CIMC ENRIC

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

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock code 股份代號: 3899

Strategic Focus
Quality Growth
戰略聚焦 有質增長

2021 Interim Report 中期報告

Vision

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

Mission

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

About Us

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

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FINANCIAL HIGHLIGHTS

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000	+/-
FINANCIAL POSITION			
Total assets	**17,627,726**	16,074,720	+9.7%
Net assets	**7,826,080**	7,471,358	+4.7%
Net current assets	**3,777,898**	3,576,660	+5.6%
Cash and cash equivalents	**2,130,233**	2,560,890	–16.8%
Bank loans, loans from related parties and other borrowings	**1,297,372**	1,013,089	+28.1%
Debt-to-equity ratio[1]	**16.6%**	13.6%	+3.0ppt

	For the six months ended 30 June 2021 RMB'000	2020 RMB'000	+/-
OPERATING RESULTS			
Revenue	**7,940,016**	5,319,352	+49.3%
Gross profit	**1,180,601**	756,927	+56.0%
EBITDA	**694,395**	445,311	+55.9%
Profit from operations	**513,960**	287,778	+78.6%
Profit attributable to equity shareholders	**383,411**	215,993	+77.5%
PER SHARE DATA			
Earnings per share – Basic RMB	**0.195**	0.109	+78.9%
Earnings per share – Diluted RMB	**0.195**	0.109	+78.9%
Net asset value per share RMB	**3.870**	3.600	+7.5%
KEY STATISTICS			
GP ratio	**14.9%**	14.2%	+0.7ppt
EBITDA margin	**8.7%**	8.4%	+0.3ppt
Operating profit margin	**6.5%**	5.4%	+1.1ppt
Net profit margin[2]	**4.8%**	4.1%	+0.7ppt
Return on equity (half year)[3]	**5.1%**	3.1%	+2.0ppt
Interest coverage – times	**17.5**	14.5	+3.0
Inventory turnover days	**114**	149	–35
Debtor turnover days	**61**	91	–30
Creditor turnover days	**76**	92	–16

Notes:

1 Debt-to-equity ratio = (Bank loans + loans from related parties + other borrowings) ÷ Total equity

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

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

羅兵咸永道

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

Introduction

We have reviewed the interim financial report set out on pages 4 to 28, which comprises the consolidated balance sheet of CIMC Enric Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 August 2021

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021 – unaudited

	Note	Six months ended 30 June 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	5	**7,940,016**	5,319,352
Cost of sales		**(6,759,415)**	(4,562,425)
Gross profit		**1,180,601**	756,927
Change in fair value of financial instruments		**(8,501)**	(4,312)
Other revenue	6(a)	**88,053**	105,364
Other income, net	6(b)	**32,924**	67,544
Net impairment loss on financial assets	7(c)	**(17,780)**	(23,873)
Selling expenses		**(177,833)**	(144,145)
Administrative expenses		**(583,504)**	(469,727)
Profit from operations		**513,960**	287,778
Finance costs	7(a)	**(33,429)**	(23,603)
Share of post-tax profit of associates		**3,744**	4,228
Profit before taxation	7	**484,275**	268,403
Income tax expenses	8	**(97,970)**	(63,173)
Profit for the period		**386,305**	205,230
Attributable to:			
Equity shareholders of the Company		**383,411**	215,993
Non-controlling interests		**2,894**	(10,763)
Profit for the period		**386,305**	205,230
Earnings per share	9		
– Basic		**RMB0.195**	RMB0.109
– Diluted		**RMB0.195**	RMB0.109

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021 – unaudited

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Profit for the period	**386,305**	205,230
Other comprehensive income for the period		
Items that may be reclassified to profit or loss		
Currency translation differences	**55,368**	(16,839)
Total comprehensive income for the period	**441,673**	188,391
Attributable to:		
Equity shareholders of the Company	**438,779**	199,154
Non-controlling interests	**2,894**	(10,763)
Total comprehensive income for the period	**441,673**	188,391

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

CONSOLIDATED BALANCE SHEET

As at 30 June 2021 – unaudited

	Note	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	*10*	**3,043,711**	3,069,709
Construction in progress		**472,260**	366,939
Right-of-use assets	*11*	**105,804**	116,548
Investment properties		**36,258**	38,700
Lease prepayments		**546,956**	542,764
Intangible assets		**173,051**	183,713
Investment in associates		**213,673**	192,370
Goodwill		**261,865**	236,801
Deferred tax assets		**108,621**	99,451
		4,962,199	4,846,995
Current assets			
Inventories	*12*	**4,579,413**	3,924,638
Contract assets		**1,383,868**	1,001,746
Trade and bills receivables	*13*	**2,980,725**	2,389,147
Deposits, other receivables and prepayments		**1,032,892**	855,325
Amounts due from related parties	*21(b)*	**88,651**	99,366
Financial instruments at fair value through profit or loss		**29,865**	87,115
Restricted bank deposits	*14*	**439,880**	309,498
Cash and cash equivalents	*14*	**2,130,233**	2,560,890
		12,665,527	11,227,725
Current liabilities			
Financial instruments at fair value through profit or loss		**14,714**	1,037
Bank loans	*15*	**304,277**	24,941
Lease liabilities		**38,513**	24,024
Loans from related parties	*21(c)*	**720,348**	667,506
Other borrowings		**8,736**	13,449
Trade and bills payables	*16*	**3,197,866**	2,461,023
Contract liabilities		**2,486,428**	2,438,378
Other payables and accrued expenses		**1,690,574**	1,643,752
Amounts due to related parties	*21(b)*	**272,400**	146,532
Warranty provision		**121,665**	98,659
Income tax payable		**32,108**	131,764
		8,887,629	7,651,065
Net current assets		**3,777,898**	3,576,660
Total assets less current liabilities		**8,740,097**	8,423,655

	Note	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Non-current liabilities			
Bank loans	15	259,624	270,996
Warranty provision		73,424	86,855
Deferred tax liabilities		213,607	175,337
Deferred income		277,983	282,018
Employee benefit liabilities		4,533	4,413
Other borrowings		4,387	36,197
Lease liabilities		80,459	96,481
		914,017	952,297
NET ASSETS		7,826,080	7,471,358
CAPITAL AND RESERVES			
Share capital		18,468	18,376
Reserves	18	7,594,687	7,261,700
Equity attributable to equity shareholders of the Company		7,613,155	7,280,076
Non-controlling interests		212,925	191,282
TOTAL EQUITY		7,826,080	7,471,358

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 – unaudited

	Attributable to equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 *(Note 17(b) & (c))*	Contributed surplus RMB'000 *(Note 18(b))*	Capital reserve RMB'000 *(Note 18(a))*	Exchange reserve RMB'000	General reserve fund RMB'000 *(Note 18(d))*	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020	18,371	446,705	(101,813)	1,124,571	162,982	(376,758)	553,732	5,308,318	7,136,108	248,403	7,384,511
Profit for the period	–	–	–	–	–	–	–	215,993	215,993	(10,763)	205,230
Currency translation differences	–	–	–	–	–	(16,839)	–	–	(16,839)	–	(16,839)
Total comprehensive income for the period	–	–	–	–	–	(16,839)	–	215,993	199,154	(10,763)	188,391
Issuance of shares in connection with exercise of share options	1	166	–	–	(1,493)	–	–	1,443	117	–	117
Purchase of shares in connection with share award scheme	–	–	(18,672)	–	–	–	–	–	(18,672)	–	(18,672)
Shares held for share award scheme – vesting of awarded shares	–	34,257	41,903	–	(34,257)	–	–	–	41,903	–	41,903
Equity-settled share-based payments *(Note 17)*	–	–	–	–	6,581	–	–	–	6,581	–	6,581
Transfer to general reserve	–	–	–	–	–	–	12,115	(12,115)	–	–	–
2019 final dividend paid	–	–	–	–	–	–	–	(364,380)	(364,380)	–	(364,380)
Dividends distribution made by a subsidiary to non-controlling interests	–	–	–	–	–	–	–	–	–	(1,407)	(1,407)
Total contributions by and distributions to owners of the Company, recognised directly in equity	1	34,423	23,231	–	(29,169)	–	12,115	(375,052)	(334,451)	(1,407)	(335,858)
At 30 June 2020	18,372	481,128	(78,582)	1,124,571	133,813	(393,597)	565,847	5,149,259	7,000,811	236,233	7,237,044

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

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2021 – unaudited

	Note	Six months ended 30 June 2021 RMB'000	Six months ended 30 June 2020 RMB'000
Operating activities			
Cash (used in)/generated from operations		**(240,180)**	272,276
Income tax paid		**(168,600)**	(44,810)
Net cash (used in)/generated from operating activities		**(408,780)**	227,466
Investing activities			
Payment for acquisition of property, plant and equipment and construction in progress		**(204,509)**	(162,161)
Payment for acquisition of intangible assets		**(2,326)**	(3,592)
Acquisition of subsidiaries, net of cash acquired	*22(c)*	**(29,672)**	(52,280)
Capital contribution to the associate		**(15,260)**	(11,948)
Proceeds from disposal of property, plant and equipment		**9,857**	5,680
Interest received	*6(a)*	**3,914**	5,807
Dividends from associates		**3,950**	4,850
Cash received from/(paid to) settlement of derivative financial instruments		**36,422**	(1,019)
Disposal for transaction assets		**60,000**	–
Net cash used in investing activities		**(137,624)**	(214,663)
Financing activities			
Proceeds from new bank loans		**411,465**	174,821
Repayment of bank loans		**(143,501)**	(141,446)
Interest paid		**(26,647)**	(16,720)
Proceeds from share issued under share option scheme		**22,938**	117
Purchase of shares for share award scheme		**(9,670)**	(18,672)
Proceeds from disposal of shares for share award scheme		**102,782**	–
Dividends paid to non-controlling interests		**(2,199)**	(1,407)
Dividends paid to the Company's shareholders		**(235,891)**	(364,380)
Proceeds from loans from related parties		**405,000**	235,301
Repayment of loans from related parties		**(352,159)**	(75,000)
Repayment of other borrowings		**(39,814)**	(5,646)
Repayment of lease liabilities		**(15,390)**	(4,553)
Capital contribution from non-controlling interests		**10,500**	–
Net cash generated from/(used in) financing activities		**127,414**	(217,585)
Net decrease in cash and cash equivalents		**(418,990)**	(204,782)
Cash and cash equivalents at 1 January	*14*	**2,560,890**	2,534,752
Effect of foreign exchange rate changes		**(11,667)**	652
Cash and cash equivalents at 30 June	*14*	**2,130,233**	2,330,622

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 General information

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

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

The Company has its listing on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial report was approved for issue on 24 August 2021.

