, Development and Reform Commission of Shandong Province, Department of Science and Technology of Shandong Province	"Notice on Temporarily Exempting Hydrogen-powered Vehicles from Highway Tolls"	Shandong is the first province in the country to encourage cross-regional operations of hydrogen-powered vehicles. Since March 2024, hydrogen-powered vehicles equipped with ETC devices on Shandong's expressways have been temporarily exempted from expressway tolls. The policy will be implemented on a trial basis for two years, and adjustments will be made in a timely manner based on the implementation situation upon expiration.
3	March 2024	National Energy Administration	"Guiding Opinions on Energy Work in 2024"	Promote the innovation and industrial development of hydrogen energy technologies in an orderly manner. Steadily carry out hydrogen energy pilot demonstrations, focusing on the development of hydrogen production from renewable energy sources and expanding the application scenarios of hydrogen energy.

No.	Release time	Issuing authority	Policy name	Main content
4	May 2024	The State Council	"Energy-saving and Carbon-reducing Action Plan for 2024-2025"	Coordinately promote the development of hydrogen energy and strengthen the demonstration and application of low-carbon smelting technologies such as hydrogen metallurgy. Encourage the R&D and application of hydrogen production technologies from renewable energy sources, support the construction of green hydrogen refining and chemical engineering projects, and gradually reduce the use of coal-based hydrogen in the industry.
5	August 2024	General Office of the National Development and Reform Commission, General Department of the National Energy Administration	"Implementation Plan for Large-scale Equipment Upgrades in Key Energy Fields"	Establish and improve the standard systems in fields such as charging infrastructure, new energy storage, hydrogen energy, and power equipment. Strengthen the supply and upgrading of energy industry standards to improve the efficiency and reliability of equipment.
6	August 2024	The State Council Information Office	"White Paper on 'China's Energy Transition'"	Promote the demonstration and application of hydrogen production from renewable energy sources in the chemical and metallurgical fields. Strengthen hydrogen production from renewable energy sources. Explore the pipeline transportation of hydrogen energy and build integrated transportation energy service stations for oil, gas, electricity, and hydrogen at traditional gas stations.
7	September 2024	The National Development and Reform Commission and other departments	"Opinions on Strengthening the Clean and Efficient Utilization of Coal"	Encourage the use of new-energy vehicles such as hydrogen-powered ones for short-distance coal transportation. Promote the integrated development of coal chemical industry with green electricity, green hydrogen, energy storage, and carbon dioxide capture, utilization, and storage.

No.	Release time	Issuing authority	Policy name	Main content
8	October 2024	National Development and Reform Commission	"Guidance on Vigorously Implementing the Renewable Energy Replacement Action"	Actively and orderly develop hydrogen production from renewable energy sources. Encourage the large-scale replacement of high-carbon hydrogen with low-carbon hydrogen in fields such as synthetic ammonia, synthetic methanol, petrochemicals, as well as iron and steel. Support eligible regions to carry out pilot operations of green hydrogen, ammonia, and alcohol in the shipping and aviation sectors. Strengthen the construction of refuelling stations and hydrogen refuelling stations.
9	November 2024	Standing Committee of the National People's Congress	"Energy Law of the People's Republic of China"	List hydrogen energy as one of the clean energy sources prioritized for national development. Support the R&D and industrialization of hydrogen energy technologies, encourage the application of hydrogen energy in transportation, industry, construction, and other fields, and promote the coordinated development of hydrogen energy and renewable energy sources.
10	December 2024	Ministry of Industry and Information Technology, National Development and Reform Commission, National Energy Administration	"Implementation Plan for Accelerating the Application of Clean and Low-carbon Hydrogen in the Industrial Sector"	Promote the application of low-carbon hydrogen in the industrial sector, covering transportation, power generation, and energy storage. Advance hydrogen-enriched blast furnace smelting and promote the construction of green methanol demonstration projects.

Business Review

Onshore Clean Energy Business

CIMC Enric is the only comprehensive service provider in China with a full industrial chain layout focusing on clean energy, providing one-stop system solutions for LNG, LPG, CNG and industrial gases. Having been highly recognised by our customers, we are one of those with the highest market share in all product lines. In 2024, benefiting from favourable factors such as both increase in China's apparent natural gas consumption and LNG imports, and stabilised LNG prices, the onshore clean energy business achieved remarkable growth.

In the key equipment field, the Group maintained its leading position in the industry during the period, with significant growth in the sales volume of LNG tank containers, LNG trailers and other equipment. In addition, the Group achieved large-scale, standardised and modularised production of gas energy storage equipment, providing customers with eco-friendly and efficient gas energy storage solutions, and delivered 4,500m^3 gas storage units with compressed air energy storage standard to Three Gorges Corporation in bulk. Furthermore, the LNG heavy-duty truck market maintained a rapid pickup during the period, reaching a record high in sales volume, and the Group's sales revenue of on-vehicle LNG cylinders increased accordingly. In 2024, the Group's sales revenue of on-vehicle LNG cylinders amounted to RMB1.1 billion, representing a year-on-year (YoY) growth of 31%.

The overseas clean energy markets expansion also showed promising development. Focusing on Africa, the Middle East, Southeast Asia and other countries and regions with abundant natural gas resources or fast-growing demand, the Group continued to expand its business layout, providing comprehensive solutions for emerging business scenarios such as island power generation. In 2024, the Group signed overseas bulk orders for LNG tank containers, LNG storage tanks and LNG trailers, and won the tenders for a number of overseas projects such as gasification station and liquefaction plant, resulting in a significant increase of 25.1% YoY in the new overseas orders for onshore clean energy, reaching RMB2.5 billion. During the period, overseas income from onshore clean energy reached RMB2.2 billion, hitting a new high in history.

In the core process field, Angang CIMC project for joint production of hydrogen and LNG from coke oven gas, in which the Group participated in the construction, was smoothly put into production in 2024. The Group has further absorbed the core team of Beijing Zhongliansheng (北京眾聯盛), an engineering design expert, aiming to enhance the process design and technical capabilities of comprehensive utilisation of coke oven gas to produce hydrogen, LNG, methanol, synthetic ammonia, etc. At present, the Group has possessed the core process and engineering capabilities of natural gas and hydrogen-ammonia-methanol production, which lays a solid foundation for the subsequent replication in the EPC of hydrogen and LNG from coke oven gas project and the expansion of new projects in this field.

In the comprehensive service field, the Group continued to expand its business chain to the upstream resource end and the downstream application end, realising an "end-to-end" industrial ecology and transforming into a comprehensive service provider. Angang CIMC project for production of hydrogen and LNG from coke oven gas, in which the Group cooperated with Angang Steel, was smoothly put into production, realising a stable supply of high-purity hydrogen and LNG and achieving profitability in the first year of operation through sales to neighbouring areas. Such business model was further replicated and promoted with Lingang Steel and Shougang Shuigang projects in the process of construction. The improved business capability in the upstream resource end has also increasingly enhanced the Group's core competitiveness in transforming from "equipment + engineering" to "comprehensive service provider". Furthermore, leveraging the full scenarios of production, storage, transportation, refuelling and use in the Angang CIMC project, the Group independently developed and launched an energy "end-to-end" digital demonstration application platform. This marks the first project in China that has realised the integration of digital and intelligent technology with business scenarios for energy production, storage, transportation, refuelling and use, injecting new quality productivity into the traditional industry and significantly enhancing project operational efficiency.

The Group also extended to low-carbon integrated energy system solutions. Focusing on four major areas, namely industrial energy conservation, building energy conservation, agricultural energy conservation and mobile energy supply, it emphasised on the research and development of 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 Digital Intelligent Energy System platform. During the period, the Group signed a strategic cooperation agreement with Shenergy to deepen cooperation in the areas of low-carbon integrated energy supply, energy supply guarantee and green power, with a view to building a "zero carbon factory".

Offshore Clean Energy Business

The Group has proprietary capabilities in the design, construction and project management of LNG marine liquid cargo tanks, fuel tanks and complete vessels. 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 the construction and renewal of inland waterway vessels, the Group possesses the capability to provide integrated solutions such as LNG shore refuelling, LNG tank swap and LNG/methanol fuel power packages.

During the period under review, as the global shipbuilding market maintained a high level of prosperity, the Group's business orders related to shipbuilding and LNG fuel tanks for marine applications grew significantly. In 2024, the accumulated newly signed orders exceeded RMB10 billion, setting a new record, and the backlog orders exceeded RMB16 billion by the end of 2024.

During the year, the Group signed a total of 21 new shipbuilding orders, of which 15 were liquefied gas carriers, LNG bunkering vessels and other vessel types, including four 40,000m^3 MGC vessels signed with Capital Gas, four 20,000m^3 LNG carriers signed with domestic shipowners, four 20,000m^3 LNG carrier and bunkering vessels signed with Avenir LNG Limited, one 12,500m^3 LNG bunkering vessel and one 20,000m^3 LNG carrier and bunkering vessel signed with Vitol International Shipping Pte Ltd and one 20,000m^3 LNG carrier and bunkering vessel signed with EMF. In 2024, the Group ranked first in the global market share of LNG bunkering vessels. The Group owns core assets related to shipbuilding such as terminals, slipways and shipyards along the Yangtze River. During the period, its shipbuilding capacity was also released, and 14 vessels were delivered, including "Offshore Oil 302 built for CNOOC", the first river-to-sea LNG carrier and bunkering vessel in China.

Benefiting from the growing demand for alternative fuel vessels, the Group's liquid marine cargo tanks and fuel tanks products also recorded remarkable growth and continued to lead the industry in technology research and development. In 2024, the Group delivered the first set of high manganese steel LNG marine fuel tanks in China, marking a successful start of the commercialisation of a new generation of independently-developed, low-cost, ultra-low-temperature and high manganese steel materials. In addition, we delivered the world's first 3x4,650m^3 vertical LNG double ear marine fuel tank and the world's first 7,500m^3 stacked LNG double ear marine fuel tank, and successfully received orders for liquid ammonia marine fuel tanks for the world's first liquid ammonia-powered bulk carrier, demonstrating our international influence and strength in the marine fuel tank market.

In the clean energy business of inland waterway shipping in China, the Group has established a presence in major waterways such as the Beijing-Hangzhou Grand Canal, Yangtze River, Xijiang and Jiujiang, providing integrated solutions for LNG bunkering of inland vessels, LNG/methanol power systems and vessel conversion, and creating "One Network on Water" through intelligent interconnected products. During the period, the Group's whole industry chain of "Manufacturing + Equipment + Intelligence + Service" assisted in the first LNG refuelling for "Jining Harbour Navigation 9001", the first 90-metre LNG-powered vessel in the Beijing-Hangzhou Grand Canal. In August 2024, the Ministry of Transport and the National Development and Reform Commission published the Implementation Rules for Scrapping and Updating Subsidies for Old Operating Ships in Transportation (《交通運輸老舊營運船舶報廢更新補貼實施細則》), promoting the inland waterway clean energy shipbuilding and renewal industry into a period of rapid growth. Within three months after the implementation of the policy, the Group quickly secured orders for power packages for a total of 100 clean energy vessels.

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 hydrogen energy industry during the year, and made continuous improvement to its capability of integrated solutions.

In terms of hydrogen production, the first project for joint production of hydrogen and LNG from coke oven gas launched by the Group and Angang Steel, namely Angang CIMC project, was successfully put into production in September 2024, creating an "end-to-end" demonstration green industrial ecosystem from the resource end to the application end. On the resources side, the project involves separating and purifying coke oven gas, a byproduct of steel enterprises, to produce high-purity hydrogen and LNG. This process transforms coke oven gas from a "waste" into a "treasure," achieving high value-added utilisation. It's estimated that the project would reduce annual emissions by 470,000 tons of carbon dioxide, 174 tons of sulfur dioxide, and 1,344 tons of nitrogen oxides. The project produces "blue hydrogen" according to local conditions with an annual production capacity of 15,000 tons of hydrogen.

In the storage and transportation business, high-pressure hydrogen storage and transportation equipment continued to lead the development trend in the industry, with market share further consolidated and increased. The "30MPa carbon fiber winding hydrogen bottles and tube bundle containers (30MPa碳纖維纏繞氫氣瓶及管束集裝箱)" were recognised as "the first (set of) major technical equipment in the energy field" by National Energy Administration, and have achieved mass application among several major customers, contributing to a reduction in the cost of hydrogen transportation. The national standard GB/T44457-2024 "Hydrogen Storage Pressure Vessel used in Hydrogen Refilling Station" (《加氫站用儲氫壓力容器》), which we participated in the drafting of, and the industry standard NB/T11661-2024 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》), which we presided over the drafting of, have been approved and formally released. In terms of medium-pressure hydrogen and ammonia storage spherical tanks, the Group's performance in medium-pressure hydrogen storage spherical tanks and liquid ammonia storage spherical tanks continued to grow in 2024. The first batch of green hydrogen demonstration projects in the Huadian Damaoqi Wind and Solar Hydrogen Generation Project (華電達茂旗風光制氫項目) in Inner Mongolia, which the Group participated in, was put into production, and the hydrogen storage spherical tanks and related ancillary facilities constructed by the Group were running in good conditions. Benefiting from the branding effect brought by this major demonstration project, the Group was awarded the tender for the Hydrogen Storage Equipment for the Zhongnengjian Songyuan Hydrogen Industrial Park Project (中能建松原氫能產業園項目儲氫裝備) in August 2024, which will provide 15 hydrogen storage spherical tanks and eight sets of compressor buffer tanks to the customer. The project has been selected as one of the first batch of green and low-carbon advanced technology demonstration projects by the National Development and Reform Commission (NDRC); it is the largest innovative demonstration project for the synthesis of green hydrogen into green ammonia and green alcohols under construction in China, and also represents a hydrogen storage spherical tank order with the largest total storage capacity of green hydrogen and the largest number of spherical tanks under construction in China. In addition, the Group's first overseas hydrogen storage spherical tank project was successfully secured in September 2024, which will build 12 units of 2,953 cubic metres of hydrogen storage spherical tanks for a customer's green hydrogen and green ammonia project in Oman, Middle East, with a total value of over US$10 million. In terms of liquid hydrogen storage and transportation equipment, the Group continues to develop and test serial equipment for liquid hydrogen storage and transportation, and the liquid hydrogen storage tank and tank carrier are the first in China to complete the liquid hydrogen test and obtain the type test certificate. The industry standard "Mobile Vacuum Insulated Liquid Hydrogen Pressure Vessel", which we participated in the drafting of, was officially released on 25 December 2024. On the market side, a series of important advances were made in commercialised liquid hydrogen storage and transportation equipment, with the successful delivery of the first 20-cubic-metre liquid hydrogen storage tank for hydrogen refuelling stations and the first 400-cubic-metre liquid hydrogen spherical tank in China; two 100-cubic-metre liquid hydrogen storage tanks for a large-scale green hydrogen project in Hebei were also under construction.

In terms of terminal 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 in compilation, was formally implemented from 1 June 2024. The newly developed domestic first 450L Type Ⅲ ultra-large volume on-vehicle hydrogen cylinders were released in October of the same year, which makes CIMC Enric one of the suppliers with the most complete product range in the market, with its market share ranking first in the industry. In terms of hydrogen refuelling stations, benefiting from the development opportunities brought about by the hydrogen expressway, the Group has provided a bunch of complete sets of equipment of hydrogen refuelling stations for the hydrogen expressways in Hebei, Guangdong and Shaanxi, etc. The small skid-mounted hydrogen refuelling equipment in the park has also successfully achieved product iterations and continuous shipments. The supporting hydrogen refuelling stations built by the Group for the Angang CIMC project has successfully guaranteed the hydrogen refuelling demand of Angang's hydrogen logistics scenario, laying a foundation for the replication of the overall solution.

In addition, the Group entered into a strategic cooperation agreement with HK & China Gas to reach a cooperation intention on the further development and utilisation of hydrogen projects in the Hong Kong Special Administrative Region. Both parties will carry out comprehensive cooperation in the purification, storage and utilisation of hydrogen. The first project of the strategic cooperation has been confirmed, and both parties will jointly promote the hydrogen fuel cell application and electric vehicle charging system project of Hong Kong Science and Technology Parks.

Future Plans and Strategies

The global trend towards green and low-carbon energy development is unstoppable, with over 150 countries having proposed carbon neutrality targets. The COP28 conference previously called for accelerated action in this critical decade, demanding the realisation of a net-zero energy system by around 2050. The International Maritime Organisation (IMO) has set targets for 2030 to reduce greenhouse gas emissions from shipping by 20%-30% compared to 2008 levels, to achieve a 5%-10% share of zero or near-zero emission fuels, and to accelerate the adoption of clean alternative fuels in the shipping industry.

Against the backdrop of global energy transition, natural gas plays a significant role in ensuring the reliability of energy systems and controlling emissions, and serve as an ideal transitional energy source with broad market prospects. Data from the IEA indicates that global natural gas consumption reached a new high in 2024 and is projected to maintain its growth momentum in 2025, with an increase of approximately 100 billion m^3. The Global Energy Outlook, released in early 2025 by Shell, demonstrates that in all simulated scenarios, global demand for LNG will surge at least until 2030. In an optimistic scenario, Shell expects both LNG demand and supply to continue growing beyond 2030, with LNG's market share in total global natural gas demand rising from around 14% in 2024 to approximately 25% by 2050, particularly in the Asian market. Multiple institutions forecast that China's natural gas consumption will continue to grow in 2025, reaching approximately 458 billion m^3, representing a YoY increase of approximately 6.6%, and that the share of natural gas in the energy consumption mix will continue to rise in the future.

Hydrogen energy and other renewable energy sources are steadily developing. As of 2024, more than 50 countries and regions have released hydrogen energy strategies, with the IEA predicting that global hydrogen demand will reach 520 million tons per year by 2050, accounting for 13% of total global energy consumption. In 2024, China introduced more than 20 top-level policies to support the accelerated development of hydrogen energy and incorporated hydrogen energy into the Energy Law of the People's Republic of China, designating it as one of the key clean energy sources for national development, promoting research and development of hydrogen energy technologies and their industrialisation, encouraging the application of hydrogen energy in sectors such as transportation, industry, and construction, and advancing the coordinated development of hydrogen energy with renewable energy sources. Domestically, green hydrogen projects are extending towards integrated applications, with downstream applications primarily in chemicals and transportation, while also expanding into energy storage and supply. Policies also support, in areas such as synthetic ammonia, synthetic methanol, petrochemicals, and steel, the encouragement of large-scale replacement of high-carbon hydrogen with low-carbon hydrogen, and endorse the initiation of pilot operations in the maritime and aviation sectors for biodiesel, bio-aviation kerosene, bio-natural gas, and green hydrogen-based ammonia and methanol in regions with favorable conditions.

Alternative fuels are one of the key strategies for the shipping industry to achieve its long-term carbon reduction goals. To meet the emission reduction targets set by the IMO for 2040, vessels representing at least one-third of the global tonnage will need to adopt alternative fuels, with the proportion of LNG and green methanol-powered vessels in new shipbuilding orders expected to continue rising. As an important component of global shipping, the Chinese shipping industry is progressively advancing its green and low-carbon transformation. In recent years, China has successively issued several policy documents, including the Implementation Opinions on Accelerating the Green and Smart Development of Inland Waterway Vessels (《關於加快內河船舶綠色智能發展的實施意見》), the "14th Five-Year" Development Plan for Green Transportation (《綠色交通「十四五」發展規劃》), the Action Plan for Green and Low-Carbon Development in Transportation (2021-2035) (《交通運輸綠色低碳發展行動計劃(2021-2035 年)》), and the Detailed Rules for the Implementation of Subsidies for the Scrapping and Renewal of Old Operating Vessels in Transportation (《交通運輸老舊營運船舶報廢更新補貼實施細則》), to promote the goals and measures of green shipping across multiple levels from inland waterways to coastal areas. According to research by the Water Transport Research Institute of the Ministry of Transport, carbon emissions from China's inland waterway shipping could be reduced by nearly 25% by 2030 through the combined effects of cleaner energy, improved energy efficiency, and optimised freight structure.

In the future, the Group will continue to maintain its leading edge in key equipment and core processes while deepening its business layout in the upstream resource end and the terminal-application end of clean energy. Transitioning from a provider of "equipment + engineering" services in the clean energy sector to a "comprehensive service provider", the Group will leverage 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 terms of key equipment and core processes, the Group will bolster its research and development capabilities to maintain its leading position in the markets for LNG, high-pressure gaseous hydrogen, liquid hydrogen, liquid ammonia and methanol storage and transportation sectors. The Group will also proactively explore emerging business areas such as energy storage. At the upstream resource end, the Group will continue to promote the replication and implementation of strategic projects for clean alternative fuels, such as joint production of hydrogen and LNG from coke oven gas and biomass green methanol. It is expected that by 2025, the Group's first green methanol demonstration project with an annual production capacity of 50,000 tons will commence operations, establishing an industry benchmark. Simultaneously, the Group will strengthen its EPC capabilities in engineering projects related to hydrogen production from coke oven gas, methanol, and synthetic ammonia and pursue new project expansions. For downstream application, the Group will continue to focus on green upgrades in the transportation field, supporting 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 decarbonisation process. In addition, the Group will also drive the development and platform construction of smart energy equipment, creating "one network on land" and "one network on water" and connecting clean energy equipment to achieve digital and intelligent management, and fostering new energy internet business models.

The Group will further intensify its efforts to expand into overseas markets and enhance its overseas sales network and the matrix of products and engineering services. It will put more efforts on market expansion in Asia-Pacific, Africa, the Middle East, and Europe, and develop new application scenarios such as island power generation, to fully seize the development opportunities in the global market.

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, comprehensively drive industry transformation and green development across all stages of alternative fuel production, transportation, storage and refueling, and seize new opportunities in the development of clean fuel power for inland waterways. The Group will also actively capitalise 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, LNG bunkering vessels, and LNG fuel tanks for marine applications, to enhance its global brand influence and competitive advantage.

Research and Development

CIMC Enric has been continuously leading the R&D breakthroughs in the clean energy field. With its leading technological strength, it promotes the application and development of clean energy. In 2024, the Group won 2 provincial-level scientific and technological progress awards. As of the end of 2024, the number of patents owned by the Group and the number of standards it participated in revising are as follows:

Domestic and international patents

There are more than 1,500 domestic authorized patents, among which more than 330 are invention patents. There are 32 PCT international patent applications, 46 foreign patent applications, and 26 of them have been authorized. There are 915 authorized patents related to clean energy, among which 87 are authorized patents related to hydrogen energy.

Standard formulation

The Group has chaired or participated in the revision of 46 national standards, and 85 local, industrial, and group standards. Among the national standards, 44 are related to clean energy, including 7 related to hydrogen energy. Among the local, industrial, and group standards, 76 are related to clean energy, including 33 related to hydrogen energy.

In 2024, the Group continued to conduct new product R&D in the field of clean energy equipment and completed the development of a number of new products. Some R&D projects have made breakthrough progress. At the same time, it participated in standard formulation many times to promote the development of the industry, including:

1. R&D of LPG medium-pressure vehicle products: Completed the R&D of micro-innovation integration technology for LPG medium-pressure products. By adopting advanced stress analysis and design, the weight of a single unit has been significantly reduced. It continuously maintains the leading advantages of having the largest volume and the highest loading quality in China. The original upper liquid inlet structure brings significant economic benefits to customers.

2. Cryogenic vehicle products: The volume of cryogenic vehicles in South America has been increased from 58m³ to 62.5m³, which is currently the cryogenic vehicle with the largest volume in China. It has achieved new breakthroughs in aspects such as large volume, new standards, and new structures of cryogenic vehicles, and made its debut on the South American continent.

3. R&D on the optimization of technical parameters of industrial gas vehicle products: Completed the release of a new announcement for a new model of a 18.1m³ carbon dioxide single vehicle, which has obvious advantages in terms of volume. Completed the expansion of the announcement for a new model of a 49.6m³ liquid ethylene semi-trailer. The actual curb weight is the lightest, and the market share of this model in the segmented field exceeds 50%.

4. R&D of VCM spherical tanks complying with PED certification: Carried out a spherical tank project for obtaining the EU PED certification and exporting to Europe. Based on European and American standards, and incorporating the technical concepts of the national standards for spherical tanks, technical innovations such as the optimization of the banded structure of the spherical shell plates and the manhole structure were carried out, laying a solid foundation for the Company's future expansion of the European spherical tank engineering market.

5. R&D of distributed energy equipment: Successfully completed the operation of domestic batch industrial distributed pilots of distributed energy equipment. Developed, tested and trial-used 8 types of domestic finished products, which can reduce the cost of a single finished product by 20%.

6. Independent Type B liquefied gas storage tanks: Completed the delivery of a 13,000-cubic-meter Type B cabin, which was applied to a 16,000TEU dual-fuel container vessel. It is currently the largest Type B LNG fuel cabin for marine use in China. Formed independent design capabilities and a complete process construction capability, and SOE has become the only tank factory in the market with the construction experience of Type B cabins.