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

2 Significant accounting policies

(a) Basis of preparation of the interim financial report

This interim financial report for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim financial report does not include all the notes typically included in an annual financial report. Accordingly, the interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies adopted are consistent with those of previous financial year and corresponding interim reporting period, except for the adoption of amended standards as set out below.

(b) Amended standards adopted by the Group

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

- Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

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

(c) New and amended standards not yet adopted

The following new and amended standards have been issued but are not effective for the financial period beginning 1 January 2021 and have not been early adopted by the Group:

	Effective for accounting periods beginning on or after
Property, Plant and Equipment: Proceeds before intended use – Amendments to HKAS 16	1 January 2022
Reference to the Conceptual Framework – Amendments to HKFRS 3	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
HKFRS 17 Insurance Contracts – Amendments to HKFRS 17	1 January 2023
Classification of Liabilities as Current or Non-current – Amendments to HKAS 1	1 January 2023
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (2020)	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to HKFRS 10 and HKAS 28	To be determined

These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 Fair value measurement of financial instruments

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards.

The different levels of fair value estimation have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- 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 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

	At 30 June 2021 Level 2 RMB'000	At 30 June 2021 Level 3 RMB'000	At 31 December 2020 Level 2 RMB'000	At 31 December 2020 Level 3 RMB'000
Financial assets				
– FVPL – foreign currency forwards	**24,934**	**–**	25,685	–
– FVPL – wealth management products	**–**	**–**	61,430	–
– FVPL – Contingent considerations	**–**	**4,931**	–	–
– FVOCI – Bills receivables	**–**	**490,081**	–	376,810
Financial liability				
– FVPL – foreign currency forwards	**8,788**	**–**	1,037	–
– FVPL – Contingent considerations	**–**	**5,926**	–	–

As at 30 June 2021, the Group's financial instruments measured at fair value through profit or loss ("FVPL") were derivative financial instruments arising from forward exchange contracts which were classified as level 2 and contingent considerations which were classified as level 3. The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where they are available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

As at 30 June 2021, the Group's financial instruments measured at fair value through other comprehensive income ("FVOCI") were bills receivables which were classified as level 3. These instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques.

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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2021.

(b) Valuation techniques used to determine fair value

Level 2 financial instruments comprise forward foreign exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates as at 30 June 2021.

Level 3 financial instruments comprise bills receivables and contingent considerations.Bills receivables were fair valued by using cost approach and the contingent considerations were estimated based on the value of probable future cashflow.

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

(c) Fair value of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the consolidated balance sheet. For the majority of these instruments, the fair values are not materially different from their carrying amounts, since they are either close to current market rates or short-term in nature.

4 Segment reporting

The Group manages its businesses by divisions organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, which is the Group's chief operating decision-maker, for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments based on the economic characteristic of the business units.

- Clean energy: this segment specialises in the manufacture and sale of a wide range of equipment and construction for the storage, transportation, processing and distribution of natural gas, liquefied petroleum gas ("LPG") and hydrogen such as compressed natural gas trailers, seamless pressure cylinders, liquefied natural gas ("LNG") trailers, LNG storage tanks, LPG tanks, LPG trailers, natural gas refuelling station systems and natural gas compressors; the provision of engineering, procurement and construction services for the natural gas industry; the design, production and sale of small and medium-sized liquefied gas carriers; 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 products; the provision of maintenance and value-added service for tank containers; and the provision of key equipment research and development and manufacturing, and professional consulting services in relation to environmental protection.

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

(a) Segment results, assets and liabilities

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

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

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

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

In addition to receiving segment information concerning adjusted profit from operations, management is provided with segment information concerning revenue (including inter-segment sales), interest income from bank deposits, interest expenses, depreciation and amortisation, impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

	Clean energy		Chemical and environmental		Liquid food		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000	**2021 RMB'000**	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
Revenue from external customers	**4,452,048**	2,993,243	**1,523,254**	1,072,219	**1,457,118**	1,021,611	**7,432,420**	5,087,073
Inter-segment revenue	**56**	3,958	**86,721**	25,762	**–**	–	**86,777**	29,720
Reportable segment revenue	**4,452,104**	2,997,201	**1,609,975**	1,097,981	**1,457,118**	1,021,611	**7,519,197**	5,116,793
Timing of revenue recognition								
At a point in time	**3,496,137**	2,757,550	**1,609,975**	1,097,981	**–**	–	**5,106,112**	3,855,531
Over time	**955,967**	239,651	**–**	–	**1,457,118**	1,021,611	**2,413,085**	1,261,262
Reportable segment profit (adjusted profit from operations)	**207,636**	125,768	**123,153**	107,753	**213,974**	74,811	**544,763**	308,332

	Clean energy		Chemical and environmental		Liquid food		Total	
	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000	**At 30 June 2021 RMB'000**	At 31 December 2020 RMB'000	**At 30 June 2021 RMB'000**	At 31 December 2020 RMB'000	**At 30 June 2021 RMB'000**	At 31 December 2020 RMB'000
Reportable segment assets	**10,545,554**	9,466,270	**2,547,385**	2,114,071	**2,914,717**	2,729,631	**16,007,656**	14,309,972
Reportable segment liabilities	**5,726,485**	5,022,805	**957,127**	809,636	**1,627,863**	1,765,515	**8,311,475**	7,597,956

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

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Revenue		
Reportable segment revenue	**7,519,197**	5,116,793
Elimination of inter-segment revenue	**(86,777)**	(29,720)
Unallocated revenue	**507,596**	232,279
Consolidated revenue	**7,940,016**	5,319,352

	Six months ended 30 June 2021 RMB'000	Six months ended 30 June 2020 RMB'000
Profit		
Reportable segment profit	**544,763**	308,332
Release of inter-segment profit	**12,370**	11,805
Reportable segment profit derived from the Group's external customers	**557,133**	320,137
Finance costs	**(33,429)**	(23,603)
Share of post-tax profit of associates	**3,744**	4,228
Unallocated operating expenses	**(43,173)**	(32,359)
Consolidated profit before taxation	**484,275**	268,403

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Assets		
Reportable segment assets	**16,007,656**	14,309,972
Elimination of inter-segment receivables	**(52,936)**	(229,898)
	15,954,720	14,080,074
Deferred tax assets	**108,621**	99,451
Unallocated assets	**1,564,385**	1,895,195
Consolidated total assets	**17,627,726**	16,074,720

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Liabilities		
Reportable segment liabilities	**8,311,475**	7,597,956
Elimination of inter-segment payables	**(52,936)**	(229,898)
	8,258,539	7,368,058
Income tax payable	**32,108**	131,764
Deferred tax liabilities	**213,607**	175,337
Unallocated liabilities	**1,297,392**	928,203
Consolidated total liabilities	**9,801,646**	8,603,362

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

5 Revenue

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

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

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Sales of goods	**5,466,380**	4,058,090
Revenue from project engineering contracts	**2,473,636**	1,261,262
	7,940,016	5,319,352

6 Other revenue and other income, net

(a) Other revenue

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Government grants(i)	**31,148**	25,987
Other operating revenue (ii)	**52,991**	73,570
Interest income from bank deposits	**3,914**	5,807
	88,053	105,364

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

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

(b) Other income, net

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Income from derivative financial instruments	**36,422**	(1,019)
Fine income	**7,803**	5,471
Other net income/(expenses)	**6,857**	(636)
Write-back of payables and advances from customers (i)	**5,603**	46,588
Exchange (loss)/gain	**(23,761)**	17,140
	32,924	67,544

(i) The amount mainly represented the write-back of long aged payables and advances from customers.

7 Profit before taxation

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

(a) Finance costs

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Interest on loans, lease liabilities and other borrowings	**29,374**	19,948
Less: interest capitalised	**(559)**	(1,123)
Bank charges	**4,614**	4,778
	33,429	23,603

(b) Other items

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Research and development costs	**196,686**	130,088
Depreciation of property, plant and equipment	**137,298**	127,512
Provision for product warranties	**29,951**	30,599
Amortisation of intangible assets	**22,538**	18,508
Operating lease charges for property rental	**6,255**	10,953
Amortisation of lease prepayments	**7,208**	7,546
Equity-settled share-based payment expenses	**12,030**	6,581
Depreciation of right-of-use assets	**14,261**	4,482

(c) Net impairment loss on financial assets

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Impairment provision for trade receivables	**48,209**	38,338
Reversal of impairment provision of trade receivables	**(34,959)**	(16,788)
Impairment provision for other receivables and contract assets	**4,530**	2,323
	17,780	23,873

8 Income tax expenses

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current income tax	**68,870**	56,800
Deferred income tax	**29,100**	6,373
	97,970	63,173

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

According to the Corporate Income Tax Law of the People's Republic of China (the "Tax Law"), the Company's subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to advanced and new technology enterprises of 15%.

Pursuant to the Tax Law, "Notice of the State Administration of Taxation on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their Bodies of Actual Management" and "Announcement of the State Administration of Taxation on Issues Concerning the Determination of Resident Enterprises on the Basis of Their Actual Management Bodies", the Administration of Local Taxation of Shenzhen Municipality issued an approval under which the Company and all the foreign incorporated subsidiaries with shareholdings in the PRC subsidiaries of the Group are regarded as Chinese resident enterprises. Therefore, during the six months ended 30 June 2021, no deferred withholding tax was provided for the distributable profits of PRC subsidiaries.