7. High-manganese steel marine LNG tanks: The high-manganese steel LNG storage tank was successfully used in a dual-fuel LNG carrier, achieving its first application in domestic LNG vessels. The new generation of domestic high-manganese steel with low cost and high performance for ultra-low temperature use has taken a solid step from basic material research to domestic engineering applications.

8. R&D on the performance optimization and modular application of marine tanks: Through the modular design of the gas supply system inside the cold box of the marine tank, sufficient operating space for modular assembly is provided at the joint between the cold box and the tank body. The tank body and the cold box can be operated in parallel, shortening the delivery time by 15 days.

9. Energy storage solutions: Successfully delivered a 4,500m^3 compressed air standard gas storage unit. By adopting designs such as standardized gas storage units, the overall manufacturing cycle was shortened to 35 days, significantly enhancing the competitiveness of the project. Completed the delivery of the first equipment package of the "Linglong One" compressed air storage tank, achieving the application in key equipment of modular small nuclear reactors and expanding the track in the field of nuclear power equipment. Completed the R&D of an international underwater CO_2 energy storage tank container. This product is a new application scenario for CO_2 energy storage and has achieved batch export sales of energy storage products.

10. Water bodies clean energy solutions: "Jining Harbour Navigation 9001", one of the first new energy intelligent commodity vessels on the Beijing-Hangzhou Grand Canal, was successfully launched. The Company customized an efficient and environmentally friendly LNG power solution for this project, boosting the green transformation of inland waterway transportation. The first batch of 40-foot water bodies LNG fuel tank containers completed the tank replacement in the Changhang project and were officially put into operation, accelerating the commercial promotion and application of the tank replacement mode and promoting the sustainable development of China's inland waterway shipping.

11. Low-Carbon Energy Stations: Completed the roll-out of the SL1500 product of the Blue Sky series of low-carbon energy stations and applied it to the Wulanchabu ferrosilicon alloy tail gas power generation project, further contributing to the low-carbon and green development of energy.

12. The national standard GB/T 28884-2024 Seamless Steel Tubes for Large Capacity Gas Cylinder participated in formulating has been approved, further expanding the Company's popularity in the field of large-volume gas cylinder manufacturing.

13. The national standard GB/T 44412-2024 Vessels and Marine Technology – Specification for Bunkering of Liquefied Natural Gas Fuelled Vessels participated in formulating was officially released, providing a comprehensive set of safety, operation and technical requirements for vessels during LNG bunkering operations.

14. Chaired and participated in formulating and released the group standards of the China Industrial Gas Industry Association, namely T/CCGA 20014-2024 Technical Regulations for Safety Use of Helium Tube Trailer, T/CCGA 20015–2024 Safety Technical Rule for Use of Liquid Helium Tank, T/CCGA 20016–2024 Technical Specification for Safety Using of Liquid Helium Tank Container, and T/CCGA 20017–2024 Technical Requirements of Liquid Helium Dewar, making new contributions to promoting the development of special gas storage and transportation equipment.

To promote sustainable and healthy development, the Group has actively expanded development projects in the new energy field and made significant progress in the fields of hydrogen energy equipment and standards and regulations, including:

1. Commenced the construction of the first domestic commercial liquid hydrogen spherical tank, completed the construction of the spherical tank and the low-temperature performance test, and is awaiting the acceptance of the scientific and technological project organized by the Ministry of Science and Technology;

2. Completed the low-temperature type test and vehicle safety type test of the liquid hydrogen tank truck, and is awaiting the three-new review;

3. Completed the cryogenic test of the liquid hydrogen tank container, which meets the sales conditions. The first domestic industry standard for mobile liquid hydrogen, NB/T11745-2024 Transportable Vacuum-insulated Liquid Hydrogen Pressure Vessels, led to be completed, was released, providing standard support for the construction of domestic mobile liquid hydrogen containers;

4. Released the first domestic 450L Type III ultra-large volume on-board hydrogen storage cylinder, filling the gap in the domestic market for ultra-large volume on-board cylinders;

5. The 45MPa liquid-driven hydrogen compressor was applied in a commercial hydrogen refueling station for the first time, forming the independent design and development capabilities of the liquid-driven hydrogen compressor and its core components;

6. Delivered a 2000Nm^3/h alkaline water electrolysis hydrogen production separation and purification equipment with wide-range adjustment, marking the official entry of the Company's post-treatment related products for water electrolysis hydrogen production into the market;

7. The national standard GB/T44457-2024 Hydrogen Storage Pressure Vessel Used in Hydrogen Refueling Stations participated in drafting and the industry standard NB/T11661-2024 Cylinder Skid Container for Fully Wrapped Carbon-Fiber Reinforced Aluminum Lined for Transportation of Compressed Hydrogen chaired in drafting have been approved and officially released, fully demonstrating the important achievements of China's standardization work in the hydrogen energy field and also providing strong support for promoting the healthy and orderly development of related industries.

Sales and Marketing

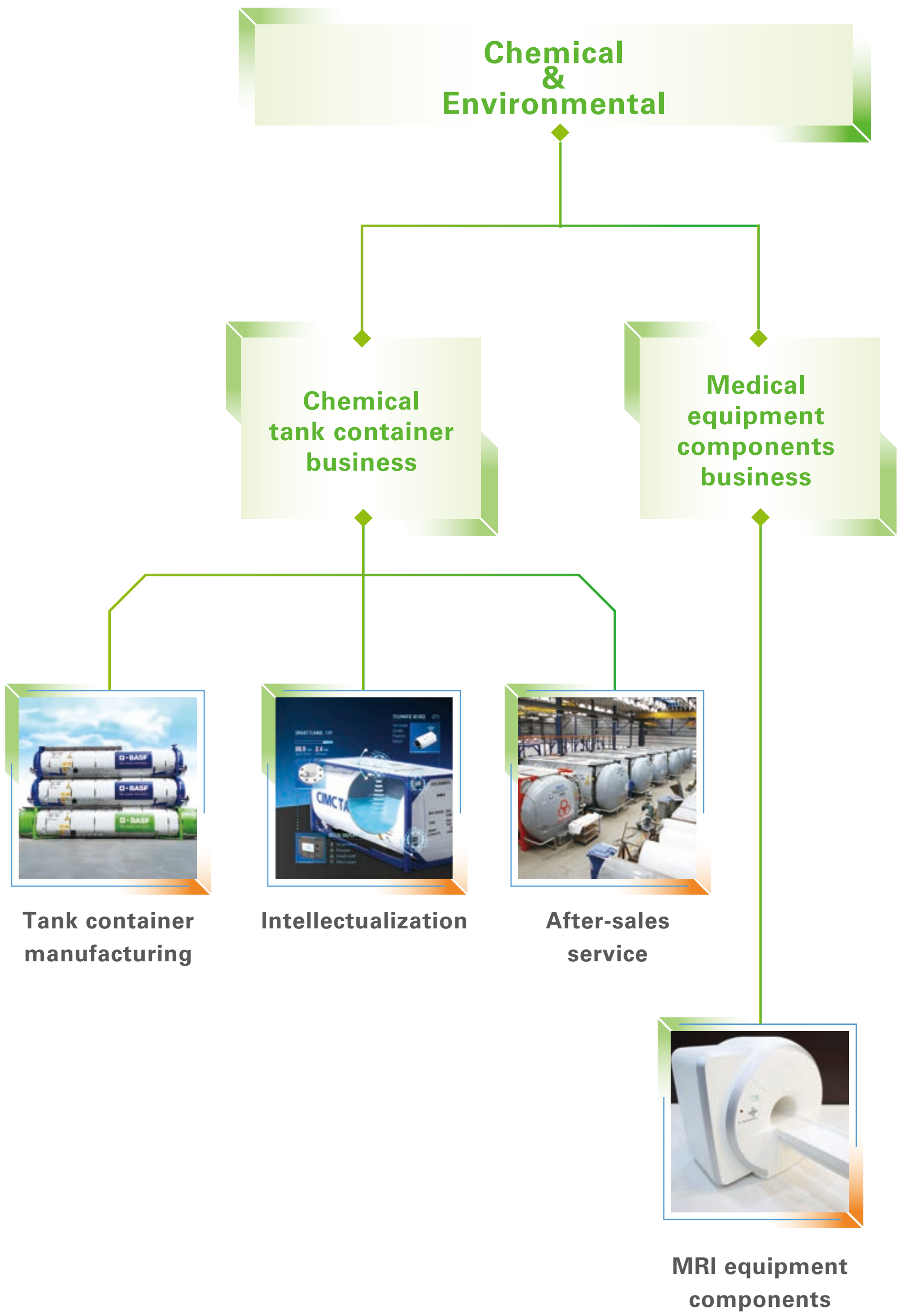
The Clean Energy Segment of our Group has set up sales offices in China, Southeast Asia, North America, etc., and has established subsidiary companies for related businesses in the United States and Singapore. The equipment products of the cryogenic, medium-pressure, and high-pressure categories of this segment are mainly sold under the brand names of "Enric", "Sanctum" "Hongtu", "CIMC Tank", and "Cryobest". The brand names for liquefaction engineering projects and EPC project engineering services are "CIMC ENTECH" and "CIMC Shenleng" respectively. The main brand name for distributed energy and low-carbon energy station products is "CIMC Enric". The brand name for products and engineering services of the marine clean energy business is "CIMC SOE". Hydrogen energy equipment products and project engineering services are mainly provided under the self-owned brands of "Enric" and "CIMC Hydrogen". The Internet of Things intelligent operation management platform is mainly sold under brand names such as "Anjiehui", "Lanshi", and "Lanshui". The customer base includes well-known domestic and foreign enterprises 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, as always, attaches great importance to and maintains long-term relationships with customers. We are committed to ensuring that customers can operate all kinds of clean energy equipment provided by us safely and efficiently at all times. Adhering to the concept of "providing services for customers throughout the whole life cycle", we establish various regional service centers (stations) or cooperative service outlets according to the distribution areas of customers and products, ensuring that we can provide customers with various technical service supports such as technical guidance, installation and debugging, rapid maintenance, and application training quickly, conveniently and efficiently 7×24 hours, so as to ensure the safe operation of customers throughout the process.

Through the upgrading and expansion of comprehensive stations, the Group has further enhanced its service scope and service capabilities. The 9 comprehensive stations located in 8 provinces including Guangdong, Xinjiang, Shaanxi, Sichuan, Jilin, Jiangsu, Hebei, Liaoning, and Heilongjiang, together with the service stations established independently or through cooperation with social resources by each main business enterprise, have expanded the service products from the after-sales service of high-pressure, medium-pressure, and cryogenic series products under the CIMC Enric brand to the whole process including the supply of spare parts, installation and debugging, operation and maintenance, and even the provision of service general contracting. For the overseas market, after-sales service networks have been established in regions such as Europe, Southeast Asia, the Middle East, and the Americas through acquisitions, authorized cooperation, etc., to meet the after-sales service needs of customers in these regions. The safe, professional, efficient, and integrated after-sales service makes the service closer to customers, responds to customers more quickly, and provides more convenient services. In the future, through service coordination, we will continuously promote the upgrading and expansion of after-sales services, promote the integration, coordination, and sharing of after-sales service resources for energy equipment, and comprehensively build a comprehensive, 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

Tank containers play a crucial and decisive role in the transportation and storage of bulk fluid goods, such as liquid, gaseous, and powdered or granular media, especially in the multimodal transportation of hazardous chemicals. According to the data statistics of the International Tank Container Organization (ITCO), as of January 2025, the global tank container market stock reached 882,000 units, and the newly manufactured tank containers amounted to 42,100 units. The newly manufactured quantity in 2024 decreased by 25.58% year-on-year compared the corresponding period last year. As a result, the performance of chemical and environmental segment was weak during the period. But in the long term, the tank container market shows a spiral upward trend and is constantly moving towards a green logistics model that is safer, more economical, more environmentally friendly, and more intelligent.

The chemical and environmental segment has been deeply engaged in the medical imaging equipment market for more than a decade, and has been continuously improving and striving for perfection in the field of supporting products for high-end medical imaging equipment. In recent years, with the continuous increase in the degree of global aging and the growth in the prevalence of various chronic diseases, people's attention to medical health has gradually increased, and the demand for medical equipment in major hospitals has been constantly rising. As the application of magnetic resonance imaging (MRI) technology in medical imaging diagnosis becomes more intelligent and precise, the medical industry places increasing importance on high-end imaging technology, and the market for medical MRI equipment shows a continuous growth trend.

Since the medical reform in 2012, relevant national departments have successively introduced a series of policies related to the medical industry, aiming to optimize the level of medical services, encourage the implementation of hierarchical medical treatment, and facilitate the redistribution of medical resources to lower-tier healthcare institutions. This has opened up new market space for the sales of imaging equipment. Driven by both market demand and favorable policies, according to the prediction of China Insights Consultancy (灼識諮詢), the Chinese medical imaging equipment market will continue to grow. It is expected that the market size will approach RMB110 billion in 2030, with an average annual compound growth rate of 7.3%.

Logistics related policies

No.	Release time	Issuing authority	Policy name	Main content
1	September 2024	General Administration of Customs, National Development and Reform Commission (NDRC), Ministry of Industry and Information Technology, Ministry of Finance, Ministry of Transport, National Immigration Administration, National Railway Administration, Civil Aviation Administration of China (CAAC), China State Railway Group Co., Ltd.	"Guidance on the Construction of Smart Ports"	Build a diversified logistics service network. Strengthen the connection and linkage between different logistics organization forms to build a diversified logistics service network with smooth internal and external connections. Promote the "single-document system" and "single-container system" in intermodal transportation, enabling consignors to make a single consignment, settle fees once, and insure goods once. Throughout the intermodal transportation process, "no container change or opening until final delivery", and the intermodal transport operator takes full responsibility.
2	November 2024	General Office of the Central Committee of the Communist Party of China, General Office of the State Council	"Action Plan to Effectively Reduce Logistics Costs Across Society"	Accelerate the improvement of the intermodal transportation system. Establish and improve relevant systems for intermodal transport operators, refine business rules, and promote standardized intermodal transport documents. Foster intermodal transport operators, develop container road-rail and rail-water intermodal transport. Accelerate the implementation of the single-document system and single-container system, promote containerized transport modes such as palletized transport, and innovatively create stable-operating and branded intermodal transport products. Harmonize the rules and standards of various transport modes, strengthen facility connection, information sharing, standard coordination, and mutual recognition of security inspections. Deeply promote the improvement and strengthening of the national comprehensive freight hub supply chain. Promote the establishment of a domestic trade container rail-water intermodal transport system.

No.	Release time	Issuing authority	Policy name	Main content
3	November 2024	Ministry of Transport, National Development and Reform Commission (NDRC)	Notice on Issuing the Action Plan for Reducing Costs, Improving Quality and Efficiency in Transportation and Logistics	Promote the innovative development of the "single-document system" in intermodal transportation. Research and formulate intermodal transport management systems and technical standards for the "single-document system", and promote the connection of rules for transfer and handover between different modes, goods delivery, information interconnection, and insurance claims. Establish and improve the domestic trade container intermodal transport system. Develop and improve the standard system for domestic trade containers and promote the matching and connection of intermodal facilities and equipment. Encourage the construction of domestic trade container pick-up and return points, improve the technical standards for container management services, and promote the circular sharing of domestic trade containers. Accelerate the connection and mutual recognition of industry standards for the classification, loading, and safety inspection of rail-water intermodal transport goods, and promote the development of the "single-container system" in intermodal transportation.
4	December 2024	General Office of the Central Committee of the Communist Party of China, General Office of the State Council	"Opinions on Accelerating the Construction of a Unified and Open Transportation Market"	Improve the intermodal transport operation system. Focus on network connection, network improvement, and supply-chain strengthening. Conduct the construction of transportation infrastructure moderately ahead of schedule, accelerate the construction of the main framework of the national comprehensive three-dimensional transportation network, and enhance the capacity of national comprehensive freight hubs. Strictly follow the procedures for closing transportation infrastructure. Actively develop transport organization modes such as railway (high-speed rail) express delivery, drop-and-hook transport, online freight, direct river-sea transport, and in-water transshipment. Accelerate the development of intermodal transport such as rail-water, road-rail, and air-land transport, promote the coordination and mutual recognition of rules such as the "single-document system", and speed up the cultivation of intermodal transport operators. Promote the development of specialized transport for cold-chain and dangerous goods.

Medical care related policies

No.	Release time	Issuing authority	Policy name	Main content
1	March 2024	The State Council	Notice on Issuing the Action Plan for Promoting Large-scale Equipment Upgrades and Trade-ins of Consumer Goods	By 2027, the scale of equipment investment in fields such as industry, agriculture, construction, transportation, education, culture and tourism, and medical care will increase by over 25% compared with that in 2023. Medical institutions that meet the requirements are encouraged to accelerate the upgrading and renovation of medical equipment such as medical imaging devices, radiotherapy equipment, remote diagnosis and treatment systems, and surgical robots.

Environmental protection related policies

No.	Release time	Issuing authority	Policy name	Main content
1	January 2024	Ministry of Industry and Information Technology, Ministry of Education, Ministry of Science and Technology, Ministry of Transport, Ministry of Culture and Tourism, State-owned Assets Supervision and Administration, Commission of the State Council Chinese Academy of Sciences	"Implementation Opinions on Promoting the Innovative Development of Future Industries"	Promote the upgrading of advanced basic materials such as non-ferrous metals, chemicals, and inorganic non-metals. Develop key strategic materials like high-performance carbon fibers and advanced semiconductors, and accelerate the innovative application of cutting-edge new materials such as superconducting materials.
2	February 2024	Ministry of Industry and Information Technology, National Development and Reform Commission (NDRC), Ministry of Finance, Ministry of Ecology and Environment, People's Bank of China, State-owned Assets Supervision and Administration, State Administration for Market Regulation	"Guidance of Seven Departments including the Ministry of Industry and Information Technology on Accelerating the Green Development of the Manufacturing Industry"	Promote the green, low-carbon and high-starting-point development of emerging industries. In the field of new materials, carry out the R&D and application of technologies such as the intensive utilization of associated minerals and tailings, the large-scale utilization of industrial solid wastes, and the high-value utilization of recycled resources to enhance the security capacity of strategic mineral resources such as rare earths and rare metals. In the field of high-end equipment, accelerate the innovation and industrial application of key remanufacturing technologies such as additive manufacturing, flexible forming, non-destructive testing, and disassembly, and promote the remanufacturing of equipment with high technological content and high added value. In the field of environmental protection equipment, strengthen research on key core technologies to meet new demands such as the treatment of new pollutants.

Business Review

The operating entity of this segment is CIMC Safeway Technologies Co., Ltd.* ("CIMC Safeway", a subsidiary of the Company whose shares are listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 301559.SZ)), which focuses on the design, research and development, production, manufacturing and sales of tank containers. It is a global leading manufacturer and full lifecycle service provider of containerised logistics equipment for liquids and liquefied gases (room temperature). Its main products include a full range of tank containers, covering standard stainless steel liquid tank containers, special stainless steel liquid tank containers, carbon steel gas tank containers, carbon steel powder tank containers, etc. At the same time, the segment provides cleaning, repair, regular inspection, stockpiling and other after-sales services for tank containers, and provides customised information services for tank containers based on the Internet of Things technology. Based on its strong manufacturing capability and comprehensive quality control system, this segment has developed medical equipment components businesses.

In 2024, the complicated international environment imposed much pressure on the global chemical industry, and plus higher US dollar interest rate increasing finance costs of tank container lessors, the market demand for tank containers declined year-on-year. However, in the long run, tank containers are internationally recognised as the ideal choice for containerized transportation of liquids and liquefied gases (room temperature). With the increasingly strict environmental policies and growing public safety awareness, tank containers will continue to expand their application scenarios in sectors such as chemicals, food and new energy batteries by virtue of characteristics of efficient, safe and green, indicating a vast space for future development of the industry.

In the face of challenges, the segment has steadfastly adhered to the keynote of high-quality development, vigorously advancing new productive forces through initiatives such as intelligent manufacturing and digital transformation to achieve steady progress while consolidating long-term competitiveness in the new landscape.

The segment has consistently supplied customers with a comprehensive range of cost-effective, high-quality new tank containers while upholding our business ethos of "manufacturing + services + intelligence". By delivering reliable, top-tier products and services across the entire industry chain of tank container and its adjacent sectors, it has earned widespread acclaim from clients, generating substantial economic and social benefits. Our tank container after-sales services are provided to customers in regions such as the Netherlands, Zhejiang and Jiangsu.

In the meantime, through over a decade of diligent effort and continuous improvement, the key part and component products of high-end medical imaging equipment in this segment were highly recognised by more and more industry giants, which gradually became its strategic partner. With the constant improvement of brand image, new domestic customers are gradually increasing and the product range continues to expand. In 2024, the high-end medical nuclear magnetic business of the segment closely followed the technological progress and market development of leading enterprises, and developed in step with the industry through continuous innovation and management upgrading, achieving sustained growth in performance.

In the field of intelligent business, this segment not only deepens the intelligent upgrading of tank container ancillary products, but also actively responds to market demand to successfully expand its business horizontally to the intermediate bulk container industry. In order to improve the safety and efficiency of pressure vessel operation, it integrates the Internet of Things and sensing technology to enable the intelligent monitoring system to collect and analyse key data in real time, so as to provide early warning services. In addition, customised liquid level sensor for railway tanks has successfully entered overseas markets. In 2024, the segment made significant progress in intelligent upgrading, timely detecting potential safety hazards through the intelligent early warning function to provide users with comprehensive monitoring services and quality assurance, as thus more than 8,000 intelligent monitoring systems were delivered and applied to intermediate bulk containers.

In 2024, the segment focused on the theme of intelligent and green development, and with operational excellence as the key, continued to promote digital transformation and upgrading, and the construction of green flexible intelligent plant of tanks, and therefore was selected the first batch of Excellence Class Intelligent Factory by the Ministry of Industry and Information Technology. The segment incorporated the concept of green development into all aspects of enterprise development, and in response to the customers' concerns about environmental protection, promoted the green transformation of the manufacturing industry, and thus was awarded as the "National Green Plant" by the Ministry of Industry and Information Technology. Leveraging on its sound internal control system, solid financial position, good compliance record and efficient safety management measures, the segment has successfully passed the re-examination of AEO high-level certification by the customs. It has established a robust quality management system, and was rated as a "Quality Credit Grade AAA Enterprise" in Jiangsu Province by virtue of its high standard of performance in product quality management and corporate reputation.

In addition, this segment has also actively explored industry-university-research cooperation with universities. It has established cooperative relationships with several universities to promote the research and development and innovation capabilities of the segment in the fields of optoelectronics, intelligent control, automated welding, etc., thus providing a strong support for the future business development.

Future Plans and Strategies

The segment fully implemented the medium and long-term strategy of "lean innovation, intelligent renovation and digital transformation, tank containers linking the world, green development", with operational excellence as the key to constantly enhance innovation and research and development capabilities, expand the penetration rate of tank containers and explore emerging markets, fulfilling the development philosophy of low-carbon and green environmental protection.

1. Consolidating the Core Business Foundation to Support Stable Operations

Through continuous iteration and lean innovation, the segment has explored and implemented both incremental and transformative improvements across multiple dimensions, including technology, products, services, management, and business models, steadily enhancing its core competitiveness. With the vigorous development of the new energy industry and the state's strong support for the high-end technology industries, the segment focuses on a number of key areas, actively responds to the changes in market demand, and promotes the use of tank containers for logistics and transportation by users in the new energy, wafer and semiconductor industries. On this basis, most of the international trade of products mentioned above utilises tank containers, and it is believed that this positive trend will sustain in the future. Moreover, the segment will further explore the field of food transportation and expand the application of tank containers in food transportation, striving to provide professional and reliable equipment for the efficient and safe transportation of global food, thereby contributing to the industry's development.

By further enhancing the standard of on-site automation, reducing the intensity of manual operations and continuously promoting intelligent manufacturing, the segment has established a production environment that fosters human-machine collaboration and ensures worker-friendly operations. The segment actively explores practical application of AI in operations, empowers the upgrading of business management and establishes a data-driven decision-making mechanism, thus to comprehensively enhance the standard of integrated management. While strengthening the foundation of our manufacturing business, the segment places particular emphasis on providing full lifecycle services for tank containers, continuously optimises the business layout of tank container after-sales services to provide customers with a series of services including cleaning, maintenance, inspection and storage, thereby enhancing the overall customer service experience and further improving customer satisfaction.