Taxation of subsidiaries in the Netherlands, Belgium, Denmark, Germany, United Kingdom and Singapore are charged at the prevailing rates of 25%, 25%, 22%, 30%, 19% and 17%, respectively, in the relevant countries and are calculated on a stand-alone basis.

9 Earnings per share

The calculation of the basic and diluted earnings per share attributable to equity shareholders of the Company is based on the following data:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**383,411**	215,993

	Six months ended 30 June	
	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,963,905,031**	1,983,754,211
Effect of dilutive potential ordinary in respect of the Company's share option scheme and share award schemes	**7,241,166**	5,913,577
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,971,146,197**	1,989,667,788

10 Property, plant and equipment

During the six months ended 30 June 2021, the addition of property, plant and equipment (including transfer from construction in progress) of the Group amounted to RMB112,888,000 (six months ended 30 June 2020: RMB103,028,000). Items of property, plant and equipment with net book value totalling RMB9,428,000 were disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB6,173,000). As at 30 June 2021, no property, plant and equipment was pledged as collateral for the Group's borrowings (31 December 2020: nil).

11 Right-of-use assets

	Six months ended 30 June	
	2021 **RMB'000**	2020 RMB'000
Opening net book value	**116,548**	33,718
Additions	**5,767**	–
Depreciation	**(14,261)**	(4,482)
Exchange adjustment	**(2,250)**	43
	105,804	29,279

As at 30 June 2021, right-of-use assets also included the lease prepayments of RMB546,956,000 (31 December 2020: RMB542,764,000).

12 Inventories

	At **30 June** **2021** **RMB'000**	At 31 December 2020 RMB'000
Raw materials	**1,316,849**	1,073,485
Work in progress	**1,971,262**	1,721,276
Finished goods	**1,289,581**	1,129,025
Consignment materials	**1,721**	852
	4,579,413	3,924,638

13 Trade and bills receivables

	At **30 June** **2021** **RMB'000**	At 31 December 2020 RMB'000
Trade debtors receivables	**2,822,891**	2,340,898
Less: allowance for doubtful debts	**(332,247)**	(328,561)
	2,490,644	2,012,337
Bills receivables (i)	**490,081**	376,810
	2,980,725	2,389,147

(i) Amounts represents the bank acceptance bills classified as financial assets at fair value through other comprehensive income, which the Group would discount or endorse for daily treasury management purpose.

The carrying amount of trade and bills receivables approximate their fair values.

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

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Current	**2,416,513**	1,859,835
Less than 3 months past due	**229,405**	190,409
More than 3 months but less than 12 months past due	**221,301**	202,477
More than 1 year but less than 2 years past due	**82,889**	98,042
More than 2 years but less than 3 years past due	**10,500**	14,721
More than 3 years due	**20,117**	23,663
Amounts past due	**564,212**	529,312
	2,980,725	2,389,147

14 Restricted bank deposits and Cash and cash equivalents

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Deposits for performance guarantees	**439,880**	309,498
Cash in hand and demand deposits	**2,130,233**	2,560,890
	2,570,113	2,870,388

15 Bank loans

The bank loans were repayable as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	**304,277**	24,941
After 1 year but within 2 years	**10,000**	270,996
After 2 years but within 5 years	**249,624**	–
	563,901	295,937

At 30 June 2021, all the bank loans were unsecured. None of the Group's bank loans were under the terms of cross-guarantee provided by the subsidiaries of the Company (31 December 2020: nil).

16 Trade and bills payables

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade creditors	**2,676,797**	2,203,357
Bills payables	**521,069**	257,666
	3,197,866	2,461,023

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

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 3 months	**2,211,642**	2,022,138
3 months to 12 months	**851,606**	260,230
Over 12 months	**134,618**	178,655
	3,197,866	2,461,023

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

17 Equity-settled share-based payments

(a) Share option scheme

The Company has a share option scheme ("Scheme I") which was adopted on 12 July 2006 whereby the Directors of the Company are authorised, at their discretion, to invite eligible persons to subscribe for shares of the Company. A consideration of HKD1.00 should be paid by grantee on acceptance of share options granted. Each option gives the holder the right to subscribe for one ordinary share in the Company at its exercise price. Scheme I expired on 11 July 2016 and the Company has adopted a new share option scheme ("Scheme II") since 20 May 2016. Scheme II has a term of 10 years and will expire on 19 May 2026, after which no further options can be granted under it. During the six months ended 30 June 2021, no options were granted under Scheme II.

On 28 October 2011, 38,200,000 share options were granted to certain eligible persons of the Group. The options outstanding at 30 June 2021 had an exercise price of HKD2.48 and a weighted average remaining contractual life of 0.326 years. As at 30 June 2021, 5,498,000 of these options were outstanding and exercisable (As at 31 December 2020: 16,574,000).

On 5 June 2014, 38,420,000 share options were granted to certain eligible persons of the Group. The options outstanding at 30 June 2021 had an exercise price of HKD11.24 and a weighted average remaining contractual life of 2.931 years. As at 30 June 2021, 32,060,000 of these options were outstanding and exercisable (As at 31 December 2020: 32,060,000).

(b) Restricted share award scheme

The shareholders of Company approved the Restricted Share Award Scheme (2018) (the "Award Scheme") on 10 August 2018 (the "Grant Date"). Subsequently 46,212,500 restricted shares were issued and allotted to a trustee which holds the restricted shares on behalf of the selected participants until the restricted shares are vested. Selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the issue of the restricted shares to the vesting date (both dates inclusive) of such restricted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions of the restricted shares.

The selected participants include certain Directors of the Company, certain members of senior management and employees of the Group who under the terms of the Award Scheme subscribed for the restricted shares at HKD 3.71 per share (the "Subscription Price").

Under the terms of the Award Scheme, if the vesting conditions are fulfilled, the restricted shares shall be vested by 30%, 30% and 40% by April 2019, April 2020 and April 2021, respectively.

For the selected participants who do not meet the vesting conditions, the unvested restricted shares remaining at the end of the Award Scheme are to be forfeited.

Pursuant to the Award Scheme, all unvested restricted shares were disposed by the trustee and therefore as at 30 June 2021, no restricted shares were outstanding under the Award Scheme.

(c) Share award scheme 2020

The Board of the Company adopted the Share Award Scheme 2020 (the "Award Scheme 2020") on 3 April 2020. According to the Award Scheme 2020, the Board may at its absolute discretion select any employee of the Group to be an eligible participant under the Scheme. The Board may also determine the number of shares to be granted (subject to 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 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 of 30 June 2021, the trustee has purchased 39,198,000 shares (31 December 2020: 37,074,00 shares) of the Company under the Award Scheme 2020 and no shares have been granted to any employee.

(d) Share award scheme of a subsidiary

The Board of the Company adopted the share award scheme of a subsidiary, CIMC Safeway Technologies Co., Ltd. ("CIMC Safe Tech"), on 27 November 2020 to recognise past and present contributions and to incentivise future contributions by the participants to the chemical and environmental segment.

Pursuant to the scheme, equity interest in CIMC Safe Tech will be granted to the participants through the partnership platforms by way of subscribing for new share capital in CIMC Safe Tech.

The total capital contribution by the participants (through the partnership platforms) are approximately RMB139,719,000, representing 10% of the enlarged share capital of CIMC Safe Tech upon completion of the capital increase pursuant to the scheme. As at 30 June, the vesting conditions have not yet been fulfilled and the selected participants were not entitled any distribution of CIMC Safe Tech.

18 Capital, reserves and dividends

(a) Capital reserve

The capital reserve of the Group includes:

(i) the portion of the grant date fair value of unexercised share options and restricted award shares granted to Directors, employees and other eligible persons of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments;

(ii) the capital reserve arising from the transactions with non-controlling interests; and

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

(b) Contributed surplus

The contributed surplus of the Group includes the difference between:

(i) the nominal value of the share capital and the existing balance on the share premium account of a subsidiary acquired; and the nominal value of the shares issued by the Company in exchange under a reorganisation of the Group during the year ended 31 December 2005;

(ii) the nominal value of the share capital and the existing balance on the share premium account of the subsidiaries acquired; and the nominal value of the shares issued by the Company in exchange for the acquisition of certain subsidiaries during the year ended 31 December 2009;

(iii) the registered capital of Nantong CIMC Transportation & Storage Equipment Co., Ltd. (currently known as Nantong CIMC Energy Equipment Co, Ltd. "Nantong Transport") acquired of RMB69,945,550; and the aggregate cash consideration paid by the Group of RMB66,330,000 for the acquisition of Nantong Transport during the year ended 31 December 2012;

(iv) the registered capital of Ziemann Holvrieka Asia Co., Ltd. ("NCLS") acquired of RMB324,539,380; and the nominal value of the 39,740,566 ordinary shares issued by the Company in exchange for the acquisition of NCLS during the year ended 31 December 2014; and

(v) the nominal value of the share capital of Burg Service B.V. acquired of RMB1,263,000; and the aggregate cash consideration paid by the Group of RMB11,737,000 for the acquisition of Burg Service B.V. during the year ended 31 December 2015.

(c) Dividends

Final dividend of RMB235,891,000 in relation to the year ended 31 December 2020 was paid in 2021 (final dividend of RMB364,380,000 in relation to the year ended 31 December 2019 was paid in 2020).

The Board of Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

(d) General reserve fund

The Group's subsidiaries in the PRC are required to transfer 10% of their net profits, as determined in accordance with PRC accounting rules and regulations, to the general reserve fund until the balance reaches 50% of the registered capital. The general reserve fund can be used for the subsidiaries' working capital purposes and to make up for previous years' losses, if any. This fund can also be used to increase capital of the subsidiaries, if approved. This fund is non-distributable other than upon liquidation. Transfers to this fund must be made before distributing dividends to the Company.