2. Expanding Growth Momentum to Achieve Sustainable Development

Focused diversification is a pivotal strategic initiative to achieve sustainable growth and strengthen resilience against risks. At present, having established a solid market position and scale advantage in tank container manufacturing, the segment will actively pursue new business opportunities in related fields, particularly high-end equipment industries, to further enhance competitiveness and foster effective synergy among scale, business scope and cutting-edge technology. By diversifying revenue streams, it aims to continuously expand and strengthen our business scale and achieve quality-driven expansion.

Medical equipment business: Rooted in China with a global outlook, the segment will focus on cutting-edge development technologies for medical MRI equipment, closely follow the lead of industry leaders to deliver more advanced high-end components for medical imaging equipment. It will continue to build precision machining capabilities for non-ferrous metals, expanding beyond the medical imaging sector into additional industries.

Intelligent equipment business: The segment has been building software and hardware and service capabilities of "sense, foresight and implementation", empowering digital intelligence transformation of the chemical logistics and intelligent manufacturing fields with reliable quality and innovative technologies.

Sales and Marketing, Customer Service

The long-term leading position of this segment in the tank container industry benefits from the stable cooperative relationships established with downstream customers, including long-term partners, which ensures the stability of the customer base. The main product, tank containers, is mainly targeted at the global market and serves lessors, operators, and end customers. The direct customers of this segment mainly include internationally renowned container leasing companies such as EXSIF, Eurotainer, Raffles, CS Leasing, Trifleet, Peacock Container, and professional chemical logistics service providers such as Stolt Tank Containers, Bertschi, Den Hartogh, Eagle Liner, Suttons International, Gentco Logistics, China Railway Tielong, Dalian DJD, Milkyway. The transported chemicals involve almost all the giants and active participants in the global fine chemicals and basic chemicals industries, including BASF, DuPont Chemours, Wanhua Chemical, Solvay, CATL, Tinci Materials, and the leading chemical companies in Japan and South Korea, covering regions such as Asia, North America, Europe, and Australia.

This segment has deepened the development of the "Internet of Things + Tank Container" business. Based on customer needs, it has continuously promoted the intelligent upgrading of tank container products, and continuously optimized the heating and cooling solutions for tank containers to achieve remote sensing and intelligent intervention, providing customers with one-stop value-added services, thereby assisting customers in the data application and real-time supervision of their operations.

At the same time, in the business field of medical equipment components, this segment precisely focuses on the cutting-edge track of medical imaging equipment, devotes itself to the research, development and manufacturing processes. Under the leadership of industry leaders, it continuously improves its research and development and manufacturing capabilities to help the medical industry move towards a higher development stage.

In terms of customer service, in addition to traditional sales services, a customer service platform has been established. By using data analysis and customer feedback, products and services are continuously optimized to meet customer needs. At the same time, customer relationship management is strengthened to improve customer satisfaction. Through the implementation of these comprehensive strategies, this segment aims to further expand its market share, consolidate its leading position in the industry, and provide customers with more professional and personalized services.

Research and Development

The Chemical and Environmental Segment is committed to providing customers with comprehensive logistics solutions. Through the collaborative R&D model of industry-university-research cooperation and the cooperation among China, the UK, and Europe, it conducts a series of developments of special tank container products and the upgrading and iteration of standard products. It has achieved the industry's first mass-production of 52-foot high-temperature tank containers, solved the problems of thermal expansion and contraction and uniform heating of super-large-volume tank containers, and expanded the unique technical advantages of super-large-volume railway tank containers. To solve the long-standing cleaning problem of rectangular-circular tank container users caused by the internal structure of the product, it has provided an easy-to-clean solution for rectangular-circular tank containers. It has overcome multiple manufacturing technology difficulties of ultra-thin tank containers, successfully developed corresponding products, and further enhanced the lightweight advantage in the field of non-hazardous medium storage and transportation.

In response to customers' in-depth needs for the intelligence and electrification of tank containers and surrounding chemical logistics equipment, the segment has successfully developed and put into use a series of products, continuously promoted the intelligent upgrading of tank container products, and continuously optimized the heating and cooling solutions for tank containers to achieve remote sensing and intelligent intervention, providing customers with one-stop value-added services to assist customers in the data application and real-time supervision of their operations.

This segment continuously devotes itself to the development and application of new technologies, new processes, and new materials, and actively carries out and continuously promotes the automation, digitization, and intelligent upgrading of production lines. In terms of environmental protection, the powder coating technology with ultra-low VOCs emissions has been applied in large-scale production, and the R&D of the automatic pickling spray system has been completed. In terms of welding applications, the automatic argon arc welding of stainless-steel flanges for liquid tank containers and the double-wire submerged arc welding of the circumferential seams of the gas tank container cylinders have been completed, improving the welding efficiency and quality. In terms of tank container surface treatment, fully automatic shot blasting has been realized, reducing the labor intensity of employees and improving product quality at the same time.

In 2024, this segment led and participated in the compilation of a national standard "Safety Technical Requirements for Road Transportation Liquid Dangerous Goods-Metal Transported (《液體危險貨物道路運輸金屬可移動罐櫃安全技術要求》)" by Road, which fills the gap in domestic standards in this area. Currently, the standard has completed the solicitation of public opinions and has been revised, and is being reviewed by the Standardization Administration of China.

This segment has independently developed a number of core patented technologies, mainly including intelligent sensing technology, virtual simulation design and R&D technology, cold-chain and hot-chain storage and transportation equipment design and manufacturing technology, special medium storage and transportation technology, structural lightweight design and optimization technology, mechanical equipment automated manufacturing technology, precision manufacturing technology for high-end medical supporting equipment, precise forming control technology for complex structures, and mechanical testing and characterization technology. As of December 31, 2024, this segment had 269 valid patents, including 87 invention patents, 174 utility model patents, and 8 design patents. In 2024, the segment newly applied for 45 patents, including 26 invention patents and 19 utility model patents. In addition, this segment has successively participated in drafting 9 national/industry standards and has won many national and provincial science and technology awards, including the China Patent Excellence Award, the Second-Class Award for Scientific Progress of the China Federation of Logistics & Purchasing, the Third-Class Award for Scientific Progress of Jiangsu Province, the Patent Excellence Award of Jiangsu Province, etc. It also has technical platforms and titles such as the National Post-doctoral Research Workstation, the Jiangsu Engineering Technology Research Center for Special Transport Equipment, the Jiangsu Enterprise Technology Center, the Jiangsu Industrial Design Center, the National Intellectual Property Advantage Enterprise, and the National Intellectual Property Demonstration Enterprise.

LIQUID FOOD SEGMENT

Brewery turnkey project

Baijiu turnkey project

Juice tank

Distillery turnkey project

Pharmaceutical vessel

Industry Overview

According to Statista's report, the global beer market is forecasted to grow at a modest CAGR of 2.1% to USD 367.8 billion by 2029 reflecting underlying macroeconomic factors such as economic downturns and high inflation, which impact discretionary spending. The top beer markets globally China, the United States, and Brazil remain focal, while higher growth rates are emerging in Southeast Asia, driven by rising disposable incomes and evolving consumer preferences. The distilled spirits industry is projected to grow at a faster rate of 5.1% CAGR worldwide, shaped by broader macroeconomic trends and shifting consumer behaviour. Emerging economies, particularly India, South Africa, and parts of Southeast Asia and Latin America are key drivers of this growth, fuelled by rising disposable incomes, expanding middle classes, and increasing urbanization. These regions are witnessing a surge in premium and innovative products, as younger consumers explore new drinking occasions and categories.

China continues to be a significant player in the global alcoholic beverages market, with growth patterns mirroring global trends: beer is expected to slow, while spirits show steady growth. The broader Chinese beverage market is a high-growth sector, with revenues projected to grow at a CAGR of 7.5% from 2025 to 2029. Key drivers include shifting consumer preferences for enhanced flavors, functionality, and nutritional benefits. As leading brands diversify their portfolios to include juices, ready-to-drink (RTDs) beverages, and energy drinks, new demands for specialized processing equipment create opportunities in the liquid food segment.

Baijiu remains dominant in the spirits category, accounting for over 90% of total distilled spirits consumption. Industry policies continue to drive mechanization and modernization in baijiu production, creating opportunities for the liquid food segment. Furthermore, the 14th Five-Year Plan's focus on "zero-carbon production areas" and "zero-carbon plants" is accelerating investments in carbon-neutral transformation across breweries, distilleries, and biopharmaceutical facilities. With our strong in-house expertise in sustainable solutions, we are well-positioned to support customers in achieving their carbon-neutral goals, making this a key opportunity for growth.

Fluctuating interest rates, a slowdown in consumption growth, and geopolitical instability continue to influence capital expenditure and investment decisions across the industry. Therefore, the growth rate of revenue in the liquid food segment has slowed down and new orders are under pressure during the period. Despite these challenges, the segment remains well-positioned for long-term growth. With deep expertise in designing and delivering integrated solutions for beer, distilled spirits, juice, and other liquid processing industries, it continues to meet the evolving needs of its global customer base. As sustainability, efficiency, and digitalization become increasingly critical, the segment's strong portfolio of innovative and sustainable solutions ensures that it remains a trusted partner in shaping the future of liquid processing.

Business Review

The business entity of this segment is CIMC Liquid Process Technologies Co., Ltd. ("CLPT", a subsidiary of the Company whose shares are quoted on the National Equities Exchange and Quotations System* (全國中小企業股份轉讓系統) (stock code: 872914.NEEQ)). This segment specializes in the field of bio fermentation intelligent equipment and production lines, providing "turnkey project" solutions for process design, equipment manufacturing, installation and integration systems for major customers in biomedicine, distillation, brewing and other industries. The segment possesses globally reputable and leading brands Ziemann Holvrieka, Briggs, DME, Künzel and McMillan, with major manufacturing plants in Europe and China.

The year 2024 presented a series of challenges for the liquid food segment, shaped by a combination of macroeconomic pressures and geopolitical factors that have influenced the global liquid food and beverage market. Fluctuating interest rates, particularly in the United States, alongside political instability, have led to a more cautious approach from key customers in North America, resulting in delays in capital expenditures. Significant projects, including a brewery project in Mexico and a beverage project in the USA, were deferred, which has impacted our expected revenue for the year.

Despite these setbacks, the segment showed resilience, with a slight decline in net profit, largely attributed to the strong performance from the segment's business operations in China. Key project completions in both brewing & distilling industries helped maintain momentum.

In the brewery and distilled spirits sectors, global challenges such as increased raw material and energy costs, along with shifts in consumer behavior, led to more conservative capital expenditure from clients. This caution in spending translated into delays in both ongoing and new projects, particularly in overseas markets. Nevertheless, the segment has remained agile, refocusing efforts on the domestic market, where substantial opportunities have emerged in the growing solid state fermentation, whiskey, and beer sectors. The segment continued to leverage their expertise in EPC project delivery, focusing on sustainability goals and advancing automation and intelligence levels, positioning itself as a trusted partner in the industry.

In addition to its core markets, significant progress was made in diversifying into sectors like pharmaceuticals and biopharmaceuticals. The growth of these industries globally, offers promising prospects. The segment's ongoing focus on operational excellence continues to strengthen its position across all markets. This includes refining processes to ensure higher quality and more profitable project delivery, as well as optimizing internal systems for improved efficiency and long-term cost reductions.

In August 2024, CLPT successfully quoted on the National Equities Exchange and Quotations System* (全國中小企業股份轉讓系統) (NEEQ). CLPT was awarded as China's national-level specialised, high-end and innovation-driven "Little Giant" enterprise during the period.

Looking ahead, while 2024 posed challenges, the liquid food segment remains well-positioned to weather the ongoing market uncertainties. With a strong focus on diversification, operational excellence, sustainability and innovation, the segment is optimistic about its ability to capture emerging opportunities and drive long-term growth.

Future Plans and Strategies

The segment's core purpose is to be the best in the world for safe, efficient, and sustainable liquid processing solutions. To sustain growth, several strategic initiatives have been advanced to guide the segment through 2024 and into the future.

A key focus in 2024 was enhancing current operations through implementing various operational excellence initiatives. The overall goal is to achieve efficiency and quality gains in global project deliver, through upgrading internal IT systems and streamlining supporting operational procedures. These initiatives will remain a central priority into the next period.

Additionally, the segment is committed to strengthening its product portfolio and expanding into new markets, particularly in non-beer sectors such as solid-state fermentation and beverages. Geographically, the segment made progress in enhancing its global footprint. This includes the development of a new manufacturing hub in Mexico to act closer to our customers in the Americas, and an expansion of the manufacturing operations in China with a multi-purpose facility for storage & process solutions for a wide range of industries.

In line with the capacity extension, the further development of the Chinese market will be prioritized, with a continued focus on the international spirits market, solid state fermentation and other diversification opportunities. Growth opportunities will be targeted in industries where the segment's expanded EPC capabilities and product portfolio can be leveraged to meet new customer demand.

Sustainability remains central to the segment's strategy, underpinned by ambitious goals across six key pillars. This includes reducing its carbon footprint, complying with international ESG standards, and supporting clients on their journey toward Net-Zero. Additionally, investment in a talented, diverse, and engaged workforce will drive innovation and help achieve the segments overall objectives.

Looking ahead, the segment is set to continue its growth as a global leader in the design and manufacturing of stainless steel storage tanks, processing equipment, and turnkey projects across various liquid food sectors.

Research and Development

The liquid food segment remains committed to advancing its R&D activities, with a particular focus on optimizing and innovating liquid food equipment products. In 2024, the segment made significant progress in the development of industrial complex distillation systems and mechanical vapor recompression solutions, especially for the distilled spirits industry. These innovations aim to help customers reduce energy costs and support their sustainability targets.

R&D teams have also dedicated considerable efforts to upgrading and transforming technologies for the Chinese solid state fermentation industry. This includes research and development for the entire Baijiu production chain. Examples include a grain processing systems that enhances grain utilization, and the development of complete automatic solid state fermentation lines.

In parallel, the segment's pilot brewery and collaborations with lead users continue to guide the development of new technologies. The segment has joined two public research projects: one with the Ostwestfalen-Lippe University of Applied Science and Arts, focusing on soft sensing devices for yeast propagation and beer fermentation, and another with the Technical University of Munich, Weihenstephan, working on virtualizing purposes for liquid food plant engineering and commissioning through modularization and simulation.

With sustainability at the core of its R&D efforts, the segment is committed to developing energy-efficient and environmentally friendly technologies. These advancements contribute to water and energy usage reduction and enhanced process efficiency, reinforcing the segment's commitment to its sustainability strategy and alignment with global trends toward sustainable production practices.

Sales and Marketing

Through its brands Ziemann Holvrieka, Briggs of Burton, Künzel, McMillan, and DME Process Systems, the liquid food segment delivered turnkey EPC solutions, stainless steel process and storage tanks, and engineering expertise across a diverse global customer base.

With establishments in China, Germany, Belgium, Canada, the UK, the USA, Thailand, Japan, Brazil and more, the segment's global presence is extensive. The year was shaped by macroeconomic and geopolitical factors, leading to a cautious investment climate, particularly in North America. Fluctuating interest rates and political uncertainty contributed to delays in capital expenditures, affecting major projects across key markets.

Despite these challenges, the segment's sales and marketing teams have intensified diversification efforts, launching targeted campaigns and initiatives to strengthen cross-selling opportunities within the group. This strategic approach enhances synergies across the segment's brands, expanding its reach in both established and emerging sectors. By leveraging global expertise and reinforcing customer partnerships, the segment remains well-positioned to drive long-term growth and deliver sustainable process solutions that meet evolving industry needs.

Customer Service

The technical knowledge of engineers in the liquid food segment, combined with practical experience from countless global projects, makes the segment a strong and reliable partner for its clients. It delivers tailor-made services that help clients achieve their operational objectives such as improving cost-effectiveness, carbon neutrality or optimized yields.

Worldwide support is provided across a broad range of services, including spare/replacement parts, engineering, maintenance service, periodical inspection services, and upgrades or retrofitting of installations. All services are delivered on a project or case-by-case basis, tailored to meet the specific needs of each client.

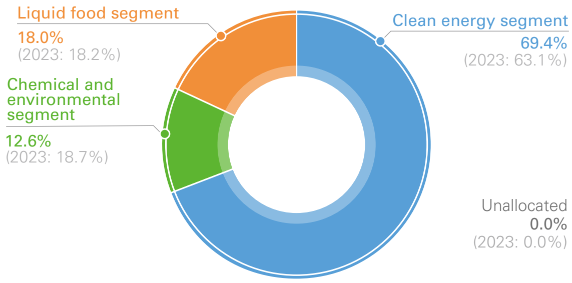
In 2024, the segment has also focused on enhancing collaboration across its global service teams, setting up cross-company initiatives to leverage the global network and share expertise. These collaborations aim to improve the overall service offering, ensuring that the segment can provide even more effective solutions to customers worldwide.

With a combination of technical expertise and practical, hands-on experience, the segment remains committed to offering exceptional customer service, maintaining its position as a trusted and reliable partner in the liquid food sector.

Revenue

During 2024, 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 2024 rose by 4.8% to RMB24,755,737,000 (2023: RMB23,626,279,000). 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 2024 rose by 15.3% to RMB17,183,412,000 (2023: RMB14,907,121,000), among which the hydrogen related business's revenue grew by 21.7% year-on-year to RMB852,491,000. The clean energy segment remained the top grossing segment and contributed 69.4% (2023: 63.1%) of the Group's total revenue.

Compared with the previous year's high-speed growth rate, the demand for tank containers has significantly slowed down during the year. As a result, the chemical and environmental segment's revenue was down by 29.4% to RMB3,116,028,000 (2023: RMB4,414,336,000). The segment made up 12.6% of the Group's total revenue (2023: 18.7%).

During 2024, benefiting from the execution and acceptance of key projects, the liquid food segment's revenue saw an increase of 3.7% to RMB4,451,333,000 during the year (2023: RMB4,292,702,000). The segment accounted for 18.0% of the Group's total revenue (2023: 18.2%).

The unallocated revenue was RMB4,964,000 (2023: RMB12,120,000) and made up 0.0% of the Group's total revenue (2023: 0.0%).

The Group's accumulated new orders received in 2024 reached a record high, with a total of RMB27,490 million new orders signed in 2024 and the backlog orders of RMB28,298 million by the end of 2024. In particular, orders for the clean energy segment increased significantly, with new orders signed for the clean energy segment reaching RMB21,793 million during the period and the backlog orders by the end of 2024 amounting to RMB23,213 million. Among them, the new orders signed for hydrogen business in 2024 and the backlog orders by the end of 2024 were RMB850 million and RMB251 million, respectively. In 2024, the new orders for chemical and environmental and liquid food segments amounted to RMB2,994 million and RMB2,703 million, respectively, and the backlog orders by the end of 2024 amounted to RMB937 million and RMB4,148 million, respectively.

Gross Profit Margin and Profitability

The Group's overall gross profit margin ("GP margin") fell to 14.4% in 2024 from 15.7% in 2023. While liquid food segment's GP margin rose slightly, chemical and environmental and clean energy segments' decreased at varying degrees. The clean energy segment's GP margin decreased slightly to 12.6% (2023: 12.8%), basically remaining at the same level as last year. During the year, the GP margin of chemical and environmental segment decreased to 16.4% (2023: 21.0%), which was mainly due to the global tank container supply and demand having reached a balance, the demand for standard tank containers having returned to normal, which was lower than the high level in 2023, leading to the reduction in the capacity utilisation rate of the production line, thereby affecting the gross profit margin. The GP margin of the liquid food segment increased to 21.4% (2023: 20.7%), which was mainly benefitting from smooth progress of the projects.

Profit from operations expressed as a percentage of revenue fell slightly to 6.2% (2023: 6.5%), which was mainly due to a decrease in GP margin.

Other operating income totalling RMB443,024,000 in 2024 (2023: RMB331,689,000) 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, as a result of the increase in term and restricted bank deposits in 2024.

Selling expenses increased by 11.38% to RMB520,308,000 (2023: RMB467,140,000). 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 and staff cost in line with an expanding scale of sales activities.

Administrative expenses rose by 3.13% to RMB2,021,689,000 (2023: RMB1,960,235,000) which was mainly due to increase in salaries and wages, and research and development spending.

During the year, impairment losses on financial and contract assets turned to a gain of RMB16,776,000 (2023: gain of RMB36,479,000), which was mainly attributable to the continuing effective implementation of the Group's credit control measures.

Other net gains of RMB66,409,000 in 2024 (2023: losses of RMB136,790,000) mainly comprised foreign exchange loss, net fair value losses on financial assets at fair value through profit or loss, compensation received, write-back of payables and advances from customers, gains on disposal of property, plant and equipment, gain on disposal of investment in an associate and a subsidiary, charitable donations and miscellaneous gains. The change in 2024 was mainly due to a drop in foreign exchange loss, a decrease in losses on settlement of derivative financial instruments, and an increase in net gains on disposal of property, plant and equipment and lease prepayment, write-back of payables and advances from customers during the year.

During 2024, finance costs increased by 11.6% to RMB104,404,000 (2023: RMB93,536,000). Finance costs mainly comprised interest on bank loans, loans from related parties, convertible bonds and medium-term and short-term notes of RMB 95,045,000 (2023: RMB87,617,000). The rise in interest expenses was mainly due to an increase in the amount of interest bearing debts during the year.

Income tax expenses for the Group increased by 2.2% to RMB300,087,000 in 2024 (2023: RMB293,727,000). The amount of income tax expense has not fluctuated significantly compared with last year.

Liquidity and Financial Resources

As at 31 December 2024, the cash and cash equivalents of the Group amounted to RMB7,264,358,000 (2023: RMB6,998,191,000). A portion of the Group's bank deposits totaling RMB1,553,940,000 (2023: RMB1,183,323,000), 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 2024, the Group's bank loans and overdrafts amounted to RMB364,622,000 (2023: RMB478,538,000) and other than the long-term bank loans that are repayable in 2036, the remaining are repayable within three years. All bank loans bore interest at rates from 2.40% to 3.94% per annum (2023: 2.70% to 4.14%).

As at 31 December 2024, the Group had bank loans amounting to RMB80,000,000 guaranteed by the Company's subsidiaries (2023: nil). The Group did not have any secured bank loans as at 31 December 2024 (2023: nil). As at 31 December 2024, loans from related parties amounted to RMB129,152,000 (2023: RMB695,526,000), which are unsecured, bearing interest at 3.00% per annum (2023: 2.95% to 4.75%) and repayable within one year.

As at 31 December 2024, the Group fully redeemed and cancelled all its previously issued zero coupon convertible bonds (in the aggregate principal amount of HK$1,680,000,000) and the convertible bonds were withdrawn from listing on the Stock Exchange on 10 December 2024. No conversion of the convertible bonds had been made since their issue and up to their redemption.

As at 31 December 2024, the Group had no convertible bonds in issue (31 December 2023: RMB1,452,871,000) and recognised imputed interest expenses of RMB39,921,000 for the year (2023: RMB41,404,000).

In April 2024 and September 2024, the Group issued three-year 2.43% and five-year 2.37% medium-term notes with par value totaling RMB500,000,000 and RMB 1,500,000,000 respectively. In September 2024, the Group issued 270-day tenure short-term notes with principal totaling RMB500,000,000 and bearing interest at 2.02% per annum. The proceeds from the aforementioned commercial papers after deducting the issuance costs were used for repayment of the Group's indebtedness and to supplement the Group's operating capital.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2023: zero times) as the Group retained a net cash balance of RMB4,278,497,000 (2023: RMB4,371,256,000). The decrease in net cash balance was mainly attributable to a cash outflow from investing and financing activities which is partially offset by the cash inflow from operating during the year.

The Group's interest coverage was 15.6 times for the year (2023: 17.6 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 2024, net cash generated from operating activities amounted to RMB2,486,370,000 (2023: RMB1,780,476,000), 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 RMB1,897,544,000 (2023: RMB2,081,077,000), this is mainly due to the payment for acquisition of property, plant, equipment and construction in progress, acquisition of intangible assets, settlement of derivative financial instruments and placement of term deposits which totaled RMB2,644,669,000 (2023: RMB2,160,798,000).

During the year, the net cash used in financing activities amounted to RMB375,425,000 (2023: inflow of RMB1,979,683,000), this is mainly due to the repayment of convertible bonds which amounted to RMB1,596,406,000 (2023: nil) and the repayment of loans from related parties RMB878,812,000 (2023: RMB234,814,000) , which is partially offset by the cash inflow from the issuance of medium-term and short-term notes amounted to RMB2,490,625,000 (2023: nil). In 2024, a final dividend of approximately RMB563,504,000 (2023: RMB432,899,000 was paid for the financial year 2022) was paid for the financial year of 2023.