The Group's subsidiary in Belgium is required to set up a legal reserve of 10% of share capital in accordance with the Belgium Law. The legal reserve is not distributable.

19 Commitments

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

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Contracted for		
– Production facilities	**106,134**	40,049

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

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	**12,479**	10,919

The Group has already adopted HKFRS 16 from its mandatory adoption date of 1 January 2019. For the six months ended 30 June 2021, the future minimum lease payments mainly include the short-term leases and low-value leases which are out of scope of HKFRS 16.

20 Contingencies

As at 30 June 2021, the Group had outstanding performance guarantees issued by relevant banks totalling RMB587,899,000 (31 December 2020: RMB771,653,000). Save as disclosed above, the Group did not have other material contingent liabilities.

21 Related party transactions

(a) Transactions with CIMC and its subsidiaries and associates

		Six months ended 30 June	
	Note	2021 RMB'000	2020 RMB'000
Nature of transactions			
Sales	*(i)*	**199,848**	44,294
Purchases	*(ii)*	**204,133**	55,517
Comprehensive charges	*(iii)*	**1,450**	793
Processing charges	*(iv)*	**7,769**	7,440
Processing income	*(v)*	**460**	350
Office services income	*(vi)*	**656**	690
Loans from related parties	*(vii)*	**405,000**	235,301
Repayment of loans from related parties	*(vii)*	**352,159**	75,000
Loan interest expenses	*(vii)*	**14,387**	5,436
Deposit service	*(viii)*	**417,912**	414,028
Interest income from deposits	*(viii)*	**1,539**	1,535
Sub-contracting Services	*(ix)*	**53,179**	16,289

(i) Sales to related parties mainly represent the sale of products to related parties.

(ii) Purchases from related parties mainly represent purchases of raw materials for production.

(iii) Comprehensive charges mainly represent services including staff messing, medical expenses and general services provided to the Group by related parties.

(iv) Processing charges mainly represent processing services, site leasing and other related services provided to the Group by related parties.

(v) Processing income mainly represents processing services of welding, heat treatment and testing provided to related parties by the Group.

(vi) Office services income mainly represents provision of office services including staff catering, transportation services, site leasing and general office services to related parties.

(vii) The loans are unsecured, interest bearing from 3.85% to 4.75% (2020: 3.80% to 4.75%) per annum and are repayable between one to three years (2020: one to four years).

(viii) Deposit service represents deposit acceptance service provided by a related party to the Group. The amount represents the maximum daily outstanding balance of the Group's deposits placed with the related party. The deposits bore interest from 0.74% to 2.46% (2020: 0.46% to 2.46%) and can be withdrawn on demand.

(ix) Subcontracting services mainly represent services for construction of an entire ship or any parts thereof and other related services provided to the Group by related parties.

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

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

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade receivables for products sold and other receivables	**88,651**	99,366
Trade payables for raw material purchased and receipts in advance for sales	**(272,400)**	(146,532)

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

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

(c) Loans from related parties

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Loans from related parties	**720,348**	667,506

The loans are unsecured, interest bearing from 3.85% to 4.75% (2020: 3.80% to 4.75%) per annum and are repayable between one to three years (2020: one to four years).

(d) Deposits placed with a related party

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Deposits	**311,159**	404,854

(i) The deposits bear interest and can be withdrawn on demand.

(ii) The deposits are included as part of the Group's cash and cash equivalents (note 14).

(e) Immediate and ultimate controlling party

As at 30 June 2021 and 30 June 2020, the Directors consider the immediate parent of the Company to be China International Marine Containers (Hong Kong) Limited, which is incorporated in Hong Kong. This entity does not produce financial statements available for public use.

As at 30 June 2021 and 30 June 2020, the Directors consider the ultimate controlling party of the Company to be China International Marine Containers (Group) Co., Ltd. which is incorporated in the People's Republic of China. This entity produces financial statements available for public use.

22 Business combination

(a) On 1 April 2021, the Group acquired 60% shares of Jingbian Talengtong Natural Gas Co., Ltd. (靖邊縣塔冷通天然气有限公司, "Talengtong"), a company that is principally engaged in natural gas trading, at a consideration of RMB16,189,000 from third parties.

(b) On 1 April 2021, the Group acquired 60% shares of Yulin Wanxintai Industry and Trade Co., Ltd. (榆林市万鑫泰工貿有限公司, "Wanxintai"), a company that is principally engaged in natural gas distribution through a natural gas refueling station, at a consideration of RMB24,246,000 from third parties.

(c) The following table summarises the considerations paid or payable and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	Talengtong RMB'000	Wanxintai RMB'000	Total RMB'000
– Cash paid	15,840	14,160	30,000
– Consideration payable	–	9,440	9,440
– Contingent considerations (i)	349	646	995
Total purchase consideration	16,189	24,246	40,435

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Provisional fair value		
	Talengtong RMB'000	**Wanxintai** RMB'000	**Total** RMB'000
Cash and cash equivalents	21	307	328
Property, plant and equipment	339	7,973	8,312
Intangible assets	–	2,525	2,525
Construction in progress	22,697	–	22,697
Trade and bills receivables, other receivables deposits and prepayments	36,038	115	36,153
Trade and bills payables, other payables and accrued expenses	(41,301)	(2,708)	(44,009)
Total identifiable net assets	17,794	8,212	26,006
Non-controlling interests	(7,118)	(3,285)	(10,403)
Goodwill	5,513	19,319	24,832
	16,189	24,246	40,435

	Provisional fair value		
	Talengtong RMB'000	**Wanxintai** RMB'000	**Total** RMB'000
Outflow of cash to acquire business, net of cash acquired			
– cash consideration paid	15,840	14,160	30,000
– cash and cash equivalents in the subsidiaries acquired	(21)	(307)	(328)
Net cash outflow on acquisition	15,819	13,853	29,672

(i) Contingent considerations

The net contingent consideration of RMB349,000 payable by the Group to the former owners of Talentong consists of a contingent consideration payable of RMB5,280,000 and a contingent consideration receivable of RMB4,931,000. The consideration payable of RMB5,280,000 by the Group is contingent upon obtaining the land use right certificate or the contractual right to use the land by Talengtong. The fair value of RMB5,280,000 was estimated based on the probability of fulfilling the requirement without applying any discount on the amount, as the consideration is expected to be settled within one year from the date of business combination. The contingent consideration receivable by the Group is contingent upon the future financial performance of Talengtong and its fair value of RMB4,931,000 was estimated based on the value of probable future cash inflow extending beyond one year from the date of business combination and applying an appropriate discount rate to a present value.

The contingent consideration of RMB646,000 payable by the Group to the former owners of Wanxintai is contingent upon the future financial performance of Wanxintai. The fair value was estimated based on the value of probable future cash outflow extending beyond one year of the business combination and applying an appropriate discount rate to a present value.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

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

FINANCIAL REVIEW

Revenue

During the first half of 2021, with novel coronavirus ("**COVID-19**") pandemic largely under control, China's domestic economy along with global economic activities and international trading activities recovered. Moreover, with many of the travel restrictions relaxed in the period, production process at our facilities as well as construction at client's properties were largely normalised, benefited from which, the Group's three business segments grew steadily during the period. As a result, the Group's consolidated revenue for the first half of 2021 rebounded by 49.3% to RMB7,940,016,000 (corresponding period in 2020: RMB5,319,352,000). The performance of each segment is discussed below:

Driven by favourable government policies, the demand for energy transportation equipment and storage equipment increased significantly. The clean energy segment's revenue for the first half of 2021 surged by 48.7% to RMB4,452,048,000 (corresponding period in 2020: RMB2,993,243,000). With the good control of the pandemic in the second quarter, China's social economy has grown rapidly, and strong internal demand promotes the consumption of coal, natural gas and electricity. Driven by this, the sales of LNG cryogenic transportation vehicles, LNG tank containers, LPG vehicles and spherical tanks increased. The segment remains the top grossing segment and contributed 56.1% (corresponding period in 2020: 56.3%) of the Group's total revenue.

The recovery of international trade due to the relief of the COVID-19 pandemic and a significant increase in prices of chemicals and derivatives have spurred the demand for chemical tank containers in the period; therefore the chemical and environmental segment's revenue posted a rise of 42.1% to RMB1,523,254,000 (corresponding period in 2020: RMB1,072,219,000). The segment made up 19.2% of the Group's total revenue (corresponding period in 2020: 20.2%).

As COVID-19 related restrictions eased off in most countries in the first half of 2021, the liquid food segment's operations (especially on-site construction works) are mostly back on schedule. Moreover, benefiting from the increase of newly signed orders, the liquid food segment's revenue saw an increase of 42.6% to RMB1,457,118,000 during the period (corresponding period in 2020: RMB1,021,611,000). The segment accounted for 18.4% of the Group's total revenue (corresponding period in 2020: 19.2%).

Gross profit margin and profitability

The clean energy segment's gross profit margin ("**GP margin**") improved slightly, which was mainly due to better economies of scale triggered by an increase in the production of energy transportation equipment. During the period, the GP margin of chemical and environmental segment declined slightly, which was mainly due to depreciation of USD against RMB. As the segment's key products, tank containers, are mostly denominated in USD and its depreciation in turn lowers the revenue reported in RMB. Due to the effective cost control of the Latin American projects and the higher gross margin of the hard seltzers equipment, the GP margin of the liquid food segment recorded a promising growth.

As both clean energy and liquid food segments' GP margins improved, offsetting the decline in chemical and environmental segment's GP margin, causing the Group's overall GP margin to increase by 0.7 percentage point to 14.9% (corresponding period in 2020: 14.2%).

Profit from operations expressed as a percentage of revenue rose by 1.1 percentage points from 5.4% in the same period last year to 6.5% during the current period which was mainly due to the improved GP margin while the Group's operating expenses did not increase at the same rate as gross profit did.