Assets and Liabilities

As at 31 December 2024, total assets of the Group amounted to RMB29,381,665,000 (2023: RMB27,587,424,000) while total liabilities were RMB16,276,627,000 (2023: RMB15,213,780,000). The net asset value rose by 5.9% to RMB13,105,038,000 (2023: RMB12,373,644,000), which was mainly net profit RMB1,143,835,000 which was partially offset by dividend pay-out of RMB563,504,000. As a result, the net asset value per share increased from RMB6.101 at 31 December 2023 to RMB6.461 at 31 December 2024.

Contingent Liabilities

As at 31 December 2024, the Group had outstanding procurement performance guarantees issued by relevant banks totaling RMB4,945,031,000 (31 December 2023: RMB3,328,102,000). 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 and related party loans). In addition, CIMC Safeway (one of the Company's subsidiaries) successfully completed its IPO in 2023 and has the option to raise funding on the stock market. With the experience of financing in the PRC inter-bank market, the Company has expanded its financing option.

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 2024, the Group had contracted but not provided for capital commitments of RMB164,806,000 (2023: RMB347,159,000). As of 31 December 2024, the Group did not have any authorised but not contracted for capital commitments (31 December 2023: nil).

Foreign Exchange Exposure

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

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

During the year ended 31 December 2024, the Group did not have any significant investment, and there was no plan for other material investments or additions of capital assets as at the date of this report.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the year ended 31 December 2024, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures.

Charge on Assets

As at 31 December 2024, no property, plant and equipment was pledged.

Employees and Remuneration Policies

As at 31 December 2024, the total number of employees of the Group was approximately 12,000 (2023: approximately 11,000). Total staff costs (including directors' emoluments, retirement benefits scheme contributions and equity-settled share-based payment expenses) were approximately RMB2,619,654,000 (2023: RMB2,168,545,000).

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 2024, 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 LPG 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

- Production of hydrogen and LNG from coke oven gas EPC
- Green methanol EPC

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

- Standard stainless steel liquid tank containers
- Special stainless steel liquid tank containers
- Carbon steel gas tank containers
- Carbon steel powder tank containers
- High-end medical equipment components
- After-sale services

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 from 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 in 1997, and subsequently joined the Group in 2009. He served as an assistant to the general manager of the Company from May 2012 to March 2015 and served as deputy general manager of the Company from April 2015 to October 2017. He 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 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 ChiNext Market of Shenzhen Stock Exchange). He has been the vice president of China Container Industry Association since 2019. He holds directorships in certain subsidiaries of the Company, including serving as the chairman of the board of CIMC Liquid Process Technologies Co., Ltd. (中集安瑞醇科技股份有限公司) (a subsidiary of the Company quoted on the National Equities Exchange and Quotations).

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 ChiNext Board of Shenzhen Stock Exchange (stock code: 301093.SZ)) 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 ChiNext Board of Shenzhen Stock Exchange (stock code: 301093.SZ)). 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. Mr. Tsui is currently serving as an independent non-executive director of ZTE Corporation (a company listed on the Shenzhen Stock Exchange (stock code: 000063) and the Main Board of the Stock Exchange (stock code: 763)). 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. 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. Since October 2024, Ms. Huang has been appointed as a member of the Executive Committee of THE CHILD DEVELOPMENT CENTRE, which is a non-profit organization (NGO).

Ms. Qiu Hong

Independent Non-executive Director, Member of the Audit Committee and Nomination Committee

Ms. Qiu, born in 1970, was appointed as an Independent Non-executive Director on 30 September 2024. Ms. Qiu has over 25 years of rich experience in investment banking and private equity investment across Asia and the United States of America. Ms. Qiu joined Lazard Asia (Hong Kong) Limited in 2014 and is currently serving as the Managing Director and the Chairman and Chief Executive Officer of Investment Banking in Greater China Region. Prior to that, Ms. Qiu served at (i) Morgan Stanley Asia Limited between 2010 and 2014, where she had subsequently served as an executive director and the managing director; (ii) Citigroup Global Markets Asia Limited between 2007 and 2010, where she had subsequently served as the vice president and director. Additionally, between 1999 and 2007, Ms. Qiu held the position of senior investment officer at EMP Global, managing the AIG Asian Infrastructure Fund. Ms. Qiu's advisory expertise spans numerous cross-border merger and acquisition transactions involving Asian companies, with a particular focus on sectors such as power, energy, infrastructure, diversified industrials, and clean tech. Her profound understanding of China's outbound merger and acquisition regulatory framework, combined with her extensive network among central and provincial state-owned enterprises, entrepreneur-owned enterprises, and financing banks, distinguishes her in the field. Moreover, Ms. Qiu represented multinational companies in their acquisitions, strategic partnerships, and divestitures. Ms. Qiu is a responsible officer for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and a Chartered Financial Analyst (CFA) charterholder. Ms. Qiu actively contributes to the financial community, notably leading a panel at the Hong Kong Green Finance Association and served as a member of the Thunderbird Finance Advisory Committee. Ms. Qiu holds a Master of Business Administration degree with Honours from Thunderbird, the American Graduate School of International Management.

Senior Management

Mr. Gao Wenbao

Vice President

Mr. Gao, born in 1973, is currently 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. 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, the deputy general manager of the Company and the vice president of the Company's hydrogen energy business unit, 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 currently 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 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 2012 to 2014, general manager of Nantong CIMC Energy Equipment Co., Ltd. (a wholly-owned subsidiary of the Company) from 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 served 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.

Mr. Xu Yongsheng
Assistant to President

Mr. Xu, born in 1974, is currently the assistant to president of the Company responsible for energy equipment and engineering business as well as hydrogen energy-related business. He is also the vice president of the energy equipment and engineering business unit and the vice president of the Company's hydrogen energy business unit. Mr. Xu graduated from Xuzhou Institute of Technology (徐州工程學院), majoring in accounting. He is a senior economist and a model worker of Zhangjiagang City. From 1995 to 2004, he worked successively at Zhangjiagang No.2 Chemical Machinery Factory (張家港市第二化工機械廠) and Zhangjiagang Sanctum Chemical Machinery Co., Ltd. (張家港市聖達因化工機械有限公司). He joined the Group in September 2004 and has successively held the positions of engineering department manager, assistant to the general manager of the management department, deputy general manager, executive deputy general manager and general manager of Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd. He has also served as the general manager of Nantong CIMC Energy Equipment Co., Ltd. (a wholly-owned subsidiary of the Company) since January 2017.

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 financial 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 2000 to 2007; he then worked as financial controller in TCL from 2007 to 2010 and CFO of Asia Pacific Petroleum Group Co., Ltd. from 2010 to 2013; between 2013 and 2014, he was 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.

CORPORATE GOVERNANCE REPORT

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 set out in Appendix C1 to the Rules Governing the Listing of the Securities on the Stock Exchange (the "Listing Rules") 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;
- Multi-level Listed Company Corporate Governance, Code of Practice for Information Disclosure;
- 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 2024, the Company complied with all the code provisions 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 2024.

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 2024 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 2023 and 2024, and for the six months ended 30 June 2024 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 adoption of new memorandum and articles of association;
- approved the proposed change of auditor;

Board of Directors *(Continued)*

The Board *(Continued)*

- approved the operating data and indicators for the three months ended 31 March 2024, the third quarter of 2024, and the nine months ended 30 September 2024;

- reviewed and approved the Group's 2023 Environmental, Social and Governance Report;

- approved the announcement in relation to the adjustment to conversion price of HKD1,680,000,000 zero coupon convertible bonds due 2026 and the announcement in relation to the full redemption of HKD1,680,000,000 zero coupon convertible bonds due 2026;

- approved the joint announcement regarding the progress on proposed spin-off of CLPT and application for quotation on the NEEQ, and the joint announcement regarding the proposed spin-off of CLPT – official quotation on the NEEQ;

- approved the announcements in relation to the principal unaudited financial data of CIMC Safeway for the year ended 31 December 2023, the three months ended 31 March 2024, the six months ended 30 June 2024, the third quarter of 2024 and the nine months ended 30 September 2024;

- approved the announcement in relation to the principal unaudited financial data of CLPT for the six months ended 30 June 2024;

- approved the announcement in relation to the completion of the issuance of the 2024 tranche II of medium-term note and the 2024 tranche I of super & short-term commercial paper;

- approved the voluntary announcements in relation to the increase in shareholding by controlling shareholder; and

- approved the (1) change of independent non-executive director and (2) change in composition of audit committee and nomination 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 2024 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 2023 and 2024 respectively; and

- approved and adopted the Multi-level Listed Company Corporate Governance, Code of Practice for Information Disclosure 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 2024. 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 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.

Board of Directors *(Continued)*

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

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.

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.

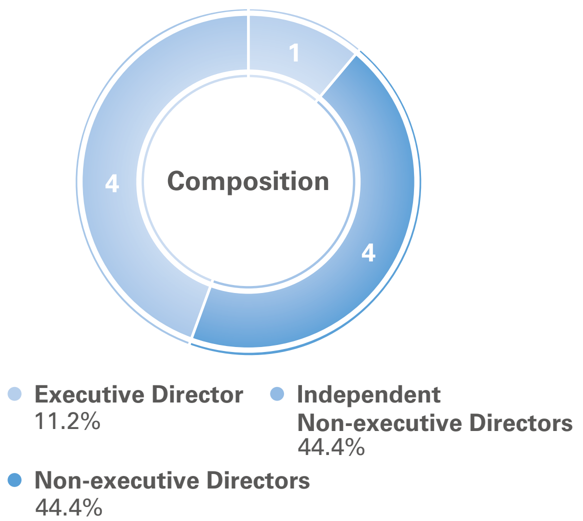
Reference is made to the Company's announcement dated 30 September 2024, Mr. Wang Caiyong retired to be an independent non-executive director of the Company, and ceased to be a member of the audit committee and nomination committee of the Company with effect from 30 September 2024. On the same day, Ms. Qiu Hong was appointed as an independent non-executive director, and a member of the audit committee and nomination committee of the Company after Mr. Wang Caiyong's retirement as independent non-executive director of the Company.

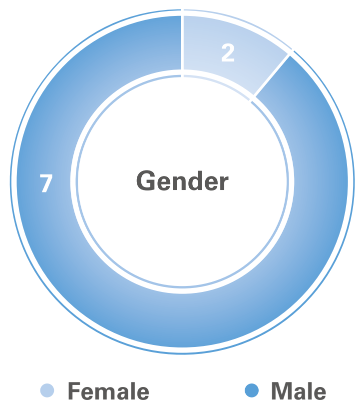
The Company has received from each independent non-executive director a written confirmation of his/her independence. With reference to such confirmations, the Company, to its best knowledge, considers all the independent non-executive directors fulfilled the guidelines on independence as set out in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

Board of Directors *(Continued)*

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 are two female Directors and seven male Directors. Details are as follows:





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

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

Board of Directors *(Continued)*

Board Composition *(Continued)*

Ms. Qiu Hong had obtained legal advice in relation to the requirements, duties and obligations under the Listing Rules that are applicable to her as a director of a listed company on 17 September 2024 pursuant to Rule 3.09D of the Listing Rules. Ms. Qiu Hong had confirmed that she understood her obligations as a Director of 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 50 to 55 and on the Company's website.

No relationship (neither financial, business nor family) exists among members of the Board and the senior management of the Company 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 2024 and in 2025 (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 50 to 53 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 2024 was above this target, and the overall attendance rate of all the directors in the meetings had reached 100%. 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 2024.

Board of Directors *(Continued)*

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.

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.

Board of Directors *(Continued)*

Meetings of the Board *(Continued)*

- 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.

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.

Board of Directors *(Continued)*

Director's Attendance

	No. of meetings attended during the Director's tenure during 2024					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainable Committee	General Meetings
Non-executive Director						
Mr. Gao Xiang *(Chairman)*	11/11	–	–	3/3	1/1	1/1
Executive Director						
Mr. Yang Xiaohu *(President)*	11/11	–	–	–	1/1	1/1
Non-executive Directors						
Mr. Yu Yuqun	11/11	–	–	–	1/1	1/1
Mr. Zeng Han	11/11	–	3/3	–	–	1/1
Mr. Wang Yu	11/11	–	–	–	–	1/1
Independent Non-executive Directors						
Mr. Tsui Kei Pang	11/11	5/5	3/3	–	–	1/1
Mr. Wang Caiyong (Note 1)	9/9	4/4	–	2/2	–	1/1
Mr. Yang Lei	11/11	5/5	3/3	3/3	–	1/1
Ms. Wong Lai, Sarah	11/11	5/5	–	–	–	1/1
Ms. Qiu Hong (Note 1)	2/2	1/1	–	1/1	–	–

Note:

1. On 30 September 2024, Ms. Qiu Hong was appointed as an independent non-executive director of the Company. On the same day, Mr. Wang Caiyong retired 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 2025 and the date of this report					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainable Committee	General Meetings
Non-executive Director						
Mr. Gao Xiang *(Chairman)*	2/2	–	–	1/1	1/1	–
Executive Director						
Mr. Yang Xiaohu *(President)*	2/2	–	–	–	1/1	–
Non-executive Directors						
Mr. Yu Yuqun	2/2	–	–	–	1/1	–
Mr. Zeng Han	2/2	–	1/1	–	–	–
Mr. Wang Yu	2/2	–	–	–	–	–
Independent Non-executive Directors						
Mr. Tsui Kei Pang	2/2	1/1	1/1	–	–	–
Mr. Yang Lei	2/2	1/1	1/1	1/1	–	–
Ms. Wong Lai, Sarah	2/2	1/1	–	–	–	–
Ms. Qiu Hong	2/2	1/1	–	1/1	–	–

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 2024 Listing Rules revision by the Hong Kong Stock Exchange. Nine Directors, namely Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Yu Yuqun, Mr. Zeng Han, Mr. Wang Yu, Mr. Tsui Kei Pang, Mr. Yang Lei, Ms. Wong Lai, Sarah and Ms. Qiu Hong 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 2024 to the Company.

During the year, the Group explained and provided training to employees on the trends in regulatory policies for environmental, social, and governance information disclosure. 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 energy conservation and carbon reduction project for liquefaction plants and research on carbon pricing and green certification.

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, 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 are two female Directors of total nine Directors (representing approximately 22.22% of the members of the Board) and in addition to the Directors, we have six senior management, among which there are one female senior management (representing approximately 17% of the members of the senior management). As at 31 December 2024, 14% of the Company's employees were female and 86% 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 two female Directors. The Board's target of having no less than than 20% female representation in the Board by or before 2028 has been achieved, which is ahead of schedule.

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.

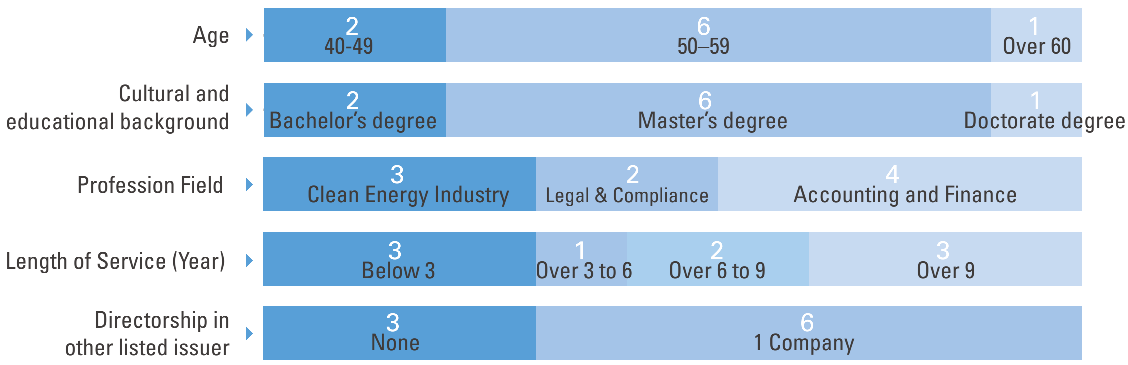
The Board has achieved the measurable objectives in the Board Diversity Policy and complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Board reviews the implementation and effectiveness of the Board. Diversity Policy, as appropriate, or at least on an annual basis.

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 nearly 8, 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 2023 and 2024 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 2024:

	Number of individuals
HKD1,000,001 – HKD1,500,000	2
HKD1,500,001 – HKD2,000,000	2
HKD2,000,001 – HKD2,500,000	1

The above five Senior Management also participated in the Share Award Scheme 2020, the Share Option 2023, the CIMC Safeway Incentive Scheme and/or the CLPT Incentive Scheme (to the extent applicable) respectively. During the year, the share-based payment expenses related to the aforementioned five individuals aggregated to approximately RMB6,612,000.

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 Ms. Qiu Hong, being a member of the Audit Committee, has appropriate professional qualifications and over 25 years of rich experience in investment banking and private equity investment across Asia and the United States of America. 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. Five Audit Committee meetings were held during the year 2024. 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)*	5/5			
Mr. Tsui Kei Pang	5/5			
Mr. Yang Lei	5/5	5	100%	100%
Ms. Qiu Hong (Note 1)	1/1			
Mr. Wang Caiyong (Note 1)	4/4			

Note:

1. On 30 September 2024, Ms. Qiu Hong was appointed as an independent non-executive director of the Company and a member of the Audit Committee and Nomination Committee. On the same day, Mr. Wang Caiyong retired to be an independent non-executive director of the Company and a member of the Audit Committee and Nomination Committee.

During 2024 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 2024;

- 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 2023 and 2024 and the six months ended 30 June 2024, and made recommendations to the Board;

- reviewed the integrity of the Group's annual accounts for each of the year ended 31 December 2023 and 2024, and the interim results for the six months ended 30 June 2024 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 2024 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;
- 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 2025.

In 2024 and up to the date of this Report, the Company engaged KPMG as the external auditor of the Group. KPMG 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	7,727
– Non-audit services:	
Interim review service	1,113
Tax consultation service	1.414
Other services	2,834
Sub-total	5,361
Total	13,088

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.

Three 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)*	3/3			
Mr. Zeng Han	3/3	3	100%	67%
Mr. Yang Lei	3/3			

In 2024, 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 2024, 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 2024 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. Yang Lei and Ms. Qiu Hong.

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 September 2024, the Chairman of the Board recommended and introduced Ms. Qiu Hong to the Board as an Independent Non-executive Director after Mr. Wang Caiyong's retirement to be the Independent Non-executive Director of the Company, in consideration of that Ms. Qiu Hong's valuable professional knowledge and rich experience in investment banking and private equity investment across Asia and the United States of America, 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			
Mr. Wang Caiyong (Note 1)	2/2	3	100%	67%
Mr. Yang Lei	3/3			
Ms. Qiu Hong (Note 1)	1/1			

Note:

1. On 30 September 2024, Ms. Qiu Hong was appointed as an independent non-executive director of the Company and a member of the Audit Committee and Nomination Committee. On the same day, Mr. Wang Caiyong retired to be an independent non-executive director of the Company and a member of the Audit Committee and Nomination Committee.

Delegation by the Board *(Continued)*

Board Committees *(Continued)*

Nomination Committee *(Continued)*

In 2024, 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, make recommendations on any proposed changes to the Board to complement the Company's corporate strategy and review the Board Diversity Policy;

- 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 2024, the Sustainable Committee held one meeting to consider, review and make recommendations to the Board on the Company's 2023 ESG Report and the work plan for 2024. 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, maintained the Company's ESG rating at AA. For more information on our ESG performance, please refer to the Company's 2024 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 2024. 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 2024, 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 55 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 89. A statement of the reporting responsibility of the external auditor is set out in the Independent Auditor's Report on page 117.

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.

Accountability and Audit *(Continued)*

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.

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 2024.

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.

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.

Communication with Shareholders *(Continued)*

Effective Communication *(Continued)*

Shareholders' rights *(Continued)*

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.

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 2024

In 2024, the Company held one general meeting, being one AGM.

The AGM was held on 20 May 2024 at Room 2102, 21/F, World Wide House, 19 Des Voeux Road Central, Central, Hong Kong. Eight ordinary resolutions and one special resolution were proposed in the meeting. More than 50% of votes were cast in favour of all the ordinary resolutions and not less than 75% of the votes were cast in favour of the special resolution. 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 2023;
- declaration of a final dividend in respect of year 2023 of HKD0.30 per ordinary share;
- re-election of the retiring Directors and authorising the Board to fix the remuneration of Directors;

Communication with Shareholders *(Continued)*

Effective Communication *(Continued)*

General meetings held in 2024 *(Continued)*

- appointment of auditor and authorising the Board to fix the remuneration of auditor;
- granting of general mandates to issue shares and to repurchase shares; and
- approving the amendments to the existing amended and restated articles of association of the Company and the adoption of the new amended and restated articles of association of the Company.

Full text of the above resolutions is set out in the notice of AGM of the Company dated 22 April 2024. The poll results of the AGM have been published on the websites of the Stock Exchange and the Company.

In light of the above policies and communication channels already in force, 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 2024.

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 2024, amendments 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"), were made to the Company's memorandum and articles of association and approved by the Shareholders by way of special resolution of the adoption of 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") at the Annual General Meeting held on 20 May 2024. 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.

By order of the Board
Gao Xiang
Chairman

Hong Kong, 25 March 2025

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 December 2024.

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 in 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 5.91% to RMB13,105,038,000 (2023: RMB12,373,644,000) which was mainly attributable to net profit of RMB1,143,835,000 during the year.

Revenue rose by 4.8% to RMB24,755,737,000 (2023: RMB23,626,279,000) which shows the Group's revenue generating ability has recovered along with recovery of the global economy.

Profit attributable to equity shareholder decreased by 1.71% to RMB1,094,871,000 (2023: RMB1,113,972,000) indicates the Group was less efficient in enhancing equity shareholders' value comparing with last year.

Return on equity decreased by 1.3 percentage points to 9.6% (2023: 10.9%) 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 22.8% in 2024 (2023: 21.2%) 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 for 2024, 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 2024 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 122 to 240.

Dividends and Reserves

The Board is pleased to propose a final dividend in respect of 2024 of HKD0.30 per ordinary share (the "2024 Final Dividend"), subject to the approval of shareholders in the forthcoming AGM to be held on 20 May 2025.

Details of movements in the reserves of the Company and of the Group during the year are set out in note 49 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 keep a 50% payout ratio for the year 2024.

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 2024 is as follows:

	Percentage of the Group's total sales	purchases
The largest customer	5.9%	–
Five largest customers in aggregate	15.6%	–
The largest supplier	–	10.4%
Five largest suppliers in aggregate	–	18.6%

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 2024, 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 RMB590,000 (2023: RMB453,000).

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. (i) as a result of the approval of the final dividend for the year ended 31 December 2021 by the Shareholders in the annual general meeting of the Company held on 20 May 2022, the conversion price of the Convertible Bonds was adjusted to HK$11.49 in accordance with the terms and conditions of the Convertible Bonds; (ii) further, as a result of the approval of the final dividend for the year ended 31 December 2022 by the Shareholders in the annual general meeting of the Company held on 17 May 2023, the conversion price of the Convertible Bonds was adjusted to HK$11.15 in accordance with the terms and conditions of the Convertible Bonds; and (iii) further, as a result of the approval of the final dividend for the year ended 31 December 2023 by the Shareholders in the annual general meeting of the Company held on 20 May 2024, the conversion price of the Convertible Bonds was adjusted to HK$10.65 in accordance with the terms and conditions of the Convertible Bonds.

Convertible Bonds *(Continued)*

Pursuant to the condition 8(d) (Redemption at the option of the Bondholders) of the terms and conditions of the Convertible Bonds set out in the offering circular dated 25 November 2021, the holder of each Convertible Bond can exercise the right, at such holder's option, to require the Company to redeem all or some only of such holder's Bond on 30 November 2024 at 102.27 per cent. of the principal amount, together with unpaid default interest (if any) accrued up to but excluding such date. Notices of redemption were accordingly served on the Company requiring the Company to redeem all outstanding Bonds with an aggregate principal amount of HK$1,680,000,000 (the "Early Redemption"). On 2 December 2024, the Company completed the Early Redemption at a total consideration of HKD1,718,136,000, which was funded by a combination of the Group's internal resources and external borrowings, and thereafter all Convertible Bonds (in the aggregate principal amount of HK$1,680,000,000) were redeemed and cancelled and there were no outstanding Bonds in issue. For further details of the Convertible Bonds and the Early Redemption, please refer to the offering circular of the Company dated 25 November 2021, the announcements of the Company dated 17 November 2021, 30 November 2021, 1 December 2021 and 2 December 2024 and note 35 to the financial statement of this report.

The net proceeds from the issue of the Convertible Bonds, being approximately RMB1,356,104,000 after the deduction of fees, commissions and expenses payable, have been fully utilized by the Company as at 31 December 2023.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 41 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 41 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 98 to 103, on pages 103 to 107, and on pages 93 to 94 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 2024 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 2024 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. Yang Lei
Ms. Wong Lai, Sarah
Ms. Qiu Hong *(appointed as independent non-executive Director on 30 September 2024)*
Mr. Wang Caiyong *(retired as independent non-executive Director on 30 September 2024)*

At the forthcoming AGM, Mr. Gao Xiang, Mr. Yang Xiaohu and Mr. Yang Lei 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. Qiu Hong 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:

Mr. Wang Caiyong has retired to be an independent non-executive director of the Company, and ceased to be a member of the audit committee and nomination committee of the Company with effect from 30 September 2024 as he would like to devote more time to his other personal commitments.