During the period, income tax expense increased by 55.1% to RMB97,970,000 (corresponding period in 2020: RMB63,173,000) which is largely in line with the rebound in Group's turnover. On the other hand, the effective tax rate declined from 23.5% in the same period of 2020 to 20.2% in the current period which was mainly attributable to lower amount of unutilised tax losses as new subsidiaries started turning profitable during the period.

Liquidity and financial resources

At 30 June 2021, the cash and cash equivalents of the Group amounted to RMB2,130,233,000 (31 December 2020: RMB2,560,890,000). A portion of the Group's bank deposits totaling RMB439,880,000 (31 December 2020: RMB309,498,000), which had a term of maturity more than three months from the date of their initial placement, were restricted for guarantee of banking facilities. The Group has maintained sufficient cash on hand for repayment of bank loans and loans from related parties as they fall due, and has continued to take a prudent approach in future development and capital expenditure. The Group has consistently been cautious in managing its financial resources and will constantly review and maintain an optimal gearing level.

At 30 June 2021, the Group's bank loans and overdrafts amounted to RMB563,901,000 (31 December 2020: RMB295,937,000), other than the term loans with tenors of three years for business development and working capital, the remaining is repayable within one year. Apart from the term loan as well as revolving banking facilities which are denominated in USD and HKD that bear interest at floating rates, the overall bank loans bear interest at rates from 1.192% to 4.50% per annum.

At 30 June 2021, the Group did not have any secured bank loan (31 December 2020: nil) nor any bank loan that was guaranteed by the Company's subsidiaries (31 December 2020: nil). As at 30 June 2021, loans from related parties amounted to RMB720,348,000 (31 December 2020: RMB667,506,000), which are unsecured, interest bearing from 3.85% to 4.75% (31 December 2020: 3.80% to 4.75%) per annum and repayable within one year.

The net gearing ratio, which is calculated by dividing net debt over shareholders' equity, was zero times (31 December 2020: zero times) as the Group retained a net cash balance of RMB1,272,741,000 (31 December 2020: RMB1,857,297,000). The decrease in net cash balance is mainly attributable to a cash outflow from operating and investing activities but offset to some extent by the cash inflow from financing activities.

Despite an increased revenue, the Group recorded a cash outflow from operating activities of RMB408,780,000 (corresponding period in 2020: a cash inflow of RMB227,466,000) mainly caused by the amount of inventories and contract assets increasing by 16.7% and 38.1% respectively comparing with the end of 2020. In response to the influx of orders for the Group's products with orders on hand increased by 23% year-on-year to approximately RMB12.25 billion at 30 June 2021 and after taking into consideration of the trend of rising stainless steel price and delays in shipping caused by measures to contain COVID-19, the Group has decided to adopt a more pro-active strategy by procuring ahead of the normal production cycle. These measures have effectively curbed the rise in production costs as evidenced in the Group's GP Margin rising slightly by 0.7 percentage points to 14.9% during the current period (same period last year: 14.2%) while steel price rose by 16% during the first half of the year with steel accounting for more than 50% of the Group's cost of production. Nevertheless, the Company believes an operating cash outflow is not a recurring situation. The Company is confident that by consistently applying the right measures and controls, the Company will maintain a net operating cash inflow in the long run.

The net cash used in investing activities amounted to RMB137,624,000 (corresponding period in 2020: RMB214,663,000). This is mainly attributable to the acquisition of non-current assets for production and operation which amounted to RMB204,509,000 (corresponding period in 2020: RMB162,161,000), and acquisition of subsidiaries totalling RMB29,672,000 (corresponding period in 2020: RMB52,280,000).

During the period, the net cash generated from financing activities amounted to RMB127,414,000 (corresponding period in 2020: outflow of RMB217,585,000). This is mainly due to the net drawdown of bank loans and net loans from related parties during the period amounted to a cash inflow of RMB320,805,000 (corresponding period in 2020: net inflow of RMB193,676,000) and cash inflow from disposal of unvested shares under the 2018 Restricted Share Award Scheme of RMB102,782,000 (corresponding period in 2020: nil). These inflows were however offset to a certain extent by the payment of final dividend for 2020 of RMB235,891,000 (corresponding period in 2020: RMB364,380,000).

As a result, the cash outflow of the Group during the period totalled RMB418,990,000 (corresponding period in 2020: RMB204,782,000).

The Group's interest coverage was 17.5 times for the period (corresponding period in 2020: 14.5 times) which demonstrates the Group is fully capable of meeting its interest expense obligations. While the general economic outlook has improved and the Group is still in a stable financial position and able to fulfill its interest obligations, the Group will continue with a responsible approach in managing its cash resources.

Assets and liabilities

At 30 June 2021, total assets of the Group increased from RMB16,074,720,000 (at 31 December 2020) to RMB17,627,726,000. Non-current assets increased by RMB115,204,000 and current assets by RMB1,437,802,000. At 30 June 2021, total liabilities of the Group increased by RMB1,198,284,000 to RMB9,801,646,000 (31 December 2020: RMB8,603,362,000). The net asset value increased by RMB354,722,000 to RMB7,826,080,000 (31 December 2020: RMB7,471,358,000) which was mainly attributable to the net profit of RMB386,305,000 during the period. As total liabilities increased at a faster rate than total assets, the Group's debt-to-assets ratio increased slightly to 55.6% at 30 June 2021 from 53.5% at 31 December 2020. While the net asset value per share increased slightly to RMB3.870 at 30 June 2021 from RMB3.715 at 31 December 2020.

Contingent liabilities

At 30 June 2021, the Group had outstanding balance of guarantees issued by relevant banks totaling RMB587,899,000 (31 December 2020: RMB771,653,000). Save as disclosed above, the Group did not have other material contingent liabilities.

Future plans for source of funding and capital commitments

Currently, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and to some extent by bank loans and loans from related parties. At the same time, the Group will continuously take particular caution on the inventory level, credit policy as well as receivable management in order to enhance its future operating cash flow. The Group has sufficient resources of funding and unutilised banking facilities to meet future capital expenditure and working capital requirement.

At 30 June 2021, the Group had contracted but not provided for capital commitments of RMB106,134,000 (31 December 2020: RMB40,049,000), while the Group did not have any authorised but not contracted for capital commitments (31 December 2020: nil).

Foreign exchange exposure

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

Capital expenditure

In the first half of 2021, the Group invested RMB251,767,000 (corresponding period in 2020: RMB229,981,000) in capital expenditure for expansion of production capacity, general maintenance of production capacity and new business ventures.

Employees and Remuneration Policies

At 30 June 2021, the total number of employees of the Group was approximately 9,700 (corresponding period in 2020: approximately 9,800). Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and equity-settled share-based payment expenses) were approximately RMB920,890,000 (corresponding period in 2020: RMB773,483,000). The rise in total staff costs were mainly attributable to the rebound in production level during the period.

In April 2020, the Company adopted the Share Award Scheme 2020 (the "**Scheme**") and has purchased the Company's own shares on the market since then. However, no shares have been granted to any employees as of the date of this report.

Save as disclosed above, there have been no material changes in respect of employee incentive and bonus policies, the share option scheme, restricted share award scheme and training scheme as disclosed in Annual Report 2020.

Business Review by segments

Clean Energy

This segment, which is the largest revenue contributor to the Group, specialises in the manufacture, sale, operation and service of a wide range of equipment and construction for the storage, transportation, processing and distribution of natural gas (in the form of liquefied natural gas ("**LNG**"), compressed natural gas ("**CNG**")), liquefied petroleum gas ("**LPG**") and hydrogen (in the form of high pressure gaseous and liquid). This segment also provides engineering, procurement and construction ("**EPC**") services for clean energy industries, such as LNG plants, LNG and liquefied ethylene/ethane gas ("**LEG**") receiving terminals, hydrogen refueling stations, etc. In addition, this segment is also engaged in the design, production and sale of small and medium-sized liquefied gas carriers, such as LPG, LNG and LEG carriers, LNG powered ship fuel supply systems and oil and gas modules. This segment provides value-added services such as data services, intelligent IOT, intelligent operation and real-time monitoring for the clean energy industry based on the IOT intelligent operation management platform.

With China's effective control of the COVID-19 pandemic, the domestic industrial and commercial sectors have ushered in a full recovery. Driven by both emission peak target and economic recovery, natural gas consumption increased steadily. According to the data released by National Bureau of Statistics, in the first half of 2021, China's natural gas production was 104.5 billion m^3, representing an increase of 10.9% year-on-year ("**YoY**"); the total volume of imported natural gas was 82.55 billion m^3, representing an increase of 23.8% YoY; the apparent consumption of natural gas was 182.7 billion m^3, representing an increase of 17.4% YoY. According to the data of Zhongyu Information, the average market price of LNG in the first half of 2021 was RMB3,969.55 per tonne, representing an increase of RMB831.51 per tonne or 26.49% YoY.

With the support of industrial coal-to-gas conversion and urban gas peak-shaving and supply assurance, the demand for LNG storage tanks grew rapidly; benefiting from the policy of "Rural Revitalization", the construction of LPG microgrid accelerated, and the sales of LPG spherical tanks and other related equipment was strong during the period. In connection with transportation equipment business, the sales volume of LNG tank containers and LNG trailers have increased; the recovery of the global oil products market has increased the utilisation rate of oil refineries, driving the demand for LPG trailers and LPG carriers. In terms of downstream application, China has implemented the China VI Emission Standards for diesel heavy-duty trucks since 1 July 2021. Heavy-duty truck manufacturers focused on selling the inventory of China V standard diesel heavy-duty trucks. In the first half of this year, the sales volume of China V diesel heavy-duty trucks was considerable. In addition, the high LNG price partially weakened the economic benefits of LNG heavy-duty trucks. In the first half of 2021, the sales of LNG heavy-duty trucks in the Chinese market decreased by approximately 45% YoY, resulting in a decrease in the overall demand for LNG cylinders and a YoY decrease in the sales volume of LNG cylinders of the Group. However, with the full implementation of the China VI Standard, the gap of the selling price between LNG heavy-duty trucks and diesel heavy-duty trucks is expected to narrow. In the long run, the economic and environmental advantages of LNG heavy-duty trucks will still be maintained; on the other hand, the demand for industrial gas increased due to the recovery of manufacturing industry, and the demand for cryogenic small storage tanks increased significantly. During the period under review, we actively explored the upstream area of LNG extraction and hydrogen industry chain, and established a joint venture with Angang Energy Technology Co., Ltd. for the production of LNG and joint production of hydrogen from coke-oven gas, so as to build an end-to-end demonstrative industry ecology of clean energy resources + storage & transportation + application.

In terms of offshore liquefied gas transportation, during the period, we signed an agreement of a custom-designed 8,200 m^3 LNG bunkering vessel project with Italian ship owner Fratelli Cosulich Group, and entered into a letter of intent for the construction of a 7,600 m^3 LNG bunkering vessel with Canadian company Seaspan Ferries Corporation, further consolidating our leading position in the LNG bunkering vessel construction market in Europe and North America. In August 2021, we acquired the assets of Fengshun Ship through auction, obtained the scarce resources of the dock and wharf along the Yangtze River Route, deepened the Group's layout in the offshore clean energy industry chain, and consolidated and expanded the Group's scale and cost advantages and industry leading position in the offshore clean energy equipment manufacturing and engineering field.

During the period under review, the hydrogen business developed rapidly. We established Type 4 on-board hydrogen cylinder and hydrogen supply system joint ventures with Hexagon Purus HK Holdco AS; obtained an order for on-board hydrogen supply system amount to approximately RMB100,000,000; successfully joined the supplier list of Beiqi Foton's on-board hydrogen supply system; were included in the List of National Fuel Cell Vehicle Demonstration Enterprise (Beijing), and entered the Daxing International Hydrogen Energy Demonstration Zone. We have also achieved gratifying results in hydrogen refueling stations. In July 2021, we successfully delivered the first integrated oil, gas and hydrogen energy service station in Hebei Province (the "Rongyi Line" integrated station) to facilitate the green and low-carbon construction in Xiong'an New Area.

Revenue of this segment increased significantly by 48.7% to RMB4,452,048,000 in the first half of 2021 (corresponding period in 2020: RMB2,993,243,000).

Prospects

The year 2021 marks the beginning of the "14th Five-Year Plan". Emission Peak and Carbon Neutrality targets have become the focus of domestic concern, and natural gas, as the lowest-carbon and cleaner fossil energy, plays an essential bridging role in this process. Under the construction requirements of the modern energy system, energy utilisation reform and clean and environmental protection policies have been issued frequently in various regions. On the other hand, with the launch of the national carbon trading market, many coal-fired power enterprises will accelerate the pace of low-carbon transformation. According to the National Development and Reform Commission Energy Research Institute's forecast, the proportion of renewable energy consumption will increase from 15.9% to 78% by 2050. The demand for natural gas in China will continue to grow rapidly by 2030 and is expected to peak at approximately 550 billion m^3 per year between 2035 and 2040, according to Wood Mackenzie Consulting. In the field of transportation application, many places have postponed the switching from diesel heavy-duty trucks to China VI Standard, and it takes time to consume the inventory of China V diesel heavy-duty trucks, but with enhanced efforts in saving energy and reducing emission in China, the application of LNG heavy-duty trucks is expected to expand. Looking forward, the production, storage and transportation equipment and terminal application market of LNG are expected to continue to grow.

In the field of offshore clean energy, in order to meet the IMO's requirement of "sulfur limit order" for the shipping industry, more and more ship owners are considering the modification of clean energy power to the existing fleet. In the long run, the operating cost of LNG-powered ships is lower than the cost of using high-sulfur fuel plus desulfurisation tower or low-sulfur fuel, and has the dual advantages of economy and environmental protection. According to Clarksons' forecast, the global LNG powered fleet will reach around 7,000 by 2030. In the domestic market, in recent years, a series of policies such as "Gasification of Yangtze River", "Gasification of Pearl River" and priority for LNG powered ships to pass ship locks in various regions have been introduced. According to the "National Plan for Distribution of Coastal and Inland Waterway LNG Terminals (2035)", China will build six LNG inland receiving terminals, which is expected to require more than 15 LNG distribution vessels of 30,000 m^3, benefiting the small and medium-sized LNG carrier market.

Hydrogen technology has been included as one of the 18 key projects in the "14th Five-Year Plan" national key research and development plan of the Ministry of Science and Technology in China. A variety of provinces and cities have introduced supporting policies for hydrogen development plans, while Beijing and Shanghai have clearly stated the development goals of thousands of hydrogen fuel cell vehicles by 2025. According to the "Energy-saving and New Energy Vehicle Technology Roadmap 2.0" issued by China Society of Automotive Engineers, the size of hydrogen fuel cell vehicles in China will reach 100,000 units and at least 1,000 hydrogen refueling stations will be built by 2025. As a leading on-board hydrogen supply system supplier and the only domestic manufacturer of core hydrogen equipment that can independently manufacture all sets of equipment in hydrogen refueling stations, we actively create various hydrogen application demonstration projects to facilitate the construction of a complete hydrogen industry chain.

Driven by the positive factors above, we are of the view that the Group's clean energy segment will benefit in general and maintain stable development trend in a long run.

Future plans and strategies

Adhering to the core business of "equipment manufacturing + project engineering service + integrated solution" as the main path, the segment will actively track with national policies, and covers the entire industry value chain with natural gas and hydrogen so as to promote the achievement of national "dual carbon" goals. With a special emphasis on building full product portfolio to cover the whole LNG and LPG business chains, the segment strategically covers the core hydrogen business areas, while continuously adjusts and optimises the high-pressure equipment business including industrial gases (such as oxygen, nitrogen, argon and carbon dioxide), electron gas and CNG. We will also seize new opportunities in the development of equipment and application of hydrogen storage, distribution and refueling, unconventional natural gas processing and application equipment and offshore clean energy industry chain application.

In order to better meet the development opportunities of "Dual Circulation", the segment actively integrated domestic and overseas energy business, focused on cultivating champion products in various sub-sectors, built EPC platform for engineering business, gradually improved after-sales service network construction, and expanded various after-sales services. At the same time, the segment kept abreast of market trends and committed to research and development and innovation, extending the existing technological advantages to the segments with huge market opportunities such as upstream hydrogen production, storage and distribution equipment of liquefied hydrogen, LPG microgrid, marine fuel oil to gas conversion for vessels and distributed energy.

Research and development

In the first half of 2021, the clean energy segment has increased the development of new products that are close to the market and completed a number of successful research and development projects. For example:

- The segment has developed and sold LNG marine fuel tanks that meet the IGF rules and the DNV GL Classification Society specifications with a forward-looking TCS structure.

- The segment completed the development of 40-foot wide-body LNG tank containers and achieved bulk sales, representing an increase of 13% in volume compared to the ordinary 40-foot containers, reaching 52m^3. The 40-foot framework has a wide range of applications and is more suitable for non-special shipping transportation.

- The segment further optimised 45-foot LNG tank containers to reduce self-weight by 5% and continued to maintain its technological leadership in the industry.

- The segment completed the construction technology research and development of large-scale oil and gas integrated station EPC projects, and the development and commissioning of all-ground facilities from system process design to equipment, fire protection and pipeline system of the American Standard Station.

- The segment completed the research and development of LNG storage tanks for marine vessels with high manganese austenitic cryogenic steel, and overcame technical difficulties such as sealing molding and welding.

- The segment completed the application and research and development of key storage and transportation equipment for the LPG microgrid gas supply system, including the research and development and finalisation of various sample vehicles, the design and installation of the automated assembly line for supporting small storage tanks, and the design of the supervision and operation platform.

- The research and development of liquid helium tank container products has made major breakthroughs in key thermal insulation technology, loading capacity and ultra-high vacuum extraction process, filling the gap in the industry and realising the manufacturing of the first large liquid helium storage and transportation equipment in China.

In the first half of the year, the segment also initiated and promoted a number of projects, including the research and development technology of tank filling system to meet the demand of electronic labels, the research and development and application of key technologies of LPG microgrid, the research and development of high-end electronic gas equipment, the research and development of LNG refilling vessel liquid cargo system, and the intelligent upgrading of energy equipment products.

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

As for the current research and development of commercial liquid hydrogen storage and distribution equipment, a large number of basic research work in terms of material, welding, structure, thermal insulation program, process and safety configuration and others have been carried out. Enterprise standards has been prepared while overall product design has also been completed. The technical compliance review has been approved, all of which showed phased progress was achieved.

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

Chemical and Environmental

This segment specialises in the manufacture and sale of a wide range of equipment, such as tank containers, for the storage and transportation of liquefied chemicals, gaseous chemicals and powder products; and the provision of maintenance and value-added service for tank containers. This segment is also engaged in the provision of key equipment research and development and manufacturing, and professional consulting services in relation to environmental protection.

With the COVID-19 pandemic being under effective control, global trade started to rebound. During the period, the prices of chemicals and derivatives increased significantly, the export market remained stable, the Baltic Dry Index rose sharply, reaching a record high in 11 years, the supply of chemical tank containers fell short of demand, resulting in a significant increase in both the orders on hand and newly signed orders. During the period, although the appreciation of the RMB against US dollar partly affected the growth of the segment's US dollar revenue reported in RMB, through exchange rate hedging and other cost reduction and efficiency enhancement measures, the segment's profitability remained relatively stable in the first half of the year. In the first half of 2021, the chemical and environmental segment's overall revenue increased significantly by 42.1% to RMB1,523,254,000 (the corresponding period in 2020: RMB1,072,219,000). Meanwhile, the segment undertook the strategic plan of "providing customers with full life-cycle services", actively expanded after-sales services market and intelligent product business, and incorporated CIMC Saiwei Technology Service Co., Ltd.* (中集賽維技術服務有限公司) on 2 March 2021 to further standardise after-sales service market operation and management and control system. During the period, the electric heating system developed by the Group successfully entered the leading MDI enterprise, and obtained bulk orders, which further consolidated the segment's leading position in the global tank container market. In terms of newly-entered environmental protection business, the internally-developed high efficiency denitrification reactor of environmental protection equipment business has passed the mid-term test and applied to the actual scene. The inorganic engineered stone products of the solid waste treatment business have been launched to the market, and other hazardous waste treatment projects are also progressing steadily.