Ms. Qiu Hong has been appointed as an independent non-executive director, and a member of the audit committee and nomination committee of the Company with effect from 30 September 2024.

Mr. Yang Xiaohu is currently the chairman of the board of CIMC Liquid Process Technologies Co., Ltd. (中集安瑞醇科技股份有限公司), a subsidiary of the Company quoted on the National Equities Exchange and Quotations.

Mr. Tsui Kei Pang is currently serving as an independent non-executive director of ZTE Corporation (a company listed on the Shenzhen Stock Exchange (stock code: 000063) and the main board of the Stock Exchange (stock code: 763)).

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 2024, 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	2,900,000	0.14%
Yang Xiaohu	Beneficial owner	3,120,000	0.15%
Yu Yuqun	Beneficial owner	1,450,001	0.07%
Zeng Han	Beneficial owner	1,250,000	0.06%
Wang Yu	Beneficial owner	1,170,000	0.06%
Tsui Kei Pang	Beneficial owner	750,000	0.04%
Yang Lei	Beneficial owner	575,000	0.03%
Wong Lai, Sarah	Beneficial owner	484,000	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 2024.

2. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 December 2024, which was 2,028,277,588.

Save as disclosed above, as at 31 December 2024, 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 2024, nor have any such rights been granted or exercised during the year.

Substantial shareholders' Interests in Shares

As at 31 December 2024, to the knowledge of the Directors and chief executive of the Company, 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	1,418,544,211 (Note 3) (L)	69.94%
China International Marine Containers (Hong Kong) Limited ("CIMC HK")	Interest of controlled corporation	190,703,000 (Note 4) (L)	9.40%
	Beneficial owner	1,227,841,211 (Note 3) (L)	60.54%
Charm Wise Limited ("Charm Wise")	Beneficial owner	190,703,000 (Note 4) (L)	9.40%

Notes:

L – long position
S – short position

1. These information is based on the information available to the Directors and chief executive (including such information as was available on the website of the Stock Exchange) and to the knowledge of the Directors and chief executive, as at 31 December 2024.

2. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 December 2024, which was 2,028,277,588.

3. These ordinary shares comprise 190,703,000 ordinary shares held by Charm Wise and 1,227,841,211 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 2024, (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. During the year ended 31 December 2024, no share options were granted under the Scheme 2006. A total of 28,741,000 options granted under the Scheme 2006 previously were lapsed during the year ended 31 December 2024. As at 31 December 2024, there were no outstanding share options granted under the Scheme 2006, and hence no Shares may be further issued under the Scheme 2006.

Share Options *(Continued)*

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

During the year ended 31 December 2024, movements of the options under the Scheme 2006 were as follows:

				Number of share options						
Grantee	Date of grant	Exercise price of options (per Share)	Exercisable period	outstanding at 1 January 2024	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 2024
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	22,521,000	–	–	(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				28,741,000	–	–	(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 one year. 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.

During the year ended 31 December 2024, no share options were granted under the Scheme 2016. Previously 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 2024.

As at 1 January 2024 and 31 December 2024, 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 125,419,608 and 154,160,608, 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 2024, 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 2024	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 2024
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 (cessation on 30 September 2024)	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)*

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 2024, (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 2024 was 39,500,000 Shares, representing approximately 1.95% of the weighted average number of Shares in issue for the year ended 31 December 2024; 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 39,500,000 Shares, representing approximately 1.95% of the weighted average number of Shares in issue for the year ended 31 December 2024.

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 4 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 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 2024, the trustee had purchased in total 40,208,000 shares of the Company on the market for the purpose of the Award Scheme 2020. And then since 1 January 2025 up to the date of this report, no 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. Further, during the year ended 31 December 2024, a total of 64,000 Grant Shares were granted to the relevant grantees (comprising Ms. Wong Lai, Sarah (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 2024, the remaining number of Shares which may be further purchased pursuant to the Award Scheme 2020 was 311,691 Shares, and as at 31 December 2024, the remaining number of Shares which may be further purchased pursuant to the Award Scheme 2020 was 1,691 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 1,691 Shares, representing approximately 0.0001% 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 2024 are as follows:

					Number of Grant Shares						
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	Granted but not vested as at 1 January 2024	Granted and held by the Trustee	Vested (Note 2)	Lapsed	Cancelled	Granted but not vested as at 31 December 2024	Vesting Period (Note 3)
						(During the year ended 31 December 2024)					
Directors											
Gao Xiang	17 November 2021 (Note 1)	1,200,000	HKD3.7	HKD9.2	400,000	–	400,000	–	–	–	April 2022 to April 2024
Yang Xiaohu	17 November 2021 (Note 1)	1,200,000	HKD3.7	HKD9.2	400,000	–	400,000	–	–	–	April 2022 to April 2024
Yu Yuqun	17 November 2021 (Note 1)	800,001	HKD3.7	HKD9.2	266,667	–	266,667	–	–	–	April 2022 to April 2024
Zeng Han	17 November 2021 (Note 1)	600,000	HKD3.7	HKD9.2	200,000	–	200,000	–	–	–	April 2022 to April 2024
Wang Yu	17 November 2021 (Note 1)	600,000	HKD3.7	HKD9.2	200,000	–	200,000	–	–	–	April 2022 to April 2024
Tsui Kei Pang	17 November 2021 (Note 1)	300,000	HKD3.7	HKD9.2	100,000	–	100,000	–	–	–	April 2022 to April 2024
Yang Lei	3 April 2023 (Note 1)	125,000	HKD3.7	HKD7.6	100,000	–	100,000	–	–	–	April 2023 to April 2024
Wong Lai, Sarah	26 March 2024 (Note 1)	34,000	HKD3.7	HKD7.28	–	34,000	34,000	–	–	–	April 2024
Zhang Xueqian (ceased to be an independent non-executive Director on 30 September 2022) (Note 4)	17 November 2021 (Note 1)	300,000	HK$3.7	HK$9.2	–	–	–	–	–	–	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	66,000	–	66,000	–	–	–	April 2022 to April 2024
Wang Caiyong (ceased to be an independent non-executive Director on 30 September 2024)	17 November 2021 (Note 1)	300,000	HKD3.7	HKD9.2	100,000	–	100,000	–	–	–	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	7,608,335	–	7,548,335	60,000	–	–	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	722,000	–	707,000	15,000	–	–	April 2023 to April 2024
	13 November 2023 (Note 1)	2,419,730	HKD3.7	HKD6.63	2,419,730	–	2,419,730	–	–	–	April 2024
	26 March 2024 (Note 1)	30,000	HKD3.7	HKD7.28	–	30,000	30,000	–	–	–	April 2024
Total		38,924,444			12,582,732	64,000	12,571,732	75,000	–	–	

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. All of these relevant Grant Shares vested during the year ended 31 December 2024 were vested on the same day. The weighted average closing price of the shares immediately before the date on which these relevant Grant Shares were vested during the year was HKD8.05.

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 750,000 Grant Shares had lapsed and no Grant Shares were cancelled during the year ended 31 December 2024. As at 1 January 2024 and 31 December 2024, the number of Grant Shares available to be further granted under the Award Scheme 2020 was 3,880,414 and 3,891,414, 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 2024 are as follows:

Date of Grant	Number of Grant Shares	Fair value per Grant Shares at date of grant
26 March 2024	64,000	HKD7.16

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 Safeway"). 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 Safeway, which represent approximately 0.28%, 1.86%, 0.11%, 0.11% and 0.11% of the share capital of CIMC Safeway as at 31 December 2024, 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 Safeway 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 2024, 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 2024, no Director was interested in the business apart from the Group's business, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

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 2024, the Group had the following transactions which constituted non-exempt connected transactions as defined under Chapter 14A of the Listing Rules.

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 2024, the maximum daily outstanding balance of the Group's deposits placed with CIMC Finance was RMB691,842,000, the interest income from deposits recognised by the Group was RMB6,312,000 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 2024.

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 2024, the Group's actual sale to CIMC Group under the Master Sales Agreement (2022) was RMB738,131,000, which did not exceed the Revised Sales Annual Caps for the year ended 31 December 2024.

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 agreed 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 (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 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 2024, the actual processing service charge incurred by the Group under the Master Processing Services Agreement (2022) was RMB12,249,000, which did not exceed the relevant annual cap for the year ended 31 December 2024.

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 (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 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.

Connected Transactions and Interests in Contracts *(Continued)*

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

Non-exempt continuing connected transactions *(Continued)*

(iv) Master Procurement Agreement (2022) *(Continued)*

During the year ended 31 December 2024, the Group's actual total purchase from CIMC Group under the Master Procurement Agreement (2022) was RMB448,880,000, which did not exceed the Revised Procurement Annual Caps for the year ended 31 December 2024.

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 2023.

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 56 to 88. 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 2024.

Closure of Register of Members

To ascertain shareholders' entitlements to the 2024 Final Dividend, the register of members of the Company will be closed from Thursday, 29 May 2025 to Tuesday, 3 June 2025 (both days inclusive). In order to qualify for the 2024 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 Wednesday, 28 May 2025.

Subject to the approval by shareholders at the AGM to be held on Tuesday, 20 May 2025, the 2024 Final Dividend will be paid in cash on or about 25 July 2025 to shareholders whose names appear on the register of members of the Company on Tuesday, 3 June 2025 (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 Tuesday, 13 May 2025 to Tuesday, 20 May 2025 (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 Monday, 12 May 2025.

Withholding and Payment of Enterprise Income Tax for Non-resident Enterprises on Distribution of the 2024 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 2024 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 2024 Final Dividend after deducting an enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2024 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 Wednesday, 28 May 2025.

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 2024 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 in the paragraphs headed "Convertible Bonds" and "Share Award Scheme 2020" 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

PricewaterhouseCoopers ("PwC") retired as the auditor of the Company upon expiration of its term of office at the conclusion of the annual general meeting held on 20 May 2024 (the "2024 AGM") and did not seek for re-appointment as the auditor of the Company at the 2024 AGM. In this connection, KPMG was appointed as the new auditor of the Company at the 2024 AGM. For details, please refer to the announcements of the Company dated 25 March 2024 and 20 May 2024 and the circular of the Company dated 22 April 2024.

The financial statements for the year have been audited by KPMG ("KPMG"), who will retire and, being eligible, offer themselves for reappointment at the forthcoming AGM.

By order of the Board
Gao Xiang
Chairman

Hong Kong, 25 March 2025

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of CIMC Enric Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 122 to 240, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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 2024 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 are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Expected credit loss allowance for trade receivables

Refer to note 6(a)(ii-3) and 26 to the consolidated financial statements and the accounting policies on pages 145 to 146.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2024, the Group's gross carrying amount of trade receivables was RMB3,380,160,000 against which allowances of RMB255,296,000 for expected credit losses (ECLs) were recorded. Loss allowances for trade receivables are determined based on management's assessment on the lifetime ECL of trade receivables. Trade receivables with shared risk characteristics are assessed for the ECL on a collective basis using a provision matrix. For the trade receivables for which management is aware of specific information related to elevated credit risk or with pending lawsuits, management assesses the ECL allowances on an individual basis. Management estimates the ECL based on the 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 identified the measurement of the ECL allowance for trade receivables as a key audit matter because trade receivables are material to the Group's financial statements and because the assessment of ECL requires significant management judgement, which is inherently subjective.	Our audit procedures to assess the ECL allowance for trade receivables included the following: • Obtaining an understanding of, and assessing the design, implementation and operating effectiveness of key internal controls relating to the measurement of the ECL allowance; • Evaluating the Group's policy and selected methods for estimating the credit loss allowance according to the applicable accounting standards; • For the trade receivables assessed individually, on a sampled basis, checking the public information, litigation information, ageing and other supporting information or documents on which management assess the ECL allowance based; • Obtaining an understanding of the key data selected and assumptions adopted by management in the ECL model, and assessing the key assumptions including the basis of segmentation of the trade receivables based on the shared credit risk characteristics, and the forward-looking adjustments; • Examining the information used by management to derive the ECL calculation, including, on a sampled basis, assessing whether items in the trade receivables ageing report were categorised in the appropriate ageing bands by comparing a sample of individual items with the underlying goods delivery and acceptance notes, sales invoices and other relevant underlying documents; and • Recalculating the ECL allowance based on the Group policies.

Impairment assessment of goodwill

Refer to note 24 to the consolidated financial statements and the accounting policies on page 134.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2024, the aggregate carrying value of the Group's goodwill resulted from the acquisitions of various businesses totalled RMB415,162,000, against which provisions for impairment of RMB131,304,000 were recorded. Management performs annual impairment assessments of the cash-generating units ("CGUs") to which goodwill has been allocated and engaged an external valuer to assist with the impairment assessment of certain CGUs. Management compares the carrying amount of each CGU with its recoverable amount. The recoverable amount is determined based on the higher of the fair value less cost of disposal of the CGU or the value-in-use based on discounted cash flow forecasts. The preparation of discounted cash flow forecasts involves significant management judgement and estimation, particularly in estimating the following: • future revenue growth rates; • future gross margins; and • the pre-tax discount rates applied. We identified impairment assessment of goodwill as a key audit matter because the assessment requires significant management judgements and estimations, which are inherently uncertain and may be affected by management bias.	Our audit procedures to assess the impairment of goodwill included the following: • Obtaining an understanding of and assessing the design and implementation of management's key internal controls in relation to impairment assessment of goodwill; • On a sample basis, assessing the appropriateness of management's identification of CGUs and allocation of assets to each CGU with reference to the requirements of the prevailing accounting standards and our understanding of the Group's business; • Assessing the competence, capabilities and objectivity of the external valuer engaged by management; • On a sample basis, involving our internal valuation specialists to assist us in evaluating the appropriateness of valuation methodology used by management with reference to the requirements of the prevailing accounting standards and assessing the reasonableness of the discount rates applied by benchmarking against those of comparable companies; • On a sample basis, challenging the reasonableness of the future revenue growth rates and future gross margins with reference to our understanding of the Group's business, historical trends, available industry information and available market data; • On a sample basis, evaluating management's sensitivity analysis in respect of the future revenue growth rates, future gross margins and discount rates and considering the resulting impact on the impairment assessments and whether there is any indication of management bias; • On a sample basis, comparing the prior year's cash flow forecasts with the actual performance of the CGUs for the current year, in order to assess the reliability of historical accuracy of management's forecasting process and whether there is any indication of management bias; • On a sample basis, testing the mathematical accuracy of the calculation of impairment provision of goodwill; and • Assessing the reasonableness of the disclosures in the consolidated financial statements in respect of the impairment assessment of goodwill with reference to the requirements of the prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all 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 the directors for the consolidated financial statements

The directors 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.

The directors are assisted by the Audit Committee in discharging their responsibilities 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. This report is made 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 judgement 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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 the Audit Committee, 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 Ng Yu Hei.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	Year ended 31 December 2024 RMB'000	 2023 RMB'000
Revenue	7	**24,755,737**	23,626,279
Cost of sales		**(21,201,503)**	(19,905,455)
Gross profit		**3,554,234**	3,720,824
Other operating income	8(a)	**443,024**	331,689
Other gains/(losses), net	8(b)	**66,409**	(136,790)
Reversal of impairment losses on financial and contract assets	9(d)	**16,776**	36,479
Selling expenses		**(520,308)**	(467,140)
Administrative expenses		**(2,021,689)**	(1,960,235)
Profit from operations		**1,538,446**	1,524,827
Finance costs	9(a)	**(104,404)**	(93,536)
Share of results of associates and a joint venture	22	**9,880**	25,997
Profit before taxation	9	**1,443,922**	1,457,288
Income tax expenses	10	**(300,087)**	(293,727)
Profit for the year		**1,143,835**	1,163,561
Attributable to:			
Equity shareholders of the Company		**1,094,871**	1,113,972
Non-controlling interests		**48,964**	49,589
Profit for the year		**1,143,835**	1,163,561
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
– Basic earnings per share	14	**RMB0.542**	RMB0.554
– Diluted earnings per share	14	**RMB0.515**	RMB0.499

The notes on pages 130 to 240 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Profit for the year	**1,143,835**	1,163,561
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(125,946)**	744
Other comprehensive (loss)/income for the year, net of tax	**(125,946)**	744
Total comprehensive income for the year	**1,017,889**	1,164,305
Attributable to:		
Equity shareholders of the Company	**968,384**	1,114,729
Non-controlling interests	**49,505**	49,576
Total comprehensive income for the year	**1,017,889**	1,164,305

The notes on pages 130 to 240 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**4,368,886**	3,837,906
Construction in progress	17	**581,782**	606,581
Right-of-use assets	18	**167,919**	141,006
Investment properties	19	**23,151**	37,557
Lease prepayments	20	**547,046**	545,755
Intangible assets	21	**211,183**	217,461
Goodwill	24	**283,858**	293,714
Deferred tax assets	38(b)	**167,972**	166,574
Interests in associates and a joint venture	22	**641,882**	623,862
Financial instruments at fair value through profit or loss	30	**10,343**	1,714
Total non-current assets		**7,004,022**	6,472,130
Current assets			
Inventories	25	**5,221,465**	4,776,509
Contract assets	15(d)	**2,500,869**	2,237,236
Trade and bills receivables	26	**3,589,274**	3,660,256
Deposits, other receivables and prepayments	27	**2,084,554**	2,157,619
Amounts due from related parties	46(d)	**142,864**	66,438
Financial instruments at fair value through profit or loss	30	**20,319**	35,722
Term and restricted bank deposits	28	**1,553,940**	1,183,323
Cash and cash equivalents	29	**7,264,358**	6,998,191
Total current assets		**22,377,643**	21,115,294
Total assets		**29,381,665**	27,587,424
LIABILITIES			
Non-current liabilities			
Bank loans	31	**130,122**	385,038
Warranty provision	34	**266,118**	112,231
Deferred tax liabilities	38(b)	**234,758**	257,786
Deferred income	39	**295,070**	310,748
Employee benefit liabilities	40	**12,487**	4,482
Medium-term notes	37	**1,992,087**	–
Lease liabilities	18(a)	**146,856**	125,623
Financial instruments at fair value through profit or loss	30	**611**	611
Total non-current liabilities		**3,078,109**	1,196,519

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Current liabilities			
Bank loans	31	234,500	93,500
Convertible bonds	35	–	1,452,871
Short-term notes	37	500,000	–
Lease liabilities	18(a)	26,537	25,908
Loans from related parties	46(e)	129,152	695,526
Trade and bills payables	32	5,429,625	4,441,204
Contract liabilities	15(d)	4,613,795	4,442,324
Other payables and accrued expenses	33	1,787,773	2,069,149
Amounts due to related parties	46(d)	201,952	512,955
Warranty provision	34	73,838	66,579
Financial instruments at fair value through profit or loss	30	74,868	140,728
Income tax payable	38(a)	126,478	76,517
Total current liabilities		13,198,518	14,017,261
Total liabilities		16,276,627	15,213,780
Net assets		13,105,038	12,373,644
EQUITY			
Share capital	41(a)	18,521	18,521
Reserves	41(b)	11,480,553	11,213,731
Equity attributable to equity shareholders of the Company		11,499,074	11,232,252
Non-controlling interests		1,605,964	1,141,392
Total equity		13,105,038	12,373,644

The notes on pages 130 to 240 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 122 to 240 were approved by the Board of Directors on 25 March 2025 and were signed on its behalf.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity shareholders of the Company												
	Share capital RMB'000 41(a)	Share premium RMB'000 41(b)(i)	Shares held for share award scheme RMB'000 36(b)(c)	Contributed surplus RMB'000 41(b)(ii)	Capital reserve RMB'000 41(b)(iii)	Exchange reserve RMB'000 41(b)(v)	General reserve fund RMB'000 41(b)(vi)	Retained earnings RMB'000	Convertible bonds reserve RMB'000 41(b)(iv)	Other reserve RMB'000 41(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 (note 36)	–	42,536	36,312	–	(39,939)	–	–	–	–	–	38,909	–	38,909
Acquisition of subsidiaries (note 47)	–	–	–	–	–	–	–	–	–	–	–	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 47)	–	–	–	–	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	–	–	–	–	–	–	–	(432,899)	–	–	(432,899)	–	(432,899)
Dividends distribution made by subsidiaries to non-controlling interests (note 47)	–	–	–	–	–	–	–	–	–	–	–	(115,150)	(115,150)
Special reserve – safe production fund (note 41(b)(vii))	–	–	–	–	–	–	–	–	–	9,115	9,115	–	9,115
Transactions with non-controlling interests (note 47)	–	–	–	–	(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 130 to 240 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

	Attributable to equity shareholders of the Company												
	Share capital RMB'000 41(a)	Share premium RMB'000 41(b)(i)	Shares held for share award scheme RMB'000 36(b)(c)	Contributed surplus RMB'000 41(b)(ii)	Capital reserve RMB'000 41(b)(iii)	Exchange reserve RMB'000 41(b)(v)	General reserve fund RMB'000 41(b)(vi)	Retained earnings RMB'000	Convertible bonds reserve RMB'000 41(b)(iv)	Other reserve RMB'000 41(b)(vii)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
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
Profit for the year	–	–	–	–	–	–	–	1,094,871	–	–	1,094,871	48,964	1,143,835
Exchange differences on translation of foreign operations	–	–	–	–	–	(126,487)	–	–	–	–	(126,487)	541	(125,946)
Total comprehensive income for the year	–	–	–	–	–	(126,487)	–	1,094,871	–	–	968,384	49,505	1,017,889
Special reserve-safe production fund (note 41(b)(vii))	–	–	–	–	–	–	–	–	–	18,707	18,707	–	18,707
Capital contribution from non-controlling interests (note 47)	–	–	–	–	–	–	–	–	–	–	–	117,199	117,199
Equity-settled share-based payments (note 36)	–	41,846	42,325	–	(300,051)	–	–	133,178	–	–	(82,702)	383,784	301,082
Transfer to general reserve	–	–	–	–	–	–	91,601	(91,601)	–	–	–	–	–
2023 final dividends paid (note 13)	–	–	–	–	–	–	–	(563,504)	–	–	(563,504)	–	(563,504)
Dividends distribution made by subsidiaries to non-controlling interests (note 47)	–	–	–	–	–	–	–	–	–	–	–	(85,916)	(85,916)
Redemption of convertible bonds	–	–	–	–	123,944	–	–	–	(123,944)	–	–	–	–
Others	–	–	–	–	(74,063)	–	–	–	–	–	(74,063)	–	(74,063)
Total contributions by and distributions to owners of the Company, recognised directly in equity	–	41,846	42,325	–	(250,170)	–	91,601	(521,927)	(123,944)	18,707	(701,562)	415,067	(286,495)
At 31 December 2024	18,521	704,962	(14,102)	1,124,571	2,662,856	(593,095)	838,147	6,719,103	–	38,111	11,499,074	1,605,964	13,105,038

The notes on pages 130 to 240 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
Operating activities			
Profit before taxation		**1,443,922**	1,457,288
Adjustments for:			
Depreciation and amortisation		**442,527**	376,837
Depreciation for right-of-use assets	18	**38,858**	37,470
Reversal of impairment losses on financial and contract assets	9(d)	**(16,776)**	(36,479)
Impairment of goodwill	24	**11,410**	11,670
Impairment losses on property, plant and equipment	9(c)	**–**	4,362
Impairment of investments in associates	22	**–**	941
Impairment of inventories and prepayments		**29,443**	65,105
Equity-settled share-based payment expenses	9(b)	**152,026**	76,416
Share of results of associates and a joint venture	22	**(9,880)**	(25,997)
Write-back of payables and advances from customers	8(b)	**(107,233)**	(7,845)
Change in fair value of financial instruments at fair value through profit or loss	8(b)	**122,411**	148,522
Amortisation of deferred income	39	**(29,753)**	(26,971)
Interest income from bank deposit		**(46,286)**	(39,607)
Interest charges	9(a)	**93,643**	85,949
Net (gain)/loss on disposal of property, plant and equipment, lease prepayment	8(b)	**(52,248)**	14,295
Gain on disposal of investments in an associate and a subsidiary	8(b)	**(21,610)**	(1,853)
Foreign exchange gains		**(138,449)**	(56,374)
Operating profit before changes in working capital		**1,912,005**	2,083,729
Increase in inventories		**(470,321)**	(118,743)
Decrease/(increase) in trade receivable and bills receivables		**83,051**	(110,159)
Increase in contract assets		**(236,284)**	(1,116,385)
Decrease/(increase) in deposit, other receivables and prepayments		**98,624**	(472,277)
(Increase)/decrease in amounts due from related parties		**(76,426)**	90,571
Increase in trade and bills payables		**1,100,936**	922,808
(Decrease)/increase in other payables and accrued expenses		**(73,850)**	176,112
Increase in contract liabilities		**171,472**	600,789
(Decrease)/increase in amounts due to related parties		**(311,003)**	120,799
Increase in employee benefit liabilities		**8,005**	736
Increase in deferred income	39	**14,075**	37,152
Increase in warranty provisions		**164,900**	30,388
Decrease/increase in restricted bank deposits	28	**352,946**	(187,935)
Provision for special reserve-safe production fund		**18,707**	9,115
Cash generated from operations		**2,756,837**	2,066,700
Income tax paid	38(a)	**(270,467)**	(286,224)
Net cash generated from operating activities		**2,486,370**	1,780,476

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
Investing activities			
Payment for acquisition of property, plant and equipment and construction in progress		**(1,077,600)**	(842,861)
Payment for acquisition of intangible assets		**(58,862)**	(4,471)
Proceeds from disposal of property, plant and equipment, lease prepayment		**140,586**	19,184
Interest received		**46,286**	35,573
Acquisition of subsidiaries, net of cash acquired		**–**	(149,338)
Payment for investment in associates	22	**(39,375)**	(415,118)
Dividends from associates	22	**–**	4,836
Proceeds from disposal of investment in an associate		**16,964**	33,045
Cash paid for settlement of derivative financial instruments		**(171,654)**	(162,059)
Placement of term deposits		**(1,336,553)**	(1,151,407)
Withdrawal of term deposits		**612,990**	542,451
Payment for acquisition of financial instrument through profit or loss		**(16,585)**	–
Payments for lease prepayments		**(18,441)**	–
Contingent consideration received from non-controlling interests	5(a)	**4,700**	9,088
Net cash used in investing activities		**(1,897,544)**	(2,081,077)
Financing activities			
Proceeds from drawdown of bank loans	43	**583,927**	422,633
Repayment of bank loans	43	**(697,843)**	(393,035)
Interest paid		**(63,148)**	(39,793)
Repayment of convertible bonds		**(1,596,406)**	–
Capital contribution from non-controlling interests		**115,205**	2,077,364
Proceeds from subscription to restricted share award scheme	36(b)	**43,398**	31,805
Proceeds from the issuance of medium-term notes and short-term notes		**2,490,625**	–
Payment for subscription to subsidiaries' equity incentive schemes	36(c),(d)	**–**	(42,585)
Loans from related parties	46	**325,150**	759,497
Repayment of loans from related parties	46	**(878,812)**	(234,814)
Payment of lease liabilities	43	**(48,101)**	(40,073)
Dividends paid to the Company's shareholders	13	**(563,504)**	(432,899)
Dividends paid to non-controlling interests		**(85,916)**	(115,150)
Payment of listing fees of a subsidiary		**–**	(13,267)
Net cash (used in)/generated from financing activities		**(375,425)**	1,979,683
Net increase in cash and cash equivalents		**213,401**	1,679,082
Cash and cash equivalents at 1 January		**6,998,191**	5,223,453
Effect of foreign exchange rate changes		**52,766**	95,656
Cash and cash equivalents at 31 December	29	**7,264,358**	6,998,191

The notes on pages 130 to 240 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 2025.