* *For identification purposes only*

Prospects

China is a major producer of petrochemical products in the world and owns the largest petrochemical product market in the world. The rapid development of the petrochemical industry has significantly increased the scale of the dangerous goods logistics market. The European Chemical Industry Council forecasts that the growth of the global chemical market in the next 10 years will be mainly contributed by China, and the market share in China is expected to reach 50% in 2030. According to the data from the Dangerous Chemicals Logistics Branch of China Federation of Logistics & Purchasing, the market size of hazardous chemicals logistics in China exceeded RMB2 trillion in 2020, and is expected to reach RMB2.24 trillion by 2021.

Transportation of hazardous chemicals mainly includes road transportation, waterway transportation and railway transportation. Compared with traditional transportation methods such as tank trucks, drum barrels or bags, the transportation via tank containers has the transportation advantages of standardisation, integration and high safety, and can achieve the safe and flexible logistics transportation mode of "one container transport to the end" for highways, railways and waterways. With the gradual implementation of policy of China's chemical logistics returning from urban areas to industrial parks and the deepening of industry standardisation, the withdrawal of small and weak industries will accelerate due to the increase compliance costs, and the proportion of chemical tank containers used in China's chemical logistics industry is expected to increase steadily. The segment is capable of designing, manufacturing and selling a full range of tank containers, including standard liquid tank containers, special liquid tank containers, gas tank containers and powder tank containers, and is a leading enterprise with the largest production scale, the most comprehensive series, the most variety and the longest service chain of tank containers in the world. Looking forward, the segment will continue to benefit from the opportunities bought by the booming international and domestic chemical logistics markets.

In recent years, China's environmental protection policies have gradually become more stringent, and the demand for hazardous waste disposal has accelerated. According to data from the Ministry of Ecology and Environment, the gap between the production volume and the actual treatment volume of industrial hazardous waste in large and medium-sized cities in China reached approximately 2,600 tons in 2020, and the actual treatment rate of industrial hazardous waste was only 48.6%, indicating that there is still a certain gap between the production volume and the actual treatment volume of hazardous waste. Due to unfavourable factors such as various types of hazardous waste, long construction period and incomplete technical standards, there is still a rather low degree of concentration in the hazardous waste market and the market potential is huge. In response to the demand for industrial waste treatment in China, the segment developed the manufacturing of special environmental protection equipment and actively enhanced the capability of integrated solutions for environmental protection equipment manufacturing and services. Focusing on industrial waste treatment, the segment will expand its business opportunities through waste-recycling and waste harmless treatment.

Future plans and strategies

With the recovery of the global economy, the market demand for tank containers will rebound significantly. This segment will continue to increase its investment in the research and development of technology around the strategic target of transforming and upgrading to the advanced manufacturing industry, and vigorously expand the application fields of tank containers while consolidating its leading position in the tank container market. Through the establishment of all-round and full life-cycle customer partnership, upgrading of production line manufacturing capacity, modularised operation and lean management, the segment further consolidated the comprehensive competitiveness of the tank container business and maintained its leading position in the industry. While consolidating the tank equipment manufacturing business, the segment actively improved the intelligence of products, and used the IOT technology to help customers improve operational efficiency and achieve intelligent logistics. The segment will accelerate its global layout, further boost its brand recognition, enhance its competitiveness and increase its market share, while providing customers with better value-added experience service, so as to further improve customer satisfaction and loyalty.

The environmental industry that the segment is entering into is a sunrise industry integrating equipment manufacturing, engineering and operation services, with a large market size and considerable profit, especially in the sub-segment of industrial solid waste recycling and comprehensive utilisation, which has high technology and qualification barriers and huge room for development. Based on the core competence of equipment manufacturing, the chemical and environmental segment of the Group will take technological innovation in the field of environmental governance as its core competitiveness, and industrial hazardous waste and general industrial solid waste treatment as its key development direction, so as to establish the operation capability of the whole industry chain, focus on the two business dimensions of "resource utilisation + ecological environment service", carry out large-scale, standardised and intensive development, and realise the leapfrog development of environmental business.

The Company is pursuing the spin-off and separate A-share listing of CIMC Safeway Technologies Co., Ltd. On 16 November 2020, the Hong Kong Stock Exchange granted approval to the Company to proceed with the proposed spin-off. Subsequently, an Extraordinary General Meeting was held on 21 May 2021, at which the shareholders of the Company unanimously approved the proposed spin-off and separate A-share listing. As of the date of this report, no official listing application has yet been filed with the Shenzhen Stock Exchange. The proposed spin-off and separate A-share listing is intended to raise approximately RMB one billion for the chemical and environmental segment's expansion plan. Details of the proposed spin-off and separate A-share listing are set out in the Company's circular dated 23 April 2021.

Research and development

The chemical and environmental segment is committed to providing customers with new logistics solutions. Through the collaborative research and development model of industry, academia and research in China, the United Kingdom and Europe, the segment developed a series of special tank container products and upgraded and iterated standard products. The segment successfully developed a series of ultra-large volume tank container products and a series of high-purity electronic grade chemical lining products and the new generation of Swapbody product. The development of multiple series of products met the diversified needs of customers and continued to maintain its leading position in the industry.

At the same time, the segment is also committed to the continuous innovation of product functions and structures. The Company has made preliminary breakthroughs in research and development and application of the environmentally-friendly materials, bringing value to customers, and reflecting the Company's social responsibility.

In the key project of intelligent manufacturing of tank containers carried out by this segment, it successfully researched and developed automatic welding technology for functional components of tank containers, robotic laser tracking welding technology and sealing fluid manufacturing technology, which improved the automation level of equipment and reduced the work intensity of employees. The segment built a digital information management platform to realize visual production scheduling, transparency of on-site activities, informatization of quality traceability, intelligence of logistics and distribution, and refinement of workshop management, which ensured the industry-leading manufacturing level.

The segment has established a professional research and development team to carry out research and development of a series of electrical and intelligent products. The research and development of core components of electric heating and cooling was implemented and successfully delivered to leading enterprises of MDI and new energy industry; The segment deepened the research on the in-transit variable sensing technology of tank containers, obtained the development results of various sensors, intelligent terminals and software products, built a new tank container Internet model, so as to help customers to strengthen digital management and improve operational efficiency.

Liquid Food

This segment specialises in the engineering, manufacture and sale of stainless steel tanks for storage and processing liquid food such as beer, fruit juice and dairy products; and the provision of engineering, procurement, and construction services for the brewery industry as well as other liquid food industries.

Due to the relief of the COVID-19 pandemic, the on-site construction projects involved in this segment have been progressing normally. During the period under review, a turnkey brewery project for malt-flavoured beverage and hard seltzer in USA, a process design and equipment project for a greenfield tequila distillery in Mexico, a turnkey brewery and experience centre project in Cambodia, as well as a process design and equipment project for greenfield malt and grain distillery in China have made good progress. Benefiting from the continuous growth of new orders, revenue for the first half of 2021 increased significantly by 42.6% to RMB1,457,118,000 (corresponding period of 2020: RMB1,021,611,000).

Prospects

With the world’s leading integrated solutions for liquid food processing equipment design, manufacturing and project engineering as its core competitiveness, the segment has gained wide recognition in various market segments such as beer, distillation, juice and dairy products by virtue of its diversified product portfolio, strong technical capabilities and excellent quality.

Despite the impact of the pandemic in Europe and the United States, the beer market demand has gradually recovered. In respect of the domestic market, according to the data from the Qianzhan Industry Research Institute, benefiting from the trend of consumption upgrade, it is expected that the size of the domestic craft beer market will reach approximately RMB87.5 billion by 2025, with a penetration rate of 11%. On the other hand, the integration of McMillan provided strong support for the development of the distillation business of this segment. As a leading supplier of copper distillers, McMillan has strong brand recognition and influence in various spirits processing equipment such as whisky and rum. While consolidating its leading position in the brewing and distillation equipment industry, the segment has been committed to exploring new areas such as hard seltzer and Baijiu to diversify its revenue. The “China Spirits Market Analysis Report 2020” released by RIES Positioning Strategy & Consulting showed that China was the world’s largest alcoholic spirits market and spending on spirits in China reached RMB600 billion in 2019 with an annual consumption of approximately 5.2 billion litres. It is expected that the Chinese Baijiu market will reach RMB850 billion by 2025. The segment is focusing on promoting technological upgrade and product performance optimisation, and increasing investment in the research and development of new products and new technologies to provide customers with the most economical and innovative solutions and products, so that customers can achieve efficient, cost-effective and sustainable production with high quality and safety standards.

Future plans and strategies

Looking ahead, the liquid food segment will continue to consolidate its leading position in the beer and distilling sectors, and strive to become a global leader in stainless steel storage tanks, processing equipment manufacturing and turnkey projects of various liquid food.

The segment pays close attention to the changes in market conditions, reviews and adjusts its development strategies in a timely manner, and is committed to reducing costs and developing new products such as hard seltzer equipment to expand revenue sources. Based in Europe, the segment will expand its business into various potential markets, expand its market share and enhance its position in the industry through organic growth or mergers and acquisitions. In large markets such as America, the segment will further develop its business and increase its service support to large-scale local customers.

Research and development

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

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

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

The segment deeply participated in the upgrading and transformation of Chinese Baijiu industry technology, and comprehensively carried out the technological research and development of Baijiu technology and equipment, the raw material processing of Baijiu industry, the distillation process of Baijiu, the soil-free filtration of Baijiu, and the intelligent management, blending and packaging of Baijiu.