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 measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial instruments at fair value through profit or loss(see note 3.2(c)); and

- derivative financial instruments (see note 3.2(f)).

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 2024:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The adoption of the amended standards does not have a 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 the year ended 31 December 2024 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability	1 January, 2025
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January, 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January, 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January, 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January, 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3 Summary of material and other accounting policies

3.1 Material accounting policies

(a) Revenue recognition

(i) Sales of products

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)*

(a) Revenue recognition *(Continued)*

(ii) 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".

(b) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 3.1(a)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see note 3.2(c)(iv)) and are reclassified to receivables when the right to the consideration becomes unconditional (see note 3.1(c)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 3.1(a)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 3.1(c)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 3.1(a)(i)).

(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.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies. 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 (iv) 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/(losses), 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

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECLs") on:

– financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including those loans to associates and joint ventures that are held for the collection of contractual cash flows which represent solely payments of principal and interest);

– contract assets (see note 3.1(b));

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– lease receivables: discount rate used in the measurement of the lease receivable;

– loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

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

3.2 Other accounting policies *(Continued)*

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

(iv) Impairment *(Continued)*

(i) Credit losses from financial instruments, contract assets and lease receivables *(Continued)*

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

(v) Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes 5 years past due or when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

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

3.2 Other accounting policies *(Continued)*

(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 Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

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.

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

3.2 Other accounting policies *(Continued)*

(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 "Net fair value loss on financial instruments at fair value through profit or loss".

(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(w)). 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,

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.

(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 measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 3.2(w).

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(l) 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 operating income".

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 8 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 after 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 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 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 recognition on an uncompleted project is dependent on estimating the 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. When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

(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 2024 and 31 December 2023 on a recurring basis:

	At 31 December 2024		At 31 December 2023	
	Level 2 RMB'000	Level 3 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets				
– FVPL – foreign currency forwards	2,130	–	19,732	–
– FVPL – contingent considerations receivable	–	13,004	–	17,704
– FVPL – unlisted equity securities	–	15,528	–	–
– FVOCI – bills receivables	–	288,307	–	292,804
Financial liabilities				
– FVPL – foreign currency forwards	25,398	–	93,299	–
– FVPL – contingent considerations payable	–	50,081	–	48,040

5 Fair value measurement of financial instruments *(Continued)*

(a) Fair value hierarchy *(Continued)*

As at 31 December 2024 and 2023, the Group's financial instruments measured at fair value through other comprehensive income were mainly 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 2024 and 2023:

	Bills receivables RMB'000	Contingent considerations receivable RMB'000	Unlisted equity securities RMB'000	Total RMB'000
At 1 January 2023	220,474	15,628	–	236,102
Additions	3,446,781	–	–	3,446,781
Disposals/settlements	(3,374,451)	(9,088)	–	(3,383,539)
Fair value change recognised in profit or loss	–	11,164	–	11,164
At 31 December 2023	292,804	17,704	–	310,508

	Bills receivables RMB'000	**Contingent considerations receivable RMB'000**	**Unlisted equity securities RMB'000**	**Total RMB'000**
At 1 January 2024	**292,804**	**17,704**	**–**	**310,508**
Additions	**3,012,123**	**–**	**16,400**	**3,028,523**
Disposals/settlements	**(3,016,620)**	**(4,700)**	**–**	**(3,021,320)**
Fair value change recognised in profit or loss	**–**	**–**	**(872)**	**(872)**
At 31 December 2024	**288,307**	**13,004**	**15,528**	**316,839**

5 Fair value measurement of financial instruments *(Continued)*

(a) Fair value hierarchy *(Continued)*

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 2024:

	Contingent considerations payable	
	2024 RMB'000	2023 RMB'000
At 1 January	**48,040**	–
Additions through acquisitions of subsidiaries	**–**	48,040
Fair value change recognised in profit or loss	**2,041**	–
At 31 December	**50,081**	48,040

There were no transfers among 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 2024 and 2023.

(b) Valuation techniques used to determine fair values

Level 2 financial instruments comprise forward foreign exchange contracts. The fair value of forward exchange contracts is determined by discounting the difference between the contractual forward price and the current forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

Level 3 financial instruments comprise bills receivables, contingent considerations, unlisted equity securities and contingent liabilities. Bills receivables were fair valued by using future cash inflow with discount. The contingent considerations and contingent liabilities were estimated based on the value of probable future cash outflow or inflow with discount. The fair value of unlisted equity securities is estimated based on present value of expected return from the securities.

There were no other changes in valuation techniques during the period.

5 Fair value measurement of financial instruments *(Continued)*

(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, at FVOCI 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 2024.

(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 either on an individual basis and or 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 2024 and 2023, the gross carrying amount and the loss allowance of trade receivables and contract assets in these categories are as follows:

	31 December 2024		31 December 2023	
	Cost RMB'000	**Loss allowance RMB'000**	Cost RMB'000	Loss allowance RMB'000
Group 1				
– Trade receivables	**140,743**	**(120,175)**	115,280	(113,732)
– Contract assets	**3,224**	**(2,418)**	111,223	(30,544)
Group 2				
– Trade receivables	**3,239,417**	**(135,121)**	3,434,557	(153,634)
– Contract assets	**2,520,726**	**(20,663)**	2,181,139	(24,582)
Total	**5,904,110**	**(278,377)**	5,842,199	(322,492)

For receivables and contract assets with pending lawsuits or disputes, the credit risk characteristics are unique, the Group has assessed the expected credit losses on an individual basis.

For the remaining 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 2024 or 2023 respectively and the corresponding historical credit losses experienced within the periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of 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 2024 and 31 December 2023 was determined as follows for both trade receivables and contract assets:

31 December 2024	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	1.35%	3.03%	5.41%	16.68%	41.39%	60.38%	100.00%	2.70%
Gross carrying amount – trade receivables	2,425,801	426,863	251,015	58,984	30,320	15,538	30,896	3,239,417
Gross carrying amount – contract assets	2,520,726	–	–	–	–	–	–	2,520,726
Loss allowance	66,613	12,935	13,570	9,840	12,548	9,382	30,896	155,784

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

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 2023	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
Increase in loss allowance recognised in profit or loss during the year	**52,770**	**4,914**
Reversal of impairment provision	**(48,880)**	**(33,937)**
Written off during the year as uncollectible	**(15,552)**	**(3,149)**
Exchange differences	**(408)**	**127**
Closing loss allowance as at 31 December 2024	**255,296**	**23,081**

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 2024, 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 2023	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
Increase in the allowance recognised in profit or loss during the year	**374**	**8,150**
Reversal of impairment provision	**(167)**	**–**
Receivables written off during the year as uncollectible	**(155)**	**–**
Reclassification	**21,525**	**(21,525)**
Closing loss allowance as at 31 December 2024	**35,541**	**–**

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:

	2024 Contractual undiscounted cash flow					2023 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	241,509	86,445	56,174	384,128	364,622	108,324	311,542	103,765	523,631	478,538
Trade and bills payables	5,429,625	–	–	5,429,625	5,429,625	4,441,204	–	–	4,441,204	4,441,204
Other payables excluding payroll, tax payable, other surcharges payable and accrued expenses	269,442	–	–	269,442	269,442	578,486	–	–	578,486	578,486
Loans from related parties and amounts due to related parties	333,544	–	–	333,544	331,100	706,564	–	–	706,564	695,526
Lease liabilities	1,977	119,092	66,653	187,722	173,393	27,690	85,300	47,844	160,834	151,531
Convertible bonds	–	–	–	–	–	1,582,142	–	–	1,582,142	1,452,871
Medium-term notes	549,637	2,150,009	–	2,699,646	1,992,087	–	–	–	–	–
Financial instruments at fair value through profit or loss	24,787	611	–	25,398	25,398	92,688	611	–	93,299	93,299
	6,648,569	2,356,157	122,827	9,127,553	8,383,719	7,537,098	397,453	151,609	8,086,160	7,891,455

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, medium-term notes, short-term notes and convertible bonds at the balance sheet date.

	2024		2023	
	Effective interest rate %	**RMB'000**	Effective interest rate %	RMB'000
Bank deposits				
– Floating rate	**0.73%**	**6,974,325**	1.33%	7,104,895
– Fixed rate	**3.17%**	**1,843,394**	4.02%	1,075,256
Bank loans				
– Floating rate	**3.34%**	**(161,933)**	3.47%	(193,538)
– Fixed rate	**1.14%**	**(202,500)**	3.31%	(285,000)
Loans from related parties				
– Fixed rate	**1.89%**	**(129,152)**	3.25%	(695,526)
Convertible bonds				
– Fixed rate	**–**	**–**	2.93%	(1,452,871)
Medium-term notes				
– Fixed rate	**2.39%**	**(1,992,087)**	–	–
Short-term notes				
– Fixed rate	**2.02%**	**(500,000)**	–	–

6 Financial risk management *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

At 31 December 2024, 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 RMB26,525,000 (2023: RMB26,568,000). Other components of consolidated equity would not change in response to the general increase/(decrease) in interest rates.

For the 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 minimise 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 2024			
	USD RMB'000	HKD RMB'000	EUR RMB'000	GBP RMB'000
Trade and bills receivables	848,599	874	17,629	–
Deposits and other receivables	669,143	187,933	446,831	152,378
Cash and cash equivalents	2,128,522	646	182,331	–
Restricted cash	999	–	–	–
Trade and bills payables	(607,782)	(70)	(28,994)	(192,992)
Other payables and accrued expenses	(41,954)	(38)	(25,381)	(6,377)
FVPL – foreign currency forwards	–	–	(454,681)	–
Overall net exposure	2,997,527	189,345	137,735	(46,991)

	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)

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.

	2024		2023	
	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%	112,407	5%	66,580
	-5%	(112,407)	-5%	(66,580)
HKD	5%	7,100	5%	83
	-5%	(7,100)	-5%	(83)
EUR	5%	5,165	5%	3,040
	-5%	(5,165)	-5%	(3,040)
GBP	5%	(1,762)	5%	(2,182)
	-5%	1,762	-5%	2,182

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, sales and operation of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the clean energy, chemical and environmental and liquid food industries.

Revenue represents: (i) the sales value of goods sold after allowances for returns of goods, excluding value-added 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:

	2024 RMB'000	2023 RMB'000
Sales of goods	**15,610,859**	14,752,277
Revenue from project engineering contracts	**9,144,878**	8,874,002
	24,755,737	23,626,279

(i) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts was RMB21,467,353,000 (as at 31 December 2023: RMB17,956,283,000). This amount represents revenue expected to be recognised in the future from project engineering contracts entered into by the Group and its customers. The Group will recognise the expected revenue in the future when or as the work is completed.

8 Other operating income and other gains/(losses), net

		2024 RMB'000	2023 RMB'000
(a) Other operating income			
Government grants	(i)	**131,392**	76,949
Other operating revenue	(ii)	**123,155**	123,443
Interest income from bank deposits		**188,477**	131,297
		443,024	331,689

(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 RMB29,753,000 as set out in note 39 (2023: RMB26,971,000).

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

8 Other operating income and other gains/(losses), net *(Continued)*

	2024 RMB'000	2023 RMB'000
(b) Other gains/(losses), net		
Foreign exchange loss	**(223)**	(21,304)
Net fair value loss on financial instruments at fair value through profit or loss	**(122,411)**	(148,522)
Write-back of payables and advances from customers (i)	**107,233**	7,845
Net gains/(losses) on disposal of property, plant and equipment and lease prepayment	**52,248**	(14,295)
Compensation received	**4,504**	28,992
Gains on disposal of investment in an associate and a subsidiary	**21,610**	1,853
Donation expenses	**(590)**	(453)
Other net gains	**4,038**	9,094
	66,409	(136,790)

(i) Amounts represent 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

	2024 RMB'000	2023 RMB'000
Interest on bank loans and loans from related parties	**30,304**	43,109
Interest on lease liabilities	**3,287**	3,104
Interest on convertible bonds	**39,921**	41,404
Interest on medium-term and short-term notes	**24,820**	–
Less: interest capitalised	**(4,689)**	(1,668)
Bank charges	**10,761**	7,587
	104,404	93,536

As at 31 December 2024, the interest rates applicable to borrowings associated with interest capitalised ranged from 2.75% to 3.94% (31 December 2023: 3.00% to 4.14%).

9 Profit before taxation *(Continued)*

(b) Staff costs

	2024 RMB'000	2023 RMB'000
Salaries, wages and allowances	**2,308,999**	1,922,146
Contributions to retirement schemes (note 40)	**158,629**	169,983
Equity-settled share-based payment expenses (note 36)	**152,026**	76,416
	2,619,654	2,168,545

(c) Other items

	2024 RMB'000	2023 RMB'000
Cost of inventories (note 25)#	**12,975,010**	13,316,349
Cost from project engineering contracts (note 25)#	**8,226,493**	6,589,106
Auditor's remuneration		
– Audit services	**7,727**	7,242
– Non-audit services*	**5,361**	3,085
Depreciation of property, plant and equipment (note 16)	**363,516**	329,866
Depreciation of right-of-use assets (note 18)	**38,858**	37,470
Depreciation of investment properties (note 19)	**1,018**	1,320
Amortisation of lease prepayments (note 20)	**15,415**	15,605
Amortisation of intangible assets (note 21)	**62,578**	30,046
Impairment losses on property, plants and equipment (note 16)	**–**	4,362
Write-down of inventories (note 25)	**38,122**	74,986
Reversal of write-down of inventories (note 25)	**(8,679)**	(3,491)
Research and development costs	**734,519**	690,440
Lease charges for property rental (note 18)	**9,897**	20,029
Provision for product warranties (note 34)	**249,838**	116,152
Reversal of provision for product warranties (note 34)	**(71,878)**	(58,808)

* In 2024, the amount included fees of RMB810,000 where the service was provided before the appointment of KPMG as auditors.

\# Cost of inventories and costs from project engineering contracts included costs relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 9(b) for each of these types of expenses.

9 Profit before taxation *(Continued)*

(d) Reversal of impairment losses on financial and contract assets

	2024 RMB'000	2023 RMB'000
Impairment provision for trade receivables (note 6(a))	**(52,770)**	(72,222)
Reversal of impairment provision for trade receivables (note 6(a))	**48,880**	63,272
Impairment provision for contract assets (note 6(a))	**(4,914)**	(12,440)
Reversal of impairment provision for contract assets (note 6(a))	**33,937**	31,680
Impairment provision for other receivables (note 6(a))	**(8,524)**	(132)
Reversal of impairment provision for other receivables (note 6(a))	**167**	26,321
	16,776	36,479

10 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2024 RMB'000	2023 RMB'000
Current tax		
Provision for the year	**281,648**	221,576
Under/(over)-provision in respect of prior years	**38,198**	(34,610)
	319,846	186,966
Deferred tax		
Origination and reversal of temporary differences	**(19,759)**	106,761
	300,087	293,727

10 Income tax in the consolidated statement of profit or loss *(Continued)*

(a) Taxation in the consolidated statement of profit or loss 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 in 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 in July 2023.

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

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred. This new tax policy did not have a material impact on the consolidated financial report of the Group for the year ended 31 December 2024.

10 Income tax in the consolidated statement of profit or loss *(Continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2024 RMB'000	2023 RMB'000
Profit before taxation	**1,443,922**	1,457,288
Notional tax on profit before taxation, calculated at the applicable rates	**357,109**	393,469
Effect of tax concessions (a(ii))	**(147,864)**	(126,786)
Super deduction for research and development expenditure	**(57,959)**	(55,848)
Tax effect of non-deductible expenses	**28,475**	19,351
Tax effect of tax losses not recognised as deferred tax assets	**78,766**	82,381
Tax effect of temporary differences not recognised as deferred tax assets	**20,328**	19,238
Under/(over)-provision in respect of prior years	**38,198**	(34,610)
Utilisation of tax losses which no deferred tax assets were recognised before	**(16,966)**	(3,468)
Income tax expenses	**300,087**	293,727

11 Directors' remuneration

Details of Directors' remuneration for the year ended 31 December 2024 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 RMB'000
Executive Director						
Yang Xiaohu	–	1,260	39	3,661	4,960	Notes 1, 2, 3, 4 & 5
Non-executive Directors						
Gao Xiang	166	–	–	–	166	Notes 1, 2, 3 & 4
Yu Yuqun	166	–	–	–	166	Notes 1, 2 & 4
Wang Yu	166	–	–	–	166	Notes 1, 2, 3 & 4
Zeng Han	166	–	–	–	166	Notes 1, 2, 3 & 4
Independent Non-Executive Directors						
Tsui Kei Pang	295	–	–	–	295	Notes 1 & 4
Wang Caiyong (iii)	221	–	–	–	221	Notes 1 & 4
Wong Lai, Sarah (i)	295	–	–	–	295	Notes 1 & 4
Qiu Hong (iv)	74	–	–	–	74	
Yang Lei	295	–	–	–	295	Notes 1 & 4
	1,844	1,260	39	3,661	6,804	

11 Directors' remuneration *(Continued)*

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	Notes 1, 2, 3 & 4
Non-executive Directors:						
Gao Xiang	162	–	–	–	162	Notes 1, 2, 3 & 4
Yu Yuqun	162	–	–	–	162	Notes 1, 2 & 4
Zeng Han	162	–	–	–	162	Notes 1, 2, 3 & 4
Wang Yu	162	–	–	–	162	Notes 1, 2, 3 & 4
Independent Non-Executive Directors:						
Wong Lai, Sarah	102	–	–	–	102	Notes 1 & 4
Tsui Kei Pang	288	–	–	–	288	Notes 1 & 4
Wang Caiyong	288	–	–	–	288	Notes 1 & 4
Yien Yu Yu, Catherine (ii)	186	–	–	–	186	Note 1
Yang Lei	288	–	–	–	288	Notes 1 & 4
	1,800	1,326	39	4,200	7,365	

Note 1: As at 31 December 2024, 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 and 600,000 restricted shares respectively, under the Share Award Scheme 2020 of the Company. Mr. Tsui Kei Pang, Mr. Wang Caiyong (Independent Non-executive Directors of the Company) had been granted 300,000 restricted shares under the Share Award Scheme 2020 of the Company respectively. Ms. Yien Yu Yu, Catherine, Mr. Yang Lei and Ms. Wong Lai, Sarah (Independent Non-executive Directors of the Company) had been granted 300,000, 125,000 and 34,000 restricted shares respectively. The share-based payment expense recognised by the Group in 2024 amounted to RMB9,133,000 (2023: RMB29,144,000), among which the share-based payment expense related to executive directors, non-executive directors and independent non-executive directors amounted to approximately RMB1,064,000 (2023: RMB3,600,000).

Note 2: As at 31 December 2024, Mr. Yang Xiaohu, held 1.86% interest in the enlarged capital of CIMC Safeway (a subsidiary of the Company) under its Equity Incentive Scheme (the "Safeway 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 Safeway under the Safeway Incentive Scheme. The related share-based payment expense recognised by the Group in 2024 amounted to RMB18,486,000 (2023: RMB19,943,000), among which the share-based payment expense attributable to the directors of the Company amounted to approximately RMB8,808,000 (2023: RMB8,808,000).

11 Directors' remuneration *(Continued)*

Note 3: As at 31 December 2024, 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% and 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 2024 amounted to RMB83,246,000 (2023: 22,808,000), among which the share-based payment expense attributable to the directors of the Company amounted to approximately RMB8,811,000 (2023: 8,811,000).

Note 4: As at 31 December 2024, 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 each, 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 2024 amounted to RMB41,161,000 (2023: 4,520,000), among which the share-based payment expense related to executive directors, non-executive directors and independent non-executive directors amounted to approximately RMB6,250,000 (2023: 686,000).

Note 5: During the year ended 31 December 2024, discretionary bonus in relation to prior years which amounted to RMB2,133,000 was paid to the Director.

Details for the aforesaid matters included the Share Option Scheme II and the Share Award Scheme 2020 and the Safeway 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.

(iii) Mr. Wang Caiyong retired to be an independent non-executive director of the Company with effect from 30 September 2024.

(iv) Ms. Qiu Hong was appointed as an independent non-executive director of the Company with effect from 30 September 2024.

For the year ended 31 December 2024, 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 (2023: one) directors whose emoluments are reflected in the analysis shown in note 11. The emoluments payable to the remaining four individuals (2023: four) during the year are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	4,633	3,757
Bonuses	8,773	23,152
Retirement scheme contributions	241	527
	13,647	27,436

The emoluments fell within the following bands:

	2024 Number of Individuals	2023 Number of Individuals
HKD 1,500,001 – HKD 2,000,000	1	–
HKD 2,000,001 – HKD 2,500,000	1	1
HKD 3,000,001 – HKD 3,500,000	1	–
HKD 6,000,001 – HKD 6,500,000	–	1
HKD 7,000,001 – HKD 7,500,000	1	–
HKD 10,500,001 – HKD 11,000,000	–	1
HKD 11,500,001 – HKD 12,000,000	–	1
Total	4	4

13 Dividends

Final dividend of RMB563,504,000 in relation to the year ended 31 December 2023 was paid in 2024.

A final dividend in respect of the year ended 31 December 2024 of HKD0.30 (equivalent to approximately RMB0.27) per share has been proposed by the Directors. The proposed final dividend in respect of 2024 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:

	2024 RMB'000	2023 RMB'000
Earnings		
Earnings for the purposes of basic earnings per share	1,094,871	1,113,972
Earnings for the purposes of diluted earnings per share	1,117,109	1,076,966

	2024	2023
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	2,021,181,355	2,009,829,866
Effect of convertible bonds (note 35)	144,781,014	149,083,207
Effect of share options (note 36)	–	33,386
Effect of share award schemes (note 36)	3,228,805	49,853
Weighted average number of shares for the purpose of diluted earnings per share	2,169,191,174	2,158,996,312

	2024 RMB	2023 RMB
Earnings per share		
Basic	0.542	0.554
Diluted	0.515	0.499

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 explores business in environmental protection.