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

SUPPLEMENTARY INFORMATION

Directors' Interests in Shares

As at 30 June 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

Long position in the shares of the Company

Name of Director	Capacity	No. of shares held and Interests in underlying shares pursuant to share options and the restricted share award scheme	% of issued share capital *(Note)*
Gao Xiang	Beneficial owner	1,400,000	0.07%
Yang Xiaohu	Beneficial owner	1,120,000	0.06%
Yu Yuqun	Beneficial owner	840,000	0.04%
Wang Yu	Beneficial owner	240,000	0.01%
Zeng Han	Beneficial owner	490,000	0.02%
Tsui Kei Pang	Beneficial owner	500,000	0.02%
Zhang Xueqian	Beneficial owner	300,000	0.01%

Note: The percentage is calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2021, which was 2,022,070,588.

Substantial Shareholders' Interests in Shares

As at 30 June 2021, the interests and short positions of every substantial shareholder, other than the Directors and the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Substantial shareholder	Capacity	Number of shares held	% of issued share capital *(Note 1)*
China International Marine Containers (Group) Co., Ltd. ("**CIMC**")	Interest of controlled corporation	1,371,016,211 *(Note 2)*	67.80%
China International Marine Containers (Hong Kong) Limited ("**CIMC HK**")	Interest of controlled corporation	190,703,000 *(Note 3)*	9.43%
	Beneficial owner	1,180,313,211	58.37%
Charm Wise Limited ("**Charm Wise**")	Beneficial owner	190,703,000 *(Note 3)*	9.43%

Notes:

1. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2021, which was 2,022,070,588.

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

3. The two references to 190,703,000 ordinary shares refer to the same block of shares held by Charm Wise, which is a wholly-owned subsidiary of CIMC HK.

Save as disclosed above, as at 30 June 2021, (i) the register required to be kept under section 336 of the SFO recorded no other interests or short positions in the shares or underlying shares of the Company and (i) the Directors are not aware of any other persons or corporations who were interested in 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Share Options

The Company adopted the Scheme pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company on 12 July 2006. Its purpose is to provide incentives and rewards to employees and Directors and eligible persons for their contributions to the Group. Details of the terms thereof are set out in the Annual Report 2020.

As at 30 June 2021, share options were granted and accepted by the respective participants under the Scheme to subscribe for a total of 120,370,000 ordinary shares of HK$0.01 each in the capital of the Company. During the six months ended 30 June 2021, movements of the options under the Scheme were as follows:

			Number of share options					
Grantee	Date of grant	Exercisable period	outstanding at 1 January 2021	granted during the period	exercised during the period	lapsed during the period	transferred to/from other category	outstanding at 30 June 2021
Directors								
Gao Xiang	28/10/2011	28/10/2013–27/10/2021	500,000	–	(500,000)	–	–	0
	05/06/2014	05/06/2016–04/06/2024	400,000	–	–	–	–	400,000
Yang Xiaohu	28/10/2011	28/10/2013–27/10/2021	200,000	–	(200,000)	–	–	0
	05/06/2014	05/06/2016–04/06/2024	400,000	–	–	–	–	400,000
Yu Yuqun	28/10/2011	28/10/2013–27/10/2021	300,000	–	–	–	–	300,000
	05/06/2014	05/06/2016–04/06/2024	300,000	–	–	–	–	300,000
Tsui Kei Pang	28/10/2011	28/10/2013–27/10/2021	300,000	–	(100,000)	–	–	200,000
	05/06/2014	05/06/2016–04/06/2024	300,000	–	–	–	–	300,000
Zhang Xueqian	28/10/2011	28/10/2013–27/10/2021	300,000	–	(300,000)	–	–	0
	05/06/2014	05/06/2016–04/06/2024	300,000	–	–	–	–	300,000
			3,300,000	–	(1,100,000)	–	–	2,200,000
Employees	28/10/2011	28/10/2013–27/10/2021	13,364,000	–	(8,666,000)	–	–	4,698,000
	05/06/2014	05/06/2016–04/06/2024	25,870,000	–	–	–	–	25,870,000
Other participants	28/10/2011	28/10/2013–27/10/2021	1,610,000	–	(1,310,000)	–	–	300,000
	05/06/2014	05/06/2016–04/06/2024	4,490,000	–	–	–	–	4,490,000
Total			48,634,000	–	(11,076,000)	–	–	37,558,000

Notes:

1. Regarding the share options granted on 28 October 2011:

   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 28 October 2013 and up to 27 October 2021; 30% of which become exercisable from 28 October 2014 and up to 27 October 2021; and the remaining 30% of which become exercisable from 28 October 2015 and up to 27 October 2021. The exercise price of all the options granted is HKD2.48 per share.

2. Regarding the share options granted on 5 June 2014:

   Subject to certain conditions as stated in the offer letter to the respective grantee, 40% of the options granted to any grantee become exercisable from 5 June 2016 and up to 4 June 2024; 30% of which become exercisable from 5 June 2021 and up to 4 June 2024; and the remaining 30% of which become exercisable from 5 June 2021 and up to 4 June 2024. The exercise price of all the options granted is HKD11.24 per share.

3. The weighted average closing price of the shares immediately before the dates on which the options were exercised during the six months ended 30 June 2021 was approximately HKD6.49 per share.

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

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

As at the date of this report, a total of 193,660,608 number of options, representing 9.57% of the issued ordinary share capital of the Company are available for grant under the New Scheme.

As at the date of this report, a total of 231,218,608 shares, representing 11.42% of the issued ordinary share capital of the Company, are available for issue under the Scheme and the New Scheme.

Save as disclosed above, no options were granted, exercised, lapsed or cancelled during the six months ended 30 June 2021.

Restricted Share Award Scheme (2018)

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

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

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

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

There were a total of 3,400,000 Restricted Shares have been allotted to the Directors during the year of 2018. The first vesting conditions had been fulfilled, there were a total of 1,020,000 restricted shares had been vested to the Directors of the Company during the year of 2019. The second vesting conditions had been fulfilled, there were a total of 1,020,000 restricted shares had been vested to the Directors of the Company during the year of 2020. As the third vesting conditions had not been fulfilled, the remaining 1,360,000 restricted shares would be retained as part of the trust and then sold in the market pursuant to the terms and conditions of Restricted Share Award Scheme (2018). As at 30 June 2021, the details as below:

		Number of Restricted Shares					
Name of Directors	Date of grant	As at 1 January 2021	granted during the period	Vested during the period	Cancelled during the period	As at 30 June 2021	Vesting Period
Gao Xiang	24 August 2018	400,000	–	–	(400,000)	0	26 June 2018 to 25 June 2022
Yang Xiaohu	24 August 2018	480,000	–	–	(480,000)	0	26 June 2018 to 25 June 2022
Yu Yuqun	24 August 2018	160,000	–	–	(160,000)	0	26 June 2018 to 25 June 2022
Wang Yu	24 August 2018	160,000	–	–	(160,000)	0	26 June 2018 to 25 June 2022
Zeng Han	24 August 2018	160,000	–	–	(160,000)	0	26 June 2018 to 25 June 2022
Total		1,360,000	–	–	(1,360,000)	0	

Share Award Scheme 2020

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

	Share Award Scheme 2020
Purpose:	The purposes of the Award Scheme 2020 are (a) to provide Eligible Participants with an opportunity to own Shares in the Company thereby aligning the interests of the Eligible Participants with that of the Shareholders; (b) to incentivise Eligible Participants to benefit from value enhancement through delivery of performance targets; and (c) to encourage and retain Eligible Participants to make contributions to the long-term and sustainable growth of the Group. The Award Scheme 2020 forms part of the overall incentive plan for the employees of the Group. The Shares to be granted to Participants under the Award Scheme 2020 shall be in lieu of part of the cash bonus awarded under the overall incentive plan.

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

During the period, no Share was granted under Award Scheme 2020.

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

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, Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Yu Yuqun, Mr. Zeng Han, Mr. Wang Yu, the Directors of the Company have subscribed for 0.33%, 2.19%, 0.13%, 0.13%, 0.13% share capital of CIMC Safeway Technologies Co., Ltd.（中集安瑞環科技股份有限公司）respectively.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the Company's code of conduct regarding Directors' transactions of the securities of the Company. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code in their securities transactions throughout the six months ended 30 June 2021.

Corporate Governance

The Company complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), throughout the six months ended 30 June 2021.

The latest corporate governance report of the Company is set out in the Annual Report 2020. Details of each of the audit committee, the remuneration committee, the nomination committee and sustainable committee of the Company are also provided in the same report.

The audit committee of the Company has reviewed and discussed with management the unaudited financial report of the Group for the period.

Audit Committee and Other Board Committees

The Audit Committee comprises four Independent Non-executive Directors. The primary duties of the committee are, amongst other things, to review and supervise over the Group's financial reporting procedures, risk management and internal control systems. The Audit Committee has reviewed and discussed with management the unaudited interim financial report of the Group for the six months ended 30 June 2021.

In addition, the Board has established a Remuneration Committee, a Nomination Committee and a Sustainable Committee. Remuneration Committee and Nomination committee has a majority of Independent Non-executive Directors. Sustainable Committee has one executive Director and two non-executive Directors.

Full terms of reference of the above-mentioned committees are available on request or on the websites of Hong Kong Exchanges and Clearing Limited and the Company respectively.

Biographical Details of Directors

The changes in the biographical details of Directors since the publication of the Annual Report 2020 and up to the date of this report are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Ms. Yien Yu Yu, Catherine served as a member from July 2015 to July 2019 and a deputy chairman from July 2019 to July 2021 of the Listing Committee of the Main Board and GEM of the Stock Exchange and is currently a member of the Advisory Committee.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2021, the trustee of the Scheme purchased on the Stock Exchange a total of 2,124,000 shares for a total consideration of approximately HKD11,587,000 (equivalent to approximately RMB9,670,000) pursuant to the terms of the trust deed under the Scheme.

Saved as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2021.

Directors

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

By order of the Board
Gao Xiang
Chairman

Hong Kong, 24 August 2021

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