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

(a) Segment results, assets and liabilities

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

Segment assets include non-current assets and current assets with the exception of deferred tax assets and certain assets unallocated to an individual reportable segment. Segment liabilities include non-current liabilities and current liabilities with the exception of income tax payable, deferred tax liabilities, convertible bonds, medium-term and short-term notes, and certain liabilities unallocated to an individual reportable segment.

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

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 by excluding items not specifically attributed to an individual reportable segment, such as 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	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Revenue from external customers	17,183,412	14,907,121	3,116,028	4,414,336	4,451,333	4,292,702	24,750,773	23,614,159
Inter-segment revenue	572	–	40,485	44,491	–	–	41,057	44,491
Reportable segment revenue	17,183,984	14,907,121	3,156,513	4,458,827	4,451,333	4,292,702	24,791,830	23,658,650
Timing of revenue recognition								
At a point in time	11,546,443	10,254,475	3,156,513	4,458,827	943,996	71,346	15,646,952	14,784,648
Over time	5,637,541	4,652,646	–	–	3,507,337	4,221,356	9,144,878	8,874,002
Reportable segment profit (adjusted profit from operations)	960,951	560,536	353,837	703,394	352,263	446,250	1,667,051	1,710,180
Interest income from bank deposits	52,040	30,154	79,020	57,063	52,173	35,281	183,233	122,498
Interest expense	(19,199)	(23,260)	(4,245)	(6,986)	(1,125)	(937)	(24,569)	(31,183)
Depreciation and amortisation for the year	(303,513)	(282,166)	(61,943)	(42,025)	(69,262)	(51,131)	(434,718)	(375,322)
Reportable segment assets	17,158,956	15,176,516	5,447,497	5,548,587	4,543,242	4,633,142	27,149,695	25,358,245
Additions to non-current assets during the year	817,583	567,907	35,255	76,804	187,934	204,232	1,040,772	848,943
Reportable segment liabilities	10,584,830	9,391,170	732,111	905,358	1,870,849	2,117,627	13,187,790	12,414,155

15 Segment reporting *(Continued)*

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

	2024 RMB'000	2023 RMB'000
Revenue		
Reportable segment revenue	24,791,830	23,658,650
Elimination of inter-segment revenue	(41,057)	(44,491)
Unallocated revenue	4,964	12,120
Consolidated revenue	24,755,737	23,626,279

	2024 RMB'000	2023 RMB'000
Profit		
Reportable segment profit	1,667,051	1,710,180
Elimination of inter-segment profit	(763)	(4,703)
Reportable segment profit derived from Group's external customers	1,666,288	1,705,477
Finance costs	(104,404)	(93,536)
Share of results of associates and a joint venture	9,880	25,997
Unallocated operating income and expenses	(127,842)	(180,650)
Consolidated profit before taxation	1,443,922	1,457,288

	2024 RMB'000	2023 RMB'000
Assets		
Reportable segment assets	27,149,695	25,358,245
Elimination of inter-segment receivables	(6,299)	(9,422)
	27,143,396	25,348,823
Deferred tax assets	167,972	166,574
Unallocated assets	2,070,297	2,072,027
Consolidated total assets	29,381,665	27,587,424

15 Segment reporting *(Continued)*

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

	2024 RMB'000	2023 RMB'000
Liabilities		
Reportable segment liabilities	**13,187,790**	12,414,155
Elimination of inter-segment payables	**(6,299)**	(9,422)
	13,181,491	12,404,733
Income tax payable	**126,478**	76,517
Deferred tax liabilities	**234,758**	257,786
Convertible bonds	**–**	1,452,871
Medium-term notes	**1,992,087**	–
Short-term notes	**500,000**	–
Unallocated liabilities	**241,813**	1,021,873
Consolidated total liabilities	**16,276,627**	15,213,780

(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	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
PRC (place of domicile)	**13,262,274**	12,178,415	**5,497,159**	5,056,587
United States	**1,332,757**	1,392,543	**–**	–
European countries	**3,698,800**	3,246,945	**685,858**	624,889
Asian countries (other than PRC)	**2,743,187**	3,340,034	**808**	218
Other American countries	**2,861,145**	2,884,489	**–**	–
Other countries	**857,574**	583,853	**–**	–
	11,493,463	11,447,864	**686,666**	625,107
	24,755,737	23,626,279	**6,183,825**	5,681,694

For the year ended 31 December 2024, there was no single external customer that accounted for 10% or more of the Group's total revenue (2023: 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:

	2024 RMB'000	2023 RMB'000
Contract assets	**2,523,950**	2,292,362
Less: Loss allowance	**(23,081)**	(55,126)
Total contract assets	**2,500,869**	2,237,236
Contract liabilities – Sales of goods	**1,774,604**	1,930,258
Contract liabilities – Project engineering contracts	**2,839,191**	2,512,066
Total contract liabilities	**4,613,795**	4,442,324

(i) Changes in contract assets and liabilities

Contract assets balances of the Group increased as at 31 December 2024 as the Group had several ongoing projects at the end of 2024.

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 2024.

The amount of contract liabilities expected to be recognised as revenue after more than one year is RMB222,488,000 (2023: RMB860,072,000). All of the other revenue liabilities are expected to be recognised as revenue within one year.

(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.

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
– Sales of goods	**1,310,104**	1,164,505
– Project engineering contracts	**1,948,354**	1,903,124
	3,258,458	3,067,629

16 Property, plant and equipment

	Buildings RMB'000	Leasehold improve-ments RMB'000	Pipelines RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Total RMB'000
Cost:							
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	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
At 31 December 2023	3,161,434	568	161,771	2,668,058	248,534	427,799	6,668,164
At 1 January 2024	**3,161,434**	**568**	**161,771**	**2,668,058**	**248,534**	**427,799**	**6,668,164**
Additions	**97,917**	**–**	**–**	**95,362**	**4,984**	**6,193**	**204,456**
Transfers from construction in progress (note 17)	**303,657**	**–**	**–**	**411,164**	**27,420**	**32,876**	**775,117**
Disposals	**(150,259)**	**–**	**–**	**(151,424)**	**(30,693)**	**(14,248)**	**(346,624)**
Exchange differences	**(10,296)**	**30**	**–**	**(5,300)**	**(376)**	**(1,968)**	**(17,910)**
	3,402,453	**598**	**161,771**	**3,017,860**	**249,869**	**450,652**	**7,283,203**
Accumulated depreciation and impairment:							
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)
	(931,753)	(366)	(24,633)	(1,454,547)	(115,064)	(303,895)	(2,830,258)
At 1 January 2024	**(931,753)**	**(366)**	**(24,633)**	**(1,454,547)**	**(115,064)**	**(303,895)**	**(2,830,258)**
Charge for the year	**(113,614)**	**(89)**	**(5,076)**	**(192,209)**	**(17,914)**	**(34,614)**	**(363,516)**
Written back on disposals	**105,991**	**–**	**–**	**127,022**	**27,728**	**12,694**	**273,435**
Exchange differences	**2,287**	**(30)**	**–**	**2,214**	**198**	**1,353**	**6,022**
At 31 December 2024	**(937,089)**	**(485)**	**(29,709)**	**(1,517,520)**	**(105,052)**	**(324,462)**	**(2,914,317)**
Net book value:							
At 31 December 2024	**2,465,364**	**113**	**132,062**	**1,500,340**	**144,817**	**126,190**	**4,368,886**
At 31 December 2023	2,229,681	202	137,138	1,213,511	133,470	123,904	3,837,906

16 Property, plant and equipment *(Continued)*

As at 31 December 2024, the Group was in the process of registering the title of buildings, with net book value totalling RMB56,036,000 (31 December 2023: RMB50,924,500), with the relevant government authorities.

Depreciation of the property, plant and equipment has been charged to the following categories in the consolidated income statement:

	2024 RMB'000	2023 RMB'000
Cost of sales	**294,175**	264,738
Selling expenses	**1,453**	3,839
Administrative expenses	**67,888**	61,289
	363,516	329,866

17 Construction in progress

	2024 RMB'000	2023 RMB'000
At 1 January	**606,581**	327,324
Additions	**763,796**	522,941
Additions through acquisitions of subsidiaries	**–**	619
Transfers to property, plant and equipment (note 16)	**(775,117)**	(229,451)
Transfers to intangible assets (note 21)	**(7,425)**	(15,571)
Exchange differences	**(6,053)**	719
At 31 December	**581,782**	606,581

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:

	2024 RMB'000	2023 RMB'000
Right-of-use assets		
Buildings	163,403	137,591
Others	4,516	3,415
	167,919	141,006
Lease liabilities		
Current	26,537	25,908
Non-current	146,856	125,623
	173,393	151,531

Additions to the right-of-use assets during the year amounted to RMB71,508,000 (2023: RMB48,245,000), which were mainly the addition of leasehold properties.

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets		
Buildings	36,139	35,740
Others	2,719	1,730
	38,858	37,470
Interest expense (included in finance cost)	3,287	3,104
Expense relating to short-term leases and leases of low-value assets (included in cost of goods sold and administrative expense)	9,897	20,029

The total cash outflow for leases in 2024 was RMB48,101,000 (2023: RMB40,073,000).

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

	2024 RMB'000	2023 RMB'000
Cost:		
At 1 January	**52,073**	52,120
Transfer to owner-occupied property (note 20)	**(17,603)**	(47)
At 31 December	**34,470**	52,073
Accumulated depreciation:		
At 1 January	**(14,516)**	(13,214)
Transfer to owner-occupied property (note 20)	**4,215**	18
Charge for the year	**(1,018)**	(1,320)
At 31 December	**(11,319)**	(14,516)
Net book value:		
At 31 December	**23,151**	37,557

20 Lease prepayments

	2024 **RMB'000**	2023 RMB'000
Cost:		
At 1 January	**714,268**	714,221
Additions	**18,441**	–
Transfer from investment properties (note 19)	**17,603**	47
Disposals	**(26,980)**	–
At 31 December	**723,332**	714,268
Accumulated amortisation:		
At 1 January	**(168,513)**	(152,890)
Charge for the year	**(15,415)**	(15,605)
Transfer from investment properties (note 19)	**(4,215)**	(18)
Written back on disposal	**11,857**	–
At 31 December	**(176,286)**	(168,513)
Net book value:		
At 31 December	**547,046**	545,755

Lease prepayments represent payments for land use rights situated in the PRC. The Group's land use rights have remaining terms ranging from 23 to 45 years as at 31 December 2024 (31 December 2023: 24 to 46 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 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	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
At 1 January 2024	**347,367**	**79,785**	**1,390**	**78,871**	**84,806**	**21,000**	**613,219**
Additions	**16,775**	**–**	**–**	**35,794**	**–**	**–**	**52,569**
Transfers from construction in progress (note 17)	**–**	**–**	**–**	**7,425**	**–**	**–**	**7,425**
Exchange differences	**(2,373)**	**(2,435)**	**–**	**(219)**	**(1,270)**	**–**	**(6,297)**
At 31 December 2024	**361,769**	**77,350**	**1,390**	**121,871**	**83,536**	**21,000**	**666,916**
Accumulated amortisation:							
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)
At 1 January 2024	**(269,958)**	**(39,037)**	**(1,061)**	**(33,735)**	**(47,630)**	**(4,337)**	**(395,758)**
Charge for the year	**(20,624)**	**(4,536)**	**(329)**	**(32,436)**	**(3,740)**	**(913)**	**(62,578)**
Exchange differences	**629**	**1,482**	**–**	**384**	**108**	**–**	**2,603**
At 31 December 2024	**(289,953)**	**(42,091)**	**(1,390)**	**(65,787)**	**(51,262)**	**(5,250)**	**(455,733)**
Net book value:							
At 31 December 2024	**71,816**	**35,259**	**–**	**56,084**	**32,274**	**15,750**	**211,183**
At 31 December 2023	77,409	40,748	329	45,136	37,176	16,663	217,461

21 Intangible assets *(Continued)*

The amortisation of the intangible assets has been charged to the following categories in the consolidated income statement:

	2024 RMB'000	2023 RMB'000
Cost of sales	**8,348**	913
Administrative expenses	**54,230**	29,133
	62,578	30,046

22 Interests in associates and a joint venture

The movement of the interests in associates during the year is as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	**523,847**	119,711
Additions	**39,375**	415,118
Impairment loss	**–**	(941)
Dividend distribution	**–**	(4,836)
Share of results of associates	**(3,187)**	25,987
Disposal	**(6,683)**	(31,192)
At 31 December	**553,352**	523,847

The movement of the interests in a joint venture during the year is as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	**100,015**	100,005
Share of results of a joint venture	**13,067**	10
Elimination of unrealised profit	**(24,552)**	–
At 31 December	**88,530**	100,015

22 Interests in associates and a joint venture *(Continued)*

Particulars of the principal investments in associates and a joint venture as at 31 December 2024 and 2023 are set out below:

Name of entity	Place and date of establishment/ incorporation	Authorised/ registered/paid-in capital	Proportion of ownership interest 2024	2023
Associate:				
Shanghai Tanklink Technology Development Co., Ltd.*	PRC 12 March 2014	Registered and paid-in capital of RMB7,500,000	15.3%#	15.3%#
Yichuan Tianyun Clean Energy Co., Ltd.	PRC 3 January 2019	Registered and paid-in capital of RMB80,000,000	38.7%	38.7%
CIMC-Hexagon Hydrogen Energy Technologies Limited	Hong Kong 21 June 2021	Registered and paid-in capital of USD36,901,853	49.0%	49.0%
Aigulu (Shanghai) Intelligent Technology Co., Ltd.*	PRC 31 December 2019	Registered and paid-in capital of RMB1,774,000 and RMB1,742,000 respectively	8.7%#	8.8%#
Shandong Xinneng Shipping Co., Ltd.*	PRC 17 November 2014	Registered and paid-in capital of RMB600,000,000	15.0%	15.0%
Guizhou Shuigang New Energy Co., Ltd.*	PRC 14 October 2022	Registered and paid-in capital of RMB1,350,000,000 and RMB1,100,000,000 respectively	18.5%	19.0%
Joint Venture				
Angang CIMC (Yingkou) New Energy Technology Co., Ltd.	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 2024 and 2023, 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 Safeway 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	
				2024	2023	2024	2023
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.	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 HKD34,000,000	–	–	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)*

				Ownership interest held by the Group			
				Direct		Indirect	
Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	2024	2023	2024	2023
CIMC Safeway Technologies Co., Ltd. ("CIMC Safeway")(ii)	PRC, joint stock company	Production and sales of tank containers, PRC	Registered and paid-in capital of RMB600,000,000	–	–	76.5%#	76.5%#
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 capital of EUR20,000,000 and paid-in capital of 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		Indirect	
				2024	2023	2024	2023
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	Manufacture and 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.	PRC, limited liability company	Manufacture and sale of pressure vessels, PRC	Registered and paid-in capital of RMB20,000,000	–	–	100.0%	100.0%
CIMC Liquid Process Technology Co., Ltd. ("CLPT") (ii)	PRC, joint stock company	Manufacture and sale of tanks, PRC	Registered and paid-in capital of USD737,160,026	–	–	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		Indirect	
				2024	2023	2024	2023
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.	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 SNG9,750,000	–	–	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 RMB1,659,350,338	–	–	100.0%	100.0%
Anjiehui Internet of Things Information Technology (Suzhou) Co., Ltd.	PRC, limited liability company	Clean energy Information technology, PRC	Registered and paid-in capital of RMB3,000,000	–	–	100.0%	100.0%
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%

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	
				2024	2023	2024	2023
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%	95.3%
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	–	–	45.0%	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%#
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%#

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	
				2024	2023	2024	2023
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 RMB420,000 respectively	–	–	51.0%	51.0%
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%#	88.2%#
CIMC Enric Energy System (Shanghai) Co., Ltd.	PRC, limited liability company	Clean energy technology, PRC	Registered and paid-in capital of RMB100,000,000 and RMB70,000,000 respectively	–	–	100.0%	90.0%
Chengdu Lanshi Low-Temperature Technology Co., Ltd. ("CDLS")	PRC, limited liability company	Design and manufacture of valves, PRC	Registered and paid-in capital of RMB46,000,000	–	–	70.0%	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%	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	
				2024	2023	2024	2023
Künzel Maschinenbau GmbH ("Künzel")	Germany, limited liability company	Plant and mechanical engineering, Germany	Registered and paid-in capital of EUR1,000,000	–	–	88.2%#	88.2%#

\# The proportion of ownership interest shown here did not take into account of the effect of the respective equity incentive partnership platforms of CIMC Safeway nor of CLPT.

(i) As at 31 December 2024, except for the non-wholly owned subsidiary disclosed in note 47, 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 Safeway and CLPT which are joint stock companies.

24 Goodwill

	2024 RMB'000	2023 RMB'000
Cost		
At 1 January	**413,608**	362,390
Additions through business combinations	**400**	43,390
Exchange differences	**1,154**	7,828
At 31 December	**415,162**	413,608
Less: Impairment provision		
At 31 December	**(131,304)**	(119,894)
Net book value	**283,858**	293,714

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") as follows:

	2024 RMB'000	2023 RMB'000
CET	**86,558**	86,558
Hongtu	**27,221**	27,221
Briggs	**70,433**	80,628
McMillan	**24,246**	24,057
Wanxintai	**13,162**	13,162
CDLS	**40,726**	40,726
Sanctum	**8,297**	8,297
CIMC Safeway	**7,265**	7,265
LFTS	**2,976**	3,136
Künzel	**2,574**	2,664
CLPT – baijiu and condiment equipment integrated solutions asset group	**400**	–
At 31 December	**283,858**	293,714

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 2024 and 2023 are as follows.

	CET		Hongtu		Briggs	
	2024	2023	**2024**	2023	**2024**	2023
Revenue (average annual growth rate)	**6%**	9%	**3%**	3%	**5%**	13%
Gross margin (% of revenue)	**10%**	10%	**16%**	16%	**20%**	23%
Pre-tax discount rate	**15.85%**	14.76%	**17.06%**	14.95%	**13.41%**	13.08%

	McMillan		CDLS	
	2024	2023	**2024**	2023
Revenue (average annual growth rate)	**45%**	5%	**2%**	9%
Gross margin (% of revenue)	**23%**	46%	**40%**	44%
Pre-tax discount rate	**13.48%**	14.63%	**16.95%**	15.38%

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.

The discount rate used is pre-tax and reflect specific risks relating to the relevant CGU.

24 Goodwill *(Continued)*

(a) Impairment tests for goodwill *(Continued)*

The recoverable amount of Briggs CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be higher than its recoverable amount of RMB11,410,000 and an impairment loss of RMB11,410,000 during 2024 was recognised. The impairment loss was fully allocated to goodwill and included in ''Administrative expenses''.

The recoverable amount of CET is estimated to exceed its carrying amount at 31 December 2024 by approximately RMB759,246,000. The management has considered and assessed reasonably possible changes for key assumptions and has not identified any instances that could cause the carrying amount of CET to exceed its respective recoverable amount.

For the CGU relating to Hongtu, McMillan and CDLS, the estimated recoverable amount of the CGU exceeded its carrying amount by RMB63,800,000, RMB13,369,000 and RMB69,332,000 respectively. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

In percent	Hongtu	McMillan	CDLS
Gross margin (% of revenue)	(0.5)	(1.0)	(5.6)
Pre-tax discount rate	2.0	3.4	5.0

25 Inventories

(a) Inventories in the consolidated balance sheet comprise:

	2024 RMB'000	2023 RMB'000
Raw materials	**1,451,055**	1,500,527
Work in progress	**2,105,106**	1,519,535
Finished goods	**1,410,138**	1,494,377
Consignment materials	**255,166**	262,070
	5,221,465	4,776,509

25 Inventories *(Continued)*

(b) The analysis of the amount of inventories recognised as an expense and included in income statement is as follows:

	2024 RMB'000	2023 RMB'000
Cost of inventories (note 9(c))	**12,975,010**	13,316,349
Cost from project engineering contracts (note 9(c))	**8,226,493**	6,589,106
Write-down of inventories (note 9(c))	**38,122**	74,986
Reversal of write-down of inventories (note 9(c))	**(8,679)**	(3,491)
Raw material consumed for research and development	**287,981**	236,921
	21,518,927	20,213,871

(c) The movements of allowance for impairment are analysed as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	**201,652**	148,544
Allowance for impairment	**38,122**	74,986
Write-off on disposal of impaired inventory	**(23,269)**	(18,787)
Reversal of allowance	**(8,679)**	(3,491)
Exchange differences	**(329)**	400
At 31 December	**207,497**	201,652

26 Trade and bills receivables

	2024 RMB'000	2023 RMB'000
Trade receivables	**3,380,160**	3,549,837
Less: allowance for excepted credit loss	**(255,296)**	(267,366)
	3,124,864	3,282,471
Bills receivables (i)	**464,410**	377,785
	3,589,274	3,660,256

26 Trade and bills receivables *(Continued)*

(i) As at 31 December 2024, amounts of RMB288,307,000 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 2023: RMB292,804,000). Amounts of RMB54,681,000 and RMB121,422,000 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 2023: RMB39,683,000 and RMB45,298,000).

(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:

	2024 RMB'000	2023 RMB'000
Current	**2,887,397**	3,021,998
Less than 3 months past due	**392,671**	337,288
More than 3 months but less than 12 months past due	**237,342**	239,681
More than 1 year but less than 2 years past due	**50,903**	33,243
More than 2 years but less than 3 years past due	**15,203**	24,084
More than 3 years but less than 5 years past due	**5,758**	3,962
Amounts past due	**701,877**	638,258
	3,589,274	3,660,256

In general, debts are due for payment upon 30 to 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).

26 Trade and bills receivables *(Continued)*

(b) Fair values of trade and bills receivables

The carrying amounts of the Group's trade and bills receivables as at 31 December 2024 and 31 December 2023 approximated their fair values.

(c) Impairment and risk exposure

The loss allowance decreased by RMB12,070,000 from RMB267,366,000 as at 1 January 2024 to RMB255,296,000 as at 31 December 2024 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

	2024 RMB'000	2023 RMB'000
Prepayments to suppliers	**1,448,883**	1,500,455
Deductible input value-added tax and other refundable taxes	**474,411**	434,757
Deposits for tenders and contract work	**74,851**	153,483
Prepayments for services	**38,337**	38,451
Staff advances	**16,489**	27,873
Others	**45,599**	16,564
Less: Loss allowance	**(14,016)**	(13,964)
	2,084,554	2,157,619

28 Term and restricted bank deposits

	2024 RMB'000	2023 RMB'000
Term deposits	**1,336,553**	612,990
Deposits for performance guarantees	**217,387**	570,333
Term and restricted bank deposits	**1,553,940**	1,183,323

29 Cash and cash equivalents

	2024 RMB'000	2023 RMB'000
Cash in hand and demand deposits	**7,264,358**	6,998,191

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.

	2024		2023	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
Forward foreign exchange contracts – held for trading	2,130	(25,398)	19,732	(93,299)

At 31 December 2024 and 2023, 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 2024, the Group had certain unsettled forward contracts, mainly denominated in United States Dollars ("USD"), Euro ("EUR"), Mexican Peso ("MXN") and the Pound Sterling ("GBP") . The nominal value of these contracts amounted to USD84,063,000 (31 December 2023: USD322,208,000), EUR8,134,000 (31 December 2023: EUR13,800,000), MXN140,429,000 and GBP3,940,000, respectively. Pursuant to these forward contracts, the Group are mainly required to buy/sell foreign currencies of contracted nominal value at agreed rates in exchange for RMB, EUR and GBP at the contract settlement dates. These forward 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 forward contracts range from 6 January 2025 to 3 December 2027 (31 December 2023: 2 January 2024 to 3 December 2024).

(b) Risk exposure and fair value measurements

For information about the methods and assumptions used in determining the fair value, please refer to note 5.

(c) Contingent Consideration

As at 31 December 2024, the contingent considerations receivable amounted to RMB13,004,000 (31 December 2023: RMB17,704,000). It represented the fair value of the contingent considerations receivable in relation to the acquisition of Jingbian Talengtong Natural Gas Co., Ltd. and Yulin Wanxintai Industry and Trade Co., Ltd. on 1 April 2021.

As at 31 December 2024, the contingent considerations payable amounted to RMB50,081,000 (31 December 2023: RMB48,040,000) represented the fair value of the contingent considerations payable in relation to the acquisition of CDLS on 10 July 2023.

31 Bank loans

(a) The bank loans were repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**234,500**	93,500
After 1 year but within 2 years	**41,738**	118,538
After 2 years but within 5 years	**36,443**	164,700
After 5 years	**51,941**	101,800
	364,622	478,538

(b) As at 31 December 2024, certain subsidiaries of the Company had bank loans totaling RMB80,000,000 which were cross-guaranteed by other subsidiaries of the Company (2023: nil). The Group did not have any secured bank loans as at 31 December 2024 (2023: nil).

(c) The carrying amounts of the Group's bank loans were denominated in the following currency:

	2024 RMB'000	2023 RMB'000
RMB	**364,622**	478,538

(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

	2024 RMB'000	2023 RMB'000
Trade creditors	**4,586,628**	3,801,102
Bills payables	**842,997**	640,102
	5,429,625	4,441,204

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:

	2024 RMB'000	2023 RMB'000
Within 3 months	3,752,398	3,429,315
3 months to 12 months	1,375,376	697,272
Over 12 months	301,851	314,617
	5,429,625	4,441,204

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

33 Other payables and accrued expenses

	2024 RMB'000	2023 RMB'000
Accrued expenses	601,250	533,198
Employees' salary, bonus and welfare	584,845	591,260
Preacquisition restructuring liabilities of a subsidiary	3,657	3,672
Deposits received	71,181	87,175
Other taxes payable	317,238	351,719
Payables for construction work	65,345	257,703
Other surcharges payable	14,998	14,486
Payables in relation to share-based transactions of subsidiaries (note 36(c), (d))	82,934	180,068
Dividend payables to a non-controlling shareholder	23,036	22,500
Others	23,289	27,368
	1,787,773	2,069,149

(i) All other payables and accrued expenses are expected to be settled within one year.

34 Warranty provision

	Product warranties RMB'000	Project related provisions RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	165,921	–	12,889	178,810
Additional provision made	136,098	113,740	–	249,838
Reversal of provision	(68,737)	–	(3,141)	(71,878)
Provisions utilised	(13,061)	–	–	(13,061)
Exchange differences	(703)	(2,458)	(592)	(3,753)
At 31 December 2024	219,518	111,282	9,156	339,956
Represented by:				
Current portion	64,682	–	9,156	73,838
Non-current portion	154,836	111,282	–	266,118
Balance at 31 December 2024	**219,518**	**111,282**	**9,156**	**339,956**

The Group provides one to three years' warranty period for certain products. Provision is made for the best estimate of the expected cost that would be 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.

The convertible bonds was a compound instrument consisting of a liability component and an equity component. There were embedded derivatives in respect of the early redemption features of the convertible bonds. Such embedded derivatives were deemed to be clearly and closely related to the host contract and therefore do not need to be separately accounted for.

Subsequent to the initial recognition, the liability component of the CBs 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 2024 (31 December 2023: 2.9%). The bondholders exercised their right to request early redemption of the CBs on the Put Option Date and, on 2 December 2024, the Company completed this early redemption with a total consideration of HK$1,718,136,000. As a result, all CBs were redeemed and at 31 December 2024, there were no outstanding CBs in issue.

36 Equity-settled share-based transactions

(a) Share option scheme

The Company had 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 exercise price. Scheme I expired on 11 July 2016 and the Company has adopted a new share option scheme ("Scheme II") on 12 July 2016. Scheme II lasts for 10 years and during the year ended 31 December 2024, no share options were granted under Scheme II (2023: 39,500,000 shares granted).

(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:

	2024 Weighted average exercise price	2024 Number of options	2023 Weighted average exercise price	2023 Number of options
Outstanding at the beginning of the year	**HKD8.81**	**68,241,000**	HKD11.24	29,941,000
Lapsed during the year	**HKD8.81**	**(28,741,000)**	HKD11.24	(1,200,000)
Granted during the year		**–**	HKD7.05	39,500,000
Outstanding at the end of the year	**HKD7.05**	**39,500,000**	HKD8.81	68,241,000
Exercisable at the end of the year		**–**		28,741,000

The options outstanding at 31 December 2024 had an exercise price of HKD7.05 (31 December 2023: HKD8.81) and a weighted average remaining contractual life of 8.90 years (31 December 2023: 5.92 years). The expenses arising from the Share option scheme recognised during the year were RMB41,161,000 (2023: RMB4,520,000).

(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 2024, the trustee had accumulatively purchased 40,208,000 shares (31 December 2023: 39,898,000 shares) of the Company under the Award Scheme 2020.

On 17 November 2021, the Company granted 33,324,006 shares to selected participants under the Award Scheme 2020. In addition, during the year ended 31 December 2022, a total of 2,991,708 shares were granted to the selected participants. 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. During the year ended 31 December 2024, a total of 64,000 shares were granted to selected participants (2023: 2,544,730 shares). 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 awarded shares	Vesting period	Subscription price	Fair value at grant date
17/11/2021	33,324,006	35.8%, 32.2% and 32.0% by April 2022, April 2023 and April 2024, respectively	HKD3.70	HKD7.45
16/5/2022	65,000	26 May 2022	HKD3.70	HKD7.03
14/7/2022	300,000	14 July 2022	HKD3.70	HKD7.03
7/12/2022	2,626,708	71.9% and 28.1% by April 2023 and April 2024, respectively	HKD3.70	HKD7.03
3/4/2023	125,000	20% by April 2023 and 80% by April 2024, respectively	HKD3.70	HKD7.68
13/11/2023	2,419,730	30 April 2024	HKD3.70	HKD6.61
26/3/2024	64,000	April 2024	HKD3.70	HKD7.16

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.

	2024	2023
Number of awarded shares		
Outstanding at the beginning of the year	**12,582,732**	21,791,712
Granted during the year	**64,000**	2,544,730
Lapsed during the year	**(75,000)**	(294,167)
Vested during the year	**(12,571,732)**	(11,459,543)
	–	12,582,732

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 2023 and 2024 was HKD8.81 per share and HKD3.46 per share (equivalent to approximately RMB5.92 per share and RMB3.19 per share respectively). The expenses arising from the Award Scheme 2020 recognised during the year were RMB9,133,000 (2023: RMB29,144,000).

(c) Equity incentive scheme of CIMC Safeway

The Board of the Company approved the adoption of a Share Award Scheme of a subsidiary, CIMC Safeway (or the "Safeway 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 Safeway will be granted to the Participants through a partnership platforms (the "Partnership Platforms") by way of subscribing for new share capital in CIMC Safeway.

The total capital contribution made by the participants (through the partnership platforms) of the Safeway Incentive Scheme was approximately RMB97,134,000, representing 10% of the enlarged share capital of CIMC Safeway upon completion of the increase of the share capital pursuant to the scheme. As at 31 December 2024, the vesting conditions had not been fulfilled and the selected participants were not entitled to any distribution made by CIMC Safeway. The expenses from the Safeway Incentive Scheme recognised during the year were RMB18,486,000 (2023: RMB19,943,000).

(d) Equity incentive scheme of CLPT

The Board of the Company adopted the Share Incentive Scheme of a subsidiary, CIMC Liquid Process Technology 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, representing 6.33% of the enlarged share capital of CLPT upon completion of the capital increase pursuant to the scheme. As at 31 December 2024, 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 RMB83,246,000 (2023: RMB22,808,000).

37 Medium-term and short-term notes

During the year, the Company had issued various commercial papers in the PRC inter-bank market.

(a) Medium-term notes

On 24 April 2024, the Company issued medium-term notes with a principal amount of RMB500,000,000 which will mature three years from date of issue. The medium-term notes bear interest at 2.43% per annum and payable annually.

On 11 September 2024, the Company issued medium-term notes with a principal amount of RMB1,500,000,000 which will mature five years from date of issue. The medium-term notes bear interest at 2.37% per annum and payable annually.

(b) Short-term notes

On 13 September 2024, the Company issued short-term notes with a principal amount of RMB500,000,000 which will mature 270 days from date of issue. The short-term notes bear interest at 2.02% per annum and payable on maturity.

38 Income tax in the consolidated balance sheet

(a) Current taxation in the consolidated balance sheet:

	2024 RMB'000	2023 RMB'000
Current tax payable at the beginning of the year	**76,517**	144,010
Provision for income tax on profit for the year	**319,846**	221,576
Current tax paid	**(270,467)**	(286,224)
Exchange differences	**582**	(2,845)
Current tax payable at the end of the year	**126,478**	76,517

(b) Balances of deferred income tax assets and liabilities without taking into consideration the offsetting within the same tax jurisdiction are as follows:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**307,136**	258,356
Deferred tax liabilities	**(373,922)**	(349,568)
Deferred tax liabilities, net	**(66,786)**	(91,212)

As at 31 December 2024, the amount of RMB139,164,000 (31 December 2023: RMB91,782,000) had been offset between deferred tax assets and deferred tax liabilities.

38 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 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)

	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 2024	108,519	15,649	108,416	49	(281,664)	(1,972)	(22,354)	(17,855)	(91,212)
(Charged)/credited to the income statement	17,485	(261)	(42,826)	58,838	(5,012)	1,972	(6,856)	(3,581)	19,759
Exchange differences	–	–	–	–	4,667	–	–	–	4,667
At 31 December 2024	126,004	15,388	65,590	58,887	(282,009)	–	(29,210)	(21,436)	(66,786)

(d) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB1,089,330,000 (31 December 2023: RMB865,937,000) 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 RMB58,326,000, RMB85,779,000, RMB235,904,000, RMB368,261,000 and RMB341,060,000 will expire in 2025, 2026, 2027, 2028, and 2029 respectively.

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39 Deferred income

	2024 RMB'000	2023 RMB'000
At 1 January	310,748	300,567
Additions	14,075	37,152
Recognised in the income statement	(29,753)	(26,971)
At 31 December	295,070	310,748

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.

40 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.

41 Capital and reserves

(a) Share capital

	2024 Number of shares	2024 RMB'000	2023 Number of shares	2023 RMB'000
Authorised:				
Ordinary shares of the Company of HKD 0.01 each (i)	10,000,000,000		10,000,000,000	
Non-redeemable convertible preference shares of the Company of HKD 0.01 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

41 Capital and reserves *(Continued)*

(a) Share capital *(Continued)*

A summary of the above movements in issued share capital of the Company is as follows:

	2024 Number of shares of HKD0.01 each	2024 RMB'000	2023 Number of shares of HKD0.01 each	2023 RMB'000
At 1 January and 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 2024 and 2023, no convertible preference shares of the Company had been issued.

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

(d) the registered capital of Holvrieka (China) Co., Ltd. ("NCLS") 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 NCLS 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 47); and

(c) the capital reserve arising from conversion of a subsidiary from a limit liability company into a joint stock company.

41 Capital and reserves *(Continued)*

(b) Nature and purpose of reserves *(Continued)*

(iv) Convertible bonds reserve

The convertible bonds reserve of RMB123,944,000 arising from the equity component on issue of convertible bonds. The balance of this reserve was fully transferred to Capital Reserve on redemption and retirement cancelled during the year (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 2024, the Company had RMB6,196,660,000 available for distribution to equity shareholders of the Company (31 December 2023: RMB6,577,623,000).

(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.

41 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 2023, 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	**2024 RMB'000**	2023 RMB'000
Total liabilities			
Bank loans	31	**364,622**	478,538
Medium-term notes	37	**1,992,087**	–
Loans from related parties	46(e)	**129,152**	695,526
Trade and bills payables	32	**5,429,625**	4,441,204
Contract liabilities	15(d)	**4,613,795**	4,442,324
Other payables and accrued expenses	33	**1,787,773**	2,069,149
Amounts due to related parties	46(d)	**201,952**	512,955
Warranty provision	34	**339,956**	178,810
Lease liabilities	18	**173,393**	151,531
Short-term notes	37	**500,000**	–
Convertible bonds	35	**–**	1,452,871
Total debt		**15,532,355**	14,422,908
Less: Cash and cash equivalents	29	**(7,264,358)**	(6,998,191)
Net debt		**8,267,997**	7,424,717
Total equity		**13,105,038**	12,373,644
Less: Dividends paid	13	**(563,504)**	(432,899)
Adjusted capital		**12,541,534**	11,940,745
Net debt to adjusted capital ratio		**66%**	62%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

42 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.

43 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 2024.

(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	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	(23,725)	(16,048)	(3,104)	(41,404)	–	(84,281)
Interest capitalised	(1,668)	–	–	–	–	(1,668)
Interest payment	25,393	16,048	–	–	–	41,441
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)

43 Cash flow information *(Continued)*

(b) Net debt reconciliation *(Continued)*

	Bank loans RMB'000	Loans from related parties RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000	Medium-term notes RMB'000	Short-term note RMB'000	Payables in relation to share-based transactions of subsidiaries RMB'000	Total RMB'000
Net debt as at 31 December 2023	(478,538)	(695,526)	(151,531)	(1,452,871)	–	–	(180,068)	(2,958,534)
Cash flows	113,916	566,374	48,101	1,596,406	(1,991,000)	(499,625)	–	(165,828)
Interest charge	(10,769)	(14,846)	(3,287)	(39,921)	(24,445)	(375)	–	(93,643)
Interest capitalised	(4,689)	–	–	–	–	–	–	(4,689)
Interest payment	15,458	14,846	–	–	–	–	–	30,304
Acquisition-leases	–	–	(100,298)	–	–	–	–	(100,298)
Disposal-leases	–	–	33,622	–	–	–	–	33,622
Other non-cash movements	–	–	–	(103,614)	23,358	–	97,134	16,878
Net debt as at 31 December 2024	(364,622)	(129,152)	(173,393)	–	(1,992,087)	(500,000)	(82,934)	(3,242,188)

(i) Other charges include foreign exchange differences which are presented as non-cash adjustment in operating cash flow in the statement of cash flow.

44 Contingencies

(a) Performance guarantees

As at 31 December 2024, the Group had outstanding procurement performance guarantees issued by relevant banks totaling RMB3,199,187,000 (31 December 2023: RMB3,328,102,000), project execution guarantees totaling RMB1,649,653,000 (31 December 2023: RMB496,645,000), warranty guarantees totaling RMB88,083,000 (31 December 2023: RMB96,045,000) and miscellaneous guarantees totaling RMB8,108,000 (31 December 2023: RMB16,626,000).

45 Commitments

(a) Capital commitments outstanding at 31 December not provided for in the financial statements are as follows:

	2024 RMB'000	2023 RMB'000
Contracted for		
– Production facilities	**164,806**	347,159

(b) As at 31 December 2024 and 2023, the Group did not have any material short-term and low value lease commitments.

46 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

		2024 RMB'000	2023 RMB'000
Sales	(i)	**738,131**	362,129
Purchases	(ii)	**448,881**	525,039
Comprehensive charges	(iii)	**7,776**	6,470
Processing charges	(iv)	**12,249**	9,975
Processing income	(v)	**722**	745
Office services income	(vi)	**917**	817
Loans from related parties	(vii)	**325,150**	759,497
Repayment of loans from related parties	(vii)	**878,812**	234,814
Loan interest expenses	(vii)	**4,948**	8,573
Deposit service	(viii)	**691,842**	690,014
Interest income from deposits	(viii)	**6,312**	7,114

(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 on 3.00% (31 December 2023: bearing from 2.95% to 4.75%) per annum and repayable one year.

(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 2.00% (31 December 2023: 0.55% to 1.35%) and can be withdrawn on demand.

46 Material related party transactions *(Continued)*

(b) Transactions with an associate of the Group

Nature of transactions

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Sales	**24,552**	–

Sales income represents the income derived from Angang CIMC (Yingkou) New Energy Technology Co., Ltd.

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.

(c) 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 12 and other key management personnel is as follows:

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	**41,375**	45,725
Share-based compensation benefits	**29,915**	39,135
	71,290	84,860

Total remuneration is included in "staff costs" (see note 9(b)).

(d) Amounts due from/(to) related parties

	2024 RMB'000	2023 RMB'000
Trade receivables for products sold and other receivables (i)	**142,864**	66,438
Trade payables for raw material purchased and receipts in advance for sales (i)	**(201,952)**	(512,955)

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

46 Material related party transactions *(Continued)*

(e) Loans from related parties

	2024 RMB'000	2023 RMB'000
Loans from CIMC Finance Company Ltd. ("CIMC Finance")	**129,152**	232,861
Loan from CIMC	**–**	453,665
Loan from CIMC LYG's NCI	**–**	9,000

	2024 RMB'000	2023 RMB'000
Loans from related parties	**129,152**	695,526

(i) The loans are unsecured, interest bearing at 3.00% (31 December 2023: bearing from 2.95% to 4.75%) per annum and are repayable within one year (31 December 2023: repayable within one year).

(f) Deposits placed with CIMC Finance

	2024 RMB'000	2023 RMB'000
Deposits	**663,830**	632,082

(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 29).

47 Non-controlling interests

The movements of non-controlling interests were as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	1,141,392	385,740
Total comprehensive income for the year	49,505	49,576
Acquisition of subsidiaries	–	39,563
Capital contribution from non-controlling interests (a)	117,199	786,977
Dividends distribution made by subsidiaries to non-controlling interests	(85,916)	(115,150)
Purchase of equity in non-controlling interests	–	(15,481)
Transactions with non-controlling interests	–	9,253
Equity-settled share-based transactions of subsidiaries	383,784	914
At 31 December	1,605,964	1,141,392

(a) Capital contribution from non-controlling interests during the year ended 31 December 2024 mainly comprised the following transactions:

(i) capital injection into CIMC-Hexagon Hydrogen Energy Systems Limited in the amount of RMB3,045,000 by non-controlling interests;

(ii) capital injection into SHNY in the amount of RMB5,000,000 by non-controlling interests;

(iii) capital injection into CIMC Xinneng (Jining) Technology Co., Ltd. in the amount of RMB11,760,000 by non-controlling interests;

(iv) capital injection into CIMC Xinneng (Liupanshui) Technology Co., Ltd. in the amount of RMB24,750,000 by non-controlling interests;

(v) capital injection into Zhuhai Buluwate Corporate Management Partnership (limited partnership) in the amount of RMB2,450,000 by non-controlling interests;

(vi) capital injection into Zhuhai Green Giant Corporate Management Partnership (limited partnership) in the amount of RMB5,200,000 by non-controlling interests; and

(vii) capital injection into CIMC Green Energy Low-Carbon Technology (Zhanjiang) Co., Ltd. in the amount of RMB60,000,000 by non-controlling interests.

47 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.

Summarised balance sheet	CIMC Safeway 2024 RMB'000	CIMC Safeway 2023 RMB'000	CLPT 2024 RMB'000	CLPT 2023 RMB'000
Current assets	4,779,969	4,872,059	3,581,475	3,586,601
Current liabilities	633,792	791,014	1,740,477	1,853,381
Net current assets	4,146,177	4,081,045	1,840,998	1,733,220
Non-current assets	672,838	709,879	1,107,117	896,923
Non-current liabilities	115,724	128,008	384,294	321,807
Net non-current assets	557,114	581,871	722,823	575,116
Net assets	4,703,291	4,662,916	2,563,821	2,308,336
Accumulated NCI	(2,208)	72	22,100	18,702

Summarised income statement and statement of comprehensive income	CIMC Safeway 2024 RMB'000	CIMC Safeway 2023 RMB'000	CLPT 2024 RMB'000	CLPT 2023 RMB'000
Revenue	3,349,093	4,663,224	4,466,446	4,298,243
Profit for the period	301,523	592,262	282,705	300,842
Other comprehensive income	(1,500)	2,596	(14,472)	31,088
Total comprehensive income	300,023	594,858	268,233	331,930
Profit allocated to NCI	(2,347)	(3,643)	3,355	4,572
Dividend paid to NCI	(63,450)	–	(16,866)	–

Summarised cash flow statement	CIMC Safeway 2024 RMB'000	CIMC Safeway 2023 RMB'000	CLPT 2024 RMB'000	CLPT 2023 RMB'000
Cash flow from/(used in) operating activities	302,066	917,664	431,413	(88,141)
Cash flow used in investing activities	(751,483)	(778,759)	(243,820)	(207,456)
Cash flow from/(used in) financing activities	(311,942)	1,516,054	76,059	(195,629)

48 Business combinations

On 11 January 2024, the Group acquired certain intangible assets (including copyrights and unpatented technology) from Guangdong Lock Fluid Technology Co., Ltd. While this is an immaterial acquisition of intangible assets, it constituted a business combination as the acquired intangible assets (collectively the "Baijiu and Condiment Integrated Solutions Asset Group") can generate cash flows independent of other assets. Therefore, it was accounted for in accordance with HKFRS 3 – Business Combinations.

The cash consideration paid for the Baijiu and Condiment Integrated Solutions Asset Group was RMB17,000,000 while the fair value of the identifiable assets acquired was RMB16,600,000 and thus giving rise to a goodwill of RMB400,000.

49 Balance sheet and reserve movement of the Company

(a) Balance sheet of the Company

	As at 31 December	
	2024 RMB'000	2023 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**1,036**	176
Investments in subsidiaries	**5,745,435**	5,487,201
Right-of-use assets	**3,217**	1,988
Total non-current assets	**5,749,688**	5,489,365
Current assets		
Other receivables	**13,656**	45,191
Amounts due from subsidiaries	**8,558,377**	7,051,302
Cash and cash equivalents	**35,310**	2,345
Total current assets	**8,607,343**	7,098,838
Total assets	**14,357,031**	12,588,203
LIABILITIES		
Non-current liabilities		
Medium-term notes	**1,992,087**	–
Lease liabilities	**–**	1,067
Total non-current liabilities	**1,992,087**	1,067
Current liabilities		
Short-term notes	**500,000**	–
Convertible bonds	**–**	1,452,871
Trade and bills payables	**231**	216
Other payables and accrued expenses	**60,129**	33,742
Amounts due to subsidiaries	**4,938,389**	3,965,965
Current lease liabilities	**1,107**	1,032
Total current liabilities	**5,499,856**	5,453,826
Total liabilities	**7,491,943**	5,454,893
Net assets	**6,865,088**	7,133,310
EQUITY		
Share capital	**18,521**	18,521
Reserves	**6,846,567**	7,114,789
Total equity	**6,865,088**	7,133,310

49 Balance sheet and reserve movement of the Company *(Continued)*

(b) Reserve movement of the Company

	Share premium RMB'000 41(b)(i)	Shares held for share award scheme RMB'000 36(b)(c)	Contributed surplus RMB'000 41(b)(ii)	Capital reserve RMB'000 41(b)(iii)	Exchange reserve RMB'000 41(b)(v)	Convertible bond reserve RMB'000 41(b)(iv)	Retained Earnings RMB'000	Total RMB'000
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
At 31 December 2023 and 1 January 2024	**663,116**	**(56,427)**	**4,903,654**	**153,512**	**316,137**	**123,944**	**1,010,853**	**7,114,789**
Total comprehensive income for the year	–	–	–	–	259,630	–	7,517	267,147
Purchase of shares in connection with share award scheme	–	(1,766)	–	–	–	–	–	(1,766)
Shares held for share award scheme – vesting of awarded shares	41,846	44,091	–	(40,928)	–	–	8,653	53,662
Lapse of share options (note 36(a))	–	–	–	(124,525)	–	–	124,525	–
Equity-settled share-based transactions (note 36(c))	–	–	–	50,302	–	–	–	50,302
Convertible bond redemption	–	–	–	123,944	–	(123,944)	–	–
2023 final dividends paid	–	–	–	–	–	–	(563,504)	(563,504)
Others	–	–	–	(74,063)	–	–	–	(74,063)
At 31 December 2024	**704,962**	**(14,102)**	**4,903,654**	**88,242**	**575,767**	**–**	**588,044**	**6,846,567**

50 Immediate and ultimate controlling party

At 31 December 2024 and 2023, 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 2024 and 2023, 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. 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
Yang Lei
Wong Lai, Sarah
Qiu Hong (appointed as independent non-executive Director on 30 September 2024)
Wang Caiyong (retired as independent non-executive Director on 30 September 2024)

Company Secretary

Zhong Yingxin

Audit Committee

Wong Lai, Sarah*
Tsui Kei Pang
Yang Lei
Qiu Hong

Remuneration Committee

Tsui Kei Pang*
Zeng Han
Yang Lei

Nomination Committee

Gao Xiang*
Yang Lei
Qiu Hong

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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KPMG
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisors

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The Landmark
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Central
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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
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Gardenia Court
Camana Bay
Grand Cayman, KY1–1100
Cayman Islands

Hong Kong Branch Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
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183 Queen's Road East
Wanchai
Hong Kong

Important Date

Annual General Meeting

20 May 2025

Closure of Register of Members for the 2024 Final Dividend

29 May 2025 to 3 June 2025 (both days inclusive)

Payment of 2024 Final Dividend

On or about 25 July 2025

Stock Code

3899

Company Website

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